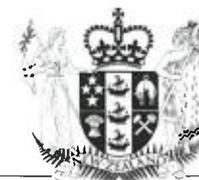




POLICY AND STRATEGY



THE TREASURY

Kaitohutohu Kaupapa Rawa

## Tax policy report: Update on Multilateral Instrument

<b>Date:</b>	18 May 2017	<b>Priority:</b>	<b>High</b>
<b>Security level:</b>	Restricted	<b>Report no:</b>	T2017/1363 IR2017/320

### Action sought

	<b>Action sought</b>	<b>Deadline</b>
Minister of Finance	<b>Agree</b> to the recommendation in this report	25 May 2016
Minister of Revenue	<b>Agree</b> to the recommendation in this report	25 May 2016

### Contact for telephone discussion (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Carmel Peters	Policy Manager, Inland Revenue	Withheld under section 9(2)(a) of the Official Information Act 1982
Jess Rowe	Senior Policy Advisor, Inland Revenue	
Steve Mack	Principal Advisor, The Treasury	

18 May 2017

Minister of Finance  
Minister of Revenue

## Update on Multilateral Instrument

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1. On Monday 15 May 2017, Cabinet approved New Zealand's signature of the OECD's *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (the Multilateral Instrument or MLI). CAB-17-MIN-0241 refers.
2. Cabinet also approved New Zealand's expected notifications and reservations, which included a list of 34 double tax agreements (DTAs) that New Zealand nominated to be covered by the MLI. T2017/1004; IR2017/260 explains why these 34 DTAs were chosen.
3. Jurisdictions' positions on the MLI are still subject to change. To allow New Zealand to respond to treaty partner's changing positions, Cabinet authorised the Minister of Finance and Minister of Revenue to approve any changes to the notifications and reservations as a result of developments in other jurisdictions' positions.
4. Yesterday the OECD advised that Papua New Guinea and the United Arab Emirates have joined the Ad Hoc Group on the MLI.
5. Accordingly, we recommend that you approve adding New Zealand's DTAs with these two countries to our list of nominated DTAs in New Zealand's expected notifications and reservations.
6. We do not yet know if these countries will list their DTAs with New Zealand. But by adding them to New Zealand's list, it means that if they sign the MLI and nominate their DTA with New Zealand, our DTAs with these countries will be modified to contain the improved BEPS provisions.
7. The final expected notifications and reservations must be provided to the OECD no later than 26 May to allow processing before signature of the MLI on 7 June 2017. Changes can be made after signature, but this would be procedurally unusual. Therefore, we recommend that addition of the Papua New Guinea and United Arab Emirates DTAs is made in the final version submitted to the OECD by 26 May 2017.

## Recommended action

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We recommend that you agree that New Zealand adds our double tax agreements (DTAs) with Papua New Guinea and the United Arab Emirates to the list of nominated DTAs in New Zealand's expected notifications and reservations provided to the OECD by 26 May 2017.

Agreed/Not agreed

Withheld under section 9(2)(a) of  
the Official Information Act 1982

Agreed/Not agreed



**Steve Mack**  
Principal Advisor  
The Treasury

**Carmel Peters**  
Policy Manager  
Policy and Strategy  
Inland Revenue

**Hon Steven Joyce**  
Minister of Finance

**Hon Judith Collins**  
Minister of Revenue