

---

## Table of Contents

### Preface

xxxv

### Part One

<b>Chapter 1:</b>	<b>General Report</b>	<b>3</b>
	<i>Pasquale Pistone</i>	
1.1.	Introduction	3
1.2.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	6
1.3.	BEPS Action 2: Measures against hybrid mismatch arrangements	9
1.4.	BEPS Action 3: Controlled foreign company rules	11
1.5.	BEPS Action 4: Interest deductions and other financial payments	14
1.6.	BEPS Actions 1 and 5: Countering harmful tax practices and taxing the digital economy	15
1.7.	BEPS Actions 8-10, 12 and 13: Transfer pricing, country-by-country reporting and mandatory disclosure	17
1.8.	BEPS Action 15: Implementation of the Multilateral Instrument	20
1.9.	BEPS Actions 2, 6, 7 and 14: Specific issues concerning tax treaty provisions	21
1.10.	Conclusion	22

Part Two

<b>Chapter 2:</b>	<b>Argentina</b>	<b>27</b>
	<i>Luis Maria Méndez and Mirna Solange Screpante</i>	
2.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	27
2.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	29
2.3.	Controlled foreign company rules: BEPS Action 3	32
2.4.	Interest deductions and other financial payments: BEPS Action 4	36
2.5.	Countering harmful tax practices: BEPS Action 5	40
2.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	43
2.6.1.	Argentina's approach to transfer pricing	43
2.6.2.	BEPS Actions 8-10: Aligning transfer pricing outcomes with value creation	47
2.6.3.	Action 12: Disclosure rules	49
2.6.4.	Action 13: Transfer pricing documentation and country-by-country reporting	49
2.7.	Implementation of the Multilateral Instrument: BEPS Action 15	51
2.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	53
2.8.1.	BEPS Action 6 and Action 2	53
2.8.2.	Action 7: Preventing the artificial avoidance of permanent establishment status	56
2.8.3.	Action 14: Making dispute resolution mechanisms more effective	58

<b>Chapter 3:</b>	<b>Australia</b>	61
	<i>C. John Taylor</i>	
3.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	61
3.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	66
3.3.	Controlled foreign company rules: BEPS Action 3	73
3.3.1.	Australian rules at the time the BEPS Project commenced	73
3.3.2.	Differences between Australian rules and BEPS Action 3	77
3.3.3.	Government response to the BEPS Final Report on CFC rules	79
3.4.	Interest deductions and other financial payments: BEPS Action 4	80
3.4.1.	Australian rules at the time the BEPS Project commenced	80
3.4.2.	Amendments to Australian rules after commencement but before conclusion of the BEPS Project	81
3.4.3.	Differences between Australian rules and Action 4	81
3.4.4.	Government response to the BEPS recommendations	82
3.4.5.	Author's opinion on the BEPS recommendations and the Australian response	83
3.5.	Countering harmful tax practices: BEPS Action 5	83
3.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	85
3.6.1.	Implementation of transfer pricing suggestions	85
3.6.2.	Implementation of country-by-country reporting	87
3.6.3.	Implementation of mandatory disclosure rules	88
3.7.	Implementation of the Multilateral Instrument: BEPS Action 15	89
3.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	92

## Table of Contents

---

<b>Chapter 4:</b>	<b>Austria</b>	97
	<i>Desiree Auer and Andreas Langer</i>	
4.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	97
4.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	99
4.3.	Controlled foreign company rules: BEPS Action 3	101
4.4.	Interest deductions and other financial payments: BEPS Action 4	104
4.5.	Countering harmful tax practices: BEPS Action 5	107
4.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	111
4.7.	Implementation of the Multilateral Instrument: BEPS Action 15	115
4.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	116
<b>Chapter 5:</b>	<b>Belgium</b>	125
	<i>Alice Pirlot and Edoardo Traversa</i>	
5.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	125
5.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	127
5.3.	Controlled foreign company rules: BEPS Action 3	131
5.4.	Interest deductions and other financial payments: BEPS Action 4	133
5.5.	Countering harmful tax practices: BEPS Action 5	134

