BRIEFING

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Understanding BEPS

From tax avoidance to digital tax challenges

SUMMARY

Action to fight corporate tax avoidance has been deemed necessary in the OECD forum and has received further impetus through the G20/OECD Base erosion and profit shifting action plan (known as BEPS). The 2015 BEPS action plan has 15 actions, covering elements used in corporate tax-avoidance practices and aggressive tax-planning schemes.

The implementation of the BEPS action plan was designed to be flexible, as a consequence of its adoption by consensus. Recommendations made in BEPS reports range from minimum standards to guidelines, as well as putting in place an instrument to modify the provisions of tax treaties related to BEPS practices. In addition, putting BEPS actions into practice has involved a growing number of countries, so as to provide a more inclusive framework able to involve more countries beyond the OECD and G20 members, and build on cooperation between international organisations.

The application of BEPS actions and their follow-up involves issues that remain to be implemented or addressed. Here come in particular issues beyond the avoidance techniques that were addressed in the BEPS action plan, starting with addressing tax challenges of the digital economy, building on the BEPS action1 report that defined a calendar for providing an adaptation of international tax rules to the impact of digitalisation.

Based on several intermediary reports, the OECD/G20 inclusive framework on BEPS issued a work programme to develop a consensus solution to the tax challenges arising from the digitalisation of the economy. Endorsed in June 2019 by the G20, this programme outlines the steps for modernising international tax rules.

An annex to this document outlines the different international fora and instruments relevant to BEPS actions and the countries or organisations that participate in them or apply them.

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In this Briefing

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Glossary

Arm's length principle: An arm's-length price for a transaction is what the price of that transaction would be on the open market. The international standard in this regard that OECD member countries may follow is set out in Article 9 of the OECD Model Tax Convention on Income and on Capital.

Digital economy: The result of a process brought on by information and communication technology (ICT) that has transformed all sectors of the economy.

Intangibles: Property that has no physical existence but has a value based on a legal right of the owner. A typical example is intellectual property rights in their different forms, such as goodwill, patents, trademarks, copyright, software, inventions and designs. Intangible assets are usually transferred by way of a licensing agreement, and payments for them are made in the form of royalties.

Jurisdiction: The power to apply and interpret tax laws or decisions in a given geographical area, which may be distinct from a state or a part of a state.

Nexus: Defines the link between the income and the jurisdiction affirming the right to tax that income.

Permanent establishment (PE) is a fixed place of business of a non-resident entrepreneur that is taxable in a country where it is established for the income that is 'attributable' to it. It is a tax notion which does not match with many types of companies' legal entities.

Tax avoidance, in particular corporate tax avoidance, uses loopholes and mismatches between different countries' tax systems, and profit-and-loss shifting via aggressive tax planning, with a view to reducing the tax bill as a result of reducing taxable revenues. It generally remains within the boundaries of the law, contrary to tax evasion and fraud which are both illegal.[1]

Transfer prices: Prices at which divisions of a company transact with each other (providing supplies or labour between departments) when they are considered separate entities.

Addressing base erosion and profit shifting

Tackling corporate tax avoidance globally

Globalisation and the digitalisation of the economy have resulted in substantial changes in tax systems, leading to increased geographical tax mobility and raising concerns about a level playing field and fairness in global tax policy. Multinational companies operate as a unitary business (based on decisions taken by the parent level) on a worldwide scale (as opposed to jurisdictions) and most of the related value chains are global.[2]

Based on the understanding that no single tax rule on its own enables, or conversely is able to address, those tax challenges, but that it is rather the interplay among different issues that makes it possible, an agreement on the necessity of a comprehensive package of measures was reached. The fight against harmful tax practices has been discussed since the late 1990s.

The 'Base erosion and profit shifting'(BEPS) package's goal was to tackle – in a **coordinated manner** – the causes and circumstances creating BEPS practices. It has three pillars:

- improving the coherence of tax rules across borders;
- reinforcing substance requirements;
- enhancing transparency and certainty.

