

Dbriefs Bytes Transcript

14 February 2014

For comments on Action 6, see [the highlighted text below](#).

BEPS

- CbC reporting

A number of BEPS developments this week.

Firstly, there's been some interesting government comments in regard to the template for a "country by country" reporting, which was included in the discussion draft issued by the OECD on 30 January.

Firstly, Peter Steeds of the UK tax authorities, and a member of the OECD's working party 6, has said that the template "goes beyond" what governments need for TP risk assessment. In particular, he takes issue with the requirement to list all related party payments of interest, royalties and service fees – that's too much information, he says.

A somewhat different comment has been made by Samuel Maruca, director of transfer pricing for the US. IRS. He says that the template won't be of any use to the IRS, because they can obtain all of that information already. Which sounds a strange comment to me : I can accept that the US. IRS can likely obtain all of the global information from US groups, but it seems unlikely that they could easily obtain all of the global information from foreign groups which have subsidiaries in the US.

- [Unilateral action: Canada](#)
- [Unilateral actions by individual countries continue. This time, it's Canada.](#)

[Canada released its 2014 Federal Budget this week. And one of the interesting initiatives concerns the inclusion, into the Canadian domestic tax law, of an "anti-treaty shopping rule".](#)

[You may remember that, during 2013, the Canadian government conducted public consultation in regard to treaty shopping. And the background to that was that the Canadian tax authorities have been unsuccessful in a string of "treaty shopping" court decisions, such as MIL Investments, Prevost and Velcro. This week's Budget announces some more consultation, but this time in regard to a specific "anti-treaty shopping" proposal.](#)

[The proposal is this:](#)

- [There would be a domestic law rule, which you could describe as a "treaty override" rule, which would impose a purpose test in order to obtain treaty benefits under Canada's treaties. If "one of the main purposes" of a transaction is to obtain a treaty benefit, then, as a general rule, the benefit will be denied.](#)
- [However, there will be some exceptions, such as for an active business and public listing.](#)

[The government has asked for comments by 12 April.](#)

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