BIAC THE VOICE OF BUSINESS AT THE OECD

Media Release

Business Commends the OECD and G20

on the Delivery of the 2015 BEPS Package

Paris, 5 October 2015 – "*The BEPS project needed to happen, and the OECD and G20 should be congratulated both for their hard work and for achieving high-level consensus across many issues*", said BIAC Tax Committee Chair Will Morris today on the occasion of the long-awaited release of the OECD's 2015 BEPS deliverables package. *"Moreover this high-level consensus was achieved while working to an exceptionally ambitious timetable."*

"*Business does still have concerns that some of the recommendations may lead to double taxation of income, and many important details remain to be worked out. We look forward to working with the OECD and G20 on those",* Morris added. "*Nevertheless, BIAC has always acknowledged that modifications were required to international tax rules in order to keep pace with rapid globalization, and we believe that the broad direction of many of the BEPS recommendations will help with this. But this next – implementation – phase will be crucial."*

Two recent developments in the BEPS project are of particular value:

- The growing acceptance among countries that mechanisms for resolving tax disputes need to be significantly improved: changes to the treaty-based Mutual Agreement Procedure will be important, but the moves of some key countries towards Mandatory Binding Arbitration will bring even more substantial benefits, as the risk of double taxation would be greatly reduced.

- A potential monitoring mechanism on implementation of the BEPS recommendations to be overseen by the OECD: BIAC believes this is an important development that can help to ensure consistent application of the BEPS recommendations by countries, and we hope that business will be able to play a significant and constructive role in this monitoring process.

BIAC also welcomes the intention of G20 countries to remain part of this process for the foreseeable future, and we appreciate the commitment to ensure that the distinctive needs of developing countries will be also appropriately addressed.

We do, however, continue to have serious concerns that some of the proposals may lead to double taxation that will harm cross-border economic growth. Also, some of the recommendations still require considerably more detail in order to ensure that there can be consistent international implementation and administration across the countries of the OECD, G20 and beyond. And several of the changes proposed to the Permanent Establishment rules, and to the Transfer Pricing rules need further attention. We look forward to working with the OECD and G20 on these issues in the coming months.

For many years, the OECD has successfully promoted cross-border trade and investment by removing barriers – including significant tax barriers – to growth. The task of the last two years has been to respond to legitimate public concern about double non-taxation. In spite of the reservations raised, BIAC acknowledges that the BEPS process and the recommendations released today appropriately respond to those concerns. Now the focus must return to the critical post-Financial Crisis need to increase cross border trade and investment in goods and services, to meet the needs for $2 trillion of additional annual investment in infrastructure, and to unlock private sector capital in a world where government spending is severely constrained.

BIAC will shortly release an updated version of its *BEPS Position Paper* which will explain some of its concerns at greater length, together with suggestions on further details required to complete some of the BEPS recommendations.

About BIAC:

The Business and Industry Advisory Committee to the OECD advocates for open markets, investment, and private-sector led growth. BIAC is the officially recognized voice of the international business community at the OECD. BIAC's members are the major business organizations in the OECD member countries and a number of OECD observer countries.

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