BEPS still taking shape under the auspices of the Inclusive Framework

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In brief

The Inclusive Framework of nearly 100 countries is now responsible for the direction of the base erosion and profits shifting (BEPS) initiative. The BEPS Project was started by the G20 group of countries, initially coordinated by the full members of the Organisation for Economic Cooperation and Development (OECD) and is currently led by the wider group which includes BEPS associates. A vital part of the project is consistent and timely implementation, particularly bearing in mind some domestic policy trends. Additional work also is underway to clarify and enhance the standards identified for change. This paper seeks to update you on progress in both areas given their significant impact on corporate tax planning and compliance.

To join the Framework, countries had to commit to implementing the minimum standards agreed in the October 2015 BEPS reports, i.e. in 4 of the 15 action areas. Those countries are also responsible for monitoring implementation of other recommendations in those reports as well as completing additional BEPS work.

The number of people that must agree, as well as the more varied economic and political systems involved, means that further consensus among the Framework countries will be harder to achieve. However, proposals are still being presented for discussion. Tax policy developments in particular countries like the United States, India and China, or regions like the European Union (EU), the Association of Southeast Asian Nations (ASEAN) and the Gulf Cooperation Council (GCC) will also have a role.

The Platform for Collaboration on Taxation brings together the OECD, the United Nations (UN), the International Monetary Fund (IMF) and World Bank Group (WBG). They are working on tax issues beyond the BEPS project while the Inclusive Framework remains largely coordinated by the OECD. Their combined resources, breadth of experience and influence on tax matters is a powerful lobby for change, both in terms of what has been agreed and what is still to come. Although not primarily involved in BEPS and instead currently focusing on toolkits for developing countries, the Platform's work will impact the Framework countries on BEPS and influence the 'fit' of the BEPS outcomes with wider tax issues, particularly related to the drive for inclusive global growth and the role of other factors like tax certainty.

In detail

The players and the 'props'

Recommendations in the October 2015 Reports addressed 15 action areas which had been the BEPS project's focus. The BEPS participant countries agreed, by consensus, minimum standards related to:

- preferential regimes, including exchange of tax rulings (Action 5)
- treaty abuse - in particular the principal purpose test (PPT), detailed limitation on benefits (LOB) clause or a PPT and simplified LOB (Action 6)
- country-by-country reporting (CbCR) to tax authorities (allied to wider transfer pricing documentation in Action 13), and
- improved mutual agreement procedures (MAP) for resolving disputes (Action 14).

In addition, changes were agreed (and further workstreams scheduled to finalise these changes) to the existing OECD Model Treaty and Transfer Pricing Guidelines. Finally, some actions resulted in 'best practice' approaches to particular issues (e.g. CFC rules).

The OECD had initiated and coordinated the BEPS project at the G20's behest. The countries involved from the outset in 2013 through October 2015 were the G20 states plus other OECD member states with a handful of other invited participants. These included some specific territories and the European Commission (on behalf of the European Union, itself a G20 member), reflecting broader economic characteristics.

Other countries were invited to join in as 'full BEPS associate members' from early 2016. They had to commit to implementing the BEPS minimum standards in a relatively relaxed time frame and making a financial contribution. Ninety-six countries (as of press time) are now participating as part of this Inclusive Framework in further BEPS standard setting, clarifying the 2015 recommendations, providing guidance and monitoring implementation.

Many of these nearly 100 countries participated throughout 2016 in the development of a multilateral instrument (MLI), which signatory countries could use to modify the effect of existing double tax treaties on BEPS. The impact of the finished MLI will depend on the matching of broadly similar options chosen by the parties to any existing treaty. This process is now underway.

The tax policies adopted by individual countries, not just on the MLI issues but on other BEPS matters and more generally as well, are the subject of significant focus. This includes, but is not limited to:

- the impact of the new US administration
- the direction of EU competition laws (including State Aid investigations) and Brexit issues
- India's adoption of VAT and a GAAR
- China's views on transfer pricing and local market factors
- the introduction of VAT across the GCC, and
- the six tax elements of the Strategic Action Plans for ASEAN financial integration 2025.

