

## Iceland Dispute Resolution Profile

(Last updated: 16 October 2019)

### General Information

- **Iceland tax treaties are available at:**

[https://www.fjarmalaraduneyti.is/verkefni/skattar\\_og\\_tollar/nr/1197](https://www.fjarmalaraduneyti.is/verkefni/skattar_og_tollar/nr/1197) and

<https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab2>

- **MAP request should be made to:**

Directorate of Internal Revenue  
Laugavegur 166  
150 Reykjavik  
Iceland

The Ministry of Finance and Economic Affairs interprets DTA agreements but has delegated MAP to the Directorate of Internal Revenue as the Competent Authority.

- **APA request should be made to:**

Icelandic law does not allow for APA.

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>A. Preventing Disputes</b>				
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	No	Agreements are not published however if the tax authorities feel the need to publish a clarification or an interpretations that might be considered to have meaning for more than one taxpayer a “deciding letter“is published on the web.	<a href="https://www.rsk.is/fagadilar/akv-ardandi-bref/">https://www.rsk.is/fagadilar/akv-ardandi-bref/</a>
2.	Are bilateral APA programmes implemented? If yes:	No	Icelandic tax law does not permit tax authorities to enter into APAs.	-
a.	<ul style="list-style-type: none"> <li>Are roll-back of APAs provided for in the bilateral APA programmes?</li> </ul>	-	-	-
b.	<ul style="list-style-type: none"> <li>Are there specific timeline for the filing of an APA request?</li> </ul>	-	-	-
c.	<ul style="list-style-type: none"> <li>Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer’s request for bilateral APA assistance, publicly available?</li> </ul>	-	-	-
d.	<ul style="list-style-type: none"> <li>Are there any fees charged to taxpayers for a bilateral APA request?</li> </ul>	-	-	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
e.	<ul style="list-style-type: none"> <li>Are statistics relating to bilateral APAs publicly available?</li> </ul>	-	-	-
3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any assessments made by them are in accordance with the provisions of your tax treaties?	No	A formal training is not provided however, when there is a question of interpreting tax treaties the International office at the Directorate of Internal Revenue is involved to give guidance.	-
4.	Is other information available on preventing tax treaty-related disputes?	No	-	-

**Notes:**

1. An APA is an “arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time”. (see definition of APA in the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (“Transfer Pricing Guidelines”).

2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of “roll-back” is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application (“Roll back”)) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure (“MAP APAs”)) of the Transfer Pricing Guidelines. Simply put, the “roll-back” of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

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<b>B. Availability and Access to MAP</b>				
5.	Are transfer-pricing cases covered within the scope of MAP?	Yes	-	-
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	Yes	-	-
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	Yes	-	-
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	Yes	-	-
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	Yes	-	-
10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	No	-	-
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies	Yes	-	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	provided by the domestic law of your jurisdiction?			
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	Yes	If a taxpayer submits a MAP request when his case has already been decided via the judicial and administrative remedies it is important that his request is based on new documents or information that have not been taken into consideration by tax authorities in order to have his MAP request taken into consideration. However, in such cases, Icelandic CA cannot and will not deviate from the court or higher administrative decision.	-
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly available?	No	-	-
14.	Are there specific timeline for the filing of a MAP request?	Yes	According to the Icelandic income tax law, the tax authorities can only change levied taxes six years back.	-
15.	Are guidance on multilateral MAPs publicly available?	Yes	-	<a href="https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5">https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5</a>
16.	Are tax collection procedures suspended during the period a MAP case is pending?	No	The Directorate of Internal Revenue is the competent authority for collection of taxes. The main rule is that tax collection is not suspended when tax claims are disputed. The taxpayer would have to come to an agreement with the Directorate	-

**Iceland Dispute Resolution Profile – Availability and Access to MAP**

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
			of Internal Revenue in order to suspend collections while the MAP case is solved.	
17.	Are there any fees charged to taxpayers for a MAP request?	No	-	-
18.	Is there any other information available on availability and access to MAP?	No	-	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>C. Resolution of MAP Cases</b>				
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	Yes	This is explained in the MAP Guidance.	<a href="https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5">https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5</a>
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	No	Iceland has on average 1-3 MAP cases every year	-
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	See detailed explanation	It depends on the facts and circumstances.	-
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the <i>annual</i> report of the organisation?	No	The Directorate of Internal Revenue does not have a special MAP office as there are only 1-3 MAP cases each year.	-
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	Yes	-	-
a.	<ul style="list-style-type: none"> <li>Are there any legal limitations in your domestic law (for example in your</li> </ul>	-	-	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	constitution) to include MAP arbitration in your tax treaties?			
b.	<ul style="list-style-type: none"> <li>Does your treaty policy allow you to include MAP arbitration in your tax treaties?</li> </ul>	-	-	-
24.	<p>Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available?</p> <p>If yes:</p>	Yes		<a href="https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5">https://www.rsk.is/einstaklingar/skattskylda/tviskottunarsamningar/#tab5</a>
a.	<ul style="list-style-type: none"> <li>Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision as a matter of administrative policy or practice?</li> </ul>	Yes	-	-
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	Yes	-	-
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double	No	<p>The treaties with:</p> <ul style="list-style-type: none"> <li>-The Czech Republic signed 18.1.2000;</li> <li>-France signed 29.8.1990;</li> <li>-Germany signed 18.3.1971 and</li> <li>-Vietnam from 3.4.2002</li> </ul>	-



s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax treaties)?		do not contain paragraph 2 of Article 9 of the OECD Model Tax convention.  A new treaty with Germany that has been initialled but not signed, contains paragraph 2 of Article 9.	
27.	Is there any other information available on resolution of MAP cases?	No	-	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
<b>D. Implementation of MAP Agreements</b>				
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	Yes	In the income tax law.	-
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	Yes	In the income tax law.	-
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	No	MAP agreements have to be finalized within the six-year period mentioned before.	-
31.	Is there any other information available on the implementation of MAP agreements?	No	-	-