



28 November 2016

### **OECD multilateral convention to amend more than 2000 tax treaties**

The OECD announced that on 24 November 2016, the members of the *ad hoc* Group on the Multilateral Instrument implementing BEPS measures concluded the negotiations on the text of the Multilateral Convention. More than 100 jurisdictions signed the multilateral instrument, including most European countries, the United States, Australia, Canada, Brazil, China, Russia, and India, to name but a few.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS is intended to transpose results from the OECD/G20 BEPS Project into more than 2 000 treaties worldwide. It will implement minimum standards to counter treaty abuse and to improve dispute resolution mechanisms while providing flexibility to accommodate specific tax treaty elements.

The instrument will amend existing double taxation treaties, potentially over 2000, and it offers flexibility to signatories to opt out from provisions which do not reflect BEPS minimum standard. It is envisaged that the convention will enter into force after five countries have ratified it. The convention shall be effective for a specific double tax treaty after parties to that treaty have ratified the instrument, and after a certain period has passed to ensure legal certainty.

According to OECD's timeline, the signing ceremony is expected to take place in June 2017 in Paris.

Read here the [explanatory statement](#) and the text of [the multilateral convention](#).

### **UK Chancellor announces penalties for tax avoidance enablers in Autumn Statement**

The UK Chancellor of Exchequer announced in the Autumn Statement that the UK Government is committed to go forward with the plan to introduce financial penalties for the tax advisers who act as promoters or enablers of aggressive tax avoidance schemes. According to the UK government, strengthening tax avoidance sanctions would provide a strong deterrent to those enabling tax avoidance. The UK government plans a new penalty for any person who has enabled an entity to use a tax avoidance arrangement that is later defeated by HMRC.

This new regime follows an extensive consultation on 'Strengthening tax avoidance sanctions and deterrents which ran from 17 August 2016 until 12 October 2016. The UK professional associations have recently amended the Professional Codes of Conduct in relation to tax advice.

Read the Autumn Statement [here](#), and the concerns related to these developments expressed by the ICAEW Tax Faculty- [statement](#)

### **European Commission opens infringement procedure for breach of Services Directive**

The European Commission opened infringement procedure against 9 member states for maintaining national rules that include excessive and unjustified obstacles to the freedom to provide cross-border services in the EU internal market.

The Commission found that certain service providers faced unjustified restrictions and requirements which were deemed to be contrary to the Services Directive (Directive 2006/123/EC). The November infringement package includes i.e. a reasoned opinion against Belgium for introducing restrictions on accountants. According to the provisions of the Services Directive, member states may not introduce obstacles that hinder the freedom of establishment and cross-border provision of services across the EU.

According to Elżbieta Bieńkowska, EU Internal Market Commissioner: *"Services account for more than two thirds of economic activity and jobs in the EU Single Market. By making it easier for services providers to work across the EU, we generate new job opportunities, greater choice and lower prices for consumers. Together with the Member States, we need to remove the many unjustified barriers that still prevent professionals and companies from providing their services in different Member States. That is why I have made enforcement of already agreed EU laws a key priority of our Single Market Strategy."*

Please follow this [link](#) for the European Commission MEMO on the November infringement package.

#### **Panama commissions international panel to improve financial transparency**

Following the 'Panama Papers' revelations and the leak of 11.5 million documents from a prominent law-firm, Panama has embarked on an ambitious project to regain its international reputation. The government of Panama plans to commission international committee of experts that would recommend a modality of improving transparency in Panama's financial industry.

According to the media reporting on these developments, the Government of Panama is hoping that the findings of the international committee will be shared with the international community, potentially resulting in common action to improve transparency among the legal and financial industry across the world.

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