15 BEPS final reports were adopted for each BEPS action. They cover the following actions outlined in the next section and four of them provide for a minimum standard, respectively for actions 5, 6, 13 and 14.[3]

The BEPS action plan

Action 1 assesses how **digitalisation** could exacerbate BEPS issues and also raises broader tax challenges. Issues cut across direct and indirect taxation and relate to taxing rights on income generated from cross-border activities and their allocation among tax jurisdictions. No special tax regime for the digital economy should be created (no ring-fencing).

Action 2: *Neutralising the effects of hybrid mismatch arrangements* (the fact that a situation is not treated in the same manner by two tax jurisdictions involved in the cross-border business). The action aims at eliminating the derived tax benefit, with the effect of neutralising a mismatch resulting in double non-taxation.

BEPS action plan milestones

2012: G20[1] heads of state or government requested an action plan.

2013: the G20/OECD[1] BEPS action plan was presented at the G20 finance ministers' meeting in Moscow and endorsed by the G20 leaders in September 2013. 15 key areas to be addressed were identified.

2013-2015: the BEPS package was prepared over two years. Final reports were agreed upon in 2015 and endorsed by the G20 heads of state or government on 16 November 2015.

Action 3: *Designing effective rules on controlled foreign companies (CFC) rules* to address the risk that taxpayers with a controlling interest in a foreign low-taxed subsidiary can shift income to it and avoid taxation.

Action 4: *Limit base erosion via interest deductions and other financial payments* relates to excessive intra-group deductions and the differences in tax treatment of debt and equity.

Action 5: *Countering harmful tax practices more effectively, taking into account transparency*. This is linked to the compulsory spontaneous automatic exchange and the review and monitoring of preferential intellectual property (IP) regimes according to the 'nexus' approach (substantial activity). A minimum standard is developed.

Action 6: *Preventing treaty abuse* so as to address treaty-shopping resulting in double non-taxation. The action provides for a minimum standard and for the introduction of anti-abuse rules (a specific one, 'limitations-on-benefits' (LOB), and a general one, 'principle purpose test'(PPT)) in tax treaties.

Action 7: *Preventing the artificial avoidance of permanent establishment (PE) status*. This addresses techniques used to avoid permanent establishment – and related taxation – irrespective of the place where the essential business activities of an enterprise are carried out in a country.

Actions 8, 9 and 10: *Ensure that transfer-pricing outcomes are in line with value creation*. They respectively cover intangibles, risks and capital and other high-risk transactions. The actions provide for strengthened guidelines.

Action 11: *Methodologies to collect and analyse data*.

Action 12: *Require taxpayers to disclose their aggressive tax-planning arrangements* (mandatory disclosure) to enable countries to obtain information for counteracting such schemes.

Action 13: Sets a minimum standard consisting of the provision of information to tax administrations regarding transfer-pricing documentation, including country-by-country reports (CBCR) for the global business operations of multinational enterprises (MNEs) with a total consolidated turnover of at least €750 million.

Action 14: *Make dispute-resolution mechanisms more effective*. A minimum standard will ensure that administrative processes promote the prevention and timely resolution of disputes, with implementation in good faith within an average timeframe of 24 months.

Action 15: *Multilateral instrument* to modify bilateral tax treaties so as to swiftly implement tax-treaty measures developed in BEPS actions.

Building an enlarged consensus

BEPS actions' effectiveness depends upon consistent implementation of the BEPS action plan by a large number of countries. As the BEPS package needs to be implemented in different systems, there is a need for cooperative implementation, to prevent conflicts between domestic systems. Similarly, the new standards should not offer the possibility of interpretation that might lead to increased disputes.[4]

Achievements so far, include the conclusion of the multilateral instrument and the work on minimum standards, as well as the ongoing monitoring.

Building a multilateral consensus

The BEPS action plan is a multilateral agreement decided by consensus and does not introduce directly enforceable binding provisions.

The OECD's governing body, the Council, has the power to adopt decisions and recommendations. Recommendations are not legally binding, but practice accords them great moral force as representing the political will of member countries, and there is an expectation that member countries will do their utmost to fully implement a recommendation. Thus, member countries that do not intend to implement a recommendation usually abstain at the time of its adoption.

