



The Toolkit on Tax Treaty Negotiations

First Session – Launching the toolkit

Presentation of the toolkit, overview of public feedback,
comments on some tools & next steps

DAY 1 – THURSDAY, 11 MARCH 2021

Presenters:

- **Mr. Jacques Sasseville**, Consultant, Financing for Sustainable Development Office, UNDESA
- **Mr. Néstor Venegas**, Technical Adviser, Tax Treaty Unit, Centre for Tax Policy and Administration, OECD

Background

- First announced in 2014 (report to G20 Development Working Group)
- Objective was to assist developing countries when negotiating tax treaties
- 2016 – Platform for Collaboration on Tax (IMF, OECD, UN, WBG) was established and took over the work on the toolkit
- First draft on the toolkit released for comments on 29 June 2020

Format



- Final version of the Toolkit on Tax Treaty Negotiation (“TTTTN”) dated 10 March 2021 on PCT web site: [final version](#)
- Takes the form of a publication like other toolkits produced by the Platform (e.g. [The Taxation of Offshore Indirect Transfers - A Toolkit](#))
- Will soon be available in French and Spanish

Format



- More importantly, however, the TTTN is also available in a web site version, also dated 10 March 2021 on PCT web site: Access [online version](#)
- Currently available in English; French and Spanish versions will soon be available
- Web site version is intended to be improved and updated

UN Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries 2019



- TTTN based on section II of [UN Manual](#) – Includes a large number of references to the Manual
- First version of UN Manual published in 1978, updated a number of times
- Four sections
 - I. General Introduction
 - II. Treaty policy, domestic model, negotiations
 - III. Treaty provisions
 - IV. Improper use of treaties

UN Manual

- Product of the [United Nations Committee of Experts on International Cooperation in Tax Matters](#)
- Around 220 pages; TTTN has around 25 pages
- Contains discussion of basic concepts (e.g. residence, source, various forms of international double taxation) and substantive provisions of tax treaties
- TTTN supplements the UN Manual as it acts as an entry point into numerous resources on tax treaties, including the UN Manual

The TTTN

- The approach



Supplementary



Accessible & practical



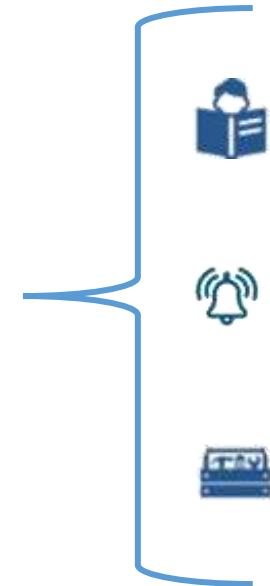
Dynamic



Descriptive: not creating new standards

The TTTN

- The structure
 - A. Why negotiate tax treaties?
 - B. Tax treaty policy framework and country's model tax treaty
 - C. Preparing for tax treaty negotiation
 - D. Conduct of negotiations
 - E. Post-negotiation activities



The TTTN



- Key feedback from Public Consultation includes (1/3):
 1. Relevance of tax treaties for **dispute prevention and resolution**
 2. Clarifying the **scope of MLI** vs. more comprehensive **renegotiations**
 3. Clarification: *one size fits all* approach not recommended – ***flexibility*** balanced with ***consistency***
 4. Negotiations through **videoconferences**

The TTTN



- Key feedback from Public Consultation includes (2/3):
 5. Importance of being aware of the **other country's treaty network** and the **interaction** between treaty and **domestic law**
 6. References to available **resources and assistance** by **regional organisations**
 7. Highlighting the **risks** of **drafting** alternative **provisions not in models** or in large number of treaties
 8. Importance of **consulting other stakeholders** and involving tax administration

The TTTN



- Key feedback from Public Consultation includes (3/3):
 9. Added **updated** sources of **additional information** - new set of links
 10. New **tips** on negotiation style, carrying out **discussions** and keeping continual communication
 11. Some other interesting **ideas to explore** in the future

The TTTN



- Package of additional tools to be released soon includes:
 - Checklist of information for preparing the description of a country's tax system
 - Reference to an additional source of information on countries' pension systems
 - Brief description and examples of:
 - Sunset clauses
 - Deferred-effect clauses
 - Preservation of benefit clauses
 - Terminal clauses on languages
 - Examples of documents related to negotiation meetings:
 - agenda and list of participants
 - agreed minutes
 - Examples of compared texts for negotiation (blue-red, bracketed and side-by-side)