MULTILATERAL CONVENTION TO IMPLEMENT TAX TREATY RELATED MEASURES TO PREVENT BASE EROSION & PROFIT SHIFTING (MLI)

Pakistan context

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By: Muhammad Raza
FCA (PK), ACA (Eng. & Wales), ADIT (U.K)

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A·F·FERGUSON&Co.

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State's jurisdiction on international taxation

State's jurisdiction on international taxation

- International tax – a body of legal provisions of different countries dealing with **taxation aspects of cross border transactions**
- The essence of the subject of international taxation is **'whether'** and **'to what extent'** a country / state has the right to tax an individual or another legal person
- There is **no international tax system** hence reference has to be made to the **domestic tax law** of a particular country as well as **International taxation treaties** such country has signed with other countries
- The question in this context is: **'what determines the right of a country to levy tax on a person** and **what connection, if any need to be between taxpayer and the taxing authority?**
- Two aspects of a State's sovereignty: the power over a territory (**enforcement jurisdiction**) and the power over a particular sets of subjects (**political allegiance**)
- The above aspects lead to a conclusion that taxes ought to be confined to **'taxable subjects'** and **'objects'** that have some **sort of connection with the imposing state** so that a legitimate claim is either based on the relationship of a person (**personal attachment**) or on the relationship to a territory (**territorial attachment)**

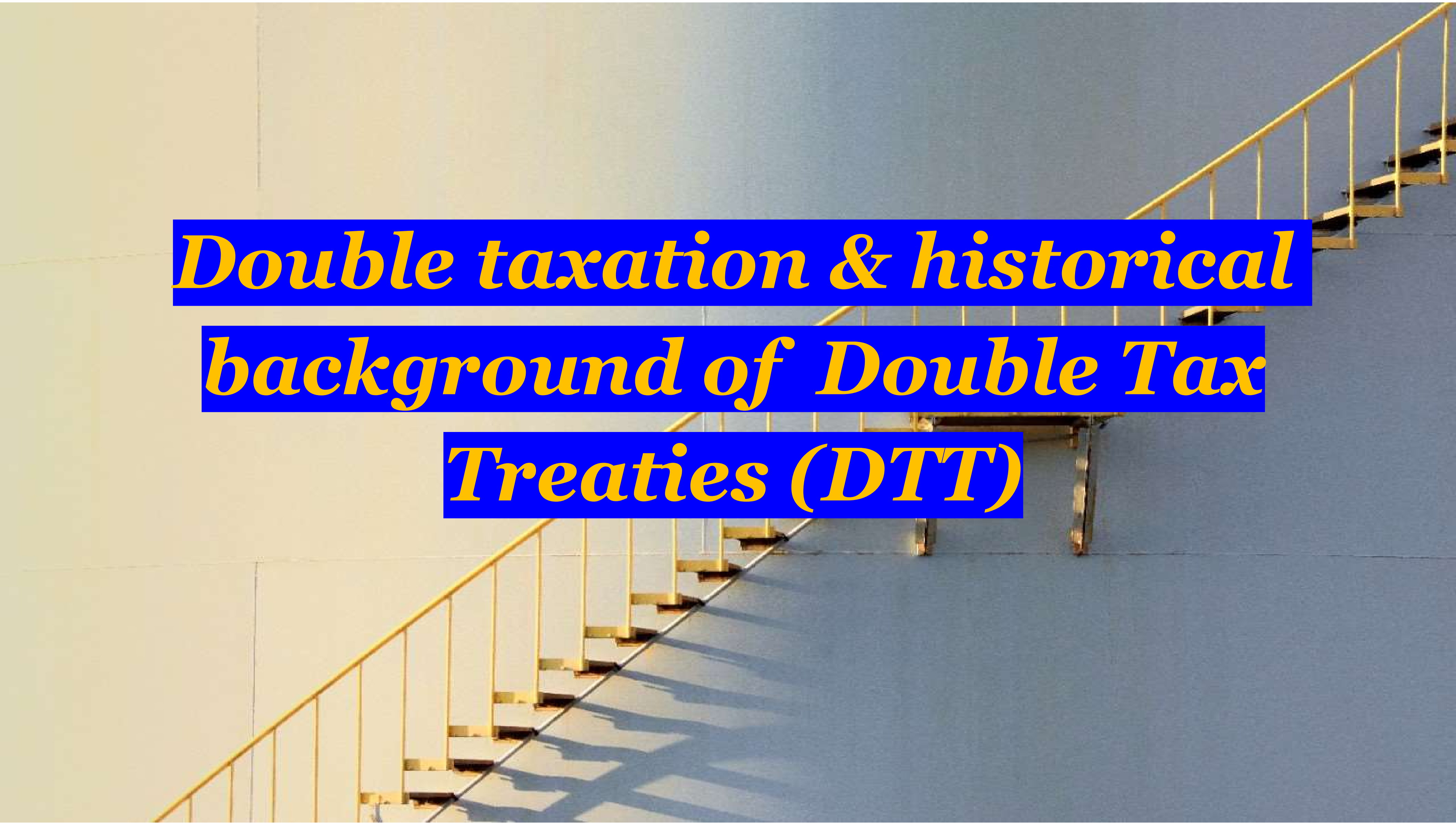
State's jurisdiction on international taxation

- Most countries, therefore, use the principles of **'residence'** and **'source'** for the purpose of taxation
- The tax laws of a country, thus, covers two kinds of activities:-

  (a) the activities of a **resident** of that country **in foreign countries**; and
  (b) the activities of a **non-resident in that country**

- Within **Pakistani tax law**, tax incidence on residents is based on both local and foreign sourced incomes (**worldwide income**) whereas non-residents are only taxable on **Pakistan sourced income**. Section 101 of the Ordinance lays down rules for determination of geographical source.
- Tax policy considerations behind international tax rules revolve around **(i) national wealth maximization; (ii) Tax equity or fairness**; and **(iii) Economic efficiency**
- Developing economies like Pakistan's primary focus **should ordinarily be on (iii)**
- Country's international taxation policies need to be **compatible with those of other countries** as harsher policies on investors into country can adversely affect the outflow of resources from or into the country.

Double taxation & historical background of Double Tax Treaties (DTT)