The consensual BEPS action plan is a **soft-law** instrument (not legally binding) and requires translation into national law. However, countries adhering to the consensus are expected to implement them in their domestic law and tax treaties. Another consequence of the consensual nature of the agreement is that it has to be agreeable to all of the countries participating in it.

The measures to implement the actions are a mix of:

- **minimum standards**, some of which are made up of twin rules, i.e. a general or primary rule and a defensive rule (to address issues arising from a situation where another tax jurisdiction decides not to apply the rule);
- **best practices** for cases when minimum standards are not set out, which provides a means for the tax jurisdiction to develop instruments tackling a tax situation;
- **common approaches**, which describe general tax-policy directions with a view to converging over time through the implementation of the agreed common approaches. A further step enabled by common approaches would be the consideration of whether such measures should become minimum standards in the future; and
- development of a **multilateral instrument** to modify bilateral tax treaties (a multilateral convention).

Not all the actions are equally implemented. Some are ready to be used as they are set out in the reports, whereas others do require multilateral instruments. In some cases the actions envisage primary and defensive rules.

Also the BEPS action plan objective was not to update the 80-year old rules, but to address the avoidance that could derive from their use by multinational enterprises with elements of them being treated as independent entities, enabling them to exploit the various definitions for the residence of legal persons and the source of income. As a result, the BEPS action plan was considered by some as a patch-up of the existing rules as opposed to a paradigm shift.

Enlarging the OECD/G20 forum to the inclusive framework

When discussed and adopted, the OECD member countries were automatically members of the BEPS project. Moreover, G20 countries which are not OECD members have participated as BEPS Associates. In total, there were 44 OECD/G20 members when the plan was started.

The BEPS project was carried out within the OECD/G20 context, while other countries and jurisdictions could participate if they so wanted. A framework associating non-G20 and non-OECD countries was developed as an answer to the 2015 G20 leaders' request 'to develop an inclusive framework with the involvement of interested non-G20 countries and jurisdictions which commit to implement the BEPS project, including developing economies, on an equal footing'.[5] In 2016, such a framework was set up. It took the form of the Inclusive Framework which met in Kyoto, Japan in June 2016.

The conditions for joining the inclusive framework are a country's commitment to the comprehensive BEPS package and its consistent implementation. A fee is required, which is lower for developing countries. Timing for implementation by developing countries may differ, and their particular circumstances are taken into account. New countries and jurisdictions joining the inclusive framework participate in the OECD Committee on Fiscal Affairs (CAF) as BEPS associates. The International Monetary Fund (IMF), the United Nations (UN) and the World Bank Group (WBG) are observers both in the inclusive framework and in the OECD Committee on Fiscal Affairs.

The inclusive framework monitors and supports BEPS implementation, and reviews progress in its implementation. In particular, those who participate in the inclusive framework can take part in the drafting of provisions for which minimum standards are envisaged in the BEPS actions. They can also partake in the review of the implementation of the four minimum standards, as well as in the monitoring processes relating to the digital economy and the economic impact of BEPS. The framework is also a forum for gathering data on other aspects of implementation. It has a particular role vis-à-vis low-capacity developing countries, for which it develops toolkits and guidance. Regular progress reports on the work of the inclusive framework are published, the latest one covering the July 2018 – May 2019 period.

Regional meetings are organised to better take into account the specificities and constraints of the various countries. They involve relevant regional tax organisations.

Similarly, widening the circle of bodies cooperating in the implementation of BEPS actions increases the effectiveness of the process, and takes into account the expertise of other international organisations dealing with taxation. Collaboration with the IMF, the UN and the WBG is the objective of the Platform for Collaboration on Tax that was defined in an April 2016 concept note. In particular, the platform contributes to supporting the implementation of BEPS reports by developing countries, and one of its outputs is to 'support interested developing countries to participate in the implementation of the BEPS package and input into future global standard setting on international taxation'. The platform is also entrusted with the identification and analysis of emerging international tax issues of particular interest to developing countries.

