

Questionnaire

Countries' experiences regarding base erosion and profit shifting issues

Developing countries are invited to provide feedback by answering the following questions. Feedback (and any questions about the feedback requested) should be sent to taxffdoffice@un.org. The deadline for responses is 8 August 2014.

1. How does base erosion and profit shifting affect your country?
2. If you are affected by base erosion and profit shifting, what are the most common practices or structures used in your country or region, and the responses to them?
3. When you consider an MNE's activity in your country, how do you judge whether the MNE has reported an appropriate amount of profit in your jurisdiction?
4. What main obstacles have you encountered in assessing whether the appropriate amount of profit is reported in your jurisdiction and in ensuring that tax is paid on such profit?

The Subcommittee have identified a number of actions in the Action Plan that impact on taxation in the country where the income is earned (the source country), as opposed to taxation in the country in which the MNE is headquartered (the residence country), or seek to improve transparency between MNEs and revenue authorities as being particularly important to many developing countries (while recognising that there will be particular differences between such countries). These are:

- Action 4 – Limit base erosion via interest deductions and other financial payments
- Action 6 – Prevent Treaty Abuse
- Action 8 – Assure that transfer pricing outcomes are in line with value creation: intangibles
- Action 9 – Assure that transfer pricing outcomes are in line with value creation: risks and capital
- Action 10 – Assure that transfer pricing outcomes are in line with value creation with reference to other high risk transactions (in particular management fees)
- Action 11 – Establish methodologies to collect and analyse data on BEPS and the actions to address it
- Action 12 – Require taxpayers to disclose their aggressive tax planning arrangements
- Action 13 – Re-examine transfer pricing documentation

5. Do you agree that these are particularly important priorities for developing countries?
6. Which of these OECD's Action Points do you see as being most important for your country, and do you see that priority changing over time?
7. Are there other Action Points currently in the Action Plan but not listed above that you would include as being most important for developing countries?
8. Having considered the issues outlined in the Action Plan and the proposed approaches to addressing them (including domestic legislation, bilateral treaties and a possible multilateral treaty) do you believe there are other approaches to

addressing that practices that might be more effective at the policy or practical levels instead of, or alongside such actions, for your country?

9. Having considered the issues outlined in the Action Plan, are there are *other* base erosion and profit shifting issues in the broad sense that you consider may deserve consideration by international organisations such as the UN and OECD?
10. Do you want to be kept informed by email on the Subcommittee's work on base erosion and profit shifting issues for developing countries and related work of the UN Committee of Experts on International Cooperation in Tax Matters?

Do you have any other comments you wish to share with the Subcommittee about base erosion and profit shifting, including your experience of obstacles to assessing and then addressing the issues, as well as lessons learned that may be of wider benefit?