5.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	137
5.7.	Implementation of the Multilateral Instrument: BEPS Action 15	139
5.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	142
<b>Chapter 6:</b>	<b>Brazil</b>	145
	<i>Luís Eduardo Schoueri and Ricardo André Galendi Júnior</i>	
6.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	145
6.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	148
6.3.	Controlled foreign company rules: BEPS Action 3	150
6.3.1.	Former law and the Supreme Court decision	151
6.3.2.	Brazilian 2014 legislation and current issues	153
6.4.	Interest deductions and other financial payments: BEPS Action 4	154
6.5.	Countering harmful tax practices: BEPS Action 5	155
6.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	156
6.6.1.	Implementation of transfer pricing suggestions	156
6.6.2.	Transfer pricing documentation and the BEPS Project	163
6.6.2.1.	Country-by-country reporting	163
6.6.2.2.	Master File and Local File	166
6.6.3.	Mandatory disclosure rules and their rejection by the Congress	166

## Table of Contents

---

6.7.	Implementation of the Multilateral Instrument: BEPS Action 15	170
6.8.	Specific issues regarding tax treaty provisions	174
<b>Chapter 7:</b>	<b>Canada</b> <i>David G. Duff</i>	177
7.1.	Anti-BEPS measures before the BEPS Project	177
7.2.	Hybrid mismatch arrangements: BEPS Action 2	179
7.3.	Controlled foreign company rules: BEPS Action 3	183
7.4.	Interest deductions and other financial payments: BEPS Action 4	185
7.5.	Countering harmful tax practices: BEPS Action 5	188
7.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	190
7.7.	Multilateral instrument: BEPS Action 15	193
7.8.	Specific treaty provisions: BEPS Actions 2, 6, 7 and 14	195
<b>Chapter 8:</b>	<b>Chile</b> <i>Cristián Gárate and Felipe Yáñez</i>	201
8.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	201
8.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	207
8.3.	Controlled foreign company rules: BEPS Action 3	209
8.4.	Interest deductions and other financial payments: BEPS Action 4	212

8.5.	Countering harmful tax practices: BEPS Action 5	214
8.6.	Implementation of transfer pricing suggestions: BEPS Actions 8-10, 12 and 13	217
8.7.	Implementation of the multilateral instrument: BEPS Action 15	221
8.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	223
<b>Chapter 9:</b>	<b>China</b>	227
	<i>Yansheng Zhu and Na Li</i>	
9.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	227
9.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	232
9.3.	Controlled foreign company rules: BEPS Action 3	234
9.4.	Interest deductions and other financial payments: BEPS Action 4	236
9.5.	Countering harmful tax practices: BEPS Action 5	239
9.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	241
9.6.1.	Transfer pricing rules	241
9.6.2.	Country-by-country reports	243
9.6.3.	Mandatory disclosure	246
9.7.	Implementation of the Multilateral Instrument: BEPS Action 15	247
9.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	248
9.8.1.	Treaty abuse	248
9.8.2.	Resolving tax disputes	251
9.9.	Conclusion	251

## Table of Contents

---

<b>Chapter 10: Colombia</b>	253
<i>Natalia Quiñones</i>	
10.1. Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	253
10.2. Measures against hybrid mismatch arrangements (BEPS Action 2)	255
10.3. Controlled foreign company rules: BEPS Action 3	257
10.4. Interest deductions and other financial payments: BEPS Action 4	259
10.5. Countering harmful tax practices: BEPS Action 5	261
10.6. Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	264
10.7. Implementation of the multilateral instrument: BEPS Action 15	268
10.8. Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	270
<b>Chapter 11: Costa Rica</b>	275
<i>Priscilla Zamora</i>	
11.1. Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	275
11.2. Measures against hybrid mismatch arrangements: BEPS Action 2	279
11.3. Controlled foreign company rules: BEPS Action 3	282
11.4. Interest deductions and other financial payments: BEPS Action 4	286
11.5. Countering harmful tax practices: BEPS Action 5	288