The development of international tax policy more generally is now being influenced by an agreement between the OECD, UN, IMF and WBG to collaborate on various issues. These do not include most of the BEPS-related matters per se. The cooperation that began mid-2015 and was formalised in the form of the Platform for Collaboration on Taxation early in 2016 has resulted in the publication of a number of toolkits for lower income countries; while some of these papers are linked with BEPS they are not included in this update. However, the Platform's work may have some influence on the outcomes of the BEPS Project.

PwC comment: Implementation of BEPS measures has focused primarily on the minimum standards. There has been progress, particularly related to CbCR and the mechanism for exchanging this and other information, including tax rulings. The treaty abuse and MAP standards will be delivered through broad take-up via the MLI as well as in new bilateral treaties. Other standards are less certain, with inconsistencies expected to arise in a number of areas. Delays also seem likely due to inherent uncertainties in the introduction of new and different policies in particular countries and regions.

BEPS standards agreed since October 2015

Interest deductibility

The OECD released in December 2016 an updated version of the BEPS Action 4 Report (*Limiting Base Erosion Involving Interest Deductions and Other Financial Payments*). This is not a minimum standard but a recommended approach. It includes further guidance on two areas:

- the design and operation of the group ratio rule, and
- approaches to deal with risks posed by the banking and insurance sectors.

PwC comment: Groups will have to compute a separate group ratio test using different rules for the different territories which implement Action 4. This is a result of the tension between

getting the group interest number calculated in a way which will be recognised by all territories (and therefore standardising and simplifying compliance) and allowing territories to make adjustments to suit their own domestic tax rules and policies. Inconsistency can also be expected in the banking and insurance sectors since territories are given a great deal of flexibility in applying a special regime, including exemption and identifying particular risks.

Arbitration

Part of the MLI (Part VI: Articles 18-26) is devoted to a new but optional standard on binding arbitration as a means of settling cross-border tax disputes. About 20 countries were involved in the discussions about eventually putting the measures forward. Countries have options concerning the scope of topics to be covered and the method of arbitration. However, the default is the 'last best offer' in which the panel will select as its decision one of the proposed resolutions submitted by the competent authorities. There is a two-year default period for Competent Authorities to reach agreement once an issue has been raised with them before arbitration may apply, but resolution thereafter should be fairly quick: see our Tax Policy Bulletin of 5 December 2016.

In its fifth Tax Talks webcast of 28 March 2017, the OECD suggested that 25 countries may be ready to sign up for arbitration. This subsequently increased to 26 countries.

PwC comment: In an informal survey conducted among PwC member firms, countries that may sign up for arbitration that were not involved in the negotiations include Singapore, India and Hong Kong. The original 20 countries were Australia, Austria, Belgium, Canada, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Guidance/ clarification of standards

Branch mismatch structures

On 22 August 2016 the OECD published, for discussion, recommendations for domestic laws that would apply the analysis and recommendations set out in the Action 2 Report *Neutralising the Effects of Hybrid Mismatch Arrangements* to mismatches that can arise through the use of branch structures. The OECD identified five basic types of branch mismatch arrangements and set out preliminary recommendations for domestic rules that would neutralise the resulting mismatch in tax outcomes.

PwC comment: If the OECD were to finally recommend these rules in a consensus document, they would add even more complexity to the already very long and complicated hybrid mismatch guidance. The United Kingdom (and the EU to a lesser extent) have included branch mismatch scenarios in their anti-hybrid legislation (and Directive, respectively).

Examples for non-CIV funds

On 6 January 2017, the OECD published three draft examples to illustrate the entitlement of non-CIV funds to treaty benefits. This followed an earlier consultation exercise in March/ April 2016 on those rights. There is a proposal to include the examples in the Commentary on the OECD Model Tax Convention on the PPT in due course.

PwC comment: There might be changes to the examples before final agreement. Also, we expect a few countries to try and stipulate derogations in specific circumstances. There are different fund types, and while the examples may fit the case of some non-CIV funds, there may in common cases also be differences. Therefore, we hope that the OECD will confirm that not being able to match any one particular point set out in the examples does not necessarily, of itself, exclude a fund from passing the PPT and/or otherwise accessing treaty benefits.

Implementation and monitoring

More so than other items, countries have kept good pace in adopting the minimum standards. In addition, some countries (and the EU) have made other changes to domestic legislation. Furthermore, the MLI will allow for widespread take-up of some of the other treaty-based recommendations in existing treaties and encourage inclusion in new treaties. At this stage, the Inclusive Framework's monitoring is largely focused on the minimum standards.