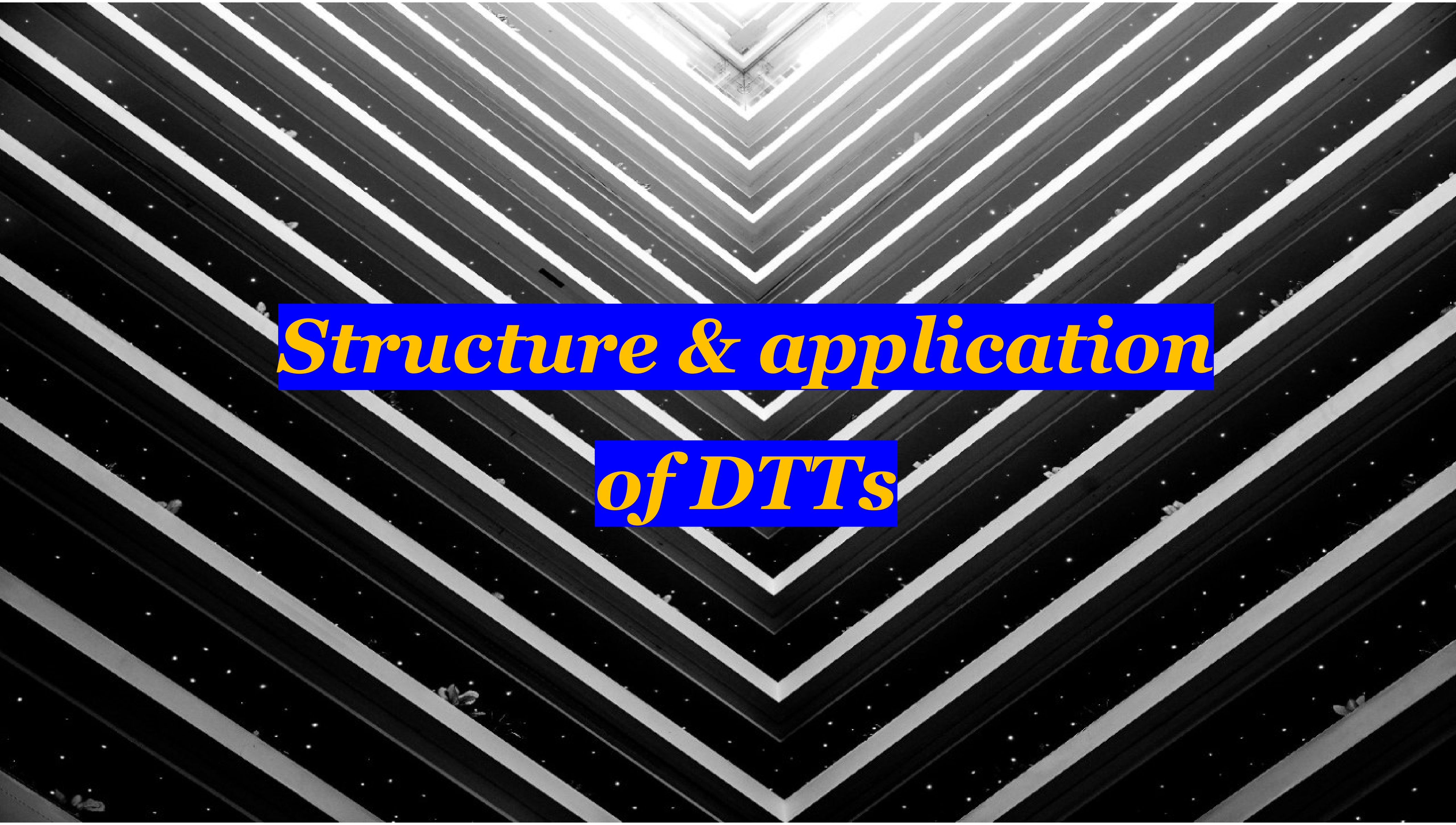


Double taxation & historical background of DTTs

- Some States tax their citizens or residents on **worldwide income basis** i.e., both local and foreign source incomes whereas some states only tax on **source basis**
- Others like Pakistan use **combination of both approaches**
- Possibility of same income being taxed in two different jurisdictions in the hands of same taxable person – commonly referred as **juridical double taxation**
- International tax policymakers have devised ways to **eliminate double taxation** as the same is counter productive and hampers international trade
- Domestic tax systems contain **unilateral reliefs** for avoidance of double taxation by either providing tax credit or exemption
- However, the most common ways to avoid double taxation is through Conventions / Treaties for Avoidance of Double Taxation and prevention of fiscal evasion commonly referred as **'Double Taxation Treaties'** (DTT) which are negotiated by two different sovereign states based on principles of international law.
- DTTs are generally governed by **Vienna Convention on the Law of Treaties** (1969). Supreme Court's landmark judgement in Snamprogetti engineering, reported as **2023 PTD 863** explains the nature of DTTs.

Double taxation & historical background of DTTs

- First DTT was entered into between **Prussia and Austria-Hungary** in **1889**
- **Post first world war** the work was done by the **League of Nations** between **1920 – 1935** and in **1928 draft** of a bilateral convention for the prevention of double taxation alongwith brief commentaries followed by drafts of **1933** and **1935.** These were, however, never adopted
- The revision to 1935 model was envisaged in a meeting of 1939 before the Second World War which led to a **Mexico draft of 1943** and **London draft of 1946.** In **1951 London draft was abandoned in favour of Mexico draft.**
- **Post second world war**, **OECD** fiscal committee work from 1955 to 1963 resulted in **first OECD 1963 model draft**, which was then revised in **1977** and subsequently **1992** (lose leave format). The 1992 model has been updated 10 times (**1994, 1995, 1997, 2000, 2002, 2005, 2008, 2010, 2014 & 2017**)
- OECD mainly represented **developed economies** whereas the desirability of encouraging the conclusion of bilateral tax treaties between **developed** and **developing countries** was recognised by **UN in 1967.** In **1968** adhoc group of experts on tax treaties worked to develop the **UN Model Double Tax Convention between developed and developing countries in 1980**. The above version was **revised in 1999** and made available in **2001** with a newer version of Manual in **2003**. The most updated version is available as of **2017.**



Structure & application of DTTs

Structure & Application of DTTs

Both UN & OECD Model DTTs are organized in **seven chapters**

- **Chapter I & II:** Regulate the requirements for application of the treaty (the scope of convention and determines the essential definitions of treaty terms)
- **Chapter III**: Most important Chapter on **distributive rules** regarding **income taxes** for example 'business profits', fees for technical services, interest, dividends, royalty, etc.
- **Chapter IV:** Distributive rules regarding **capital gains**
- **Chapter V:** Additional legal consequences supplementing the rules of Chapters III & IV including **exemption** and **credit methods**
- **Chapter VI:** Non-discrimination, Mutual Agreement Procedure, Exchange of information
- **Chapter VII:** Entry into force and termination of the treaty

Base Erosion & Profit Shifting (BEPS) Project

BEPS Project

- Following the financial crisis in 2008, the **G20 countries** put **tax at the top of their agenda** and have led the **fight against tax evasion and avoidance**.
- **BEPS** refers to **tax planning strategies** that **exploit gaps and mismatches in tax rules** to **artificially shift profits** to low or no-tax locations where there is little or no economic activity or to erode tax bases through deductible payments such as interest or royalties.
- Although some of the schemes used are illegal, **most are not**. This undermines the fairness and integrity of tax systems because businesses that operate across borders can use BEPS to gain a **competitive advantage over enterprises that operate at a domestic level.**
- Moreover, when taxpayers see multinational corporations **legally avoiding income tax**, it undermines **voluntary compliance by all taxpayers.**
- Developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately. BEPS practices cost countries **USD 100-240 billion in lost revenue annually.**
- Working together within **OECD/G20 Inclusive Framework on BEPS**, over 135 countries and jurisdictions (including Pakistan) are collaborating on the **implementation of 15 measures** to **tackle tax avoidance**, **improve the coherence of international tax rules** and **ensure a more transparent tax environment.**

BEPS Project

Overview BEPS Actions

Minimum standards	Reinforced international standards	Common approaches & best practices	Analytical reports & measuring BEPS
Coherence	**Substance**	**Transparency**	
Action 2 Neutralize the effects of hybrid mismatch arrangements	Action 6 Prevent treaty abuse	Action 11 Data analysis	Action 1 Digital economy
Action 3 Strengthen CFC rules	Action 7 Prevent the artificial avoidance of PE status	Action 12 Mandatory disclosure rules	Action 15 Develop a multilateral instrument
Action 4 Limit interest deductibility	Actions 8 - 10 Aligning transfer pricing outcomes with value creation: intangibles Rick and Capital; and Other high-risk transactions	Action 13 Re-examine transfer prising documentation	
Action 5 Counter harmful tax practices		Action 14 Dispute resolution	

Action 15: Multilateral Instrument (MLI) – Introduction & key features

MLI

- The Multilateral Instrument (**MLI**) offers concrete solutions for governments to **close loopholes in international tax treaties** by **transposing results** from the BEPS Project into bilateral tax treaties worldwide.
- The MLI allows governments to **implement agreed minimum standards** to counter **treaty abuse** and to improve **dispute resolution mechanisms** while providing flexibility to accommodate specific **tax treaty policies.**
- **How does it work:** The "Multilateral Instrument" or "MLI" allows governments to **modify existing bilateral tax treaties** in a **synchronised** and efficient manner to implement the tax treaty measures developed during the BEPS Project, **without** the need to expend resources **renegotiating** each treaty bilaterally.
- ***"Beyond saving signatories from the burden of re-negotiating thousands of tax treaties bilaterally, the convention results in more certainty and predictability for businesses, and a better functioning international tax system for the benefit of our citizens."*** Angel Gurría, OECD Secretary-General, 2006-2021

MLI – from conception todate

- **Feb 2013** **Start of the BEPS project**
  On 12 February 2013 the **report** Addressing Base Erosion and Profit Shifting was published recommending the development of an action plan to address BEPS issues in a comprehensive manner.

- **July 2013** **Endorsement of the BEPS Project**
  In July 2013, the OECD Committee on Fiscal Affairs (CFA) submitted the **BEPS Action Plan** to the G20 identifying **15 actions** to address BEPS in a comprehensive manner, and set out deadlines to implement those actions.

- **Feb 2015** **Start MLI negotiations**
  Based on the **Action 15 interim report**, a mandate to set up the Ad hoc Group for the development of a multilateral instrument was developed by the CFA in February 2015 and endorsed by the G20 Finance Ministers and Central Bank Governors, **open to the participation of all interested countries on an equal footing.**

- **Nov 2016** **Adoption of MLI & Explanatory statement**
  On 24 November 2016, the Ad hoc Group concluded the negotiations and **adopted** the Text of the MLI as well as its accompanying Explanatory Statement.

MLI – from conception todate (Contd…)

- **June 2017** **First high-level signing ceremony**
  On 7 June 2017, a high-level signing ceremony took place in Paris.