11.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	291
11.7.	Implementation of the multilateral instrument: BEPS Action 15	296
11.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	298
<b>Chapter 12:</b>	<b>Croatia</b>	303
	<i>Nataša Žunić Kovačević and Stjepan Gadžo</i>	
12.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	303
12.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	305
12.3.	Controlled foreign company rules: BEPS Action 3	306
12.4.	Interest deductions and other financial payments: BEPS Action 4	306
12.5.	Countering harmful tax practices: BEPS Action 5	308
12.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	312
12.7.	Implementation of the multilateral instrument: BEPS Action 15	316
12.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	318
<b>Chapter 13:</b>	<b>Czech Republic</b>	321
	<i>Jiří Kostohryz</i>	
13.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	321

## Table of Contents

---

13.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	323
13.3.	Controlled foreign company rules: BEPS Action 3	325
13.4.	Interest deductions and other financial payments: BEPS Action 4	325
13.5.	Countering harmful tax practices: BEPS Action 5	328
13.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	329
13.6.1.	Transfer pricing in general	329
13.6.2.	Transfer pricing documentation, country-by-country reporting	331
13.6.3.	Mandatory disclosure rules	332
13.7.	Implementation of the multilateral instrument: BEPS Action 15	334
13.8.	Specific issues regarding tax treaty provisions: Actions 2, 6, 7 and 14	336
<b>Chapter 14:</b>	<b>Denmark</b>	339
	<i>Peter Koerver Schmidt and Jakob Bundgaard</i>	
14.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	339
14.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	341
14.3.	Controlled foreign company rules: BEPS Action 3	343
14.4.	Interest deductions and other financial payments: BEPS Action 4	345
14.5.	Countering harmful tax practices: BEPS Action 5	347

14.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	348
14.7.	Implementation of the multilateral instrument: BEPS Action 15	350
14.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	351
<b>Chapter 15:</b>	<b>Finland</b>	355
	<i>Kristiina Äimä and Henri Lyyski</i>	
15.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	355
15.1.1.	Anti-avoidance measures before the BEPS Project	355
15.1.2.	Reactions to the BEPS Project	357
15.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	358
15.3.	Controlled foreign company rules: BEPS Action 3	359
15.4.	Interest deductions and other financial payments: BEPS Action 4	363
15.5.	Countering harmful tax practices: BEPS Action 5	364
15.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	365
15.7.	Implementation of the Multilateral Instrument: BEPS Action 15	368
15.8.	Specific issues regarding tax treaty provisions: Actions 2, 6, 7 and 14	369
15.8.1.	Minimum standards	369
15.8.2.	Other amendments	371

## Table of Contents

---

<b>Chapter 16: India</b>	<b>373</b>
<i>Sriram Govind</i>	
16.1. Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	373
16.1.1. Evolution of judicial anti-avoidance doctrine in India	373
16.1.2. Domestic law and tax treaty policy on anti-avoidance prior to the BEPS Project	376
16.2. Measures against hybrid mismatch arrangements: BEPS Action 2	380
16.2.1. Rules prior to the BEPS Project	380
16.2.2. Rules since the BEPS Project	382
16.3. Controlled foreign company rules: BEPS Action 3	383
16.4. Interest deductions and other financial payments: BEPS Action 4	385
16.4.1. Rules prior to the BEPS Project	385
16.4.2. Rules since the BEPS Project	386
16.5. Countering harmful tax practices and taxing the digital economy: BEPS Actions 1 and 5	389
16.5.1. Implementation of BEPS Action 5 in India	389
16.5.1.1. Rules prior to the BEPS Project	389
16.5.1.2. Rules since the BEPS Project	390
16.5.2. Taxing the digital economy	393
16.6. Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	396
16.7. Implementation of the multilateral instrument: BEPS Action 15	399
16.8. Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	403

