

3 Difficulties in implementing the minimum standard

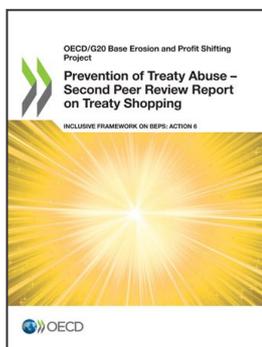
20. The peer review also provided a way for a jurisdiction that encountered difficulties in reaching agreement with another jurisdiction to implement the Action 6 minimum standard an opportunity to raise its concerns in writing to the Secretariat.

21. In the course of this year's peer review, a jurisdiction raised a concern with respect to the CARICOM Agreement, a multilateral agreement concluded by eleven jurisdictions, ten of which are members of the Inclusive Framework. The CARICOM Agreement was concluded in 1994 to encourage regional trade and investment within the Community and contains several unusual features¹ not found in the OECD Model Tax Convention or the UN Model Double Taxation Convention, which could lead to certain income flows escaping tax altogether. These departures from standard tax treaty provisions may have encouraged greater economic integration within the CARICOM Community at the time. But they may also have made the CARICOM Agreement more vulnerable to treaty shopping and other forms of abuse.

22. Previous renegotiation attempts of the CARICOM Agreement have proven to be difficult. However, with the impetus of the Inclusive Framework, and the commitment of its jurisdiction members to implement the BEPS minimum standards, now could provide an opportune time to modernise the CARICOM Agreement.

Notes

¹ The CARICOM Agreement provides for an almost exclusive source-based taxation of all income, gains and profits. Some income – for instance dividends – are also entirely exempted from tax under the CARICOM Agreement.



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