- **2017 onwards** **Ratification of the BEPS MLI after completion of domestic procedures**
  Following the signature of the BEPS MLI, each Signatory must **ratify** the BEPS MLI in accordance with their domestic procedures and deposit its **instrument of ratification** with the Depositary. Only then could the BEPS MLI start take effect with respect to certain Covered Tax Agreements.

- **July 2018** **Entry into force of the BEPS MLI**
  As of that day, the MLI begins its legal existence. The MLI also **enters into force** with respect to each of its Parties on the **first day of the month following three calendar months** after the deposit of their instrument of ratification, acceptance or approval.

- **2019 onwards** **Entry into effect of the MLI for covered tax agreements**
  The MLI started to take effect with respect to some Covered Tax Agreements of Parties (i.e. jurisdictions that ratified the BEPS MLI).

MLI – from conception todate (Contd…)

- **2019 onwards Parties preparing synthesized texts of their tax treaties as modified by MLI**
  Synthesised texts would take the form of a single document or webpage. It would reproduce **(a)** the text of each Covered Tax Agreement (including the texts of any amending protocols or similar instruments), and **(b)** the provisions of the BEPS MLI that will modify that Covered Tax Agreement in the light of the interaction of the BEPS MLI positions the Parties have taken. Synthesised texts also include explanatory information, including information on the entry into effect of the relevant provisions of the MLI. **Synthesised texts would thereby make it much simpler to understand the effects of the MLI and the way it modifies each Covered Tax Agreement.**

- **2019 onwards Conference of the Parties to the MLI**
  Parties to the MLI may convene a Conference of the Parties for the purposes of taking any decisions or exercising any functions as may be required or appropriate under the provisions of the BEPS MLI. This could include a Conference of the Parties to address questions of interpretation or implementation of the MLI. The meetings of the Conference of the Parties are held on a regular basis.

MLI – Key features

• **Jurisdictions involved**	Instrument developed by an Ad hoc Group of 100+ jurisdictions Signed and ratified by developed and developing economies around the world.
• **Measures included**	Includes measures against hybrid mismatch arrangements (**Action 2**) and treaty abuse (**Action 6**), strengthened definition of permanent establishment (**Action 7**) and measures to make mutual agreement procedures (MAP) more effective (**Action 14**), including provisions on MAP arbitration.
• **Tax treaties covered**	Signatories and Parties can choose tax treaties to be modified by the MLI Signatories and Parties remain free to make subsequent amendments to their modified tax treaties through bilateral negotiations.
• **Flexibility**	Flexibility with respect to ways of meeting **BEPS minimum standards** on treaty abuse and dispute resolution Possibility to reserve their right not to apply provisions which do not reflect a BEPS minimum standard with the possibility to opt in later Possibility to apply optional provisions and alternative provisions at any time where there are multiple ways to address a BEPS concern.

MLI – Key features (Contd…)

- **Clarity & Transparency** Explanatory Statement and additional materials available
  Notifications of Covered Tax Agreements, reservations, options and affected existing provisions (MLI Positions) to identify modifications to treaties covered by the MLI (available on the OECD website)
  MLI Matching Database that shows how the MLI modifies specific tax treaties covered by the MLI by matching information from MLI Positions
  Synthesised texts of treaties modified by the MLI prepared and published by Signatories and Parties
  Notes on the interpretation of the MLI developed by the Conference of the Parties

- **Languages** English and French text authentic
  Translations developed by individual Signatories and parties are published on OECD website


Tonight, with a collective stroke of your pens,

Mapping of MLI Articles vis-à-vis OECD Model Convention & BEPS Action plans

Mapping of MLI Articles vis-à-vis OECD Model Convention 2017 & BEPS Action plans

MLI Article reference	OECD Model Article reference	Relevant BEPS Action plan
Part I: Scope and interpretation of the terms Article 1: Scope of MLI Article 2: Interpretation of MLI		
Part II: Hybrid Mismatches Article 3: Transparent entities Article 4: Dual Resident Entities Article 5: Methods for elimination of double taxation	Article 1(2) & 1(3) Article 4 Article 23A & 23B	Action plan 2 and 6 Action plan 6 Action plan 2
Part III: Treaty abuse Article 6: Purpose of Covered Tax Agreement Article 7: Prevention of Treaty Abuse Article 8: Dividend transfer transaction Article 9: Capital Gains from alienation of share/ interest deriving value from immovable properties Article 10: Anti-abuse rule for PE in third state	Article 29 Article 10(2)(a) Article 13(4)	Action plan 6 Action plan 6 Action plan 6

Mapping of MLI Articles vis-à-vis OECD Model Convention 2017 & BEPS Action plans

MLI Article reference	OECD Model Article reference	Relevant BEPS Action plan
Part IV: Avoidance of PE status Article 12: Commissionaire arrangements Article 13: Specific Activity Exemptions Article 14: Splitting up of contracts Article 15: Closely related enterprises	Article 5(5) and 5(6) Article 5(4) Article 5(3) Article 5	Action plan 7
Part V: Improving Dispute Resolution Article 16: MAP Article 17: Corresponding adjustments	Article 25 Article 9(2)	Action plan 14
Part VI: Article 18 to 26: Arbitration	Article 25(5)	
Part VII: Article 27 to 39: Final Provisions	Article 27 to 39	


Brief overview of relevant BEPS Action plans covered by MLI

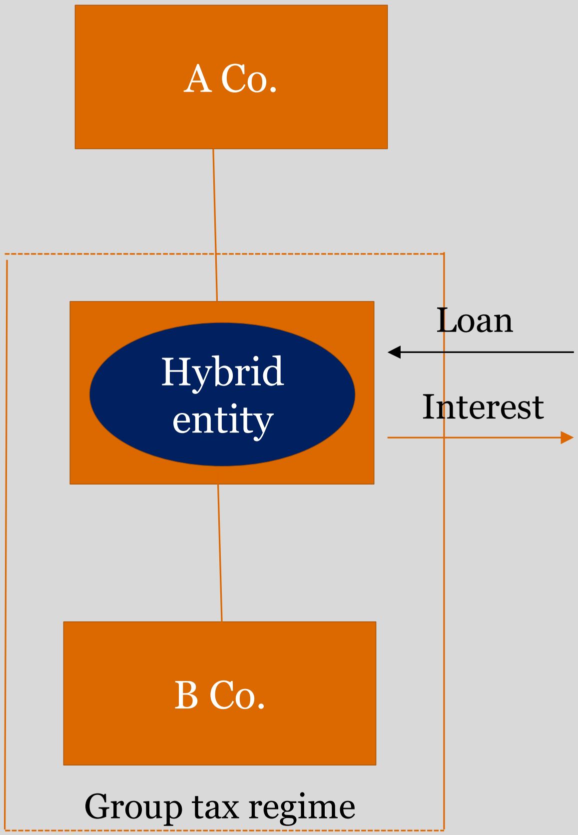
Action plan 2 – Neutralizing the effects of hybrid mismatch arrangements

- Hybrid mismatch arrangements are used in **aggressive tax planning** to **exploit differences in the tax treatment of an entity or instrument** under the laws of two or more tax jurisdictions to achieve **double deduction, double non-taxation**, including **long-term taxation deferral**.

- These types of hybrid mismatch arrangements were **widespread** and resulted in a **substantial erosion of the taxable bases of the jurisdictions concerned**. These risks were highlighted in the context of international banking in the 2010 OECD report Addressing Tax Risks Involving Bank Losses and a subsequent review by various OECD member countries identified examples of tax planning using hybrid mismatch arrangements which led to the 2012 OECD report Hybrid Mismatch Arrangements: Tax Policy and Compliance issues. The 2012 report identified that hybrid mismatch arrangements, in addition to their impact on tax revenues, also have an **overall negative impact on competition, efficiency, transparency and fairness.**

- BEPS Action 2 recommendations **target mismatches resulting from differences in the tax treatment of financial instruments or entities**. The work on hybrid mismatches was subsequently expanded to deal with similar opportunities that arise through the use of **branch structures**, resulting in a 2017 OECD report Neutralizing the Effects of Branch Mismatch Arrangements.

