

# 3

## Difficulties in implementing the minimum standard

52. The peer review also provides jurisdictions that encounter difficulties in reaching agreement with another jurisdiction to implement the Action 6 minimum standard with an opportunity to raise concerns in writing to the OECD Secretariat. This process, which is set out in paragraph 19 of the Peer Review Documents, was put in place to identify cases where a jurisdiction is facing a treaty partner that is a member of the Inclusive Framework that is unwilling to respect its commitment to implement the minimum standard.

53. In the course of the 2019 peer review, a jurisdiction raised a concern about the Agreement among the Member States of the Caribbean Community (CARICOM), a multilateral agreement concluded by eleven jurisdictions, ten of which are members of the Inclusive Framework. This concern remained this year as the parties to the CARICOM Agreement have not yet modernised it.

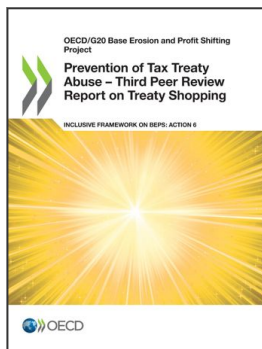
54. The CARICOM Agreement was concluded in 1994 to encourage regional trade and investment within the CARICOM, and contains several unusual features,<sup>1</sup> not found in the OECD Model Tax Convention or UN Model Double Taxation Convention, which could lead to certain income flows escaping tax altogether. These departures from standard tax treaty provisions may have encouraged greater economic integration within the CARICOM at the time, but they may also have made the Agreement more vulnerable to treaty shopping and other forms of abuse.

55. Previous attempts to renegotiate the CARICOM Agreement have proven to be difficult. Recent events (e.g. hurricanes in the region, the Covid-19 pandemic) have also made it difficult to launch discussions on the modernisation of the Agreement. The impetus of the Inclusive Framework and the commitment of its members to implement the BEPS minimum standards, could now provide an opportune time to modernise the Agreement.

56. The process through which a jurisdiction can report difficulties in getting agreement from another jurisdiction to amend an existing agreement in order to implement the minimum standard would also be examined as part of the ongoing review of the peer review methodology.

### Notes

<sup>1</sup> 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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