

Russia's Finance Ministry publishes Guidance on Mutual Agreement Procedure under Tax Treaties

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On 30 January 2019, Russia's Ministry of Finance published *Guidance on the Mutual Agreement Procedure Provided for in Double Taxation Treaties* (the Guidance) on its official website. The Guidance sets out recommendations on initiating and conducting mutual agreement procedures (MAPs) with the competent authorities of tax treaty partner states. The Guidance is presented in Russian and English and represents a step towards implementing the recommendations of Action 14 (*Making Dispute Resolution Mechanisms More Effective*) of the OECD's¹ BEPS² Plan. The Guidance is divided into three parts:

- ▶ General provisions concerning the MAP (including the scope, purpose and grounds for applying the procedure)
- ▶ A description of how the MAP works
- ▶ The action that the Finance Ministry will take when MAP is initiated by a foreign state

The Guidance is largely based on the standard MAP provisions contained in Russian tax treaties, but includes a number of important technical clarifications, providing more detailed guidance, for instance, on:

- ▶ The rights and obligations of persons who have the right to initiate the MAP
- ▶ What action is required and what documents need to be provided under the procedure

It is important to note that, despite the importance of the matters it deals with, the Guidance is not a regulatory act of the Finance Ministry, but rather a set of recommendations, i.e., essentially a “framework” document which a competent authority is entitled, but not obliged, to refer to in dealing with matters relating to the initiation and conduct of MAPs with competent authorities of tax treaty partner states.

Endnotes

1. Organisation for Economic Co-operation and Development.
2. Base Erosion and Profit Shifting.

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