"Double deduction" with hybrid entity

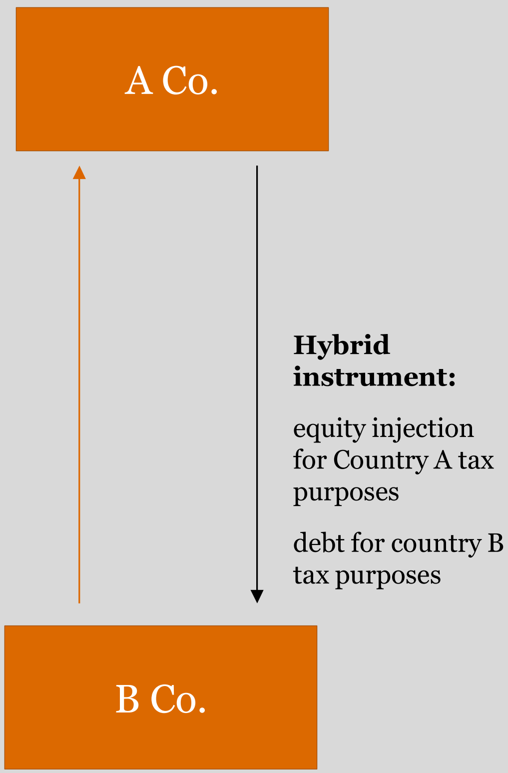


- In a typical case a parent company in country A ("A Co") indirectly holds an operating company in country B ("B Co"). Inserted between A Co and B Co is an entity ("Hybrid Entity") that is treated as transparent or disregarded for country A tax purposes and as non-transparent for country B tax purposes. A Co holds all or almost all equity interest in Hybrid Entity which in turn holds all or almost all equity interests in B Co. Hybrid Entity borrows from a third party and uses the loan amount to inject it as equity into B Co (or to buy the shares in B Co from either another company of the same group or from an unrelated third party). Hybrid Entity pays interest on the loan. Apart from the interest, Hybrid Entity does not claim any other significant deductions and does not have any significant income.

- For country B tax purposes, Hybrid Entity is subject to corporate income tax. Its interest expenses can be used to offset other country B group companies' income under the country B group relief regime. In contrast, country A treats Hybrid Entity as transparent or disregarded, with the consequence that its interest expenses are allocated to A Co, where they can be deducted and offset unrelated income.

- The effect of the scheme is thus **two deductions for the same contractual obligation in two different countries.**

Deduction / No Inclusion with hybrid instrument



- A company resident in country B ("B Co") is funded by a company resident in country A ("A Co") with an instrument that qualifies as equity in country A but as debt in country B. If current payments are made under the instrument, they are deductible interest expenses for B Co under country B tax law. The corresponding receipts are treated as exempt dividends for country A tax purposes.

- As a result, a net deduction arises in country B without a corresponding income inclusion in country A.

- Similar results can also be achieved through the use of hybrid entities (e.g. if an entity treated as non-transparent in the country in which it is organized makes a deductible payment to its shareholder(s), whose country of residence treats the foreign entity as transparent thus disregarding the payment for tax purposes) and of hybrid transfers (e.g. if two companies enter into a sale and repurchase agreement over the shares of a special purpose vehicle (SPV) and one country treats the transaction as a sale and repurchase of the SPV shares while the other country treats the transaction as a loan secured through the SPV shares).

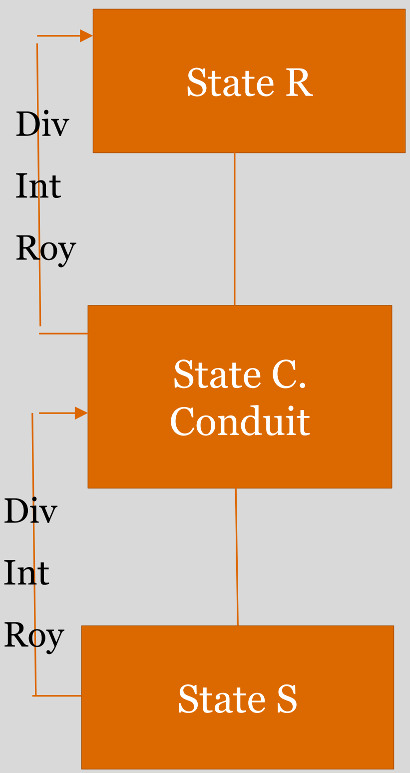
Action plan 6 - Prevention of tax treaty abuse

- Over the last decades, bilateral tax treaties, concluded by nearly every jurisdiction in the world, have served to prevent harmful double taxation and remove obstacles to cross-border trade in goods and services, and movements of capital, technology and persons. This extensive network of tax treaties (3000 to 4000 treaties in force worldwide) has, however, also given rise to **treaty abuse** and so-called **"treaty-shopping"** arrangements.

- Treaty shopping typically involves the attempt by a person to **indirectly access the benefits of a tax treaty between two jurisdictions without being a resident of one of those jurisdictions**. There are a wide number of arrangements through which a person who is not a resident of a jurisdiction that is a party to a tax agreement may attempt to obtain benefits that a tax agreement grants to a resident of that jurisdiction.

- Taxpayers engaged in treaty shopping and other treaty abuse strategies **undermine tax sovereignty** by claiming treaty benefits in situations where **these benefits were not intended** to be granted, thereby depriving jurisdictions of tax revenues.

Direct conduit structure – classical example



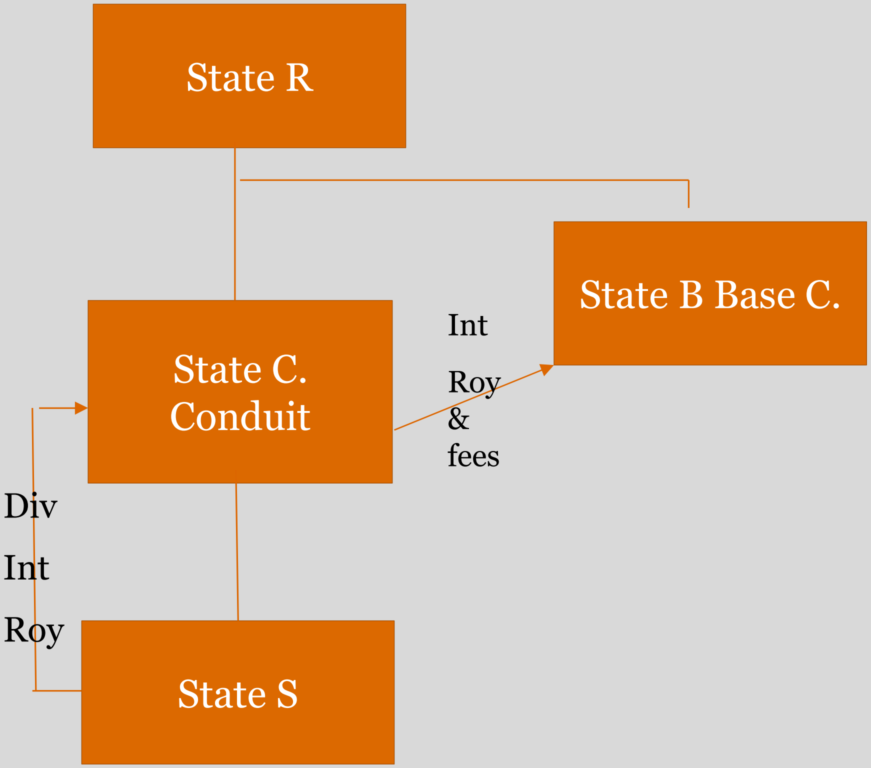
- The most classical example of "Treaty shopping" occurs where a person resident of a given State (State R) who expects to derive dividends, interest or royalties sourced in another State (State S) sets up an entity in a third State (State C) that will receive the dividends, interest and royalties in a more tax beneficial way.

- The tax advantage accrues owing to a tax treaty between State S and State C provides for a more advantageous withholding tax rate in State S on dividends, interest and royalties paid to a State C resident than the rate that would apply in State S if the income were paid directly to the State R resident because there is either no tax treaty applicable between State R and State S or, if there is one, it provides for less generous withholding tax rates.

- The entity in State C operates as an intermediary between the source State (S) of the dividends, interest and royalties and its controlling shareholder in State R because it pays on the income received (in the same or another form) to such controlling shareholder. In view of its channeling function, the entity established in State C is typically, referred to as "a conduit company" or "a conduit". State C referred to as the "conduit state".

- Hence, this kind of "Treaty shopping" describes the situation in which a resident of a third State (i.e. State R) "shops" into an otherwise unavailable treaty between two other Contracting States (States S and C) to be able to enjoy the benefits of that treaty. For this purpose, such resident interposes a conduit company in a State which has a favorable tax treaty with the source State of the income.