Country-by-country reporting (Action 13)

PwC has observed that more than 60 countries have proposed country-by-country reporting (CbC reporting) to tax authorities (Action 13) in their domestic reporting requirements (though the OECD has recognised that only 45 are operational). The requisite legal capacities for exchanging that information with other countries (mostly the CbC multilateral competent authority agreement or CbC MCAA) have also been signed. In general, these countries had the framework in place during 2016 so that MNE groups can file the first CbC reports with the relevant tax administration by 31 December 2017 (covering the 2016 calendar fiscal year).

EU members will be required to produce and share their CbC reports for periods beginning on or after 1 January 2016 (note the secondary

mechanism was deferred until periods starting on or after 1 January 2017). The enacted directive was published in the Official Journal on 3 June 2016 (Council Directive (EU) 2016/881).

In its Implementation Guidance, the OECD specifically noted that MNE Groups with an 'Ultimate Parent Entity' resident in a jurisdiction whose CbC reporting legal framework is in effect for Reporting Periods later than 1 January 2016 may choose to voluntarily file their reports in their local territories. The OECD defined this as 'parent surrogate filing'. Additional guidance on 6 April 2017 for tax administrations and MNE Groups clarifies several interpretation issues related to the data to include in the CbC report as well as to the application of the model legislation:

- the definition of revenues
- the accounting principles/ standards for determining the existence of, and membership in, a group
- the definition of total consolidated group revenue
- the treatment of major shareholdings, and
- the definition of related party.

This guidance has been updated several times since its initial release. We expect it to be updated again as additional issues emerge.

In due course, the OECD expects exchanges to start by 31 August 2018, i.e. within 18 months of the MNE Group's fiscal year-end (31 March or 15 months for subsequent reporting periods).

The OECD has sent out the first of annual self-assessment questionnaires to be followed by those requesting input from counterparty territories with which reports should be exchanged. Initially the focus will be on the framework and security of information. For more information, see our Tax Policy Bulletin of 7 February 2017.

PwC comment: The largest notable exception to these signatories to CbC reporting is the United States, which has stated that it will not sign the CbC MCAA. Instead it will sign individual agreements with specific treaty partners. If an organisation's home tax jurisdiction does not require CbC reporting, does not implement it effectively, has suspended automatic exchange of information (for reasons other than those in accordance with the relevant qualifying competent authority agreement), or has persistently failed to automatically provide information in its possession, then the CbC Report becomes a local filing requirement or the MNE may elect a surrogate parent entity to fulfil their CbC reporting obligation. We expect more guidance on CbC reporting shortly.

Harmful tax practices (Action 5)

There are two aspects to implementing this minimum standard:

- preferential tax regimes, and
- exchange of tax rulings.

The OECD has suggested that more than 90 regimes from 46 jurisdictions have been reviewed, but more may follow. These include IP/ patent box regimes although many countries have already made changes to align these with nexus requirements or set up new compliant regimes (including Belgium, China, Cyprus, Germany, Ireland, Israel, Italy, Liechtenstein, Luxembourg, Netherlands, Portugal, Singapore, Spain, Switzerland and the United Kingdom).

On the transparency framework for tax rulings, the OECD has reported that there had been more than 6,000 exchanges by the end of 2016.

Annual reviews have again started in relation to exchanges of tax rulings, each covering 1 January to 31 December from 2016 to 2019. The Inclusive Framework's current mandate expires in 2020, so would need to be extended before further reviews are anticipated. See further our Tax Policy Bulletin of 7 February 2017.

PwC comment: Clearly, a number of tax regimes over and above IP specific ones have been identified as being potentially harmful within the criteria tested (including sector specific regimes and holding company/ headquarter regimes). We expect more remedial action in these areas. The large number of exchanges that have already taken place will be supplemented by those from additional countries whose reporting requirements 'kick-in' during the second or third wave. Some of these may give rise to additional examples of harmful practices to be investigated.

Treaty abuse (Action 6)

Widespread implementation of the minimum standard elements of Action 6 has been expected.

