



# The UN Model Double Taxation Convention in the context of Financing for Sustainable Development

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# UN Work in International Tax Cooperation

**Economic and  
Social Council  
(ECOSOC)**



**UN Committee of Experts on  
International Cooperation in  
Tax Matters (subsidiary body  
of ECOSOC)**



**Financing for Development Office  
(FfDO) - Provides secretariat  
support to the Committee**



**Relationship between international  
tax cooperation and financing for  
development emphasized in:**

**2002 Monterrey Consensus;  
2008 Doha Declaration on  
Financing for Development;  
Outcome of 2009 Financial Crisis  
Conference;  
Outcome of 2010 MDG Summit  
Rio+20 Conference on Sustainable  
Development.**

# Committee of Experts

## Mandate

- Keep under review and update as necessary the UN Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries.
- Provide a framework for dialogue with a view to enhancing and promoting cooperation among national tax authorities and assess how new and emerging issues could affect this cooperation.
- Make recommendations on capacity-building and technical assistance.

**Special attention given to developing countries  
and countries with economies in transition**



# Committee of Experts

- Major recent achievement: 2011 update of the UN Model Double Taxation Convention



- Comprises 25 members acting in their personal capacity.
- Nominated by Governments and appointed by the UN Secretary-General
- Selected to reflect an adequate equitable geographical distribution, representing different tax systems.

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# Double Tax Treaties, Model Conventions and UN Model

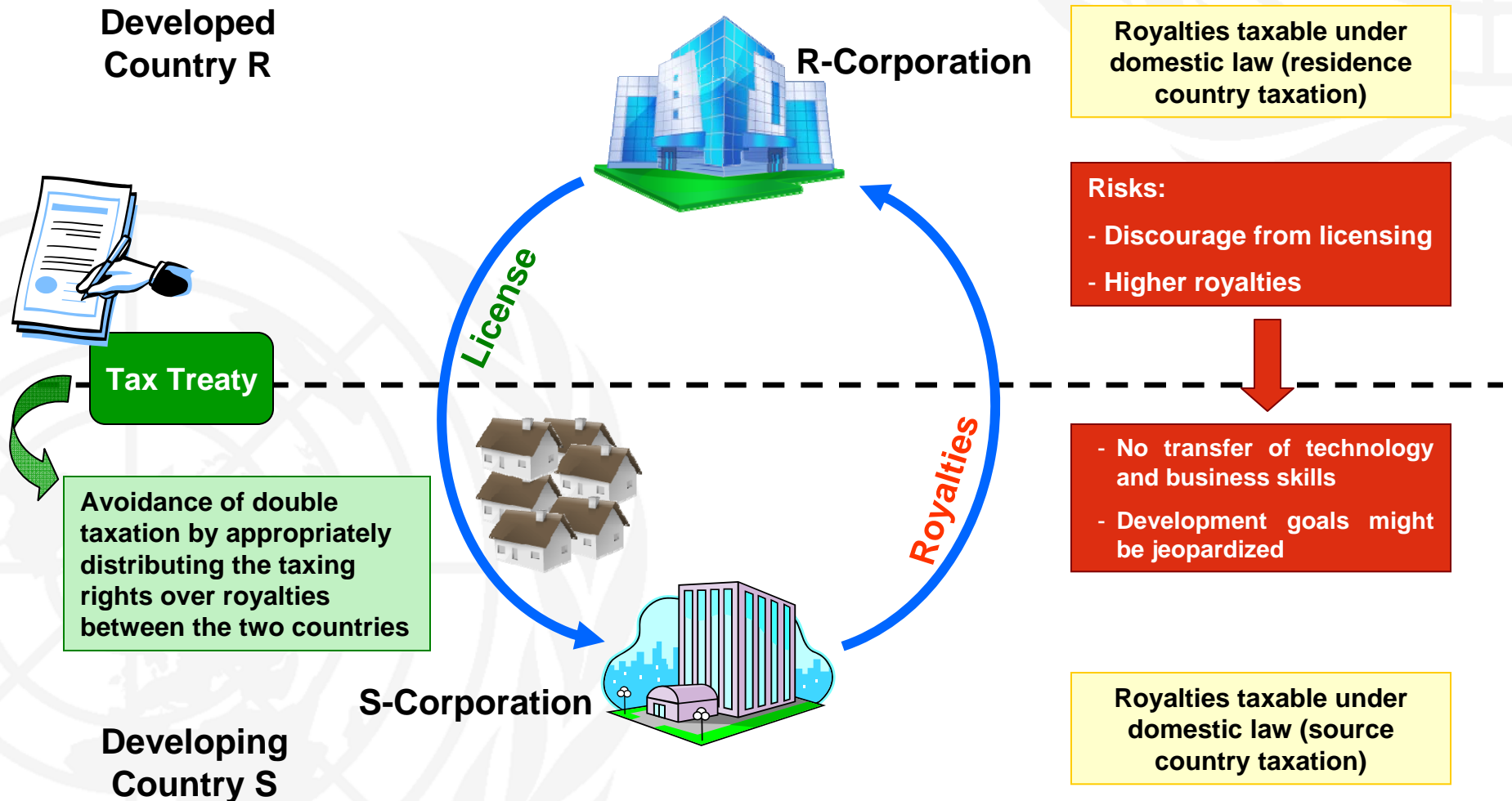
Why do countries need **Double Tax Treaties**?