Stepping stone conduits



- “Stepping stone conduits” are a variant of the direct conduit-structure. Residents of State R establish a company resident in State C where it is fully subject to tax on the income derived from State S.
- However, it pays high interest, royalties, services fees, commissions and other expenses to a second related foreign company set up in a fourth State (State B) and controlled by the shareholders of the conduit company.
- These payments are deductible in State C and are either not or very advantageously taxed in State B because the company enjoys a preferential tax regime there.
- The company in State B qualifies as a “base company”

Action plan 6 Prevention of tax treaty abuse (Contd…)

- Treaty abuse is one of the most important sources of BEPS concerns. It is **undesirable** for several reasons, including:

  a) Treaty benefits negotiated between the parties to a treaty are **economically extended to residents of a third jurisdiction** in a way the parties did not intend. The principle of reciprocity is therefore breached and the balance of concessions that the parties make is altered;

  b) Income may **escape taxation altogether** or be subject to **inadequate taxation** in a way the parties did not intend; and

  c) The jurisdiction of residence of the ultimate income beneficiary has **less incentive** to enter into a tax treaty with the jurisdiction of source, because residents of the jurisdiction of residence can indirectly receive treaty benefits from the jurisdiction of source **without the need for the jurisdiction of residence to provide reciprocal benefits.**

- As part of the BEPS package, the Action 6 Report sets out one of the **four BEPS minimum standards**, which is that members of the BEPS Inclusive Framework commit to include in their tax treaties provisions dealing with treaty shopping to ensure a **minimum level of protection against treaty abuse.** They also agreed that some flexibility in the implementation of the minimum standard is required as these provisions need to be adapted to each jurisdiction's specificities and to the circumstances of the negotiation of tax agreements.

Action plan 6 Prevention of tax treaty abuse (Contd…)

- The minimum standard on treaty shopping requires jurisdictions to include **two components** in their tax agreements: an express statement on non-taxation (**generally in the preamble**) and **one of three methods of addressing treaty shopping**. The Action 6 Report sets out other specific rules and recommendations to address other forms of treaty abuse.
- To foster the implementation of the minimum standard and other BEPS treaty-related measures in the global treaty network, **a Multilateral Instrument (the MLI)** that can modify existing bilateral tax agreements was concluded.

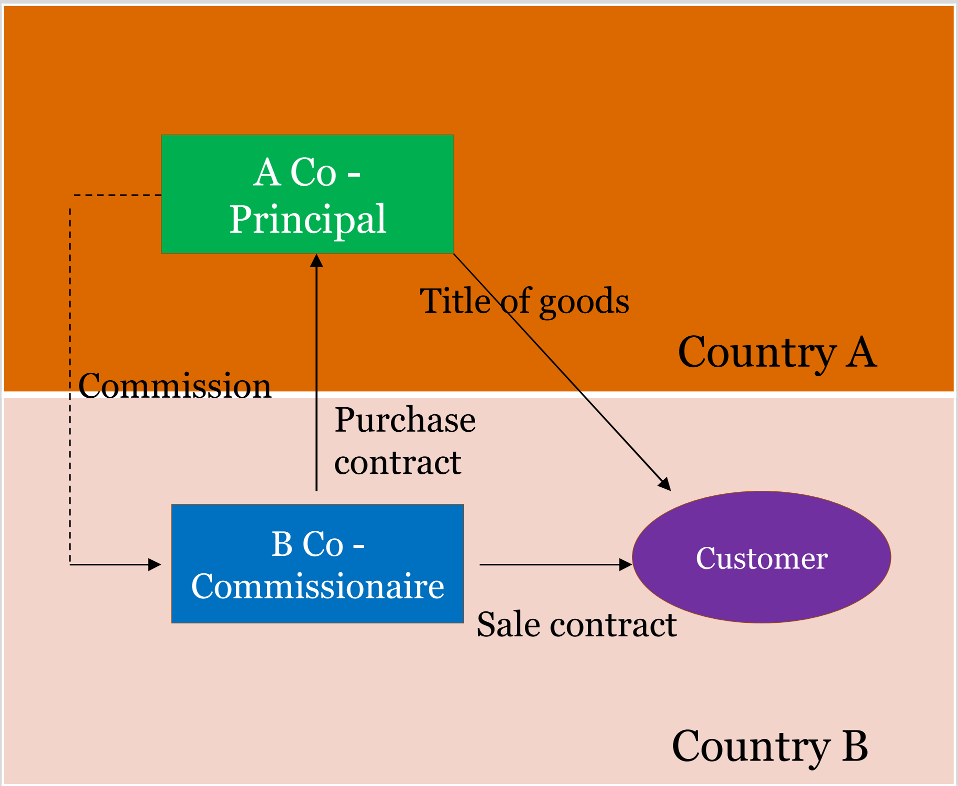
Action plan 7 - Permanent Establishment status

- Tax treaties generally provide that the business profits of a foreign enterprise are taxable in a jurisdiction only to the extent that the enterprise has in that jurisdiction a **permanent establishment** to which the profits are attributable. The definition of permanent establishment included in tax treaties is therefore **crucial** in determining whether a non-resident enterprise must pay income tax in another jurisdiction.

- The BEPS Action Plan called for a **review of that definition** to prevent the use of certain **common tax avoidance strategies** used to circumvent the former Model permanent establishment definition, such as arrangements through which taxpayers **replace subsidiaries that traditionally acted as distributors by commissionaire arrangements**, with a resulting shift of profits out of the jurisdiction where the sales took place without a substantive change in the functions performed in that jurisdiction.

- Strategies used to **avoid having a taxable presence in a jurisdiction** under tax treaties may cause cross-border income to go untaxed or be taxed at low rates. Taken together, the tax treaty changes suggested in the Report on Action 7 enable jurisdictions to address BEPS concerns resulting from tax treaties, which was a **key focus of the work mandated by the BEPS Action Plan.**

Conversion of a distributor into commissionaire arrangement



- A Co. is a company resident of Country A which specializes in the sale of medical products.
- Until 2020, these products are sold to clinics and hospitals in Country B by B Co, a company resident of Country B. Both A Co and B Co are part of the same Multinational Group.
- In 2020, the status of B Co is changed to that of commissionaire following the conclusion of commissionaire contract between the two companies. Pursuant to such contract, B Co transfers to A Co its fixed assets, stock and customer base and agrees to sell in Country B the products of A Co in its own name but for the account and the risk of A Co.
- As a consequence, B Co is paid a commission whereas taxable profits from sale of equipment in country B is substantially reduced as A Co does not have a Permanent Establishment in Country B.

Action plan 7 - Permanent Establishment status (Contd…)

- BEPS Action 7 proposes **several changes to the definition of permanent establishment** in the OECD Model Tax Convention to counter BEPS:

a) changes to ensure that where the **activities that an intermediary** exercises in a jurisdiction are intended to result in the regular conclusion of contracts to be performed by a foreign enterprise, that enterprise will be considered to have a taxable presence in that jurisdiction unless the intermediary is performing these activities in the course of an **independent business**;

b) changes to restrict the application of a **number of exceptions** to the definition of permanent establishment to activities that are **preparatory or auxiliary nature** and will ensure that it is not possible to take advantage of these exceptions by the **fragmentation of a cohesive operating business** into several small operations;

c) changes to address situations where the **exception applicable to construction sites** is **circumvented** through the **splitting-up contracts** between **closely related enterprises.**

Action plan 14 - Mutual Agreement Procedure

- As cross-border business and international labour mobility continues to be commonplace in a 21st century global economy, **disputes** relating to **which jurisdictions** can tax what types of income **inevitably** arise on occasion.

- Many tax treaties between jurisdictions contain a **MAP provision** providing for a process used to resolve such disputes. Article 25 of the OECD Model Tax Convention provides a mechanism, **independent from the ordinary legal remedies** available under domestic law, through which the competent authorities of the Contracting States may resolve differences or difficulties regarding the interpretation or application of the Convention on a **mutually-agreed basis.** This mechanism – the mutual agreement procedure – is of fundamental importance to the proper application and interpretation of tax treaties, notably to ensure that taxpayers entitled to the benefits of the treaty are **not subject to taxation by either of the Contracting States which is not in accordance with the terms of the treaty.**

- Despite the widespread existence of this provision in tax treaties, **further effort is needed to ensure that access to MAP is available** and that MAP cases are resolved **within a reasonable timeframe** and **implemented quickly.**

Action plan 14 - Mutual Agreement Procedure (Contd…)

- As novel challenges relating to international taxation surface, the necessity of having **robust dispute resolution processes** in place becomes increasingly apparent.

- Recent statistics show that tax administrations are closing more cases than ever before. However, new MAP cases as from 2016 are **increasing significantly**, thus putting upward pressure on countries' MAP inventories. Therefore, the total inventory of MAP cases keeps increasing every year since the number of cases closed has not been able to keep up with the number of new cases.

- While anecdotal evidence suggests that the increase in new cases is due to a range of factors, it is clear that **facilitating the effectiveness and efficiency of MAP** between countries is necessary in order to resolve such cases in a timely manner.

