1. MYTH: Revisions to international tax rules are being written solely by the OECD

FACT: The OECD/G20 Base Erosion and Profit Shifting Project involves input from more than 80 countries, including the 34 members of the OECD, all G20 members, and more than 40 developing countries. They are working on solutions to a challenge facing all countries – closing the gaps in the international tax rules that allow multinational corporations to legally but artificially shift profits to low- or no-tax jurisdictions. The BEPS project will lead to changes in the OECD Model Convention and the Transfer Pricing Guidelines, as well as recommendations for improvements to domestic legislation. These are soft law instruments, developed and agreed by the governments of participating countries, that will address double non-taxation and improve the mechanisms to address cases of double taxation. Once agreed, they can be implemented by all countries – OECD members, G20 members and developing countries – according to their legal and constitutional systems.

2. MYTH: The BEPS Project is “much ado about nothing” as there is no need to change international tax rules

FACT: More than 100 empirical studies have been published and not a single one suggests that BEPS is not an issue. Using available data, the OECD conservatively calculates that governments are losing up to ¼ of a trillion dollars of tax revenues annually due to these practices. Data reporting requirements approved in the BEPS Project will shed further light on the extent of the problem.

3. MYTH: The BEPS Project has moved too fast

FACT: The countries engaged in the BEPS Project set an ambitious two-year timeline for completion of the Action Plan, as requested by the G20, in order to swiftly address the risks posed to government finances and the integrity of tax systems while reducing the risks of unco-ordinated unilateral actions by individual countries.

4. MYTH: The BEPS Project will have no real impact

FACT: While tax policy is always the sovereign right of individual countries, governments have realised the need to address BEPS issues collectively and in a coordinated manner. Proposed changes to the Transfer Pricing Guidelines will be immediately applicable. Changes to the Model Tax Convention will be implemented via a multilateral instrument, to be negotiated in the coming year. Preferential tax regimes and decisions on whether they are harmful tax practices have been reached in a clear and agreed peer review process. Recommendations on best practices for domestic law measures are expected to be implemented in national legislation, according to the applicable constitutional requirements. The intense interest from stakeholders demonstrates the potential reach of the BEPS Project, not only on tax practices, but business practices as a whole.

5. MYTH: BEPS will create unmanageable reporting burdens for multinationals

FACT: The BEPS Project is standardising a number of reporting requirements so as to reduce compliance costs for businesses that operate across borders. For instance widespread adoption of internationally agreed standards for transfer pricing documentation and country-by-country reporting will provide a simplified and consistent approach, avoiding the duplication that would otherwise result from each country creating its own reporting standards. Moreover, if all countries concerned with BEPS would have addressed this concern unilaterally, the result would have been chaos and the compliance costs that would have resulted for business would have been gigantic.

6. MYTH: The BEPS Project is exceeding its original mandate

FACT: The BEPS Project is delivering outputs as mandated in the 15-point Action Plan endorsed by the OECD Council and G20 Finance Ministers and Heads of State. The OECD has worked extremely closely with government officials and tax authorities on solutions that adhere to both the mandate and objectives of the project.

7. MYTH: BEPS rules will result in trade barriers

FACT: The BEPS Project aims to close loopholes that allow some companies to artificially shift income to locations where little or no economic activity takes place. Addressing BEPS collectively strengthens the current consensus-based framework for the taxation of cross-border activities. A system meant to eliminate double taxation cannot itself generate double non-taxation without running the risk of unravelling and being replaced by a patchwork of uncoordinated unilateral measures.

8. MYTH: Developing countries have been kept out of the BEPS Project

FACT: Developing Country participation in the BEPS Project has been extensive. More than a dozen developing countries, representing a cross-section of regions and income levels, participate directly in the G20 Finance Ministers and Heads of State. The OECD has also engaged with other multilateral initiatives coordinated by the OECD, such as on the theoretical aspects of the BEPS project.

9. MYTH: BEPS reporting requirements will lead to data leaks

FACT: Protecting the confidentiality of taxpayer information – and in particular commercially sensitive information – is of paramount importance to the countries involved in the BEPS Project and a key consideration for the potential filing and dissemination mechanisms under discussion. All countries participating in the BEPS Project agree that the transfer pricing documentation, and specifically the Country-by-Country Reporting, must be kept confidential.

10. MYTH: The BEPS Project will fail as countries are unable to reach agreement

FACT: The final BEPS Reports are consensus documents, reflecting the agreement of all OECD and G20 governments. As soft law instruments, the expectation is that the conclusions of the reports will be implemented in consistent manners, as has been the case with similar multilateral initiatives co-ordinated by the OECD, such as on exchange of information for tax purposes. A monitoring mechanism will be put in place to assess implementation as well as the impact of OECD recommendations over time with all interested countries participating on an equal footing.