

## **Co-chairs' statement: Sixth Regional Meeting on BEPS for Eurasian Countries Virtual Meeting 17 – 19 November 2020**

The Sixth Regional Meeting on BEPS for Eurasian countries took place virtually from 17 - 19 November 2020. It was hosted by the Ministry of Finance of Bulgaria, the Organisation for Economic Co-operation and Development (OECD) and the Intra-European Organisation of Tax Administrations (IOTA). The meeting was opened by Ms. Lyudmila Petkova, Director of Tax Policy Directorate in the Bulgarian Ministry of Finance and Mr. Ben Dickinson, Head of the Global Relations and Development Division of the Centre for Tax Policy and Administration at the OECD. It was co-chaired by Ms. Lyudmila Petkova and Ms. Tracey Brooks of the IOTA Secretariat. In her opening remarks, Ms. Lyudmila Petkova stressed the importance of finding a consensus-based solution on how to tax the digitalising economy, as well as continuing to monitor the implementation of the BEPS minimum standards.

Over 100 delegates from 28 countries, international and regional organisations, business and civil society participated in the event. Participants included senior officials from ministries of finance and tax administrations from Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Mongolia, Montenegro, Pakistan, Poland, Qatar, Republic of North Macedonia, Republic of Srpska (Bosnia and Herzegovina), Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and United Arab Emirates. Also present were representatives from international and regional organisations (IOTA, Asian Development Bank), the local business community (the Bulgarian Chamber of Commerce and Industry, Deloitte Bulgaria, Philipov & Partners, Tabakov Law Corporation), and academia. This summary of the discussions has been prepared by the co-chairs and shared with all delegates.

The co-chairs welcomed the participants from governments, international and regional organisations, business and civil society and emphasised that the main objectives of the meeting were to exchange views, best practices, opportunities and challenges.

The agenda included sessions on:

- Governance of the Inclusive Framework (IF): latest developments.
- Countries' tax administration and fiscal responses to the Covid-19 crisis.
- The recent work of the Inclusive Framework work, including on addressing the tax challenges of the digitalisation of the economy.
- Perspectives from local business, civil society and academia.
- Implementation requirements and peer review processes of Action 6 (preventing tax treaty abuse) and Action 14 (making dispute resolution more effective) with a focus on the Multilateral Instrument (MLI).

- Aspects of the Action 5 minimum standard on harmful tax practices (conducted as a roundtable discussion).
- Country-by-Country reports (Action 13) and their use in risk assessment processes (conducted as a roundtable discussion).
- Addressing the tax challenges of the digitalisation of the economy (including separate sessions on Pillars 1 and 2).
- Toolkits for capacity-limited countries and other capacity building initiatives.
- Recent developments in Transfer Pricing.

## **Conclusions**

This regional meeting offered an opportunity for participants to actively contribute to the discussions and to provide input on the different work streams related to BEPS. Participants appreciated the chance to share best practices and experiences and highlighted their priorities in relation to the Inclusive Framework's work, especially in the area of addressing the challenges of the digitalisation of the economy. They also welcomed the capacity building initiatives of the international and regional organisations in supporting their BEPS implementation efforts.

## **Summary of key messages**

- Representatives of the business community expressed their support for effective and consistent implementation by all countries of the BEPS minimum standards, especially Country-by-Country Reporting. In this regard, they welcomed the initiatives of the OECD and other international and regional organisations to support countries, and they made suggestions for new platforms where businesses can exchange views and interact with government experts.
- Armenia and Georgia shared their experience with regard to the implementation of the four minimum standards and related peer-review processes as well as on the work carried out on transfer pricing matters and taxation of the digitalisation of the economy.
- Participants from North Macedonia and Saudi Arabia shared their experience with the implementation of the tax-treaty measures and in particular the process of adopting the MLI. In the context of MAP requests, they also discussed the importance of making clear guidance available to taxpayers.
- Two roundtable discussions were carried out: one on the substantial activities requirements for preferential regimes (BEPS Action 5) and another on the use of Country-by-Country reports (Action 13) in risk assessment processes. Panellists from Bulgaria, Hungary, Lithuania and Slovakia shared their experiences in this regard. They discussed the transparency of the peer-review processes, which ensure a level playing field, and the possibility of learning from each other.
- Participants from Bulgaria, Croatia and Saudi Arabia shared their experience and perspectives on the work being undertaken on measures to address the digitalisation of the economy. Participants supported the G20/Inclusive Framework's work to develop

consensus solutions in this area by mid-2021. Participants emphasised the importance of reaching a global agreement to avoid the proliferation of unilateral measures and expressed the need to reach convergent views on technical issues still under discussion. In this regard, they expressed their views on how some of the technical issues should be addressed (e.g. scope of the work, thresholds, exclusions and carve-outs, administrative solutions). Participants from EU Member States stressed the need to coordinate with the proposals being developed at the EU level, and for simplification measures.

- On capacity building, delegates welcomed the various modes of available support, such as the joint OECD/UNDP 'Tax Inspectors Without Borders' (TIWB) initiative and its expansion into new areas. Georgia provided an illustration of the practical benefits of their TIWB programme on transfer pricing. Armenia shared their experience with their ongoing TIWB programmes on transfer pricing matters and on tax and crime.
- Co-operation and synergies with the work carried out by other international organisations, development banks and agencies, such as the ADB were welcomed by participants, as was the on-going collaboration between the OECD and IOTA. ADB provided information on their capacity building initiatives on tax transparency and BEPS.
- Given the COVID-19 global crisis, capacity building programmes have been carried out virtually in 2020. Participants welcomed the modernisation of OECD's Global Relations Programme on Tax to include e-learning courses.
- An update on the follow-up work of the IF on transfer pricing and financial transactions was provided and Slovakia discussed their views and perspectives and welcomed the new guidance on financial transactions which should help to reduce the scope for disputes.

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