



In practice, this means developing training materials/courses and conducting capacity development events based on major outputs of the Committee, such as the United Nations Model Double Taxation Convention between Developed and Developing Countries (UN Model) and the United Nations Practical Manual on Transfer Pricing for Developing Countries (UN Transfer Pricing Manual).

In addition, FfDO's capacity development programme produces inputs to work of the Committee at the request of the Committee. An example could be the support and inputs provided to the work of the Subcommittee on Negotiation of Tax Treaties leading to the development of a new practical Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, which will be presented for the adoption by the Committee at the current session.

In devising its capacity development programme FfDO also takes full advantage of the unique expertise and networks of the Committee members, who have been providing support to this programme on pro-bono basis. Several Committee members have been involved, in advisory role, in almost every activity up to date and: (1) contributed to determining the demand in developing countries for relevant capacity development tools; (2) assisted in assessing what are already available tools and resources; (3) proposed tools, which needed to be developed in order to address the needs of developing countries; (4) advised on selection of experts to be contracted for development of the tools; (5) undertook technical review of the produced materials to ensure that the materials adequately reflect the work of the Committee and take into account the needs of developing countries; (6) assisted in identifying participants from developing countries for capacity development events. In the future the Committee members will also be asked to serve as instructors and mentors for FfDO's capacity development events, in their respective regions.

During its 9th session in 2014, the Committee decided to set up an Advisory Group on Capacity Development comprising 7 members of the Committee and mandated it to make recommendations on capacity-building and the provision of technical assistance to developing countries in the area of international cooperation in tax matters. To this end, the Advisory Group is to engage with the UN capacity development programme on international tax cooperation. The Group is to ensure that the activities of the above programme adequately reflect the work of the Committee, take into account the needs of developing countries, especially the less developed ones, and do not duplicate but effectively complement existing tools and resources at the disposal of developing countries. The Group will also assess and review progress made in the implementation of the programme on an annual basis, on the occasion of the session of the Committee.

Up to date the Advisory Group held four meetings in 2014 and 2015 during which FfDO reported to the Group on progress made in the implementation of its capacity development programme and consulted the Group on its new projects and proposed areas of activities.

### **3. Double tax treaties – UN Model**

#### **a) UN Course on Double Tax Treaties**



A description of the UN Primer is available at <http://www.un.org/esa/ffd/capacity-development-tax/primer-dtt.html>.

regions of the world. Through a novel demand-driven approach, it provides practical guidance to developing countries to effectively implement double tax treaties, especially those drawing upon the UN Model, having regard to the specific needs and interests of these countries.

Translation into Spanish of the Handbook is now available thanks to contribution by CIAT. The French translation is forthcoming thanks to contribution by ITC and will be available electronically in November 2015 and in print by the end of this year.

#### *Next steps*

In order to further disseminate the UN Handbook, FfDO and ITC are organizing a 3-day capacity development workshop, which will be held on 1–3 December 2015 in Berlin, Germany, with the participation of up to 30 national officials from developing countries in charge of administration of tax treaties. The first part of the workshop will provide participants with an overview of the issues covered by the UN Handbook, while the second part will focus on selected chapters of the Handbook of particular interest to developing countries from the point of view of protecting their tax base, including administrative implications of available policy options on the taxation of income from services, as well as on limiting interest deductions and other financial payments. The discussion will be led by world-renowned experts in the field of double tax treaties, including members of the Committee and academics. The workshop will deal with practical case studies, country experiences and good practices.

## **6. Protecting tax base of developing countries**

The main tool in this area is the *United Nations Handbook on Selected Issues in Protecting the Tax Base of Developing Countries*

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To this end, the UN Handbook provides a study of the OECD work on BEPS, along with an analysis of the strategies proposed so far to address the relevant issues. In doing so, it aims to

These tools will then be revised and used to deliver technical cooperation activities at the country level.

**a) UN Practical Portfolios on Base Eroding Payments**

Deductible payments made to non-residents by residents of developing countries may

The UN Practical Portfolio on Tax Incentives comprises practical materials, intended to provide the government officials with the information and tools, which will allow them to decide whether to use tax incentives to attract investment and how to best design and administer these incentives with a view to increasing their effectiveness and minimizing tax base erosion. These materials also provide guidance for developing methodologies for estimating the costs and benefits of tax incentives, with the view to assessing the effectiveness of past, current and proposed tax incentive regimes.

This Practical Portfolio was tested and discussed with the representatives of developing countries during a two day Workshop on Tax Incentives and Base Protection (New York, 23–24 April 2015) with the participation of 29 representatives of national tax authorities, Ministries of Finance and Ministries of Investment or Trade in 17 developing countries (Azerbaijan, Brazil, Dominican Republic, Ghana, Guatemala, Indonesia, Lesotho, Mexico, Panama, Peru, Philippines, Senegal, South Africa, Swaziland, Tanzania, Uruguay and Zambia).

Regional contributions to the workshop were provided by regional organizations of national tax administrations, such as ATAF and CIAT. Case studies provided an opportunity for country representatives to share their experiences in designing and implementing tax incentives and to identify the areas of greatest challenge. The participants were asked to take specific roles in designing and negotiating a tax incentive project for a potential investor.

*Next steps*

The two UN Practical Portfolios on Base Eroding Payments will be discussed during a 3-day capacity development workshop, organized jointly by FfDO and ITC, which will be held on 23 December 2015 in Geneva. The workshop will be held on 23 December 2015 in Geneva. The workshop will be held on 23 December 2015 in Geneva.



A description of the UN TP Course is available at <http://www.un.org/esa/ffd/capacity->

In their responses to a written questionnaire, 18 out of 21 participants graded overall value of the course as excellent or very good (on a 5-