<b>Chapter 17:</b>	<b>Indonesia</b>	407
	<i>B. Bawono Kristiaji and Denny Vissaro</i>	
17.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	407
17.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	410
17.3.	Controlled foreign company rules: BEPS Action 3	411
17.4.	Interest deductions and other financial payments: BEPS Action 4	414
17.5.	Countering harmful tax practices: BEPS Action 5	419
17.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	421
17.6.1.	Transfer pricing regulations and documentation	421
17.6.2.	Consideration of mandatory disclosure rules	427
17.7.	Implementation of the Multilateral Instrument: BEPS Action 15	428
17.8.	Specific issues regarding tax treaty provisions: Actions 2, 6, 7 and 14	431
<b>Chapter 18:</b>	<b>Italy</b>	435
	<i>Marco Mosconi</i>	
18.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	435
18.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	441
18.3.	Controlled foreign company rules: BEPS Action 3	444
18.4.	Interest deductions and other financial payments: BEPS Action 4	449

## Table of Contents

---

18.5.	Countering harmful tax practices: BEPS Action 5	452
18.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	454
18.7.	Implementation of the Multilateral Instrument: BEPS Action 15	457
18.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	459
<b>Chapter 19:</b>	<b>Japan</b>	<b>465</b>
	<i>Akiko Hamada</i>	
19.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	465
19.1.1.	Japanese circumstances before the BEPS Project	465
19.1.1.1.	Rules for anti-tax avoidance	465
19.1.1.2.	Introduction of foreign dividend exemption in 2009	465
19.1.1.3.	Improvement of CFC rules in 2010	466
19.1.1.4.	Limitation of the scope of foreign corporation tax in 2011	466
19.1.1.5.	Establishment of earnings stripping rules and amendment of administrative procedure in 2012	467
19.1.1.6.	Introduction of attributable income principle in 2014	468
19.1.2.	Responses for the BEPS Actions	468
19.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	469
19.2.1.	Modification of the foreign dividend exemption rules	469
19.2.2.	Legal status of hybrid entities	470
19.2.3.	Classification and source of hybrid entities' profit	471
19.3.	Controlled foreign company rules: BEPS Action 3	472
19.3.1.	Change of the regulatory purpose	472
19.3.2.	Improvement of the CFC rules	473
19.3.2.1.	Problem of over- and under-inclusion	473
19.3.2.2.	Application of income approach	473
19.3.2.3.	Future tasks	474

19.4.	Interest deductions and other financial payments: BEPS Action 4	474
19.4.1.	Thin capitalization legislation and earnings stripping rules	474
19.4.2.	Threshold level of EBITDA	475
19.5.	Countering harmful tax practices: BEPS Action 5	476
19.5.1.	Sound tax practice	476
19.5.2.	Exchange of information	476
19.5.3.	Mandatory spontaneous exchange of information	477
19.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	477
19.6.1.	Reliance on the OECD Guidelines	477
19.6.2.	Postponement of the “commensurate with income” standard	478
19.6.3.	Compulsory country-by-country reporting and submission of Master File	479
19.6.4.	Mandatory disclosure	480
19.7.	Implementation of the Multilateral Instrument: BEPS Action 15	480
19.7.1.	Approval process for treaties	480
19.7.2.	Democratic control	481
19.7.3.	Collection of mistranslation	482
19.7.4.	Participation in the MLI	483
19.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	483
19.8.1.	Influence of BEPS on Japanese tax treaties	483
19.8.2.	Limitation on benefits, principal-purpose test and general anti-abuse rule	483
19.8.2.1.	Japanese experience	483
19.8.2.2.	Relationship between the general anti-abuse rule and principal-purpose test	484
19.8.3.	Implementation of arbitration	485

