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## INTERNATIONAL TAX PLANNING

Co-Editors: Michael Maikawa and Ken Buttenham\*

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*The Canadian Tax Foundation welcomes Ken Buttenham as the new co-editor of the journal's International Tax Planning feature. Mr. Buttenham is a partner with PricewaterhouseCoopers LLP, Toronto. He graduated with an accounting degree from the University of Waterloo and is a member of the Canadian Institute of Chartered Accountants. Mr. Buttenham practises mainly in the area of inbound international tax and provides advice to large multinational corporations. He regularly assists Canadian multinational groups with the acquisition, structuring, reorganization, and financing of their foreign affiliates. He also assists foreign multinational groups with the acquisition and structuring of their Canadian investments.*

*The Foundation gratefully acknowledges the contribution of Pierre Bourgeois of PricewaterhouseCoopers LLP, Montreal, who is retiring as the co-editor of the International Tax Planning feature. Mr. Bourgeois's dedication to ensuring the timeliness, technical accuracy, and readability of the feature's articles has contributed greatly to the continued popularity of the feature. On behalf of the journal's readers, the Foundation extends its warmest thanks to Mr. Bourgeois for his exemplary service as co-editor since 2010.*

## TREATY SHOPPING AND BASE EROSION AND PROFIT SHIFTING ACTION 6

Gwendolyn Watson\*\*

As part of action 6 of the base erosion and profit shifting (BEPS) initiatives, the Organisation for Economic Co-operation and Development (OECD) is considering alternatives to address "improper uses" of tax treaties, including treaty shopping. In September 2014, the OECD released a report in which it proposed to revise the model convention to include a limitation-on-benefits provision and a new general anti-abuse rule in response to treaty-shopping concerns. Before BEPS, Canada started its own treaty-shopping consultation, and, in the 2014 federal budget, Canada proposed to adopt a domestic anti-treaty-shopping rule. However, in August 2014, Canada announced that instead of proceeding with this domestic solution, it would wait for further work by the OECD as part of the BEPS initiatives. Consequently, it is expected that Canada will reconsider the domestic anti-treaty-shopping rule in light of the OECD final BEPS recommendations, which are expected

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in September 2015, and that these recommendations may play a greater role in the direction that Canada may ultimately take.

Because the various treaty-shopping initiatives are ongoing, this topic is divided into two articles. In this article, the author discusses the treaty-shopping proposals in the September 2014 OECD report and the 2014 federal budget, and provides some comments on the direction that Canada may ultimately take to counter treaty shopping. The final treaty-shopping recommendations made by the OECD and ensuing developments in the Canadian context will be discussed in a subsequent article.

**KEYWORDS:** INTERNATIONAL TAXATION ■ TAX TREATIES ■ TREATY SHOPPING ■ OECD ■ BASE EROSION AND PROFIT SHIFTING ■ LIMITATION ON BENEFITS

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