ACTION ITEM 14: BETTER MAPS AHEAD?

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Action 14 of the BEPS Action Plan

“Develop solutions to address obstacles that prevent countries from [re]solving treaty-related disputes under MAP, including the absence of arbitration provisions in most treaties and the fact that access to MAP and arbitration may be denied in certain cases.”
Number of MAP cases initiated has steadily increased since 2006.
Competent authorities are working hard

MAP cases completed

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of cases completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>883</td>
</tr>
<tr>
<td>2007</td>
<td>843</td>
</tr>
<tr>
<td>2008</td>
<td>904</td>
</tr>
<tr>
<td>2009</td>
<td>951</td>
</tr>
<tr>
<td>2010</td>
<td>1348</td>
</tr>
<tr>
<td>2011</td>
<td>1187</td>
</tr>
<tr>
<td>2012</td>
<td>1146</td>
</tr>
<tr>
<td>2013</td>
<td>1299</td>
</tr>
</tbody>
</table>
OECD country MAP case inventories have significantly increased since 2006.

End of Year MAP Case Inventories by Year

- 2006: 2352
- 2007: 2671
- 2008: 2897
- 2009: 3426
- 2010: 3328
- 2011: 3838
- 2012: 4073
- 2013: 4566

Ending Inventory
Number of MAP cases by country

- **< 30 cases:** 15 countries, 5% of cases
- **40-100 cases:** 7 countries, 10% of cases
- **100-320 cases:** 9 countries, 37% of cases
- **600+ cases:** 3 countries, 48% of cases
12 countries = 85% of MAP cases

<table>
<thead>
<tr>
<th>Cases Ranges</th>
<th>Country Counts</th>
<th>Countries Representing Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 600 cases</td>
<td>3 countries (48% of cases)</td>
<td>France, Germany, U.S.</td>
</tr>
<tr>
<td>100-320 cases</td>
<td>9 countries (37% of cases)</td>
<td>Austria, Belgium, Canada, Finland, Italy, Netherlands, Sweden, Switzerland, U.K.</td>
</tr>
<tr>
<td>40-100 cases</td>
<td>7 countries (10% of cases)</td>
<td>Denmark, Japan, Korea, Luxembourg, Norway, Poland, Spain</td>
</tr>
<tr>
<td>Less than 30 cases</td>
<td>15 countries (5% of cases)</td>
<td>Australia, Chile, Czech Rep., Estonia, Greece, Hungary, Iceland, Ireland, Israel, Mexico, New Zealand, Portugal, Slovak Rep., Slovenia, Turkey</td>
</tr>
</tbody>
</table>
How long to complete a MAP case?

Number of Months to Complete a MAP Case

Year in which MAP Case Completed

Number of Months

- 2006: 22.10
- 2007: 18.93
- 2008: 22.42
- 2009: 22.82
- 2010: 27.30
- 2011: 25.59
- 2012: 25.46
- 2013: 23.57
23.57 month average cycle time (2013)

94% increase in MAP inventories

47% increase in cases completed per year

84% increase in number of cases initiated per year
Discussion Draft on Action 14: three-pronged approach intended to achieve a step-change in the resolution of treaty-related disputes through the MAP –

1) Political commitment to effectively eliminate taxation not in accordance with the Convention

2) Minimum standard (specific measures to remove obstacles to an effective and efficient MAP)

3) Monitoring mechanism to ensure proper implementation of the minimum standard
1. Ensuring that treaty obligations related to the mutual agreement procedure are fully implemented in good faith

2. Ensuring that administrative processes promote the prevention and resolution of treaty-related disputes

3. Ensuring that taxpayers can access the mutual agreement procedure when eligible

4. Ensuring that cases are resolved once they are in the mutual agreement procedure
Discussion draft recognised that no consensus on moving to mandatory binding MAP arbitration

Relevant group of countries interested in introducing MAP arbitration through BEPS process

Action 14 outputs expected to include optional commitment to MAP arbitration

- Limited scope?
- Multilateral instrument (Action 15)?
Action 14: Next Steps

• Committee on Fiscal Affairs meeting in May 2015
• Working Party 1 meeting in June 2015
• Deadline for Action 14 deliverable: September 2015