## Table of Contents

---

<b>Chapter 20: Kenya</b>	487
<i>Clement Okello Migai</i>	
20.1. Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	487
20.2. Measures against hybrid mismatch arrangements: BEPS Action 2	492
20.3. Controlled foreign company rules: BEPS Action 3	493
20.4. Interest deductions and other financial payments: BEPS Action 4	494
20.5. Countering harmful tax practices: BEPS Action 5	497
20.6. Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	501
20.7. Implementation of the Multilateral Instrument: BEPS Action 15	507
20.8. Specific issues regarding tax treaty provisions: Actions 2, 6, 7 and 14	509
<b>Chapter 21: Liechtenstein</b>	513
<i>Martin Wenz, Patrick Knörzer and Simon Busch</i>	
21.1. Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	513
21.2. Measures against hybrid mismatch arrangements: BEPS Action 2	515
21.2.1. Correspondence principle	515
21.2.2. Other measures against mismatch arrangements	518
21.3. Controlled foreign company rules: BEPS Action 3	518
21.4. Interest deductions and other financial payments: BEPS Action 4	519

21.5.	Countering harmful tax practices: BEPS Action 5	520
21.5.1.	Domicile companies, holding companies and captives	521
21.5.2.	Intellectual property box	521
21.5.3.	Exchange of rulings	523
21.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	524
21.6.1.	Transfer pricing documentation	524
21.6.2.	Transfer pricing documentation requirements	525
21.6.3.	Country-by-country reporting	526
21.7.	Implementation of the Multilateral Instrument: BEPS Action 15	529
21.7.1.	Participation in the MLI negotiation process	529
21.7.2.	Covered tax treaties	530
21.7.3.	Transposition of the MLI	530
21.7.4.	Implementation procedure	531
21.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	532
<b>Chapter 22:</b>	<b>Luxembourg</b>	<b>535</b>
	<i>Gaspar Lopes Dias V.S.</i>	
22.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	535
22.1.1.	Measures addressing BEPS in Luxembourg tax law prior to the BEPS Project	535
22.1.2.	Measures addressing BEPS issues introduced in Luxembourg after the onset of the BEPS Project and the tax policy debate	536
22.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	542
22.2.1.	The anti-hybrid mismatch rule in the ITA pursuant to the amendment to the Parent-Subsidiary Directive	543
22.2.2.	Anti-hybrid rule of the ATAD and its implementation in Luxembourg tax law	544
22.2.3.	Anti-hybrid rule of ATAD II and its implementation in Luxembourg tax law	545

## Table of Contents

---

22.3.	Controlled foreign company rules: BEPS Action 3	545
22.4.	Interest deductions and other financial payments: BEPS Action 4	546
22.5.	Countering harmful tax practices: BEPS Action 5	548
22.5.1.	Recent events leading to the current transparency framework in Luxembourg	548
22.5.2.	Luxembourg IP tax regime and the modified nexus approach	552
22.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	554
22.6.1.	Luxembourg transfer pricing rules in a post-BEPS environment	554
22.6.2.	Country-by-country reporting rules: BEPS Action 13	559
22.6.3.	Rules regarding disclosure of aggressive tax planning in Luxembourg: BEPS Action 12	561
22.7.	Implementation of the Multilateral Instrument: BEPS Action 15	561
22.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	563
<b>Chapter 23:</b>	<b>Mexico</b>	<b>567</b>
	<i>David Domínguez</i>	
23.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	567
23.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	571
23.2.1.	Measures against deduction/non-inclusion outcomes	571
23.2.2.	Measures against double deduction outcomes	574
23.3.	Controlled foreign company rules: BEPS Action 3	574
23.4.	Interest deductions and other financial payments: BEPS Action 4	578

23.5.	Countering harmful tax practices: BEPS Action 5	580
23.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	582
23.7.	Implementation of the Multilateral Instrument: BEPS Action 15	584
23.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	588
23.8.1.	Treaty provisions regarding BEPS Action 2	588
23.8.2.	Treaty provisions regarding BEPS Action 6	589
23.8.3.	Treaty provisions regarding BEPS Action 7	590
23.8.4.	Treaty provisions regarding BEPS Action 14	591
<b>Chapter 24:</b>	<b>Netherlands</b>	<b>593</b>
	<i>Sigrid Hemels</i>	
24.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	593
24.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	595
24.3.	Controlled foreign company rules: BEPS Action 3	597
24.4.	Interest deductions and other financial payments: BEPS Action 4	599
24.4.1.	Existing interest deduction rules	599
24.4.1.1.	Reclassification of debt as equity: Sham loan, bottomless pit loan and participating loan	599
24.4.1.2.	Anti-base erosion rules	600
24.4.1.3.	Acquisition debt – Leveraged buy-outs	602
24.4.1.4.	Restriction on deductibility of excessive interest on loans related to participations	603
24.4.2.	Rules planned to implement BEPS Action 4	604
24.5.	Countering harmful tax practices: BEPS Action 5	605
24.5.1.	Changes in innovation box	606
24.5.2.	State aid litigation	607

