

OECD releases plan to establish inclusive framework for BEPS implementation

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On 23 February 2016, the Organisation for Economic Co-operation and Development (OECD) agreed to a new framework that would allow all interested countries and jurisdictions to join in efforts to update international tax rules for the 21st century. The proposal for broadening participation in the [OECD/G20 Base Erosion and Profit Shifting \(BEPS\) Project](#) will be presented to G20 Finance Ministers at their next meeting on 26-27 February in Shanghai, China.

According to the OECD, the framework establishes a new forum that allows all interested countries and jurisdictions to participate as BEPS Associates. As BEPS Associates, interested countries and jurisdictions would participate on an equal footing with the OECD and G20 members on the remaining standard-setting under the BEPS Project, as well as the review and monitoring of the implementation of the BEPS package.

The framework's mandate will focus on the review of implementation of the four BEPS minimum standards, in the areas of harmful tax practices, tax treaty abuse, country-by-country reporting requirements for transfer pricing, and improvements in cross-border tax dispute resolution. It will also ensure ongoing data gathering on the tax challenges in the digital economy and to measure the impact of BEPS.

Under this framework, BEPS Associates will also work to support implementation of the BEPS package, particularly in developing countries, through the development and provision of practical toolkits that address the top priority issues identified.

If endorsed by the G20 at the Finance Ministers meeting in Shanghai on 26-27 February, the working group on the new framework will hold its first meeting in Kyoto, Japan in June.

This agreed framework constitutes an important step towards the implementation of the BEPS package around the world in the coming years, as well as for the review and monitoring of such implementation.

Background

In the Explanatory Statement¹ to the BEPS 2015 Final Reports issued on 5 October 2015, the OECD and G20 countries expressed their commitment to work on an equal footing to monitor the implementation of the BEPS measures by assessing compliance with the agreed minimum standards. The assessment would take the form of reports

describing what countries have done to implement the BEPS recommendations, with a view to establishing a level playing field by ensuring all countries and jurisdictions implement their commitments, so that no country or jurisdiction would gain an unfair competitive advantage.

The Explanatory Statement also stated the OECD and G20's commitment to continue their cooperation on BEPS until 2020 to complete any outstanding work and ensure an efficient targeted monitoring of the BEPS measures. By early 2016, the OECD and G20 also committed to develop "a more inclusive framework to support and monitor the implementation of the BEPS package."

Endnotes

1. <http://www.oecd.org/ctp/beps-explanatory-statement-2015.pdf>

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