- The final report on Action 14: Making Dispute Resolution Mechanisms More Effective, which contains a BEPS minimum standard, was adopted in October 2015. The Action 14 Minimum Standard consists of **21 elements and 12 best practices**, which assess a jurisdiction's legal and administrative framework in the following **four key areas**:

Action plan 14 - Mutual Agreement Procedure (Contd…)

a) preventing disputes;

b) availability and access to MAP;

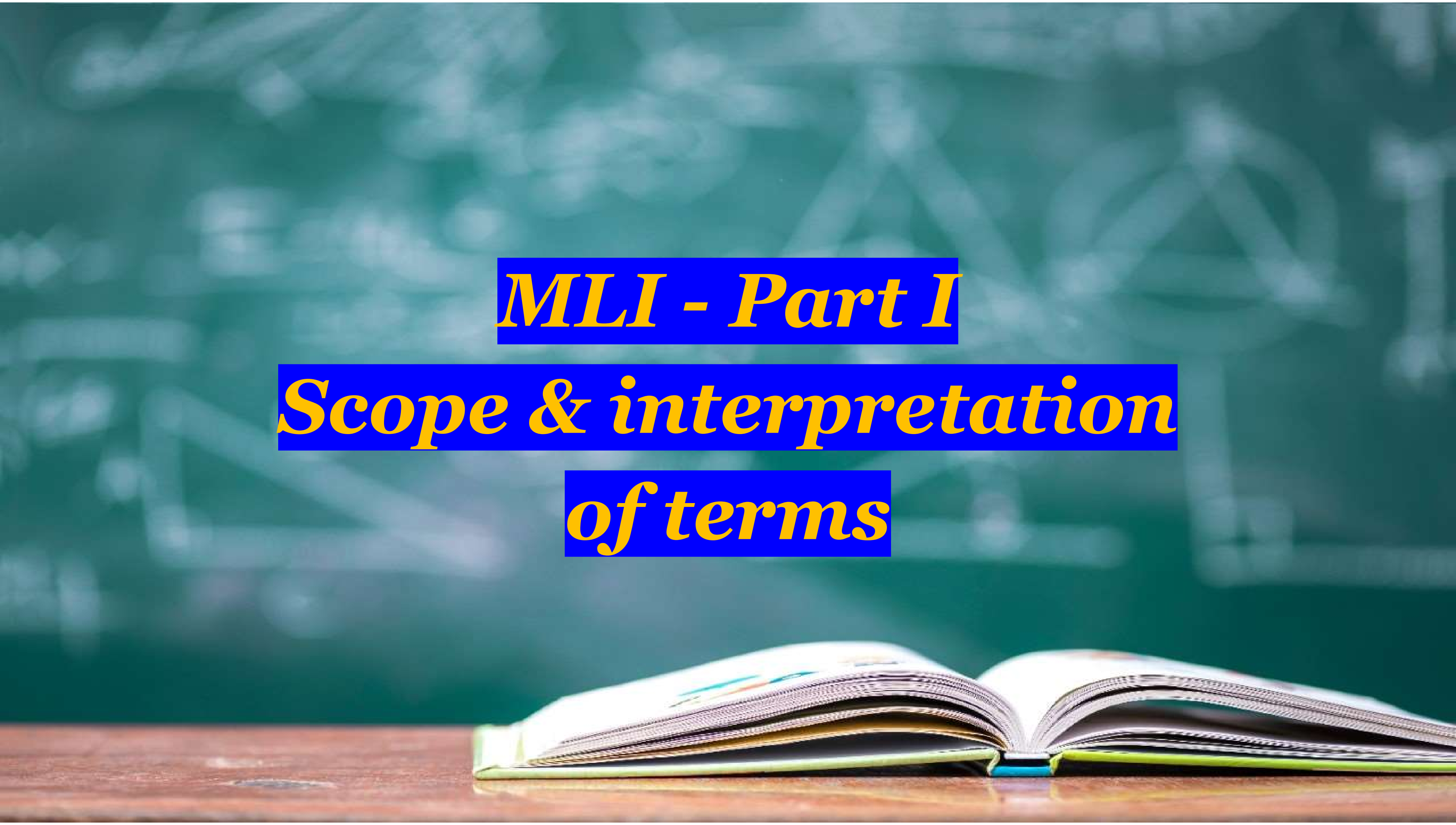
c) resolution of MAP cases; and

d) implementation of MAP agreements.

- Along with the adoption of this minimum standard, the BEPS Inclusive Framework members agreed on:

1. a **peer review process** to evaluate the implementation of this standard; and

2. to report **MAP statistics** under a newly developed reporting framework ("MAP Statistics Reporting Framework").


MLI - Part I
Scope & interpretation
of terms

Articles 1 & 2: Covered Tax Agreements & interpretation of terms

- Pakistan has **66 Double Tax Treaties** which were included in MLI and hence constitutes Covered Tax Agreement (**CTA**).
- CTA is **defined** as a double taxation agreement which is **in force** between two or more parties with respect to which each such Party has made a **notification to the Depositary** listing the agreement as well as any amending or accompanying instruments thereto (identified by title, names of the parties, date of signature, and, if applicable at the time of the notification, date of entry into force) as an agreement which it **wishes to be covered by the MLI.**
- In case any term is **not defined in the MLI**, the same has to be construed as defined in the respective CTA.
- As per OECD Article on definition, any term not defined in the applicable tax treaty is **ordinarily construed** as defined in the respective **domestic tax law of the country.**
- **Synthesized texts** reproducing each CTA and the provisions of MLI that will modify such CTA in the light of MLI positions in the light of OECD guidance – Synthesized texts of Pakistan DTTs now available on **FBR website**.

Part II
Hybrid mismatches

Article 3 – Transparent entities

- Deals with **double non taxation** or **limited taxation**
- Income derived by or through an **entity or arrangement** that is treated as wholly or partly **fiscally transparent** under the laws of either contracting states has to be considered as income of a resident of a contracting state only to the extent that such jurisdiction treats the income as the income of a resident of that State.
- The above Article is intended to give effect to the **recommendation in the BEPS Action 2** and ensure that the benefits of a tax treaty are granted **only in appropriate cases** and these benefits are not granted where neither contracting state treats, under its domestic law, the income of an entity as the income of its residents (i.e. **neither contracting state considers transparent entity**).
- A Contracting State shall **not grant double tax relief** either by way of **exemption** or **deduction** or **credit** of income taxes paid in other Contracting State if the income is taxed in other contracting State solely because the income is derived by the resident of that other contracting state.
- **Pakistan's position: Not adopted hence should not have any impact on CTAs.**

Article 4 – Dual Resident entities

- Concept of **dual residence** in treaties and **tie breaking rules**

- Determination of resident jurisdiction by **Mutual Agreement Procedure** (MAP) for a person other than an individual who is resident of more than one contracting jurisdiction to determine the resident status having regard to its **place of effective management**, place where it is incorporated or otherwise constituted and any other relevant factors.

- **Pakistan's position: Adopted** - Pakistan has notified 66 CTAs which already contain the tie breaker rule that is a place of effective management to determine residency.

Article 5 – Elimination of double taxation

- **Double non taxation** may arise in a case where bilateral tax treaty gives taxing rights to source state and domestic tax laws of resident state **exempts such income**.

- Whilst the income could be liable to tax in the source state, it **may not be subject to tax**.

- In such a situation, **use of the exemption method** may result in an obligation on the Residence state to exempt such income, and therefore result into **double non taxation of income.**

- In order to prevent such instances of double non taxation, MLI has provided **3 options** for contracting jurisdiction to choose.

Option A)	Residence state will not exempt income if source state has exempted as per DTT and in case source state has taxed such income, residence state will allow credit
Option B)	Residence State shall not exempt dividends if the same are deductible in source state. If residence state taxes dividend it shall allow credit for taxes paid in source state
Option C)	Credit method

Pakistan position: Adopted Option C


No More
Hiding

Part III
Treaty Abuse

Article 6 – Purpose of a CTA

- **Two preambles** are suggested to be included or substituted so as to clarify the purpose of a CTA.

- **Reference to an intent to eliminate double taxation whether or not that language also refers to the intent not to create opportunities for non-taxation of reduced taxation.**

  "Intending to eliminate double taxation with respect to the taxes covered by this agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third jurisdictions),".

- **Inclusion of a reference to a desire to develop an economic relationship or to enhance cooperation in tax matters.**

  "Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,"

- **Pakistan's position:** Adopted the **second option**, which is subject to reciprocal agreement from the corresponding parties. As regards the **first option**, that would **apply by default.**

Article 7 – Prevention of treaty abuse

- As per the Explanatory Statement to the MLI, the Action 6 Report includes **three alternative rules** to address situations of **treaty abuse**.