Monitoring BEPS action plan implementation

Attainments

The development of a multilateral instrument (MLI) to amend bilateral tax treaties is envisaged in action 15, and the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS was signed on 7 June 2017, with the aim to enable swift implementation of the treaty changes resulting from the BEPS actions and to ensure consistency in their implementation. It also sought to simplify the implementation of the BEPS action plan, saving the need to revise all of the existing bilateral tax treaties that potentially required updating. Work started in November 2015, with close to 100 countries participating. The instrument implements minimum standards to counter treaty abuse and to improve the existing dispute resolution mechanisms (action 14). It also addresses hybrid mismatches and artificial avoidance of permanent establishment.

The MLI potentially applies to existing tax treaties, with the parties having to specify to which ones it applies. Parties also have the possibility to opt out from provisions that 'do not reflect' BEPS minimum standards and to make reservations that are specifically permitted by the MLI.[6] They further retain the possibility to apply optional and alternative provisions, in case there are multiple ways to address BEPS.[7]

All members of the inclusive framework commit to implementing the minimum standards. In order to ensure effective and timely implementation, an on-going peer review process has been set up to record progress made by jurisdictions in this regard. As part of this process, reviews are carried out of the legal and administrative framework implementing the minimum standards that were put in place in the tax jurisdictions. This is an intergovernmental process, meaning that business and civil society group participation is not specifically solicited. Monitoring mechanisms will be developed in order to monitor jurisdictions' compliance. These mechanisms will also serve for the review of standards.

So far, peer-review documents and terms of reference have been released for the assessment of the minimum standards relating to action 5 (exchange of information on tax rulings), action 13 (country-by-country reporting) and action 14 (more effective dispute resolution mechanisms). Work on documents relating to the minimum standard for action 6 (permanent establishment) is ongoing.

Responding to a request by the G20 Development Working Group, the Platform for Collaboration on Tax is developing practical **toolkits** to support the implementation of measures addressing BEPS in lower-capacity developing countries. The eight toolkits and reports aim to translate the complexity of BEPS outcomes (in relation, for instance, to transfer pricing) into user-friendly guidance, and also address other tax issues not included in the BEPS project, and further identify and analyse emerging international tax issues of particular interest for developing countries. Toolkit development takes into account discussions within the inclusive framework, and the tax issues identified will be brought to the attention of the inclusive framework. Eight topics have been identified and reports for some of them are available. The work done by the Platform for Collaboration on Tax so far has been detailed in its 2018-2019 progress report.

Reporting and defining work ahead

BEPS is not as such a closely defined policy but instead an open-ended assessment that integrates business and tax developments. The fact that the BEPS action plan was adopted by consensus among the participating countries frames its nature and content. It is not a project that ends with the endorsement of the reports, which are seen only as a first step, as it requires implementation and follow-up. In addition, by force of the fact that it is of a soft-law nature and that only a few of the actions define standards (that still require implementation by the international community), a number of areas are still open, as identified in the regular reporting that defines the work ahead. The report on digitalisation related to action 1 itself defined the needed follow-up; presented in May 2019, slightly ahead of schedule, this follow-up (in the form of a programme) is sometimes referred to as BEPS2.

Reporting is done on a regular basis. Progress is regularly presented by OECD Secretary-General, Angel Gurría, at the G20 summits (at ministerial and leaders' meetings). This in turn endorses the proposed future work that would build on what has been achieved under the BEPS action plan so far.

OECD reports to the G20 cover the implementation of BEPS actions and tax updates, namely in the field of transparency. The first report, dating back to 26-27 February 2016, covering a framework broader than the OECD/G20. A joint IMF/OECD report of March 2017 also added tax certainty and its opposite, tax uncertainty, which is a major factor affecting business and investment decisions.