Why are Double Taxation Convention **Models** important?

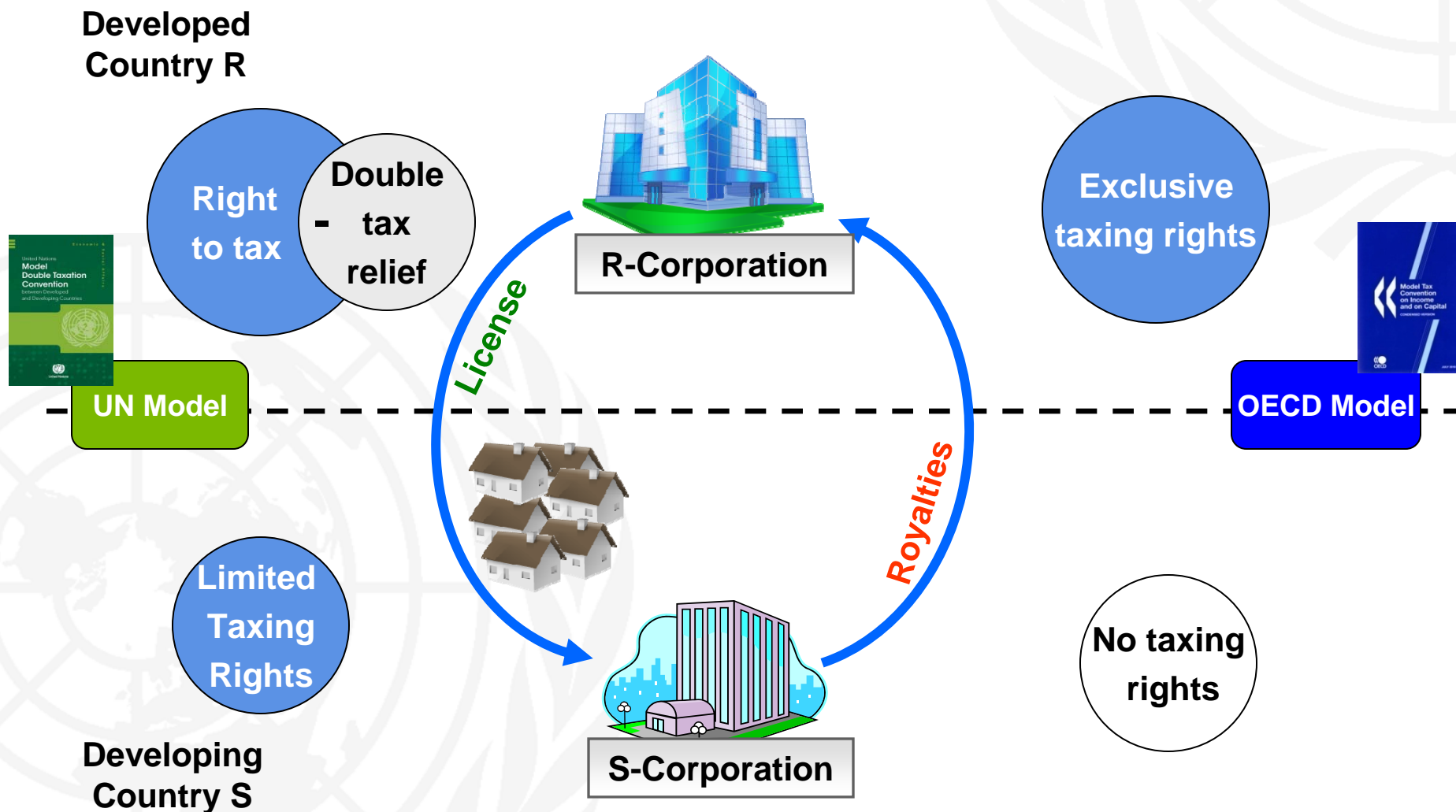
What is special about the **UN Model** Convention?