- The **first** of these alternatives is a **general anti-abuse rule** based on the **principal purpose of transactions or arrangements**. In addition to this **principal purpose test (PPT)**, the Action 6 Report provides **two versions** (**a simplified and detailed version**) of a **specific anti-abuse rule**, the **limitation on benefits (LOB) provision**, which limits the availability of treaty benefits to persons that meet one or more categorized tests listed in paragraphs 9 to 13 of Article 7.

- The Action 6 Report states that countries, **at a minimum**, should implement:

1. a **PPT only**;
2. a PPT and either a simplified or detailed limitation of benefit (LOB) provision (the PPT-SLOB or PPT-DSLOB, (denoted as **"PPT-plus"**)); or
3. a detailed LOB provision, supplemented by a mechanism either that would deal with conduit arrangements not already dealt with in tax treaties or a PPT (the DLOB-conduit-structure or DLOB-and-PPT (denoted as **"DLOB-plus")**).

Article 7 – Prevention of treaty abuse (contd.)

- The Explanatory Statement further provides that, **as the default option**, the PPT in Article 7(1) is the **only approach** that can satisfy the **minimum standard** on its own. Parties are then permitted pursuant to Article 7(6) **to supplement the PPT** by choosing to apply a simplified LOB provision (**SLOB**). The MLI does not provide the detailed LOB, but the contracting jurisdictions that adopt the detailed LOB should endeavor to reach a mutually satisfactory solution that meets the minimum standard.
- **Principle Purpose Test (PPT):** Non-obstante clause denying a treaty benefit under the CTA in respect of an item of income or capital if it is reasonable to conclude having regard to all facts and circumstances of a case that **obtaining that benefit was one of the principal purpose of any arrangement or transaction** that resulted directly or indirectly in treaty benefit, **unless** it is established that granting such benefit under the circumstances was aligned with the object and purpose of the relevant provisions of the CTA.
- **Simplified Limitation on Benefits (SLoB) Provisions:** The Simplified Limitation on Benefits Provision is an **optional provision**, and applies with respect to a Covered Tax Agreement only where all Contracting Jurisdictions have chosen to apply it. Subject to certain conditions, for applicability of SloB provisions, there is a concept of qualified person which inter alia includes an individual, State and its agencies, etc., listed companies, NPOs and Pension funds, ownership by residents, etc.

- **Pakistan's position: Adopted simplified LOB provision, however, PPT will apply as a default check.**


Closing Tax
Loopholes

Article 8 – Dividend transfer transactions

- This Article primarily requires that a **minimum shareholding period** be satisfied in order for a company to be entitled to a **reduced rate** on dividends from a subsidiary as provided in a CTA.

- Provisions of a Covered Tax Agreement that **exempt** dividends paid by a company which is a resident of a Contracting Jurisdiction from tax or that **limit the rate** at which such dividends may be taxed, provided that the beneficial owner or the recipient is a company which is a resident of the other Contracting Jurisdiction and which **owns, holds or controls** more than a certain amount of the capital, shares, stock, voting power, voting rights or similar ownership interests of the company paying the dividends, shall apply only if the **ownership conditions described in those provisions are met throughout a 365 day period that includes the day of the payment of the dividends** (for the purpose of computing that period, no account shall be taken of changes of ownership that would directly result from a corporate reorganisation, such as a merger or divisive reorganisation, of the company that holds the shares or that pays the dividends).

- **Pakistan's position: Adopted the above provisions and notified 36 DTTs that does not contain minimum holding period requirements. The above condition will however only apply where corresponding contracting jurisdictions also made a similar notification.**

Article 9 – Capital Gains of real estate entities

- This Article addresses situations in which **assets are contributed to an entity shortly before the sale of shares or comparable interests** (such as interests in a partnership or trust) in that entity in order to dilute the proportion of the value of the entity that is derived from immovable property, based on Article 13(4) of the OECD Model Tax Convention.

- Provisions of a Covered Tax Agreement providing that gains derived by a resident of a Contracting Jurisdiction from the alienation of shares or other rights of participation in an entity may be taxed in the other Contracting Jurisdiction provided that **these shares or rights derived more than a certain part of their value from immovable property** (real property) situated in that other Contracting Jurisdiction (or provided that more than a certain part of the property of the entity consists of such immovable property (real property)):

  a) shall apply if the relevant value threshold is met **at any time during the 365 days** preceding the alienation; and
  b) shall apply to shares or comparable interests, such as interests in a partnership or trust (to the extent that such shares or interests are not already covered) in addition to any shares or rights already covered by the provisions.

- For purposes of a Covered Tax Agreement, gains derived by a resident of a Contracting Jurisdiction from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in the other Contracting Jurisdiction if, **at any time during the 365 days preceding the alienation**, these shares or comparable interests derived more than **50 per cent** of their value directly or indirectly from immovable property (real property) situated in that other Contracting Jurisdiction.

- **Pakistan has adopted the latter provision**

Article 10 – Anti-abuse rule for PE in third jurisdictions

- Where:

  a) an enterprise of a Contracting Jurisdiction to a Covered Tax Agreement **derives income from the other Contracting Jurisdiction** and the first-mentioned Contracting Jurisdiction **treats such income as attributable to a permanent establishment of the enterprise situated in a third jurisdiction**; and

  b) the profits attributable to that permanent establishment are **exempt from tax in the first-mentioned Contracting Jurisdiction**, the benefits of the Covered Tax Agreement shall **not apply to any item of income on which the tax in the third jurisdiction is less than 60 per cent of the tax** that would be imposed in the first-mentioned Contracting Jurisdiction on that item of income if that permanent establishment were situated in the first-mentioned Contracting Jurisdiction. In such a case, any income to which the provisions of this paragraph apply **shall remain taxable according to the domestic law of the other Contracting Jurisdiction,** notwithstanding any other provisions of the Covered Tax Agreement.

- The above shall not apply if the income derived from the other Contracting Jurisdiction described in paragraph 1 is **derived in connection with or is incidental to the active conduct of a business** carried on through the permanent establishment (other than the business of making, managing or simply holding investments for the enterprise's own account, unless these activities are banking, insurance or securities activities carried on by a bank, insurance enterprise or registered securities dealer, respectively)
- **Pakistan's position: No reservations made**

Article 11 – Application of tax agreements to restrict a party's right to tax its own residents

- The provision in paragraph 1 provides a so-called **"saving clause"** which preserves the right of a Contracting Jurisdiction to tax its own residents. The provision is based on Article 1(3) of the OECD Model Tax Convention making reference to certain specific Articles of the OECD model convention such as those relating to business profits, Associated enterprises, etc.

- The main changes to the provision in paragraph 1 are to **replace references to specific paragraphs and articles by number with descriptive language** based on paragraph 26.19 of the Commentary on **Article 1 (Persons covered)** of the OECD Model Tax Convention in the Action 6 Report, which was developed during the BEPS Project. The references to paragraph 3 of Article 7 (**Business profits**) and paragraph 2 of Article 9 (**Associated enterprises**) in the model provision have been replaced with subparagraph a), **Article 19 (Government service)** with subparagraph b), **Article 20 (Students)** with subparagraph c), **Articles 23A (Exemption method)** and **23B (Credit method)** with subparagraph d), Article 24 (**Non-discrimination)** with subparagraph e), Article 25 **(Mutual agreement procedure)** with subparagraph f) and Article 28 **(Members of diplomatic missions and consular posts)** with subparagraph g).

- In addition, subparagraphs h) and i) have been included as additional exceptions to the saving clause, to reflect additional provisions that commonly appear in tax treaties. Subparagraph h) describes provisions of a Covered Tax Agreement which provide that pensions or other payments made to a resident of a Contracting Jurisdiction under the social security legislation of the other Contracting Jurisdiction shall be taxable only in that other Contracting Jurisdiction.

- **Pakistan's position: No reservations made**

Part IV
Avoidance of PE status

Article 12 – Artificial avoidance of PE status through Commissionaire Arrangements and similar strategies

- Notwithstanding the provisions of a Covered Tax Agreement that define the term "permanent establishment", but subject to paragraph 2, where a person is acting in a Contracting Jurisdiction to a Covered Tax Agreement **on behalf of an enterprise** and, in doing so, **habitually concludes contracts**, or **habitually plays the principal role leading to the conclusion of contracts** that are **routinely concluded without material modification by the enterprise**, and these contracts are:

  a) in the **name of the enterprise**; or

  b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use; or

  c) for the provision of services by that enterprise,

  that enterprise shall be **deemed to have a permanent establishment** in that Contracting Jurisdiction in respect of any activities which that person undertakes for the enterprise **unless** these activities, if they were exercised by the enterprise through a fixed place of business of that enterprise situated in that Contracting Jurisdiction, would not cause that fixed place of business to be deemed to constitute a permanent establishment under the definition of permanent establishment included in the Covered Tax Agreement (as it may be modified by this Convention).