In July 2017, the OECD also reported back on progress in implementing the BEPS action plan, in particular as regards the four minimum standards and the conclusion of MLI negotiations. Furthermore, the OECD reiterated its commitment both to providing capacity-building assistance to developing countries, in particular through the work of the Platform for Collaboration on Tax, and to the principles of the Addis Tax Initiative.[8]

The latest report was presented at the June 2019 Osaka G20 meeting. It covers and updates progress in the following areas: tax challenges arising from digitalisation; tax transparency developments; implementation of the BEPS action plan measures; and capacity-building – supporting the implementation of the BEPS action plan in developing countries. It further details progress with regards to the exchange of information, the Convention on Mutual Administrative Assistance in Tax Matters and technical assistance (on beneficial ownership, tax transparency at regional level and tax cooperation). Three documents are attached to the report: the 2019 progress report on tax certainty, the third annual progress report of the OECD/G20 Inclusive framework on BEPS and the programme of work to develop a consensus solution to the tax challenges arising from the digitalisation of the economy.

The June 2019 G20 Osaka Leaders' Declaration in particular reaffirms the importance of implementing the BEPS action plan on a global scale and achieving enhanced tax certainty. It welcomes and endorses the programme to address the tax challenges arising from digitalisation with a view to a final report by the end of 2020. It also welcomes the recent achievements on tax transparency, the updated list of jurisdictions that have not satisfactorily implemented the internationally agreed tax transparency standards and its future update, together with the perspective of defensive measures against listed jurisdictions.

Beyond the BEPS action plan

Work ahead: tackling the tax challenges of digitalisation

Though digitalisation affects all taxes, it creates specific challenges for corporate tax, particularly as regards avoidance. Both the connection to a tax jurisdiction and the determination of the tax base in that jurisdiction may be affected by digitalisation. These broad issues are not new, but remain unanswered. Consequently, the May 2019 work programme drawn up by the inclusive framework has as its objective the development of a consensus solution to the tax challenges arising from the digitalisation of the economy.

How to address global value chains in the context of corporate tax

In simple terms, the issue arises from the ongoing internationalisation of the production of goods and services, compounded by the effects of 'servicification' and digitalisation. It affects primarily multinational enterprises that operate globally, but is not limited to them, and also affects all businesses, including smaller ones. It concerns value chains that are complex, international and involve an important part of services and intangibles whose location might not be so straightforward to establish.

In the case of goods, the break-up of production into different stages is associated with different locations, as shown by the fact that about two thirds of global value trade involves intermediate goods that cross borders during production (summed up by the phrase 'world factory'). In addition, manufacturing companies also sell and export a growing share of services as integrated services. Services are incorporated in manufacturing either as inputs (such as marketing, design, distribution or after-sales care embedded in the value of a good), or as enablers of trade (such as e-commerce platforms and logistics services).

In the case of services, the impact of digitalisation is even bigger, ranging from fully digital services to the provision of services that rely on digital technologies (at varying degrees). A growing portion of services rely on the use of intangible assets (such as brand recognition, reputation and intellectual property, but also software and algorithms) that can be located anywhere, which enhances mobility and minimises the need for firms or individuals to be physically present in the country where a service is provided. That renders different types of activities more difficult to physically locate.

In both cases, the determination of the nexus (tax liability of the taxpayer in a specific tax jurisdiction) and the related allocation of taxing rights to jurisdictions, as well as the determination of the tax base to be taken into account in each jurisdiction (the allocation of the assets/income to a specific jurisdiction – the apportionment) are complex and raise potentially diverging concepts.

The first question to answer is how to determine the nexus in case there is no permanent establishment as currently defined by reference to functions, assets or risks in a transfer-pricing analysis.[9] The challenge is consequently to capture the value that is created and to locate the related income for tax purposes. This relates to the concept of a 'non-physical commercial presence' (significant digital presence) that refers to the demand side. Yet, as regards corporate tax, the existing nexus is related to the supply side, contrary to the changes in VAT that moves to destination-based taxation.

