It all starts with the credit crunch in 2009 in the wake of the collapse in the USA of Lehman Brothers – a Wall Street institution that could trace its origins back over 150 years. Lehman Brothers declared itself insolvent. The Lehman collapse affected not only the US, it triggered a global financial crisis.

In addition, there was a rising tide against Multinationals and the way they do business globally. MNCs were being accused by governments, NGOs and Civil Society at large, of eroding tax bases and not paying taxes where they do business and artificially shifting the profits to low or no tax jurisdictions.

This phenomenon called Base Erosion and Profit Shifting (BEPs), has been critized to cause revenue loss to governments ranging between USD 250-350 bn yearly.

It is against the above background that the G20 group of countries mandated the OECD to revisit the 100 year old international tax rules including tax treaty models. The OECD has developed in the context of combatting undesirable BEPs behavior by MNCs a multilateral instrument (MLI) to modify the current 3000+ existing tax treaties. The presentation will focus on the legal challenges of implementing the MLI and how latter will change the entire international tax landscape, in the years to come.

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