



# The Platform for Collaboration on Tax (PCT)

## *The Toolkit on Tax Treaty Negotiations*

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Presented by  
*Ms. Ashima Neb*  
*Domestic Resource Mobilization Specialist*  
*PCT Secretariat*



# Why The Toolkit?

## The Platform for Collaboration on Tax

### Toolkit on Tax Treaty Negotiations

International Monetary Fund (IMF)

Organisation for Economic Co-operation and Development (OECD)

United Nations (UN)

World Bank Group (WBG)

Updated in May 2021

- Existing Resources:
  - [UN Manual on Negotiation of Tax Treaties between developing and developed countries](#) : last update 2019
  - Model Treaties: [UN Model](#): Last update 2021 and [OECD Model](#) last update 2017 (published 2018)
- Joint guidance by all PCT Partners: IMF, OECD, UN and the WB
- Entry point to existing but disperse guidance on specific issues through references and links
- Links to practical resources such as:
  - Calendar of training events of the four PCT Partners,
  - Public and commercial tax treaty databases e.g., Tax Treaties Explorer Tool,
  - Additional examples such as those of specific types of provisions and methods of display of drafts for negotiation.

# Key Features of The Toolkit



Accessible and practical



Dynamic: amenable to regular updates



Both online and PDF versions are available in [English](#), [French](#) and [Spanish](#)



Facilitates informed decision making but does not set standards

For online and pdf versions of the toolkit, please visit:

[www.tax-platform.org/publications](http://www.tax-platform.org/publications)



03/10/2021

## Toolkit on Tax Treaty Negotiations (Final Version)

This Toolkit represents a joint effort to provide capacity-building support to developing countries on tax treaty negotiation, building on previous contributions and reducing duplication and inconsistencies.

 [Official PDF \(English\)](#)

 [French](#)

 [Spanish](#)



03/10/2021

## Toolkit on Tax Treaty Negotiations (Online Version)

This Toolkit represents a joint effort to provide capacity-building support to developing countries on tax treaty negotiation. Here you can access the user-friendly online version of the toolkit.

Access the [online version](#).

Access the [online French version](#).

Access the [online Spanish version](#).

# Structure of The Toolkit



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



- Non-tax reasons for entering into tax treaties must be considered critically;
- Potential costs and benefits of a tax treaty and alternative ways of achieving policy objectives must be considered;
- Risks of double-taxation and non-taxation must be considered;
- Provisions in tax treaties are administered through domestic laws and administrative capabilities- these must be in place;
- Administrative capacities and availability of resources must be considered.



- The toolkit recommends that countries formulate their tax treaty policy laying out the objectives they want to achieve by entering into tax treaties;
- The policy should lay down country priorities, areas of flexibility and areas of minimum agreements;
- The policy should also be aligned with domestic law and commitments under international and/or regional agreements;
- It also recommends having a model tax treaty as a basis for treaty negotiations-structured on the OECD or the UN Models.



## Preparing for tax treaty negotiation

- Authority to enter into negotiations based on internal processes;
- Ministry of Finance in lead; other stakeholders to be consulted;
- In person negotiations – post-pandemic negotiation through video conferencing in some circumstances has also been found useful;
- Identification of non-negotiable provisions and alternative provisions;
- Logistical preparations including venue and the exchange of
  - models or draft for discussion,
  - summary of domestic tax system and its interaction with treaties,
  - list of members of the negotiating team;



