

OECD 2017 Model Tax Convention (2) (3/7/18)

This article picks up where we left off [last week](#).

Articles	Description	Relevant BEPS Action
Article 10	Changes introduce a minimum holding period to access the 5% rate applicable to dividends; alternative provisions suggested for real estate investment trusts in the Commentary; alternative provisions for certain collective investment vehicles that do not pay tax on their investment income	Report on Action 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances
Article 13	Changes relating to gains on disposal of shares or comparable interests, and alternative provisions in the Commentary for cases where the underlying real estate was transferred before the transfer of shares	Report on Action 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances
Article 25	Changes to the Article and related Commentary affect the provision for arbitration under the Mutual Agreement Procedure	Report on Action 14: Making Dispute Resolution Procedures More Effective
Article 29 (Entitlement to Benefits)	Adding a new Article and related Commentary to incorporate into the MTC a limitation-on-benefits rule (simplified and detailed versions), an anti-abuse rule for PEs situated in third countries, and a principal purpose test rule	Report on Action 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances

The MTC also includes certain other changes previously released for comment that were not developed as part of the work on the treaty-related BEPS measures. These include –

- changes to the Commentary on Article 5 regarding how it should be interpreted and applied;
- changes to Article 8 relating to the definition of “international traffic” and taxation of the crews of ships and aircraft operated in international traffic;
- changes to the Commentary on Article 4 as to whether a house rented to an unrelated person can be considered a “permanent home available to” the landlord for purposes of the tiebreaker rule;
- changes to Article 4 intended to clarify the meaning of “habitual abode” in the tiebreaker rule;
- etc.

Finally, the MTC includes changes made to the observations and reservations of OECD member countries and to the positions of non-OECD economies, including replacement of Latvia’s positions.

Our coming articles will focus on the positions expressed by Latvia in the MTC.