

WHAT IS BEPS ?

and what BEPS means for business

- In 2012, the G20 looked to the OECD, the leading multi-lateral institution on international taxation, to develop a framework to equip governments with tools to address tax avoidance — subsequently coined “Base Erosion and Profit Shifting” or “BEPS.” BEPS, in the view of the G20/OECD, was caused by MNEs’ exploitation of the existing international tax rules to move profits (and related tax) from jurisdictions with operations (and often relatively high-tax rates) to low or no-tax jurisdictions.
- Pursuant to its G20 mandate, the OECD developed 15 Action Items across a range of tax issues, including the digital economy, transfer pricing, coherence of corporate income taxation, as well as transparency, certainty, and predictability of taxation.
- From 2012 to today, the OECD has addressed all 15 Actions, with final reports issued in fall of 2015. Additionally, supplemental work continues on several items, e.g., Action 1: *Tax Challenges Arising from Digitalisation* (2018).

BY THE NUMBERS

- 15 Consensus Action Items
- >100 jurisdictions involved in the process
- >10,000 MNEs impacted by new rules
- 2,000-3,000 potential tax treaties impacted
- USD 100-240B potential annual tax revenue lost from BEPS as est. by OECD

INCLUSIVE FRAMEWORK

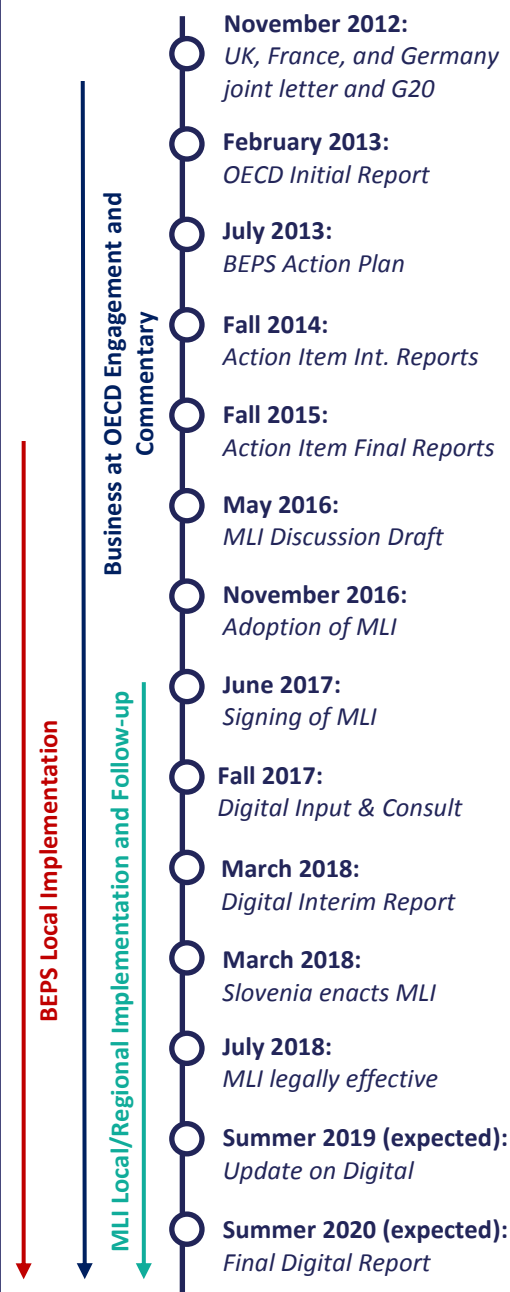
Extended traditional 35 OECD members to 113 countries, with all agreeing to implement four minimum BEPS standards:

- Harmful tax practices (Action 5) – standards for preferential tax regimes
- Treaty Abuse (Action 6) – rules to eliminate/reduce treaty-shopping
- Country-by-Country Reporting (“CbCR”)(Action 13) – increased reporting
- Dispute Resolution (Action 14) – mechanisms for dispute resolution

BUSINESS AT OECD INVOLVEMENT

- 35 written responses to discussion drafts
- 13 public consultations attended
- 8 Regional Network Meetings attended
- 5 Public Position Papers
- 18 Press Releases
- Direct discussions with governments on implementation

BEPS TIMELINE



WHAT BEPS MEANS FOR BUSINESS