- Paragraph 1 shall not apply where the person acting in a Contracting Jurisdiction to a Covered Tax Agreement on behalf of an enterprise of the other Contracting Jurisdiction carries on business in the firstmentioned Contracting Jurisdiction as an **independent agent** and **acts for the enterprise in the ordinary course of that business.** Where, however, a person acts **exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related,** that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

- **Pakistan position: Adopted**

Article 13 – Artificial avoidance of PE status through specific activity exemptions

- Article 5(4) of the OECD Model Tax Convention includes a **list of exceptions** (the **"specific activity exemptions"**) to permanent establishment status where a place of business is used solely for specifically listed activities, which are of **preparatory or auxiliary in nature**.

- **Option A**

  Notwithstanding the provisions of a Covered Tax Agreement that define the term "permanent establishment", the term "permanent establishment" shall be **deemed not to include:**

  a) the activities specifically listed in the Covered Tax Agreement (prior to modification by this Convention) as activities deemed not to constitute a permanent establishment, whether or not that exception from permanent establishment status is **contingent on the activity being of a preparatory or auxiliary character**;

  b) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any activity not described in subparagraph a);

  c) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) and b), provided that such activity or, in the case of subparagraph c), **the overall activity of the fixed place of business, is of a preparatory or auxiliary character.**

- **Pakistan adopted Option A, which would however apply if the corresponding party does not have reservations**

Article 13 – Artificial avoidance of PE status through specific activity exemptions (contd.)

- **Option B**

Notwithstanding the provisions of a Covered Tax Agreement that define the term "permanent establishment", the term "permanent establishment" shall be deemed not to include:

a) the activities specifically listed in the Covered Tax Agreement (prior to modification by this Convention) as activities deemed not to constitute a permanent establishment, whether or not that exception from permanent establishment status is contingent on the activity being of a preparatory or auxiliary character, except to the extent that the relevant provision of the Covered Tax Agreement provides explicitly that a specific activity shall be deemed not to constitute a permanent establishment provided that the activity is of a preparatory or auxiliary character;

b) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any activity not described in subparagraph a), provided that this activity is of a preparatory or auxiliary character;

c) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) and b), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

Article 14 – Splitting up of contracts

- The Action 7 Report noted that the **splitting-up of contracts** is a potential strategy for the **artificial avoidance of permanent establishment** status through abuse of the exception in Article 5(3) of the OECD Model Tax Convention. The Action 7 Report further noted that the **PPT provision will address such BEPS concerns** related to the abusive splitting-up of contracts. The Action 7 Report includes a draft provision specifically addressing the splitting-up of contracts for use in treaties that **would not include the PPT, or for Contracting Jurisdictions that wish to address such abuses explicitly**. Article 14 of the Convention provides for the implementation of that provision.

- For the sole purpose of determining whether the period (or periods) referred to in a provision of a Covered Tax Agreement that stipulates a period (or periods) of time after which specific projects or activities shall constitute a permanent establishment has been exceeded:

  a) where an enterprise of a Contracting Jurisdiction carries on activities in the other Contracting Jurisdiction at a place that constitutes a building site, construction project, installation projector other specific project identified in the relevant provision of the Covered Tax Agreement, or carries on supervisory or consultancy activities in connection with such a place, in the case of a provision of a Covered Tax Agreement that refers to **such activities, and these activities are carried on during one or more periods of time that, in the aggregate, exceed 30 days without exceeding the period or periods referred to in the relevant provision of the Covered Tax Agreement;** and

  b) where **connected activities** are carried on in that other Contracting Jurisdiction at (or, where the relevant provision of the Covered Tax Agreement applies to supervisory or consultancy activities, in connection with) the same building site, construction or installation project, or other place identified in the relevant provision of the Covered Tax Agreement during different periods of time, each exceeding 30 days, by one or more enterprises **closely related** to the first-mentioned enterprise, these different periods of time shall be added to the aggregate period of time during which the firstmentioned enterprise has carried on activities at that building site, construction or installation project, or other place identified in the relevant provision of the Covered Tax Agreement.

- **Pakistan has adopted the above provisions hence would apply to CTAs unless otherwise notified by the corresponding state**

Article 15 – Closely related enterprises

- Paragraph 1 describes the conditions under which a person will be considered to be **"closely related"** to an enterprise for the purposes of **Articles 12, 13 and 14**. The definition is based on the text of Article 5(6)(b) of the OECD Model Tax Convention.

- For the purposes of the provisions of a Covered Tax Agreement that are modified by paragraph 2 of Article 12 (Artificial Avoidance of Permanent Establishment Status through Commissionnaire Arrangements and Similar Strategies), paragraph 4 of Article 13 (Artificial Avoidance of Permanent Establishment Status through the Specific Activity Exemptions), or paragraph 1 of Article 14 (Splitting-up of Contracts), a person is closely related to an enterprise if, based on all the relevant facts and circumstances, **one has control of the other or both are under the control of the same persons or enterprises.** In any case, a person shall be considered to be closely related to an enterprise if one possesses **directly or indirectly more than 50 per cent of the beneficial interest** in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the **aggregate vote** and **value of the company's shares** or of the **beneficial equity interest** in the company) in the person and the enterprise.

- **Adopted by Pakistan**

Part V
Improving dispute resolution

Article 16 - Mutual Agreement Procedure

- Where a person considers that the **actions of one or both of the Contracting Jurisdictions result or will result for that person in taxation not in accordance with the provisions of the Covered Tax Agreement,** that person may, irrespective of the remedies provided by the domestic law of those Contracting Jurisdictions, present the case to the competent authority of either Contracting Jurisdiction. The case must be presented **within three years** from the first notification of the action resulting in taxation not in accordance with the provisions of the Covered Tax Agreement.

- The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting Jurisdiction, **with a view to the avoidance of taxation which is not in accordance with the Covered Tax Agreement**. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting Jurisdictions.

- The competent authorities of the Contracting Jurisdictions shall endeavour to resolve by mutual **agreement any difficulties or doubts arising as to the interpretation or application of the Covered Tax Agreement.** They may also consult together for the elimination of double taxation in cases not provided for in the Covered Tax Agreement.

- **Adopted by Pakistan**

Article 17 - Corresponding adjustments

- Where a Contracting Jurisdiction includes in the profits of an enterprise of that Contracting Jurisdiction — and taxes accordingly — profits on which an enterprise of the other Contracting Jurisdiction has been charged to tax in that other Contracting Jurisdiction and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting Jurisdiction if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting Jurisdiction shall make an **appropriate adjustment** to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of the Covered Tax Agreement and the competent authorities of the Contracting Jurisdictions shall if necessary consult each other.

- This Article 17 is based on **Article 9(2)** of the OECD model convention and requires compensatory or corresponding adjustment if there is double taxation arising from transfer pricing adjustments.

- **Adopted - Pakistan has notified 50 CTAs that already contain provision that requires a Contracting Jurisdiction to make an appropriate adjustment in the manner prescribed above**


Way forward


BUILDING
FAIRER SOCIETIES
THROUGH GLOBAL
TAX CO-OPERATION

Way forward

- Emergence of **new economic world order** based on **Multilateralism** – replacing the century old brick and mortar based taxation with new emerging techniques of doing business not requiring physical presence
- The treaty interpretation to be based on **synchronized reading of MLI and covered tax agreements**
- While the **BEPS 1.0** initiatives led to many changes to the international tax rules to limit profit shifting, some authorities believed that it did not yet adequately address the challenges of the digitalization of the economy. Many countries started to impose unilateral tax measures, including new legislation to tax companies that are active in a jurisdiction via **online platforms, online sales, or via other means with the introduction of a digital services tax.** The purpose of the **BEPS 2.0 project** is to consolidate these types of unilateral efforts into a consensus position to help avoid misaligned unilateral efforts and double taxation. The BEPS 2.0 project also aims to ensure that multinational enterprises pay a **fair share of tax** wherever they operate by introducing a **global minimum corporate tax** rate that countries can use to protect their tax bases.
- **Pillar 1** aims to address taxation issues relating to **digital businesses** having certain prescribed threshold of turnover and profit ratios based on formulary apportionment method whereas **Pillar 2** is focused on **minimum taxation of 15%** in respective jurisdictions for Multinationals of certain size (referred as **global anti-abuse erosion**).
- International tax landscape is changing fast and focus around the globe is now on **fair share of taxation** and **multilateralism.** We need to keep ourselves abreast with such changes with the ability of quick adaptation.

Thank You