Inclusion of a principle purpose test (PPT) before a taxpayer can access treaty benefits is apparently the route most widely adopted following the BEPS recommendations. We've seen some new treaties including:

- a PPT alone, as for example the treaties between Chile-Italy Article 27 (signed 23 October 2015, in force 22 December 2016); Chile-Japan Article 22 (signed 21 January 2016, in force 28 December 2016); Iceland-Liechtenstein Article 28 (signed 27 June 2016, in force 14 December 2016); and UK-Colombia Article 22 (signed 2 November 2016 but not yet in force).

- a PPT and simplified limitation of benefits (LOB) provisions, as for

example with the treaties between Japan and Germany Article 21 (signed December 2015 and in force 28 October 2016), and China and Chile Article 26 (signed May 2015 and in force 8 August 2016).

The MLI, by default, allows for a PPT and, optionally, to add also a simplified LOB (either on a matched basis or asymmetrically). Countries may opt out of these alternatives in favour of a detailed LOB, though specific wording of an LOB of this type is not included in the MLI itself.

Also part of the minimum standard is the recommendation to include preamble language confirming that the treaty should not be used to achieve non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining relief provided in the treaty for the indirect benefit of third State residents).

Other actions, which do not represent part of the minimum standard, include:

- the competent authorities of the Contracting States endeavouring to determine residence by mutual agreement, instead of relying on the place of effective management or similar rule
- the 365 day minimum holding period requirement before entities can benefit from exemption or a preferential dividend withholding tax rate that depends on the level of shareholding in the paying entity (i.e. the direct holdings rate)
- the 365 day minimum testing period for capital gains benefits on the alienation of shares or interests of entities deriving their value principally from immovable property, and
- the triangular provision that would deny treaty benefits when certain income is attributable to a permanent establishment (PE) in a third country which applies a low tax rate to it.

PwC comment: The MLI allows for modifying the effect of existing treaties for these treaty abuse counter measures. Our survey and most new treaties suggest that countries will adopt the preamble. Few countries are expected to prefer a detailed LOB. Further, around half of those who responded said it was likely their country would not allow asymmetrical use of the simplified LOB (none positively suggested their country was likely to allow it, despite the limited evidence of new treaties above). There is a very mixed picture on adoption of the parts that are not within the minimum standard.

Mutual agreement procedures or MAP (Action 14)

Virtually all countries are expected to implement the MAP minimum standard and to apply that option in the MLI.

Part of that standard requires a country to publish its MAP profile pursuant to an agreed template. That profile should encompass useful MAP information including competent authority details and links to domestic MAP guidelines. The OECD has provided a list of links to MAP profiles.

The standard also requires the reporting of MAP statistics from 2016 onwards according to a reporting framework; OECD member countries and a number of non-OECD economies have been providing similar data for reporting periods 2006 to 2015.

Monitoring Action 14 is underway. We have already seen input requests from the Inclusive Framework to the first two tranches of peer review covering:

- firstly Belgium, Canada, the Netherlands, Switzerland, the United Kingdom and the United States, and
- secondly Austria, France, Germany, Italy, Liechtenstein, Luxembourg and Sweden.

The OECD released a schedule for MAP reviews to occur every four months through April 2019. However, we understand that some countries have asked for a deferral. As a result, an updated list may be available soon.

The review team received over 100 responses from other countries commenting on the MAP procedures of the countries reviewed in the first tranche. That team has apparently been quite strict about whether countries met the standard. The report will be finalised later in the year and an abridged version will be made public.

PwC comment: The commitment to improve dispute resolution mechanisms for cross-border disputes is noticeable. This should interest both the taxpayer and tax authorities. The number of outstanding MAP cases has been rising progressively and the number of complaints about failing to gain access to MAP has been growing. In practice historically it has also proven difficult to deliver improvements to MAP. For example, the EU arbitration convention became severely restricted in it use. The current initiative is strengthened by the apparent will to consider arbitration (as noted above).

Other treaty provisions

We have seen some examples of how countries that have signed new treaties (above) have implemented other BEPS-related treaty issues. The most significant measure is the PE status (Action 7), which to reiterate is not a minimum standard as there was an insufficient level of accord.

We’ve seen that lack of accord through some of the newer treaties.

For example, neither the Germany-Japan treaty nor the Columbia-UK treaty contain the new language on the agency PE clause (making it more likely there is a PE where an agent carries out contractual-like discussions and limiting the extent to which independent agents are carved out if they work almost exclusive for closely related entities). While the latter treaty has a PE anti-fragmentation rule requiring you to consider closely-related entities together for the specific activity exemptions, the wording in both refers to preparatory and auxiliary only in relation to:

"e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character."

