



# India signs the Multilateral Convention to implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) in Paris today.

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The Union Minister of Finance, Defence and Corporate Affairs Shri Arun Jaitley signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) at a ceremony held at the OECD Headquarters in Paris today reaffirming India's commitment to co-operate in the global efforts to tackle aggressive tax planning. Signatories representing 68 jurisdictions signed the Convention which will have the effect of amending most of the bilateral tax treaties of the signatory jurisdictions in respect of treaty related measures under the Base Erosion and Profit Shifting (BEPS) package for preventing artificial tax avoidance, prevention of treaty abuse, and improve dispute resolution.

The event marks a milestone in the global efforts to check tax evasion and tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax jurisdictions where there is no or little economic activity resulting in no or little overall corporate tax being paid. The Multilateral Convention aims at swift and consistent implementation of the treaty related BEPS measures. India has been a very active player in this global initiative and has significantly contributed to the development of the new international standards under the BEPS package. India would welcome more and more jurisdictions to become signatories the Multilateral Convention and also include more of their bilateral treaties as Covered Tax Agreements.

The Convention will ensure that the minimum standards regarding prevention of treaty abuse and amelioration of the international tax dispute resolution process are implemented in all Covered Tax Agreements quickly. Other BEPS outcomes such as amendment of the definition of the term 'Permanent Establishment' to plug unintended interpretation leading to fiscal evasion, prevention of double non-taxation of hybrid entities, time threshold for treaty benefits to dividend and capital gains transactions will be incorporated in the Covered Tax Agreements where all Contracting Parties agree.

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