

Table of contents

Abbreviations and acronyms	7
Executive summary	9
Introduction	13
A. Treaty provisions and/or domestic rules to prevent the granting of treaty benefits in inappropriate circumstances	17
1. Cases where a person tries to circumvent limitations provided by the treaty itself	17
a) Treaty shopping	17
i) Limitation-on-benefits rule	20
ii) Rules aimed at arrangements one of the principal purposes of which is to obtain treaty benefits	54
b) Other situations where a person seeks to circumvent treaty limitations	69
i) Splitting-up of contracts	69
ii) Hiring-out of labour cases	69
iii) Transactions intended to avoid dividend characterisation	69
iv) Dividend transfer transactions	70
v) Transactions that circumvent the application of Article 13(4)	71
vi) Tie-breaker rule for determining the treaty residence of dual-resident persons other than individuals	72
vii) Anti-abuse rule for permanent establishments situated in third States	75
2. Cases where a person tries to abuse the provisions of domestic tax law using treaty benefits. . .	78
a) Application of tax treaties to restrict a Contracting State’s right to tax its own residents. . .	86
b) Departure or exit taxes	89
B. Clarification that tax treaties are not intended to be used to generate double non-taxation	91
C. Tax policy considerations that, in general, countries should consider before deciding to enter into a tax treaty with another country	94
Bibliography	101