OECD

On 22 July 2014, Pascal Saint-Amans, Director of the OECD’s Centre for Tax Policy and Administration, participated in a hearing on international tax matters held by the United States Senate Committee on Finance. Saint-Amans’ written testimony briefly explains the OECD process, provides background on concerns about BEPS, and describes the BEPS Action Plan. Because the discussion during the hearing focused mainly on the US tax issue of corporate inversion transactions, there was only a brief exchange on the BEPS project which related to the operation of the OECD’s consensus approach in the context of participation by the United States.

On 1 August 2014, the OECD released a document entitled *Part 1 of a Report to G20 Development Working Group on the Impact of BEPS in Low Income Countries*. The report focuses on the main sources of BEPS in developing countries and the relationship to the BEPS Action Plan. The report indicates that developing countries and international organizations identify the BEPS areas of greatest concern as involving excessive payments to affiliates, supply chain restructuring, inability to obtain transfer pricing information, improper treaty benefits, treatment of sales of assets, and pressure to offer tax incentives. Part 2 of the report will be released in September.

Albania

On 4 June 2014, new transfer pricing rules passed by the Albanian Parliament became effective. The Albanian Ministry of Finance recently issued an administrative instruction on the implementation of the new transfer pricing legislation which provides further guidance on the application of the arm’s length principle and the preparation of transfer pricing documentation. Documentation consisting of a master file and a local country (Albania) file prepared in line with the EU Code of Conduct on transfer pricing documentation is considered to satisfy the requirements of the Albanian legislation. Once the ongoing OECD discussion of country-by-country reporting is concluded, further developments can be expected.

Ireland

In connection with a BEPS consultation launched by the Irish Department of Finance, EY Ireland recently submitted comments on how Ireland’s competitiveness can be maintained and improved. On 27 May 2014, interested parties were invited to submit their views on how Ireland's domestic tax system might best respond to international tax changes in the context of the ongoing OECD BEPS project. The EY comments make several general recommendations, stressing the importance of providing certainty to investors, communicating Ireland's policy roadmap, and keeping an ongoing dialogue. The comments also caution against adopting a piecemeal approach to the OECD BEPS project and commit to continuing to engage with key policy officials and other stakeholders on specific improvements in key areas of the Irish tax regime, including residence rules and the IP regime.
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