

## James Gadwood Discusses Interest Deductibility Rules in Tax Notes Today

### "Non-EU Countries Converging Less on Interest Deductibility Rules"

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Speaking September 9 during the annual Congress of the International Fiscal Association (IFA) in London, Jim Gadwood, who coauthored an IFA general report on the implementation of BEPS action 4, discussed international efforts to encourage harmonization among countries' interest limitation rules. Gadwood explained that the report's findings demonstrated that while rules appear to be converging among EU countries, there is "far less convergence and harmonization outside the EU."

"That was both in regards to (a) the number of non-EU countries that have adopted an earnings based, fixed-ratio rule in the first instance, and (b) even in the universe of those countries that have adopted an earnings-based, fixed-ratio rule, how those countries have in fact implemented the various optionality . . . [such as] whether there is a group ratio rule or not, the extent to which carryforwards exist, and, if so, whether there are time limits and the like," Gadwood said. "I think we can expect to see greater convergence over time, but outside the EU, where we won't have sort of a mandatory requirement like the ATAD, I think it will be slower for sure."