

## Philip Baker on MLI: A 'great achievement' but doesn't signal 'tax peace'

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Renowned international tax expert Philip Baker reacts to MLI signing, calls it a 'great achievement' to bring 60+ countries to the signing table; However adds that "It is not the end of BEPS, nor is it "tax peace in our time"; As for the future, Mr. Baker tells Taxsutra that the jury is still out on whether "It may signal an end to treaty-shopping, or give rise to innumerable disputes which fundamentally undermines confidence in the network of tax treaties"

Queens Counsel Philip Baker's detailed statement/reaction -

"One should neither over-play the significance of the signing of the MLI, nor under-play its significance.

On the one hand, the MLI contains a series of relatively technical changes to bilateral tax treaties, some of them having little to do with BEPS and some reflecting long-standing items on the OECD agenda, plus a new code on tax arbitration. In the next few months we will discover exactly which countries chose to adopt which provisions, and how extensive are the changes. It is not the end of BEPS, nor is it "tax peace in our time".

On the other hand, bringing 60-plus countries to a signing ceremony is a great achievement, even if some important countries are missing. It could represent a new technique for streamlined amendment of multiple tax treaties, but that will depend on whether this proves to be a one-off. It allows the OECD to hold its big signing ceremony, and to mark an end to the BEPS project (which hopefully will allow the international tax world to move on from BEPS and not become stuck in the same groove). It may signal an end to treaty-shopping, or give rise to innumerable disputes which fundamentally undermines confidence in the network of tax treaties. It may preserve the reputation and status of the OECD as the leading international body in taxation matters, but it may also allow the G20 to move taxation down or even off its agenda.

It would be perhaps too flippant to say this, for those who actually bother to read the MLI, there is now a new cure for insomnia."