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Kirsten Burmester Comments on Impact of Changes in U.S. Tax Law on Treaty Partners

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Conflicts between international provisions of the revamped federal tax code and treaties that the U.S. has with other countries have led to trouble for Washington's leadership in the tax sphere, practitioners said at the annual meeting of the International Fiscal Association's U.S. branch in Washington, D.C., last week.

. . .

A global perception that the U.S. is an unreliable treaty partner can have repercussions in the adjudication of disputes under Washington's current bilateral tax treaties, said Kirsten Burmester of Caplin & Drysdale.

Treaty provisions typically provide a mutually agreed-upon "competent authority" that serves as the arbitrator of conflicting transfer pricing determinations. In the U.S., the Internal Revenue Service specifies how domestic multinational companies can obtain competent-authority resolution in transfer pricing disputes. Companies request assistance from the IRS, which then makes contact with its counterpart in the other country.

But the BEAT override "may have potentially just undercut the effectiveness of the U.S. competent authority," Burmester said.

For the full article, please visit *Law360's* website (subscription required).

Excerpt taken from the article "Changes in U.S. Tax Law Rattle Treaty Partners, Panelists Say" by Joseph Boris for Law360 Tax Authority.

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