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Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries

Wolfgang Lasars

Coordinator of the Subcommittee on the Manual for the Negotiation of

**ECOSOC Special Meeting on International Cooperation in Tax Matters
New York, 9 December 2016**

Mandate of the UN Tax Committee

ECOSOC Resolution 2004/69

The Committee shall:

(i) Keep under review and update as necessary the United Nations Model Double Taxation Convention between Developed and Developing Countries and the

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Role of Double Tax Treaties

*The growth of investment flows between countries depends to a large extent on the prevailing investment climate. **The prevention or elimination of international double taxation** in respect of the same income—the effects of which are harmful to the exchange of goods and services and to the movement of capital and persons, **constitutes a significant component of such a climate.***

— United Nations Model Double Taxation Convention between Developed and Developing Countries, Introduction

Addis Ababa Action Agenda

Member States pledge that they will

“[...] reduce opportunities for tax avoidance, and consider inserting anti-abuse clauses in all tax treaties [...], enhance disclosure practices and transparency in both source and destination countries, including by

Subcommittee on Negotiation of Tax Treaties – Practical Manual

- Established at the ninth session of the Committee (Geneva, 21-25 October 2013)
- Mandated to develop a practical manual on the negotiation of

Aim of the Manual

The Manual supports treaty negotiators in developing countries, especially those with limited experience, by providing:

- **Practical guidance** on all aspects of tax treaty



Structure of the Manual

The Manual is structured into four Sections:

- **Section I – General introduction**
- **Section II – Treaty policy, domestic model, negotiations**
- **Section III – Treaty provisions**
 - Chapter I – Scope of the Convention
 - Chapter II – Definitions
 - Chapter III – Taxation of Income
 - Chapter IV – Taxation of Capital
 - Chapter V – Methods for the elimination of double taxation
 - Chapter VI – Special provisions
 - Chapter VII – Final provisions
- **Section IV – Improper use of treaties**

Practical Nature of the Manual

The Manual raises the fundamental question:

Why negotiate tax treaties?

It then discusses some common reasons for entering into tax treaties, and the costs and benefits to developing countries.

The practical guidelines contained in the Manual aim to support negotiators with:

- Preparing for tax treaty negotiation
- Conduct of negotiations
- Post-negotiation activities





Final Remarks

