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Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

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English - Or. English

CENTRE FOR TAX POLICY AND ADMINISTRATION  
COMMITTEE ON FISCAL AFFAIRS

## Working Party No. 1 on Tax Conventions and Related Questions

### PROGRAMME FOR THE OECD 18th ANNUAL TAX TREATY MEETING

23-25 September 2013

*This note on the 18th Annual Tax Treaty Meeting is presented FOR INFORMATION under the confidential part of the agenda of the September 2013 meeting of WP1.*

*Please bring your own copy of this document to the meeting as no additional copies will be available in the meeting room.*

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**SUMMARY / ACTION REQUIRED**

**This note includes the programme for the OECD 18<sup>th</sup> Annual Tax Treaty Meeting. The preparation for that meeting will be discussed under the confidential part of the agenda for the Working Party 1 meeting of 23-25 September 2013.**

**A final version of the programme will be made available shortly before the meeting.**

## PROGRAMME FOR THE OECD 18<sup>th</sup> ANNUAL TAX TREATY MEETING

### 1. Introduction

1. Since 1996, the OECD has been holding an annual meeting of the Global Forum on Tax Treaties as a pillar of its programme of co-operation with partner economies (formerly called non-OECD economies or NOEs). It is an integrated part of the wider Committee on Fiscal Affairs (CFA) efforts to associate partners with the tax standards developed by the OECD. The meeting provides an excellent opportunity for the OECD to present its latest work and engage partners in discussions on that work and to develop consensus on the application of international tax rules with the objective of ensuring that the rules are applied correctly and consistently. It also provides a useful forum for treaty negotiators and competent authorities to make contact to advance their work and bilateral relations.

2. At its February 2013 meeting, the Working Party discussed note CTPA/CFA/WP1(2013)13 (Arrangements for the OECD 18<sup>th</sup> Annual Tax Treaty Meeting). That note indicated that the programme for the OECD 18<sup>th</sup> Annual Tax Treaty Meeting would likely be influenced by the work on base erosion and profit shifting (BEPS) and would therefore be finalised at a later date. The agenda for the meeting was subsequently sent to WP1 delegates on 20 June.

3. This note includes the programme that was sent to delegates. The OECD 18<sup>th</sup> Annual Tax Treaty Meeting, which will be held on 26-27 September 2013, will immediately follow the Working Party 1 meeting that will be held on Monday, Tuesday and Wednesday 23-25 September. As in previous years, a separate preliminary meeting between the OECD Secretariat and partner economies will be held on Wednesday 25 September (at the same time as the third day of the WP1 meeting) to update partners on the CFA's work. A final version of the programme that will include the names of all speakers will be made available shortly before the meeting.

**DRAFT AGENDA****OECD 18TH ANNUAL TAX TREATY MEETING  
26 – 27 SEPTEMBER 2013****OECD Conference Centre  
2 rue André Pascal, Paris 16th, France****THURSDAY, 26 SEPTEMBER 2013****09.00 – 09.30 REGISTRATION****09.30 – 10.00 OPENING OF THE MEETING**

<i>Welcoming address:</i>	Mr. Angel GURRÍA, <i>OECD Secretary-General (if available)</i>
<i>Chair:</i>	Mr. Andrew DAWSON, <i>Chair of Working Party 1</i>
<i>Practical arrangements:</i>	Mr. David PARTINGTON, <i>OECD Secretariat</i>

**10.00 – 11.00 PLENARY SESSION 1:      *BACKGROUND TO THE BEPS PROJECT AND THE DEVELOPMENT OF THE ACTION PLAN***

*The first plenary session will provide an overview of the OECD's work on base erosion and profit shifting (BEPS) and will introduce the July 2013 Action Plan presented to the G20. Using a few examples, it will examine the main factors contributing to BEPS.*

**11.00 – 11.30 Coffee Break****11.30 – 13.00 PLENARY SESSION 2:      *OVERVIEW OF WORK RELATED TO TRANSFER PRICING AND OTHER TOPICS***

*This second plenary session will examine in greater detail some of the actions listed in the Action Plan (including work related to transfer pricing, transfer pricing documentation, dispute resolution, disclosure of tax planning arrangements, harmful preferential regimes and the collection and analysis of data) that will not be further discussed during the other sessions of the meeting.*

