

**UN Tax Committee Mandates for Subcommittees and Advisory Group,
as Agreed at the 9th Annual Session of the Committee, 21-25 October 2013.**

Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing

A. Revision of the Commentary on Article 9 of the UN Model Convention

The Subcommittee (through its Core Group of Committee Members) shall provide draft revised commentary on Article 9 and especially with regard to paragraph 1 of that article shall, in particular, take into account the common arm's length principle embodied therein and in the corresponding Article of the OECD Model Convention and the need to provide, as far as possible, a common international framework for preventing and resolving disputes in the area of transfer pricing. Also the Subcommittee in this regard shall give due consideration to the aims and objectives expressed in the OECD/G20 Action Plan on Base Erosion and Profit Shifting as concerns transfer pricing and in its work, keeping in mind particularly the special situation of less developed economies.

The Subcommittee shall present its proposed draft Commentary for discussion and decision at the tenth annual session of the Committee in 2014.

B. Update and enhancement of the United Nations Practical Manual on Transfer Pricing for Developing Countries

The Subcommittee as a Whole is mandated to update the United Nations Practical Manual on Transfer Pricing for Developing Countries, based on the following principles:

- i) That it reflects the operation of Article 9 of the United Nations Model Convention, and the Arm's Length Principle embodied in it, and is consistent with relevant Commentaries of the U.N. Model;
- ii) That it reflects the realities for developing countries, at their relevant stages of capacity development;
- iii) That special attention should be paid to the experience of developing countries; and
- iv) That it draws upon the work being done in other fora.

In carrying out its mandate, the Subcommittee shall in particular consider comments and proposals for amendments to the Manual and provide draft additional chapters on intra-group services and management fees and intangibles, as well as a draft annex on available technical assistance and capacity building resources such as may assist developing countries. The Subcommittee shall give due consideration to the outcome of the OECD/G20 Action Plan on Base Erosion and Profit Shifting as concerns transfer pricing and the Manual shall reflect the special situation of less developed economies.

The Subcommittee shall report on its progress at the annual sessions of the Committee and provide its final updated draft Manual for discussion and adoption at the twelfth annual session of the Committee in 2016.

Subcommittee on Base Erosion and Profit Shifting Issues for Developing Countries

The Subcommittee is mandated to draw upon its own experience and engage with other relevant bodies, particularly the OECD, with a view to monitoring developments on base erosion and profit shifting issues and communicating on such issues with officials in developing countries (especially the less developed) directly and through regional and inter-regional organisations. This communication will be done with a view to:

- (i) helping inform developing countries on such issues;
- (ii) helping facilitate the input of developing country experiences and views into the ongoing UN work, as appropriate; and
- (iii) helping facilitate the input of developing country experiences and views into the OECD/G20 Action Plan on Base Erosion and Profit Shifting (BEPS).

The Subcommittee will report on its activities at each annual session.

Subcommittee on Negotiation of Tax Treaties—Practical Manual

The Subcommittee is mandated to develop a new practical Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, based on the following principles:

- (i) The Manual is a compact practical training tool for beginners or tax officials with limited experience, which reflects the realities for developing countries, at their relevant stages of capacity development;
- (ii) The Manual reflects the current version of the UN Model Double Taxation Convention between Developed and Developing Countries and the relevant UN Commentaries as well as ongoing decisions of the Committee leading to changes in them; and
- (iii) The drafting draws upon the previous work done by the Committee and any further relevant inputs, as well as work being done in other fora.

The aim of the Subcommittee shall be to present a complete draft manual for adoption to the eleventh annual session in 2015. An intermediate report showing the progress reached should be provided to the Committee at the tenth annual session in 2014. The

Subcommittee will request the secretariat to develop necessary inputs and provide necessary support within its resources.

Subcommittee on Exchange of Information

The Subcommittee is mandated to:

- (i) Monitor international developments in the area of exchange of information (including meetings of the Global Forum on Tax Transparency and Exchange of Information) with a report to the tenth annual session of the Committee in 2014 containing recommendations on any further work the Committee should request the Secretariat to undertake in this area; and
- (ii) Provide any further input required to amend Article 26 and its Commentary to enable any necessary changes to be incorporated into the next United Nations Model Convention update.

Advisory Group on Capacity Development

The Advisory Group is mandated 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 Group will engage with the UN Capacity Development Programme on International Tax Cooperation, including through undertaking the following tasks:

- (i) Assessing the demand in developing countries for relevant capacity development tools;
- (ii) Assessing existing tools and resources at the disposal of developing countries;
- (iii) Proposing tools to be developed in order to address the needs of developing countries and fill in the existing gaps;
- (iv) Recommending experts to be involved in the development of these tools;
- (v) Undertaking technical review of the produced materials; and
- (vi) Assisting in implementation of capacity development initiatives and in identifying developing country participants from the respective regions to take part in these initiatives.

While carrying out these tasks, the Group will ensure that the activities of the UN Capacity Development Programme on International Tax Cooperation 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 assess and review progress made in the implementation of the UN Capacity Development Programme on International Tax Cooperation on an annual basis, on the occasion of the session of the Committee.

Subcommittee on Extractive Industries Taxation Issues for Developing Countries

The Subcommittee is mandated to consider, report on and propose draft guidance on extractive industries taxation issues for developing countries on the basis that it shall:

- (i) identify and consider the most pressing issues where guidance from the Committee may most usefully assist developing countries in this area and report to the Committee on such at its tenth annual session in 2014;
- (ii) provide a work program to the Committee at its tenth annual session that identifies and prioritizes such issues on a preliminary basis and includes proposals providing policy and administrative guidance for developing countries at a very practical level; and
- (iii) provide draft guidance on such issues as are approved by the Committee at its annual sessions.

In undertaking its work, the Subcommittee shall seek to engage with other organizations active in the field. The Subcommittee shall report on its work at each annual session.

Subcommittee on Tax Treatment of Services

The Subcommittee is mandated to address the issue of the taxation treatment of services in general in a broad way.

The particular issue of taxation of fees for technical services will be addressed by presenting wording, including different options, for the text of the Article on Technical Services at the tenth annual session in 2014.

Recognizing the extensive work that is required, the Subcommittee will report at the tenth and subsequent annual sessions.