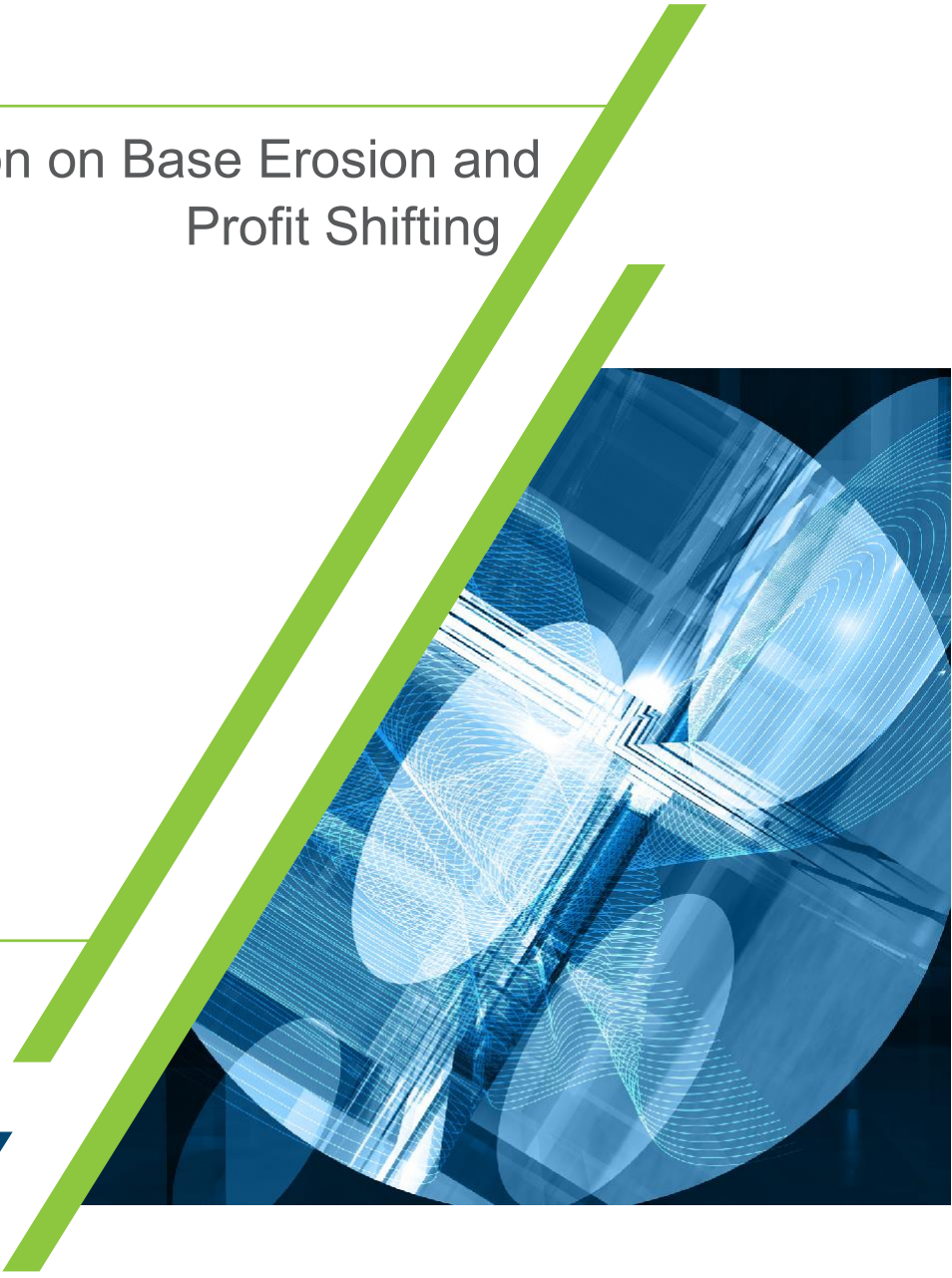




Declaration on Base Erosion and Profit Shifting

**OECD Legal
Instruments**



This document is published under the responsibility of the Secretary-General of the OECD. It reproduces an OECD Legal Instrument and may contain additional material. The opinions expressed and arguments employed in the additional material do not necessarily reflect the official views of OECD Member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

For access to the official and up-to-date texts of OECD Legal Instruments, as well as other related information, please consult the Compendium of OECD Legal Instruments at <http://legalinstruments.oecd.org>.

Please cite this document as:

OECD, *Declaration on Base Erosion and Profit Shifting*, OECD/LEGAL/0399

Series: OECD Legal Instruments

© OECD 2025

This document is provided free of charge. It may be reproduced and distributed free of charge without requiring any further permissions, as long as it is not altered in any way. It may not be sold.