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# Application of Double Tax Treaties



# UN and Other Model Conventions



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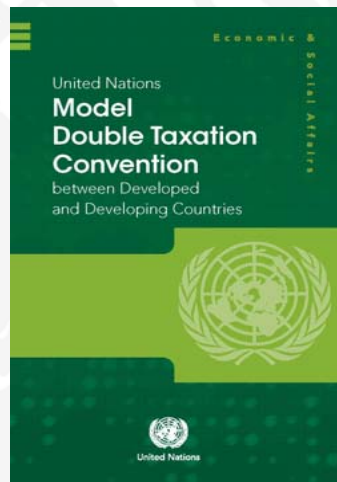
# Role of Double Taxation Conventions

- Double Taxation Conventions seek to:
    - protect taxpayers against double taxation of the same income;
    - promote the flow of international trade and investment;
    - provide a framework of legal and fiscal certainty to investors;
    - prevent discrimination between foreign investors and local taxpayers;
    - improve cooperation between tax authorities.
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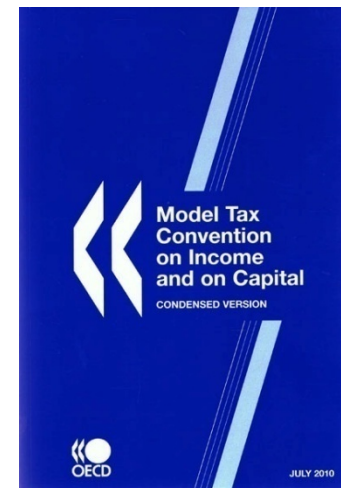