**13.00 - 14.30 Lunch Break****14.30 – 17.30 PARALLEL SESSIONS****14.30 – 17.30 PARALLEL SESSION A:      *PREVENTING THE ARTIFICIAL AVOIDANCE OF PERMANENT ESTABLISHMENT STATUS***

*This parallel session will examine the artificial avoidance of permanent establishments, including through the use of commissionaire arrangements and the specific activity exemptions of paragraph 4 of Article 5. The session will discuss the problems that have been experienced, possible solutions and related profit attribution issues.*

**14.30 – 17.30 PARALLEL SESSION B: NEUTRALISING THE EFFECTS OF HYBRID MISMATCH ARRANGEMENTS**

*Hybrid entities and transactions are sometimes used to take advantage of asymmetries or mismatches in the treatment of these entities and transactions in two or more States. The session will examine the problem by focusing on practical examples and discuss possible solutions including those adopted in countries' domestic legislation and bilateral conventions.*

**14.30 – 17.30 PARALLEL SESSION C: PREVENTING TREATY ABUSE**

*The abuse of tax treaties, including treaty shopping, is a core concern raised in the BEPS work. The session will explore possible changes that could be made to treaties and domestic law in the light of the guidance that is already provided in the Commentary on Article 1, the experience of countries and the provisions that have been included in bilateral treaties and domestic law.*

**16.00 – 16.30 Coffee Break****17.45 COCKTAIL (OECD CHÂTEAU DE LA MUETTE)**

**FRIDAY, 27 SEPTEMBER 2013****9.00 – 9:45 PLENARY SESSION 3: SUMMARY OF THE DISCUSSIONS IN THE PARALLEL SESSIONS**

*During this session, the rapporteurs will summarise the discussions in the three parallel sessions of the previous afternoon, i.e. session A “Preventing the artificial avoidance of permanent establishment status”; session B “Neutralising the effects of hybrid mismatch arrangements” and session C “Preventing treaty abuse”.*

**9.45 – 10.30 PLENARY SESSION 4: STRENGTHENING CONTROLLED FOREIGN CORPORATION (CFC) RULES**

*Some countries have responded to the deferral of taxation through income being accumulated off-shore in controlled foreign corporations (CFCs) by adopting domestic provisions that attribute the current income of a CFC to its shareholders. The session will discuss the role that CFC rules can play in preventing profit shifting and base erosion and the experiences of countries in designing and implementing CFC provisions.*

**10.30 – 11.00 Coffee Break****11.00 – 12.30 PLENARY SESSION 5: LIMITING BASE EROSION VIA INTEREST DEDUCTIONS AND OTHER FINANCIAL PAYMENTS**

*The deductibility of interest expense can give rise to double non-taxation in both inbound and outbound investment scenarios. From an inbound perspective, the concern regarding interest expense deduction is primarily with lending from a related entity which benefits from a low-tax regime to create excessive interest deductions for the issuer without a corresponding interest income inclusion by the holder. From an outbound perspective, a company may use debt to finance the production of exempt or deferred income. This session will focus on these base erosion strategies involving interest deductions and other financial payments and on possible ways of addressing these strategies. It will examine, in particular, the use of related-party and third-party debt to achieve excessive interest deductions or to finance the production of exempt or deferred income.*

**12.30 – 14:00 Lunch Break****14.00 – 16.00 PLENARY SESSION 6: TAX ISSUES RELATED TO THE DIGITAL ECONOMY**

*It is important to examine how enterprises of the digital economy add value and make their profits in order to determine whether and to what extent it may be necessary to adapt the current international tax rules in order to take into account the specific features of that industry and to prevent BEPS. This session will explore some of the main business models used in the digital economy and the main difficulties that they raise for the application of existing international tax rules.*

**16.00 – 16.45 PLENARY SESSION 7: CHANGING THE RULES**

*The work that will follow the release of the Action Plan will likely result in recommendations regarding domestic law provisions, as well as in changes to the OECD Model Tax Convention and the Transfer Pricing Guidelines. Changes to the OECD Model Tax Convention, however, are not directly effective without amendments to bilateral tax treaties; left to purely bilateral negotiations, such amendments can take a long time before becoming effective. This panel will discuss possible ways that could be used to ensure that changes resulting from the BEPS work are implemented quickly.*

**16.45 – 17.00 CLOSING REMARKS**

Mr. Pascal SAINT-AMANS, Director, OECD Centre for Tax Policy and Administration