



Negotiating Group on the Multilateral Agreement on Investment (MAI)

Expert Group No.3 Expert Group No.3 on Treatment of Tax Issues in the MAI

AGENDA

Meeting on 9-11 December 1996

EXPERT GROUP N° 2 ON THE TREATMENT OF TAX MEASURES IN THE MAI

AGENDA

9-11(am) December 1996

1. **Adoption of the Agenda** DAFFE/MAI/EG2/A(96)3

2. **Further consideration of matters discussed in the First Report by EG2**

For Reference:
 - Report to the Negotiating Group on the Treatment of Tax Measures in the MAI DAFFE/MAI/EG2(96)8

 - Consolidated Texts and Comments by Drafting Groups N°1, N°2 and N°3 DAFFE/MAI(96)16/REV1

3. **Matters not previously discussed by EG2**

For Reference:

Reports to the Negotiating Group by:
 - EG1 on Dispute Settlement and Geographical Scope¹ DAFFE/MAI/EG1(96)5 & DAFPE/MAI/EG1(96)11/REV1
 - EG3 on Special Topics DAFFE/MAI/EG3(96)22
 - EG4 on Institutional Matters DAFFE/MAI/EG4(96)7
 - EG5 on Financial Matters² DAFFE/MAI/EG5(96)5

4. **Accession of Non-Member Countries**

For Reference:
 - Accession of Non-Member Countries (Note by the Chairman of EG4) DAFFE/MAI/EG4(96)4

 - Report by EG4 DAFFE/MAI/EG4(96)7

5. **Report of Expert Group N° 2 to the Negotiating Group**

6. **Other Business**

¹ EG1 meets again on 13, 16 and 17 December 1996.

² EG5 will prepare its report on 5-6 December 1996.

Reference Documents

1. "Taxation and the Multilateral Agreement on Investment" (BIAC Position Paper) DAFPE/MAI/EG2/RD(96)8
2. "Treatment of Taxes in the OECD Multilateral Agreement on Investment" (A Note by the Committee on Fiscal Affairs) DAFPE/CFA/INV/IME(95)2
3. "Taxation Issues in the MAI" (Contribution by one delegation) DAFPE/MAI/RD(96)1

NOTES TO THE AGENDA

The Chairman does not propose to issue his own notes. Discussion will be on the basis of reports by Expert Groups and any written contributions by Delegations. One delegation has circulated (by fax) a discussion note which deals with items 2, 3 and 4 of the agenda.

2. Further consideration of matters discussed in the First Report by EG2

The Expert Group will revisit, where appropriate, tax issues relating to matters discussed by the Group at previous meetings, namely:

- a) Definitions
- b) Investment Protection
- c) Treatment of Investors and Investment
- d) Disputes Settlement

3. Matters not previously discussed by EG2

The Expert Group will be invited to consider tax issues arising in connection with several special topics examined by EG3, and not previously discussed, namely:

- a) Investment Incentives
- b) Performance Requirements
- c) Key Personnel
- d) Privatisation
- e) Monopolies/State Enterprises
- f) Corporate Practices
- g) R&D/Technology.

Experts may also consider tax issues related to other matters not previously discussed by the Group, namely:

- h) Financial Matters
- i) Environmental Matters
- j) Labour Matters
- k) Conflicting Requirements and Related Matters.

4. Accession of Non-Member Countries

The Expert Group will be invited to consider tax issues arising in connection with the accession of non-member countries, taking account the guidance of the Negotiating Group and the work of EG4.

**REVISED MANDATE FOR EXPERT GROUP NO. 2 ON THE
“TREATMENT OF TAX MEASURES IN THE MAI”**

1. The Expert Group, open to participation of all delegations, is charged with examining all matters relating to the treatment of tax measures in the MAI.
2. The Group will meet in October and December. On the basis of a “carve-out”/“carve-in” approach which is the subject of an emerging consensus, the Group will make proposals, including proposals for text whenever possible, to address the treatment of tax measures in the MAI.
3. The Group will make a progress report to the Negotiating Group in October 1996 and a final report in December 1996.
4. The Group’s Mandate will terminate after its Report to the Negotiating Group, unless the Negotiating Group decides otherwise.