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# Treaty Negotiation Training Resources

Presentation notes

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# Treaty Negotiation Training Resources

- Background – OECD's wider technical training programme
- Tax Centres and partnership arrangements
- Negotiation training needs to build on treaty technical training
- Tax Treaty Training (14-18 events per year with wide regional coverage):
  - Application and interpretation (basic/special issues/advanced)
  - Treaty policy
  - Practical negotiation of tax treaties
- The practical negotiation of tax treaties workshop (simulated negotiation)

**UTOPIAN SEA**

**KINGDOM OF  
UTOPIA**

**REPUBLIC  
OF  
FREDONIA**

**Capitaltown**

*Waterriver*

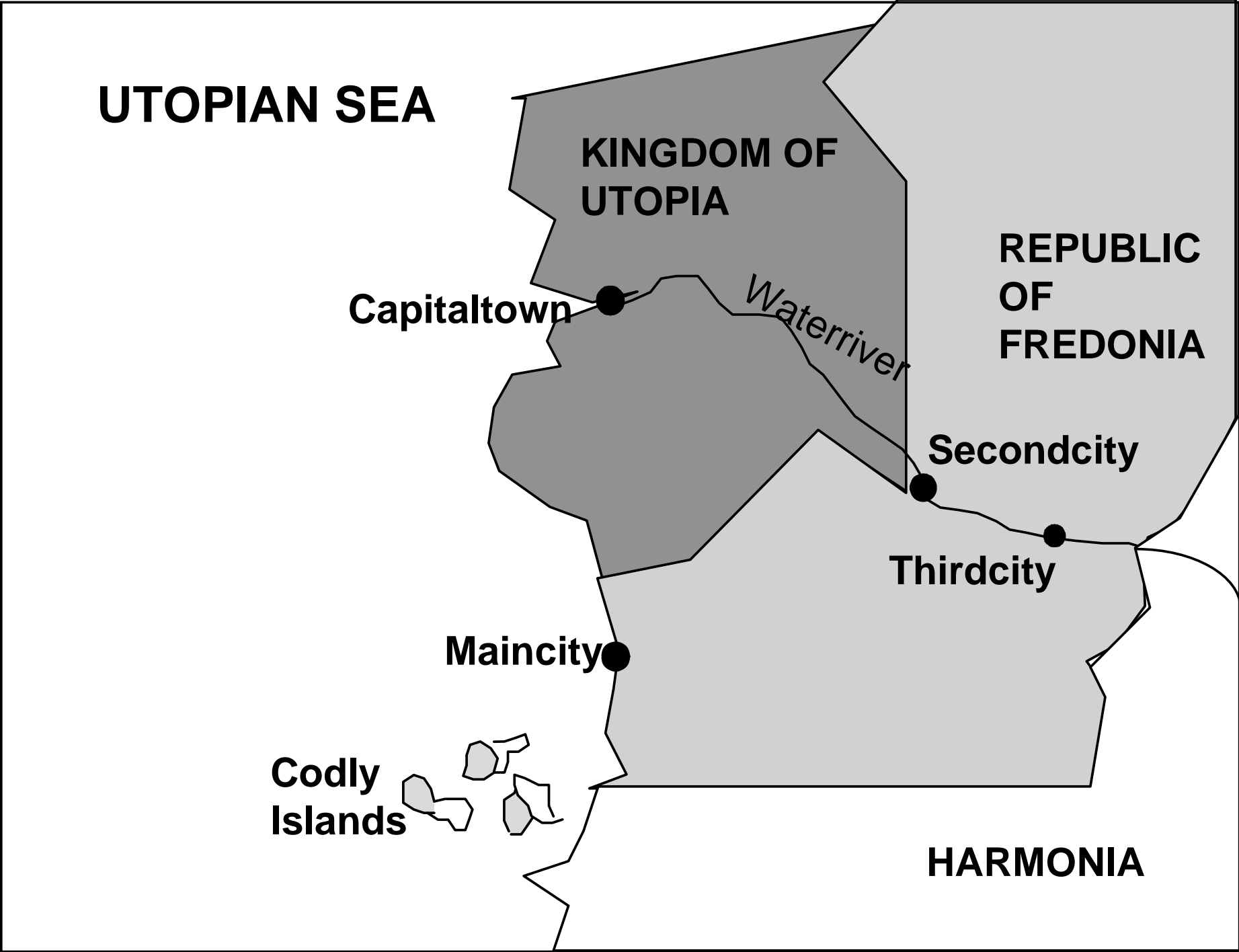
**Secondcity**

**Thirdcity**

**Maincity**

**Codly  
Islands**

**HARMONIA**



## **Negotiation workshop - Objectives**

- The purpose of this workshop is to allow participants to get first-hand experience of the negotiation of tax conventions
- to learn about problems commonly experienced during the negotiation, application and interpretation of tax conventions.
- Useful for understanding treaty policy matters
- The workshop is therefore be especially useful for officials who will be involved in the negotiation of tax conventions but is also be helpful for officials who will have to apply or interpret tax conventions as part of their work.

## Negotiation workshop - Format

- The workshop primarily takes the form of the simulated negotiation of all the provisions of a bilateral convention with respect to taxes on income and on capital between two fictitious countries.
- The negotiations are based on fictitious treaty models, recent treaties and descriptions of the tax legislation of the two countries.
- Utopia – developed economy that seeks many OECD Model provisions
- Fredonia – Developing country that seeks many of the UN Model provisions

## **Negotiation workshop – Format (2)**

- Participants are to be divided in six teams. One instructor acts as the technical advisor for each team; however, participants are expected to head the actual negotiations of each provision and each participant is expected to head the discussion on two or three articles during the week.
- The simulated negotiations is supplemented by presentations by the instructors on a few technically difficult issues concerning tax treaties.

# Prerequisites

- Participants should have a reasonable understanding of the provisions of tax treaties and are expected to have familiarised themselves with the simulated negotiation papers in advance of the workshop.
- Preparation for the simulated negotiation each day should focus on how to present and argue positions. This valuable time cannot be spent explaining how basic treaty provisions operate. For that reason we stress that participants must be well prepared and have a reasonable understanding of the provisions of tax treaties and the Fredonia and Utopia positions.
- Assignments issued for completion each night of the workshop.
- Participants get from this workshop what they put into it in the form of preparation and participation. Therefore participants should be genuinely interested in learning how to negotiate tax treaties and be prepared for a week of intensive study and hard work.
- Despite all of the hard work, participants usually find the workshop stimulating, rewarding and fun.

# Other Matters

- Level of complexity: Advanced and basic
- Basic version removes some issues so that participants can focus on developing negotiation skills rather than trying to understand obscure technical issues)
- Possibility of combining it with a technical seminar or part of an incremental approach
- Language (English, French and Spanish)
- Cost to conduct – 6 experienced negotiators needed



# Where delivered

- Where delivered:
  - Asia (Malaysia 2008 + planned for March 2014)
  - Mexico (2010)
  - Vienna (NOEs January 2012 + Members annually)
  - Africa (SADC 2011 + ATAF 2012)

# On the job training

- If have an existing programme, develop staff
- Involve new staff in the preparation process
- Allow them to observe negotiations
- Have them take the notes
- Let juniors get experience by negotiating easier provisions/articles

# Other sources of training

- Books on negotiations
- Follow treaty developments
- IBFD negotiation course
- Use of consultants – usually retired treaty negotiators – to help set up the negotiation unit including developing model, the negotiation strategy (which countries to start with), prepare the arguments and counter arguments and to be there in the initial negotiations)