This is largely the second option within the Action 7 Report, which the Report states reflects the fact that some countries "*consider that some of the activities referred to in paragraph 4 are intrinsically preparatory or auxiliary*".

PwC comment: In taking up options within the MLI to apply other BEPS provisions to existing treaties, our survey suggested countries were divided in their approach to the PE recommendations. The survey also suggested that quite a few countries may not adopt the agency wording. Further, the MLI allows for countries to reserve not to adopt either the revised wording applying 'preparatory or auxiliary' to each mentioned activity or, the commentary notes, to clarify it does not apply. The third option effectively leaves the existing wording negotiated in treaties as it stands. The United Kingdom is as yet the only one we know that proposes to follow this third way. There are a number of reasons why this should be the case, including the existence of the diverted profits tax which applies among other things to 'avoided PEs'.

Wider BEPS implementation

Countries have been introducing measures covered by other BEPS action areas in a piecemeal fashion.

Our monitoring of other BEPS recommendation implementations suggests mixed actions.

Applying the revised TP Guidelines does not require much change. Our intelligence suggests that countries are not being entirely consistent in their practical approach to the risk assessment. Many are quoting the BEPS revisions but are still applying diverse views.

A number of countries already had interest deductibility restrictions (Action 4). They are nonetheless adapting them while other countries are introducing restrictions for the first time. The United Kingdom has been one of the forerunners in trying to translate the recommendations into active legislation. India has been one of the latest to take up the proposals in its 1 February 2017 Budget. Vietnam published a decree in February that is effective 1 May 2017, and New Zealand went through a consultation process from mid-March to 18 April.

The controlled foreign company (CFC) best practices (Action 3) perhaps represented one of the weaker sets of BEPS recommendations. They virtually allowed countries with existing CFC regimes to 'stick' leaving only those without any CFC rules to consider whether to 'twist' and take on additional measures. Chile was one of the first players to introduce a CFC regime in light of the BEPS discussions, with the likes of Taiwan and Colombia following. Others, such as China, Japan and Norway, have been making changes to provide a more closely aligned regime.

There has been very little solid movement on disclosure of aggressive tax planning schemes (Action 12). Israel announced expansion of its reportable transaction regime and Colombia introduced a new mandatory disclosure regime (MDR). In addition, China announced its intent in October 2015 to consider introducing an MDR but was cautious of the additional compliance burden. Australia did include an MDR in consultations which closed in July 2016 and Sweden opened an investigation into the possibility on 7 April 2017. The European Commission also consulted on intermediaries and disincentives for aggressive tax planning with an MDR as one of the possible options.

PwC comment: The adoption speed of the majority of non-minimum standard BEPS recommendations has been slow outside of the United Kingdom and EU. With the pace of change being brought about by other economic and political developments, this is not entirely surprising. The 18 March 2017 report of the recent OECD/ IMF survey on tax certainty identified frequent tax changes as the greatest factor in business uncertainty affecting investment and growth.

Work still to come

A number of the papers above constitute non-consensus documents for discussion. Further work is being carried out in those cases to reach final recommendations. However, other areas of study also are ongoing with a view to publishing new BEPS proposals in due course. In addition, a revised consolidated version of the OECD Model Treaty is expected to be published in 2017.

Outstanding transfer pricing issues

Four new developments involving transfer pricing concepts are expected in the near future:

- attribution of profit to PEs (June 2017)
- use of the profit split method (June 2017)
- TP and financial transactions (June 2017), and
- Hard-to-value intangibles (imminently).

An updated version of the OECD TP Guidelines and Commentary are also due later this year.

There appears to have been little follow-up work done recently on the design of the threshold and other implementation issues for low value adding services.

Recommencement of work on the digital economy

The Task Force on the Digital Economy (Action 1) was not due to reform until nearer the 2020 deadline to review what effective unilateral actions countries have adopted, how digital business have evolved and how BEPS measures have impacted the digital space. However, the G20 Presidency (Germany) has been keen to progress digital transformation generally and, as a result, the tax element needs to be accelerated. A 'Whole of OECD' project looking at digital is aimed at making that something positive for all society. Tax is just 'one small component' of this exercise.

