



***Taxation  
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***Multilateral BEPS Convention implementing tax treaty related measures  
signed at OECD***

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We would like to inform you that Ministers and other high-level officials from 76 jurisdictions signed in Paris on 07/06/2017 or formally expressed their intention to sign the multilateral BEPS convention to modify existing double tax treaties in order to swiftly implement a series of tax treaty measures developed in the course of the OECD-G20 BEPS project.

The multilateral convention was signed by 68 countries, including Cyprus, Russia, Israel, Hong Kong and the United Kingdom, while several others expressed their intention to sign the convention.

The multilateral convention, which is the first multilateral treaty of its kind, allows jurisdictions to automatically amend their double tax treaties and implement the tax treaty measures developed during the BEPS project aimed at closing the gaps in existing international rules that allow corporate profits to be shifted to low or no tax environments where organisations have little to no economic activity.

Treaty measures that are included in the multilateral convention include measures on the below:

### **1. Hybrid mismatches**

The measures address certain hybrid mismatch arrangements for transparent entities, dual resident entities and methods for elimination of double taxation.

### **2. Treaty abuse**

The Convention introduces measures in relation to the purpose of double tax treaties, the prevention of tax treaty abuse with the inclusion as a minimum of a principle purpose test (PPT) and where opted of a limitation of benefits clause (LoB).

### **3. Avoidance of permanent establishment status**

The Convention introduces measures on the artificial avoidance of permanent establishment status through commissionaire arrangements, through specific activity exemptions, and through the splitting-up of contracts.

### **4. Improving dispute resolution**

The measures include the introduction of a mutual agreement procedure and a clause on corresponding adjustments.

The first modifications to bilateral tax treaties are expected to enter into force early in 2018. It is noted that the changes in the Multilateral convention will apply only if both parties to a double tax agreement have designated it as a Covered Tax Agreement.

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