# Double Taxation Convention Models

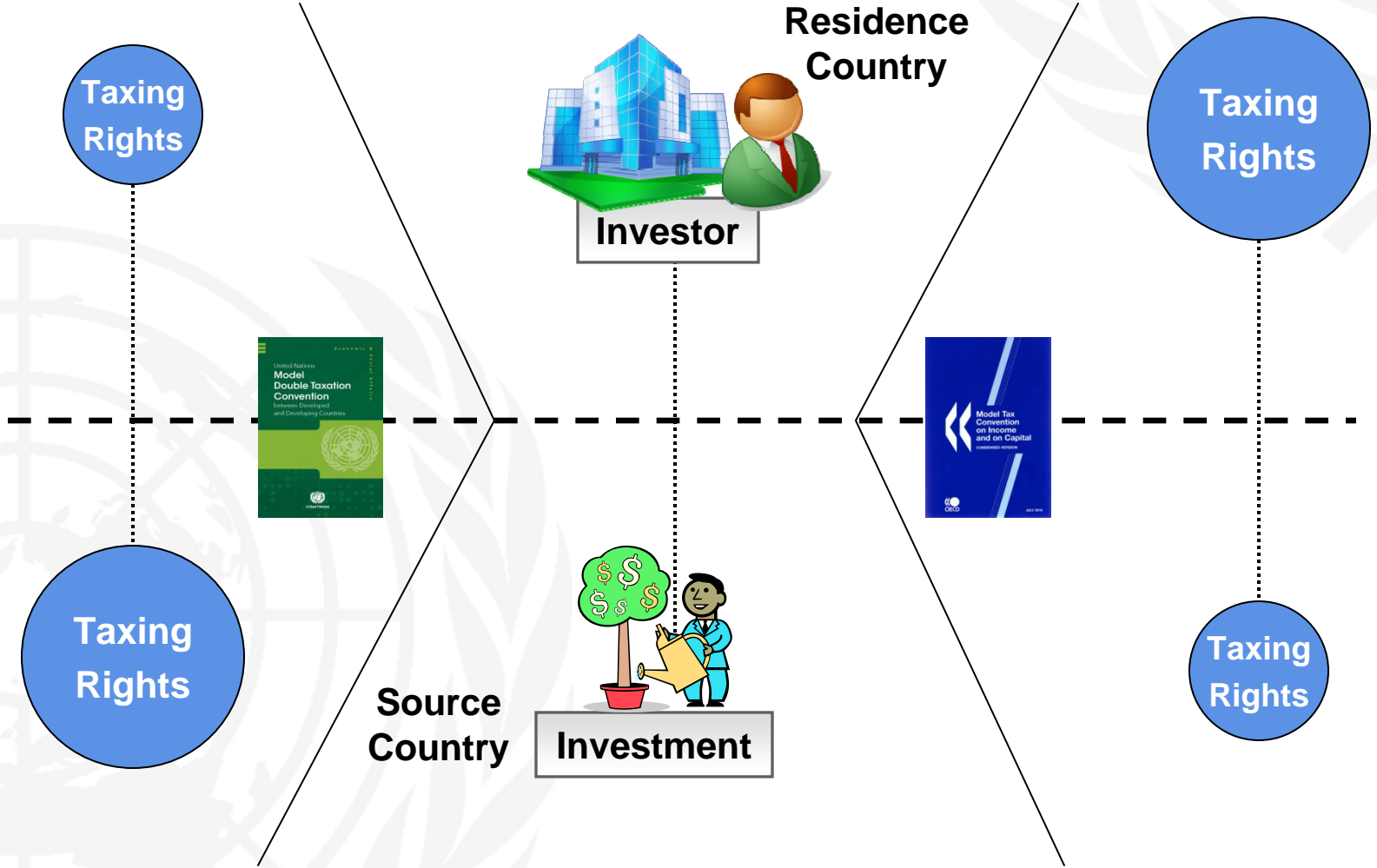
UN Model Double  
Taxation Convention  
between Developed and  
Developing Countries



OECD Model Tax  
Convention on  
Income and on  
Capital



# UN and OECD Model Convention



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## Objectives of the 2011 Update

- Take into account recent developments in the area of international tax policies of both developing and developed countries.
  - Seek further consistency with the OECD Model, where in line with the priorities of developing countries.
  - Further clarify and improve the operation of provisions aimed to prevent double taxation over income from cross-border investments.
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# Main features of the 2011 Update

- Modified version of Article 13, paragraph 5, to address possible abuses.
  - Optional version of Article 25, providing for mandatory binding arbitration.
  - New version of Article 26, confirming and clarifying the importance of exchange of information.
  - New Article 27 on “Assistance in the Collection of Taxes”.
  - All changes in the above Articles accompanied by corresponding changes in the relevant Commentaries.
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# Other Changes in the Commentaries

- Commentary to Art. 1 now includes a survey of approaches generally adopted by countries to deal with cases of improper use of tax treaties.
- Commentary to Art. 5 has been generally updated and an alternative text of Art. 5 has been provided for cases where countries delete Art. 14.
- Commentary to Art. 7 confirms that the OECD's approach to attribute profits to permanent establishments has not been adopted.
- Commentaries to Art. 10, 11, 12 now incorporate text on the beneficial ownership requirement drawn from the Commentaries to the OECD Model.
- Commentary to Art. 11 has been updated to clarify that the definition of interest applies to proceeds from certain Islamic financial instruments.



Thank you