This document is available in the two OECD official languages (English and French). It may be translated into other languages, as long as the translation is labelled "unofficial translation" and includes the following disclaimer: *"This translation has been prepared by [NAME OF TRANSLATION AUTHOR] for informational purpose only and its accuracy cannot be guaranteed by the OECD. The only official versions are the English and French texts available on the OECD website <http://legalinstruments.oecd.org>"*

Background Information

The Declaration on Base Erosion and Profit Shifting was adopted on 29 May 2013 on the occasion of the OECD Council Meeting at Ministerial Level. During the meeting, Ministers highlighted the importance of restoring fairness and confidence in tax systems, including by acting against tax fraud and evasion and welcomed recent work on Base Erosion and Profit Shifting (BEPS). The Declaration on BEPS calls on the OECD to develop a Comprehensive Action Plan to revise the international tax rules to prevent companies from artificially shifting profits to locations where they are subject to more favourable tax treatment. Working with the G20, the OECD will develop a comprehensive Action Plan to provide countries with the information, the analysis, the best practices, recommendations and international instruments needed to adapt their tax systems to the business practices of the 21st century.

WE, THE MINISTERS AND REPRESENTATIVES of Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Russian Federation, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States and the European Union;

CONSIDERING that international investment is of major importance to the world economy, and has considerably contributed to the development of our countries and that multinational enterprises and the taxes they pay play an important role in this process;

CONSIDERING that base erosion and profit shifting (BEPS) constitutes a serious risk to tax revenues, tax sovereignty and the trust in the integrity of tax systems of all countries that may have a negative impact on investment, services and competition, and thus on growth and employment globally;

RECOGNISING that beyond the existing problem of tax compliance, governments lose substantial corporate tax revenue because of international tax planning that has the effect of artificially shifting profits to locations where they are subject to a more favourable tax treatment;

MINDFUL that BEPS is a pressing and current issue not only for industrialised countries but also for emerging and developing ones and it is now very high on the agenda of numerous jurisdictions;

WELCOMING the OECD report on *Addressing Base Erosion and Profit Shifting* which recommends the development of an action plan to address BEPS issues in a comprehensive manner and **NOTING WITH SATISFACTION** that the OECD is developing a Comprehensive Action Plan (CAP) to address BEPS;

FURTHER WELCOMING the fact that in the Los Cabos meeting on 18-19 June 2012, the G20 Leaders referred to “*the need to prevent base erosion and profit shifting*” and stated that they would “*follow with attention the ongoing work of the OECD in this area*”, and **NOTING WITH SATISFACTION** that G20 finance ministers welcomed the OECD report at their Moscow meeting on 15-16 February 2013 and declared to be “*determined to develop measures to address base erosion and profit shifting, take necessary collective actions and look forward to the comprehensive action plan the OECD will present to [them] in July*”:

1. **DECLARE** that there is a pressing need to address BEPS and to work towards a level playing field in this area.

2. **AGREE** that national authorities should collaborate in evaluating the issues and developing potential solutions to address the challenges raised by BEPS.

3. **DIRECT** the development of a CAP that takes into consideration the need to encompass all the different aspects of the issue, in particular the fact that in some circumstances corporations and other legal persons take advantage of asymmetries in domestic and international tax rules thus resulting in “double non-taxation” or very low effective taxation.

4. **ENCOURAGE** efforts to develop proposals (as identified in the OECD report on *Addressing Base Erosion and Profit Shifting*) on possible:

- Instruments to put an end to or neutralise the effects of hybrid mismatch arrangements and arbitrage.
- Improvements or clarifications to transfer pricing rules to address specific areas where the current rules produce undesirable results from a policy perspective. The current work on intangibles, which is a particular area of concern, would be included in a broader reflection on transfer pricing rules.
- Updated solutions to the issues related to jurisdiction to tax, in particular in the areas of digital goods and services. These solutions may include a revision of treaty provisions.
- More effective anti-avoidance measures, as a complement to the previous items. Anti-avoidance measures can be included in domestic laws or included in international

instruments. Examples of these measures include General Anti-Avoidance Rules, Controlled Foreign Companies rules, Limitation of benefits rules and other anti-treaty abuse provisions.

- Rules on the treatment of intra-group financial transactions, such as those related to the deductibility of payments and the application of withholding taxes.
- Solutions to counter harmful regimes more effectively, taking into account factors such as transparency and substance.

5. **URGE** the OECD Committee on Fiscal Affairs (CFA) to proceed speedily on the elaboration and agreement of a CAP to be shared with all relevant instances and stakeholders and on its implementation.

6. **UNDERLINE** the need to take forward such CAP in a timely and inclusive manner and to ensure that all relevant countries will participate in such further work on an equal footing.

7. **INVITE** the Secretary-General of the OECD to report on progress in developing and taking forward the CAP at the 2014 Meeting of the Council at Ministerial level and at other international fora as appropriate.

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Legal Instruments

Since the creation of the OECD in 1961, around 460 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.
- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.
- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.
- **International Agreements** are negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangement, Understanding and Others:** several other types of substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.