This situation creates challenges in reconciling the place from which the income derives (income location considered in value creation) with the place where the business has permanent establishments, is incorporated or is headquartered. In this connection, it is worth noting that multinational enterprises are under the spotlight because of their global dimension (which enables them to choose a structure for themselves that offers them the greatest advantage from a taxation point of view), and not because of the place where they are rooted (or initially created). For illustrative purposes, among the world's 10 most valuable companies, the presence of those with an IT profile has grown steadily.[10] Not surprisingly, therefore, it is the biggest companies (be they digital or not) that may be more likely to be concerned with measures designed to fight tax avoidance and aggressive tax planning and by the reforms aimed at addressing tax challenges stemming from digitalisation. In short, addressing the tax challenges of digitalisation, as some countries have undertaken so far is simply a way to fix gaps in the international tax framework that occur as a result of the new ways of doing business around the world, irrespective of the roots of companies.

Building a digital consensus solution

Building on the BEPS action 1 report, the task force on the digital economy (TFDE) continued the work that had started with the analysis of the tax challenges arising from digitalisation, as highlighted in a 2018 interim report. The interim report identified key features in certain highly digitalised business models (data, user participation and intangible assets) as well as the issue of taxing rights on cross-border transaction income and their allocation among jurisdictions, in addition to the tax avoidance risks (BEPS risks).

In turn, this served as a basis for designing a common approach, rendered even more necessary as a number of tax jurisdictions considered or adopted regulatory actions to tackle challenges raised particularly with regard to multinational enterprises' corporate tax (avoidance). The outcome was announced in early 2019 in a 'Policy note addressing the tax challenges of the digitalisation economy' and in the inclusive framework's 'Programme of work to develop a consensus solution to the tax challenges arising from the digitalisation of the economy'. As the title indicates, there is not yet a common approach to those challenges. The current stage involves reviewing issues identified and developing the possible approach to overcoming them. The work ahead builds not only on the earlier reports and analyses but also on a broad consultation of interested parties. In short, the objective is to move beyond the arm's length principle and the scope of current taxing rights that is limited to businesses with a physical presence in a country.

The work programme, endorsed by the G20 finance ministers in June 2019, addresses the following issues – reallocation of taxing rights, significant economic presence, minimum taxation and dispute resolution – and organises them in two pillars.

In short, the first one, entitled '**Revised nexus and profit allocation rules**' would modify the related international rules based on the concepts of user contribution, marketing intangibles or significant economic presence. The objective is to capture the value created in a jurisdiction by a business that does not qualify for a tax presence (permanent establishment as currently defined) in that jurisdiction, namely because its activity is run remotely, and to allocate that jurisdiction more taxing rights.

The second pillar, entitled '**Global anti-base erosion proposal**' aims both at ensuring tax jurisdictions may decide on their own tax system, while also ensuring they apply rules where income is taxed at an effective rate below a minimum rate, through an inclusion rule, a switch-over rule, an undertaxed payment rule, and a subject-to-tax rule. As regards effective global minimum taxation, the second pillar respects tax sovereignty, since its aim is to reduce the tax incentive to move to countries considered by others to have low taxes. It does not imply increases in rates for countries.

What's ahead?

The programme of work, agreed by the inclusive framework countries, that represent a large portion of the global economy, aims to find a long-term solution by 2020 on those two main pillars. It surveys the options (possible solutions and issues to be solved). In doing so, the question will be to find a common way that reconciles the differences, namely regarding the criterion of significant economic presence, the user participation approach supported and the approach based on intangible marketing assets (that are not specific to digital business).

A broader objective is to bridge the reputational gap between the business community and the public.

MAIN REFERENCES

OECD/ Inclusive framework website, Base Erosion and Profit Shifting.

De Melo Rigoni, J. M., 'The international tax regime in the twenty-first century: the emergence of a third stage', *Intertax*, Vol. 45, Issue 3, 2017.

Zachariadis, I., Multinational enterprises, value creation and taxation, EPRS, European Parliament, July 2019.

ENDNOTES

1 As regards terminology, attention must be paid to the fact that tax evasion is illegal and is translated in other languages by words equivalent to fraud whereas vocabulary equivalent to evasion refers to avoidance in a number of languages.

2 For more on this, see for instance, Piergiorgio Valente, 'Geotaxation and the Digital: Janus in the Mirror', *Intertax*, Vol. 47, Issue 4, March 2019.