## Table of Contents

---

24.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	608
24.7.	Implementation of the multilateral instrument: BEPS Action 15	611
24.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	615
<b>Chapter 25:</b>	<b>New Zealand</b>	619
	<i>Adrian Sawyer and Andrew Smith</i>	
25.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	619
25.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	622
25.3.	Controlled foreign company rules: BEPS Action 3	625
25.4.	Interest deductions and other financial payments: BEPS Action 4	626
25.5.	Countering harmful tax practices: BEPS Action 5	630
25.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	633
25.7.	Implementation of the MLI: BEPS Action 15	639
25.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	642
<b>Chapter 26:</b>	<b>Pakistan</b>	645
	<i>Muhammad Ashfaq Ahmed</i>	
26.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	645

26.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	649
26.3.	Controlled foreign company rules: BEPS Action 3	650
26.4.	Interest deductions and other financial payments: BEPS Action 4	652
26.5.	Countering harmful tax practices: BEPS Action 5	653
26.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	656
26.7.	Implementation of the Multilateral Instrument: BEPS Action 15	659
26.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	660
<b>Chapter 27:</b>	<b>Poland</b>	665
	<i>Krzysztof Lasiński-Sulecki and Ewa Prejs</i>	
27.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	665
27.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	671
27.3.	Controlled foreign company rules: BEPS Action 3	675
27.4.	Interest deductions and other financial payments: BEPS Action 4	680
27.5.	Countering harmful tax practices: BEPS Action 5	685
27.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	688
27.7.	Implementation of the Multilateral Instrument: BEPS Action 15	692

## Table of Contents

---

27.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	694
<b>Chapter 28:</b>	<b>Romania</b> <i>Marilena Ene</i>	703
28.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	703
28.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	707
28.3.	Controlled foreign company rules: BEPS Action 3	709
28.4.	Interest deductions and other financial payments: BEPS Action 4	711
28.5.	Countering harmful tax practices: BEPS Action 5	714
28.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	715
28.7.	Implementation of the Multilateral Instrument: BEPS Action 15	718
28.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	719
<b>Chapter 29:</b>	<b>Serbia</b> <i>Svetislav V. Kostić and Lidija Živković</i>	721
29.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	721
29.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	725
29.3.	Controlled foreign company rules: BEPS Action 3	728
29.4.	Interest deductions and other financial payments: BEPS Action 4	730

29.5.	Countering harmful tax practices: BEPS Action 5	733
29.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	737
29.7.	Implementation of the multilateral instrument: BEPS Action 15	743
29.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	746
<b>Chapter 30:</b>	<b>Singapore</b>	753
	<i>Rahul Batheja</i>	
30.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	753
30.1.1.	General anti-avoidance rules	754
30.1.2.	“Substance-based” incentive schemes	755
30.1.3.	Transfer pricing	755
30.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	757
30.3.	Controlled foreign company rules: BEPS Action 3	759
30.4.	Interest deductions and other financial payments: BEPS Action 4	759
30.5.	Countering harmful tax practices: BEPS Action 5	761
30.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	764
30.6.1.	Measures suggested under Actions 8-10 on aligning the transfer pricing outcomes with value creation	764
30.6.2.	Measures suggested under Action 13 on transfer pricing documentation	765
30.6.3.	Measures suggested under Action 12 on mandatory disclosure rules	769

