

Agenda

- I. Tax Treaty Disputes: The Current Landscape in BRICS
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- VI. The Tax Mediation
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I. Tax Treaty Disputes: The Current Landscapein B

- 1. Dynamic development of the *judicial doctrines connected with the taxation situations* for 2007-2018 in BRICS countries:
 - application of the thin capitalization rules, transfer pricing rules and towner concept;
 recognition of the permanent establishment of a foreign cross-border taxation regimes of certain categories of passive incomes;
 aspects of the application of international tax treaties;
- Case law do not always correspond to the essence of a legal issue conlight of the OECD /UN Modelsand the relevant commentaries to the Modelsand
- Provisions of the BEPS Action Plan have been consistently implemented in domestic tax legislation (TP rules; CFC rules; beneficial owner; GAAR; legislation of other BRICS countries;
- Increased use of other non-double tax treaties (Treaty on EAEU; inditreaties,etc.);
- Lack of tax arbitrage clauses, but application of other remedies arbitrage, Energy Charter instruments, etc.

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II. Dispute Resolution under a Mutual Ag Procedure: State of the Art or Fundamentally Broke

- MAP is not implemented in the Russian legal system;
- There are special measures or instruments to avoid or settle an inte dispute:
 - Trilateral Advance pricing agreements (APAs) with regard to transfer pricing cases;
 - the right of the Russian tax resident to recognize himself as a person" in CFC cases;
 - the right of the foreign organization to lodge an application to the ta to be regarded as a Russian tax resident or to cease to be the resident;
 - tax services (electronic "VAT office");
 - tax monitoring, etc.;
- Federal Tax Service allows amicable agreements with taxpayers in (see, e.g. Ruling of the Presidium of the Higher Arbitration Tribunal of 2 No. 16370/11, etc.).

III. The Experience with Arbitration in Internation Disputes

- 1. Almost all Russian DTTs comprise MAP;
- Tax arbitration clause is contained only in the DTT with the and is allowed in DTTs with Switzerland, Belgium and Japan (2) clause is included in a DTT with a third party;
- Alternative dispute resolution mechanisms in order to resolve related cross-border disputes:
 - EuropeanCourt of Human Rights;
 - Investment Arbitration and Commercial Arbitration Courts tried by the International Commercial Court (at the RF Chamber; Stockholm Commercial Court);
- 4. Russia has no experience with arbitration in international tax d

IV. The New Framework for Arbitration in Tax Matters

- 1. Russia was one of the first countries which joined the instrument and expressed its desire to cover 66 tax treaties;
- The provisions of the Multilateral Instrument will not cover the with Sweden and Japan (2017) as separate negotiations are these countries in respect of concluding new treaties with the the normsof the Multilateral instrument;
- Russia has not expressed a desire to apply the arbitration proce frameworkof the Multilateralinstrument;
- 4. It is expected that the new Russian bilateral treaties will also the respective arbitration provisions.

V. The Players in Arbitration: Arbitrators, Co Authorities, Taxpayers and Their Advisers

- In Russia there is no special institution of independent the contributing to the resolution of international tax dispute taxpayersand tax authorities and in tax disputes between state
- The Business-Ombudsman or the Ombudsman for Human hypothetically participate inits resolution;
- Other experts are called to help resolve disputes in various legislation, including tax relations (consultative councils within and organs; legal expert in the Constitutional Court of theRF; et

VI. The Tax Mediation

- In Russian legislation Mediation is defined as: "a method of dispute resolution with the help of a mediator based on to consent of the parties to the achievement of a mutually acceptable so parties";
- In Russian legislation (and in legislation of other BRICS countries) formal definition of "tax mediation";
- Arbitration courts recommend the transfer of disputes for resolution in or in mediation and even provide venues for these procedures (by way the dispute was settled in 0.007% of cases considered by courts jurisdiction and in0.003% of cases considered by arbitration courts);
- Tax disputes in Russia before they are tried by the court shall pass pre-trialstage;
- 5. The Russian Chamber of Tax Consultants as a prospect for the tax Russia.

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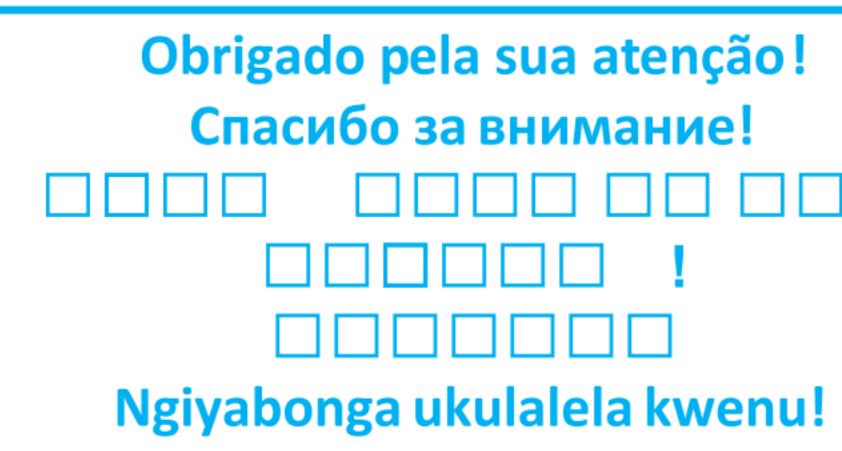
VII. Procedural Issues of Tax Mediation

1. Basic requirements for the future tax mediation:

- q Mediatorsshould benatural persons;
- q High level of personal responsibility;
- q Interference in thework of the mediator should be prohibited;
- q Secrecy of a mediation procedure protected by thelaw;
- q Prohibition of removing the documents and information subm mediator during a mediation procedure by parties;
- q Legal expertise (degree) and/or professional training for medi
- q Financingmediatorsfrom the state budget to ensure impartiali
- 2. Basic requirements for the mediation agreement: Matter and/or or legal issues? Preconditions and limitations; Lega mediationdecision; Mediationcosts.

VIII. Outlook: The Future of The Resolution Disputes in BRICS

- Russia, in general, has not taken on the MLI obligations in res arbitration (like other BRICS states);
- Though the implementation of MLI is slow, officials of the F participates in most developments (OECD, JITSIC SPOC Meeting
- There are APAs experience on TP cases (7 agreements in oil agreements in air transport);
- Despite there is no tax arbitration experience, Russia still mechanisms for resolving tax disputes (International Arbitra Arbitration; Tax Dispute Resolution within the Regional Organizations (EAEU, BRICS, etc.).



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