In particular, apart from matters highlighted previously in Action 1, the task force will be asked to look at the sharing economy and how tax administrations are dealing with the additional challenges posed. It may also address the topical questions of whether and how to tax robots. Specifics of this project are apparently not yet fully defined. An interim report is to be presented to the G20 ahead of the Spring 2018 WBG and IMF meetings tentatively scheduled for 12-14 October. This will not affect the timing of the final Action 1 review report being expected in 2020.

PwC comment: The OECD is busy, not only with BEPS but in other areas. This is stretching resources in some areas and, while summer deadlines are targeted, perhaps the depth of some papers which will be published in that timescale will have to be limited. Non-consensus documents ahead of further discussions are more likely than definitive proposals.

Impact of specific country and regional reform

BEPS has started to take more of a 'back seat' in the media in relation to major tax reforms that are being considered around the world. The focus on BEPS may therefore be questioned.

Among specific countries, some of the highest profile reforms are set out below.

- US tax reform could significantly impinge on BEPS implementation. The focus will certainly be on other issues, with significantly reduced corporate tax rates a distinct possibility. Transfer pricing could cease to be relevant in a US regime involving destination-based cash flows, were the House Blueprint to play a key part.
- India is in the process of implementing a new VAT/GST regime and introducing a general anti-avoidance rule (GAAR). However, the 2017 Budget and subsequent Finance Bill which received Presidential assent on 31 March 2017 introduced a number of BEPS-related measures, so parallel development seems feasible. They may be inclined to badge unilateral measures such as additional anti-treaty shopping rules as BEPS-related.
- Similarly, China has taken a very keen interest in areas of BEPS and considered the recommendation in the context of its own requirements. Notably, China's Bulletin 6 issued 17 March 2017 reinforces the arm's-length principle over draft guidance issued in 2015 — Draft Circular 2 – which allocated the combined profits among related parties by analyzing how much they contributed to value creation.

Regional or socio-economic groupings are increasingly impacting tax around the world as well.

- The EU has taken steps which look to implement the OECD BEPS Report recommendations, but in some instances has gone further. Its anti-tax avoidance directives (ATAD I and shortly ATAD II, agreed politically and to be formalised in an ECOFIN Council meeting shortly) include more wide-ranging proposals on hybrids and rules on exit charges. The switch of focus to 'tax certainty' for business may be one deterrent to further extreme measures. State aid investigations are also helping to shape issues, particularly around arm's length pricing. The impact of the United Kingdom leaving the EU and the terms of this Brexit are uncertain.
- The creation of an Economic Community within the Association of Southeast Asian Nations (ASEAN) in 2015 has changed the dynamic in the region. The 2025 Blueprint is a commitment to "discuss measures to address the issue of base erosion and profit shifting to ensure fiscal health".
- Many consider the Middle East to be a low tax, or even a 'no tax' area, but the taxation regimes in the region can be complex and

challenging to manage, and their implementation can give rise to uncertainty and confusion, which in turn creates risk. This will be even more important with the Gulf Cooperation Council decision to introduce VAT across many countries in the region, and the BEPS reforms considered likely.

PwC comment: There will be additional pressures on BEPS recommendations by political and economic needs. Where these involve groupings of countries, that pressure can be heightened. It could result either in delays, refusal to implement recommendations or divergent actions or wider and swifter adoption with greater consistency.

The takeaway

There has been a lot of work going on within the OECD and Inclusive Framework countries even though we've seen few published documents.

BEPS implementation, monitoring and further standard setting all now involve the wider group of nearly 100 countries signed up to the Inclusive Framework.

Reaching consensus among this larger group of countries may prove difficult (although peer review recommendations require consensus minus one to prevent any single country blocking a route forward).

This process may also be impacted by the political impetus for specific tax reforms in individual countries and specific regions.

Consensus in an OECD context has always allowed for countries to reserve their positions in specific circumstances and this may be an increasingly prevalent practice in the future. The creation of toolkits specifically for low income and developing countries by the Platform for Collaboration on Tax may help lead to a kind of two-speed approach with matters affecting mainly the larger developed countries not held up unnecessarily.

Let's talk

For a deeper discussion of how these issues might affect your business, please call your usual PwC contact. If you don't have one or would otherwise prefer to speak to one of our global specialists, please contact one of the people whose details are set out below.

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