## Table of Contents

---

30.7.	Implementation of the Multilateral Instrument: BEPS Action 15	770
30.8.	Specific issues regarding tax treaty provisions: BEPS Actions 6, 7 and 14	771
30.8.1.	Preventing treaty abuse: Action 6	771
30.8.2.	Measures to prevent artificial avoidance of PE status: Action 7	773
30.8.3.	Dispute resolution: Action 14	774
<b>Chapter 31:</b>	<b>Slovak Republic</b> <i>Tomáš Balco and Milada Kucekova</i>	777
31.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	777
31.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	783
31.3.	Controlled foreign company rules: BEPS Action 3	785
31.4.	Interest deductions and other financial payments: BEPS Action 4	787
31.5.	Countering harmful tax practices: BEPS Action 5	791
31.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	794
31.7.	Implementation of the Multilateral Instrument: BEPS Action 15	798
31.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	799
<b>Chapter 32:</b>	<b>Spain</b> <i>Jorge Martín López and Elizabeth Gil García</i>	805
32.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	805

32.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	809
32.3.	Controlled foreign company rules: BEPS Action 3	812
32.4.	Interest deductions and other financial payments: BEPS Action 4	815
32.5.	Countering harmful tax practices: BEPS Action 5	819
32.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	825
32.7.	Implementation of the Multilateral Instrument: BEPS Action 15	830
32.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	833
<b>Chapter 33:</b>	<b>Sweden</b>	839
	<i>Björn Westberg</i>	
33.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	839
33.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	841
33.3.	Controlled foreign company rules: BEPS Action 3	843
33.4.	Interest deductions and other financial payments: BEPS Action 4	844
33.5.	Countering harmful tax practices: BEPS Action 5	848
33.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	848
33.6.1.	Country-by-country reporting	848
33.6.2.	Disclosure or confidentiality?	850

## Table of Contents

---

33.7.	Implementation of the Multilateral Instrument: BEPS Action 15	851
33.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	851
<b>Chapter 34:</b>	<b>Switzerland</b>	853
	<i>Peter Hongler</i>	
34.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	853
34.1.1.	Discussion of base erosion and profit shifting in a pre-BEPS world	853
34.1.2.	Anti-BEPS measures before the OECD/G20 BEPS Project	853
34.1.3.	General impact of the BEPS Project	855
34.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	856
34.2.1.	Hybrid financial instruments	856
34.2.1.1.	Anti-hybrid rule in a pre-BEPS world	856
34.2.1.2.	Influence of the BEPS Project	856
34.2.2.	Hybrid entities	857
34.2.2.1.	Rules before BEPS	857
34.2.2.2.	Rules after BEPS	857
34.3.	Controlled foreign company rules: BEPS Action 3	857
34.4.	Interest deductions and other financial payments: BEPS Action 4	858
34.4.1.	Interest deduction limitations in a pre-BEPS world	858
34.4.2.	BEPS Action 4 and some implementation issues	859
34.5.	Countering harmful tax practices: BEPS Action 5	860
34.5.1.	Harmful tax regimes in Switzerland	860
34.5.2.	BEPS and the Corporate Tax Reform III	860
34.5.2.1.	Background	860
34.5.2.2.	The 2013 report of the steering committee and its history	861
34.5.2.3.	The 2014 public consultation draft and later developments	861
34.5.2.4.	The 2015 Proposal of the Federal Council	863

34.5.2.5.	Public vote in February 2017	863
34.5.2.6.	New legislative proposal: Tax Proposal 17	864
34.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	864
34.6.1.	Validity of the OECD Transfer Pricing Guidelines	864
34.6.2.	Transfer pricing documentation	865
34.6.3.	Mandatory disclosure rules	865
34.7.	Implementation of the Multilateral Instrument: BEPS Action 15	866
34.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	866
34.8.1.	Overview	866
34.8.2.	Tax treaty between Switzerland and Liechtenstein	867
34.8.3.	Tax treaty between Switzerland and Norway	869
34.8.4.	Tax treaty between Switzerland and Albania	870
34.8.5.	Reasons for the limited impact of the BEPS Project on recently signed income tax treaties	871
<b>Chapter 35:</b>	<b>Turkey</b>	<b>873</b>
	<i>A. Selçuk Özgenç</i>	
35.1.	Anti-BEPS measures before the BEPS Project and the policy impact of the BEPS Project	873
35.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	877
35.3.	Controlled foreign company rules: BEPS Action 3	878
35.4.	Interest deductions and other financial payments: BEPS Action 4	880
35.5.	Countering harmful tax practices: BEPS Action 5	881

