

# Policy Framework and Country Model

United Nations

“Capacity Building on Tax Treaty Negotiations”

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- All countries would find it beneficial to have a tax treaty policy framework and its own model tax treaty
  - Policy Framework allows negotiators to know priorities, hard limits, preferences and areas of flexibility
  - Country Model reflects preferences and sets out preferred text, rates etc

# Policy Framework for developing countries

- Should take account of
  - International tax norms as reflected in OECD and UN Model, eg. structure, objectives, scope, approaches, language etc
  - Strike a balance between protecting revenue and encouraging inbound investment

## Policy Framework (2)

- Domestic economic factors, such as main sources of revenue, areas of anticipated future growth, etc
- Domestic tax policy and law
  - Relevant but not determinative! Treaties prevail in the event of inconsistency
- Ability of tax administration to administer treaty provision

## Policy Framework (3)

- Know what you want and why you want it!
- Know what you can agree to and what is your bottom line
- Keep in mind the overall 'package'

# Country Model

- Language
  - Generally negotiated in English but most non-English speaking countries will want an official version in their own language
- Structure
  - Generally follow OECD and UN Models