3 For more information on the OECD work on taxation and the BEPS action plan, see the article by Pablo A. Hernandez Gonzalez-Barreda 'A Historical Analysis of the BEPS Action Plan: Old Acquaintances, New Friends and the Need for a New Approach', P.A., *Intertax*, Vol. 46, Issue 4, 2018.

4 On the adaptation of business to the new tax rules, see, for instance, H. Bouthinon-Dumas, A. Jeny and B. Leca, 'L'adaptation des fiscalistes aux nouvelles conditions de l'optimisation fiscale', *Revue internationale de droit économique*, 2018/4, Vol. 32, and the presentation of the 'dynamic capabilities' concept.

5 Information on participation in the decision-making bodies is included in Annex 2 to the present briefing.

6 For more information, see A. Bosman, 'General aspects of the multilateral instrument', *Intertax*, Vol. 45, Issue10, 2017.

7 Regarding this specific aspect, see also R.X. Resch 'The OECD BEPS Multilateral Instrument and the Issue of Language', *Intertax*, Vol. 47, Issues 6 & 7, 2019, namely regarding the interpretation of the MLI (in particular when terms are not defined in the MLI or the covered tax agreements, their interpretation is done on the basis of the domestic law of the state applying the MLI; in the case of conflicts, their interpretation is done by the highest courts in each participating state).

8 In short, the countries subscribing to it commit 'to enhance the mobilisation and effective use of domestic revenues and to improve the fairness, transparency, efficiency and effectiveness of their tax systems' with the objective to meet the United Nations' sustainable development goals (SDGs) by 2030.

9 This relates to the concept of a 'non-physical commercial presence' (also referred as a significant digital presence).

10 For an overview of market valuations of online platforms by continent (December 2018), see Figure 2 'The platform economy is increasingly binary, with Europe a distant third' in the study 'EU Industrial Policy after Siemens-Alstom', European Political Strategy Centre, European Commission,18 March 2019, p. 7. For the sake of completeness, the ranking by revenue is distinct (it can be found via this link).

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Annex: Participation in various international fora and instruments relevant to BEPS actions

Countries that are:	*Note that some of these links are regularly updated and may provide more recent information.*
OECD member countries (36) In bold: EU Member States (23)	Australia, **Austria**, **Belgium**, Canada, Chile, **Czechia**, **Denmark**, **Estonia**, **Finland**, **France**, **Germany**, **Greece**, **Hungary**, Iceland, **Ireland**, Israel, **Italy**, Japan, Korea, **Latvia**, **Lithuania**, **Luxembourg**, Mexico, the **Netherlands**, New Zealand, Norway, **Poland**, **Portugal**, **Slovakia**, **Slovenia**, **Spain**, **Sweden**, Switzerland, Turkey, the **United Kingdom** and the United States
EU Member States that are **not** OECD member countries (5)	Bulgaria, Croatia, Cyprus, Malta and Romania
Members of the G20 (In bold: non-OECD members)	**Argentina**, Australia, **Brazil**, Canada, **China**, France, Germany, **India, Indonesia**, Italy, Japan, the Republic of Korea, Mexico, **Russia**, **Saudi Arabia**, **South Africa**, Turkey, the United Kingdom, the United States and the **European Union**
Participants in the Inclusive Framework.	134 (at August 2019) jurisdictions (all EU Member States but Cyprus) IMF, UN and WB are observers.
Participants in the Platform for Collaboration on Tax launched in April 2016.	International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), United Nations (UN) and World Bank Group (WBG).
Signatories of the AEOI (2014): status of commitments.	153 jurisdictions, including all EU Member States (September 2019).
Members of the Global Forum on Transparency.	157 members, including all EU Member States, the EU is also a participating member (2019).
Jurisdictions participating in the Convention on Mutual Administrative Assistance in tax matters.	130 jurisdictions, including all EU Member States (at 3 October 2019).
Participants in the multilateral instrument negotiations, concluded on 24 November 2016. (First signatures – 7 June 2017).	More than 100 jurisdictions, including, all EU Member States. So far signed by 76 countries and jurisdictions (at 7 June 2017).