

Instrument of ratification for multilateral instrument deposited

18th May 2020

- ▶ The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“MLI”) was signed in June 2017.¹
- ▶ The MLI is an instrument through which many double taxation treaties can be amended (52 treaties concluded by the Czech Republic are currently covered).
- ▶ The MLI was submitted to Parliament for approval of ratification (Parliamentary Bulletin 264)² - approved by Parliament on 28 November 2019 and instrument of ratification was deposited in Paris on 13 May 2020.
- ▶ The CR is only implementing the necessary minimum - the so-called minimum standard - the preamble on the purpose of the treaty, the Principal Purpose Test (PPT) anti-abuse rule and some modifications of the mutual agreement procedure (MAP).
- ▶ MLI will enter into force for the Czech Republic on 1 September 2020 and the entry into effect in relation to a particular treaty is generally derived (with some delay) from its ratification by both MLI signatories.
- ▶ In general, changes arising from the MLI shall apply if the other Treaty State also places the treaty under the MLI regime and both States agree to apply that provision.
- ▶ The list of signatories³ and MLI Matching Database⁴ (available on the OECD website) provide information on the status of ratification and the impact of the MLI on individual treaties. In this connection, the OECD issued instructions for the publication of so-called synthesized texts considering the impact of the MLI.⁵ It is alleged that the Ministry of Finance does not intend to publish the synthesized texts, but to issue a notice of effectiveness.

Please contact the authors or your usual partner or manager if you have any questions about this topic.

1 <http://www.oecd.org/tax/ground-breaking-multilateral-beps-convention-will-close-tax-treaty-loopholes.htm>

2 http://www.psp.cz/sqw/historie_sqw?o=8&t=264

3 <http://www.oecd.org/tax/treaties/beps-ml-signatories-and-parties.pdf>

4 <http://www.oecd.org/tax/treaties/ml-matching-database.htm>

5 <http://www.oecd.org/tax/treaties/beps-ml-guidance-for-the-development-of-synthesised-texts.pdf>



Vladimír Sopkuliak

vladimir.sopkuliak@cz.ey.com
+420 730 191 770



Jakub Majer

jakub.majer@cz.ey.com
+420 730 191 805