## Table of Contents

---

35.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	884
35.6.1.	Current law	884
35.6.2.	Draft Communiqué 3	885
35.6.3.	Some criticism on the Draft Communiqué 3	889
35.6.4.	Mandatory disclosure rules	890
35.7.	Implementation of the Multilateral Instrument: BEPS Action 15	891
35.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	893
35.8.1.	BEPS Action 6	893
35.8.2.	BEPS Action 14	896
<b>Chapter 36:</b>	<b>United Kingdom</b>	<b>899</b>
	<i>Malcolm Gammie</i>	
36.1.	Anti-BEPS measures before the BEPS Project and policy impact of the BEPS Project	899
36.1.1.	The pre-BEPS debate on international tax avoidance	899
36.1.2.	The pre-BEPS development of the UK international tax system	902
36.1.3.	Brexit	903
36.1.4.	The diverted profits tax	904
36.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	906
36.3.	Controlled foreign company rules: BEPS Action 3	909
36.4.	Interest deductions and other financial payments: BEPS Action 4	911
36.4.1.	UK relief for interest expense	911
36.4.2.	The worldwide debt cap	912
36.4.3.	Thin capitalization rules	913
36.4.4.	UK implementation of BEPS Action 4	913
36.5.	Countering harmful tax practices: BEPS Action 5	915
36.5.1.	The UK patent box	915
36.5.2.	Modifications to the UK taxation of royalties	916

36.5.3.	Expanded scope of UK taxation of UK land-related activities	916
36.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	917
36.6.1.	Transfer Pricing Guidelines	917
36.6.2.	Disclosure of aggressive tax planning: BEPS Action 12	918
36.6.3.	Country-by-country reporting	920
36.7.	Implementation of the Multilateral Instrument: BEPS Action 15	920
36.7.1.	The MLI	920
36.7.2.	MLI arbitration	921
36.7.3.	The EU Arbitration Convention and proposed EU Arbitration Directive	922
36.8.	Specific issues regarding tax treaty provisions: BEPS Actions 2, 6, 7 and 14	922
36.8.1.	UK treaty abuse measures	922
36.8.2.	The UK GAAR and other domestic measures	924
<b>Chapter 37:</b>	<b>United States</b>	925
	<i>Tracy A. Kaye</i>	
37.1.	Anti-BEPS measures before the BEPS Project and the policy impact of the BEPS Project	925
37.2.	Measures against hybrid mismatch arrangements: BEPS Action 2	931
37.3.	Controlled foreign company rules: BEPS Action 3	933
37.4.	Interest deductions and other financial payments: BEPS Action 4	936
37.5.	Countering harmful tax practices: BEPS Action 5	938
37.6.	Implementation of transfer pricing suggestions (BEPS Actions 8-10 and 13) and mandatory disclosure rules (BEPS Action 12)	940

## Table of Contents

---

37.6.1.	Actions 8-10: Aligning transfer pricing outcomes with value creation	940
37.6.2.	Action 13: Transfer pricing documentation and country-by-country reporting	942
37.6.3.	Action 12: Mandatory disclosure rules	945
37.7.	Implementation of the Multilateral Instrument: BEPS Action 15	946
37.8.	Specific issues regarding tax treaty provisions	947
37.8.1.	Action 6: Preventing the granting of treaty benefits in inappropriate circumstances	947
37.8.2.	US treaty abuse limitations	948
37.8.3.	Action 14: Arbitration clause	951
<b>List of Contributors</b>		<b>953</b>