



L

# **Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries**

*Wolfgang Lasars*

*Coordinator of the Subcommittee on the Manual for the Negotiation of*

**ECOSOC Special Meeting on International Cooperation in Tax Matters  
New York, 9 December 2016**

# Mandate of the UN Tax Committee

## ECOSOC Resolution 2004/69

The Committee shall:

(i) Keep under review and update as necessary the United Nations Model Double Taxation Convention between Developed and Developing Countries and the

**Manual for the Negotiation of B s5s .52004/view-92li4/vea M  
b-13tweee-1 (i)1 (el)12w eweee-1 (i)1 egotopon**

# Role of Double Tax Treaties

*The growth of investment flows between countries depends to a large extent on the prevailing investment climate. **The prevention or elimination of international double taxation** in respect of the same income—the effects of which are harmful to the exchange of goods and services and to the movement of capital and persons, **constitutes a significant component of such a climate.***

— United Nations Model Double Taxation Convention between Developed and Developing Countries, Introduction



# Addis Ababa Action Agenda

Member States pledge that they will

**“[...] reduce opportunities for tax avoidance, and consider inserting anti-abuse clauses in all tax treaties [...], enhance disclosure practices and transparency in both source and destination countries, including by**

# Subcommittee on Negotiation of Tax Treaties – Practical Manual

- Established at the ninth session of the Committee (Geneva, 21-25 October 2013)
- Mandated to develop a practical manual on the negotiation of

# Aim of the Manual

The Manual supports treaty negotiators in developing countries, especially those with limited experience, by providing:

- **Practical guidance** on all aspects of tax treaty



# Structure of the Manual

The Manual is structured into four Sections:

- **Section I – General introduction**
- **Section II – Treaty policy, domestic model, negotiations**
- **Section III – Treaty provisions**
  - Chapter I – Scope of the Convention
  - Chapter II – Definitions
  - Chapter III – Taxation of Income
  - Chapter IV – Taxation of Capital
  - Chapter V – Methods for the elimination of double taxation
  - Chapter VI – Special provisions
  - Chapter VII – Final provisions
- **Section IV – Improper use of treaties**



# Practical Nature of the Manual

The Manual raises the fundamental question:

## **Why negotiate tax treaties?**

It then discusses some common reasons for entering into tax treaties, and the costs and benefits to developing countries.

The practical guidelines contained in the Manual aim to support negotiators with:

- Preparing for tax treaty negotiation
- Conduct of negotiations
- Post-negotiation activities







# Final Remarks

