

Interest Deductibility: The Implementation of BEPS Action 4 General Report for International Fiscal Association 2019 Congress

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Miller & Chevalier lawyer Jim Gadwood and co-author Paul Morton, former Tax Director for the U.K. Office of Tax Simplification, published their General Report on *Interest deductibility: the implementation of BEPS Action 4* in advance of the International Fiscal Association (IFA) 2019 Congress in London. The Action 4 Report from the Organisation for Economic Co-Operation and Development (OECD) aimed to address base erosion and profit shifting risks that arise from interest deductions. Although the Action 4 Report provided a best-practice approach rather than a minimum standard, the OECD expected domestic rules regarding interest limitations to converge over time. The General Report sought to test whether the OECD's convergence hypothesis has borne out to date. After reviewing reports from 44 IFA branches, the General Report concludes that there has been much more convergence within the European Union (EU) than outside the EU, and that interest limitations within the EU tend to be more taxpayer favorable than interest limitations outside the EU.