### Conduct of negotiations

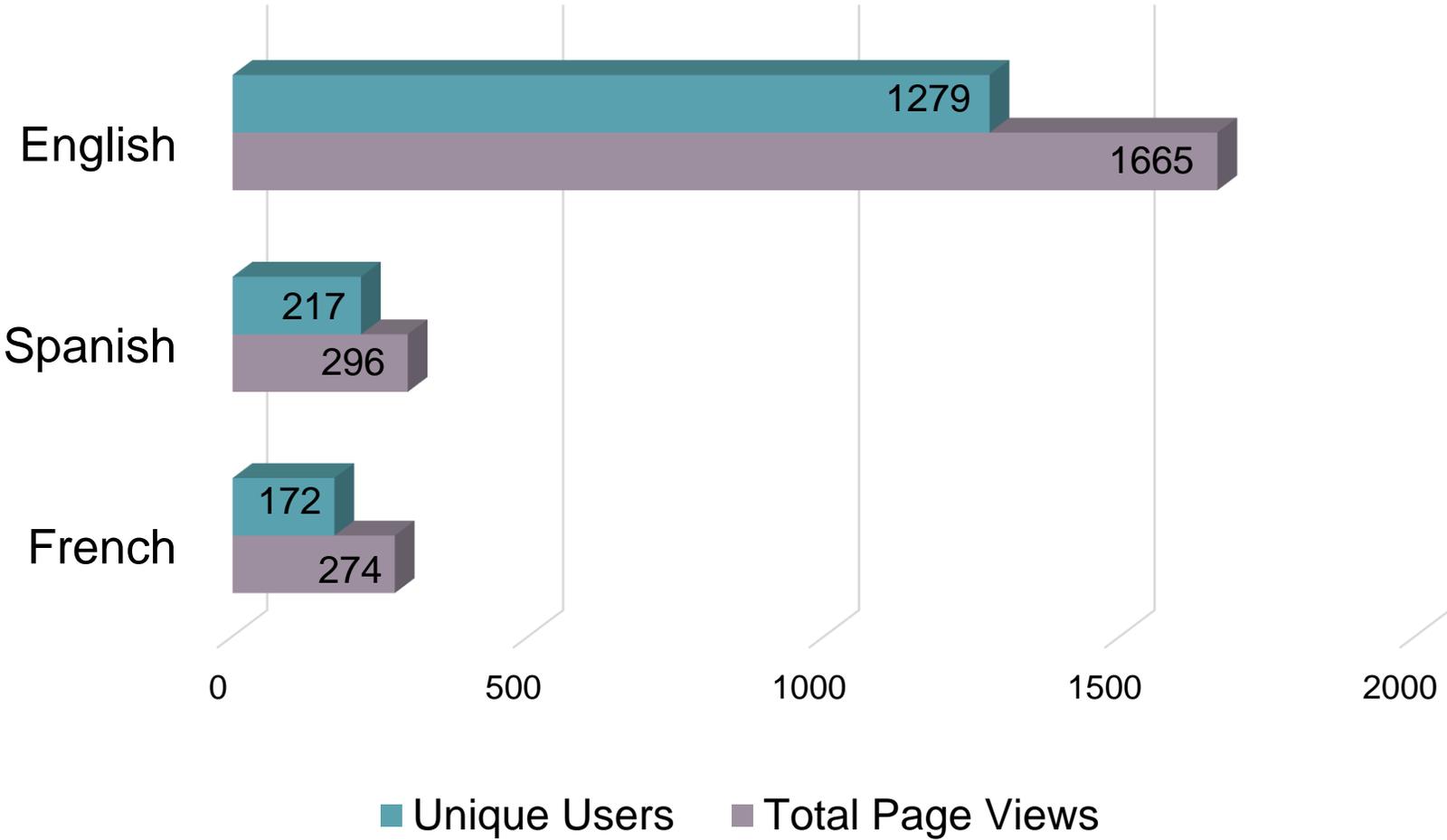
- Practical tips on negotiating styles and soft skills for effective negotiations
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### Post-negotiations activities

- Completion of formalities for signature of the agreed treaty by both sides
- Translation of texts
- Steps before entry into force and after entry into effect

# Online Toolkit Views (March-November 2021)





**THANK YOU!**

For questions, please contact us at [taxcollaborationplatform@worldbank.org](mailto:taxcollaborationplatform@worldbank.org)