

# Policy Framework and Country Model

United Nations

“Capacity Building on Tax Treaty Negotiations”

Rome, 28-29 Jan 2013

All countries would find it beneficial to have a tax treaty policy framework and its own model tax treaty

Policy Framework allows negotiators to know priorities, hard limits, preferences and areas of flexibility

Country Model reflects preferences and sets out preferred text, rates etc

# Policy Framework for developing countries

Should take account of

International tax norms as reflected in OECD and UN Model, eg. structure, objectives, scope, approaches, language etc

Strike a balance between protecting revenue and encouraging inbound investment

## Policy Framework (2)

Domestic economic factors, such as main sources of revenue, areas of anticipated future growth, etc

Domestic tax policy and law

Relevant but not determinative! Treaties prevail in the event of inconsistency

Ability of tax administration to administer treaty provision



# Country Model

## Language

Generally negotiated in English but most non-English speaking countries will want an official version in their own language

## Structure

Generally follow OECD and UN Models