

EC and International Tax Law Series

Volume 19

Taxation of Interest under Domestic Law, EU Law and Tax Treaties

and achieve uniformity in the allocation of taxing rights between countries in cross-border situations. The main international sources of tax law are bilateral or multilateral treaties and on important source for the inter-

Tax Law

overlap of different tax systems, and in particular to allocate the taxing rights on income arising within the jurisdiction of the two countries involved.

Guglielmo Maisto / Series Editor

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Taxation of Interest under Domestic Law, EU Law and Tax Treaties

Why this book?

Taxation of Interest under Domestic Law, EU Law and Tax Treaties, comprising the proceedings and working documents of the annual seminar held in Milan in November 2021, is a detailed and comprehensive study on the tax treatment of cross-border interest payments.

The book starts with a comparative analysis of the definition of the term “interest” and a tax policy overview of the inclusion of cross-border interest in income. It then focuses on the most interesting open issues in the application of the EU Interest-Royalties Directive, including the concept of beneficial owner, the subject-to-tax test and the definition of “company of a Member State”, as well as hybrid financing. Next, the book thoroughly examines the taxation of interest under tax treaties. Beginning with a detailed account of the history of Article 11 of the OECD Model Tax Convention, the tax treaty section of the book discusses the definition of the term “interest” under tax treaties, the rules governing source, and issues of non-discrimination arising in relation to interest. Taking into account the inputs coming from various national reports, the book also maps some of the most relevant departures from the OECD Model Tax Convention that can be spotted in the actual treaty practice of different countries. Finally, the interactions between the beneficial ownership clause and the principal purpose test rule are scrutinized.

Moreover, individual country reports provide an in-depth analysis of the specific domestic tax regimes and tax treaty practice of several EU and non-EU countries, namely Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, India, Italy, the Netherlands, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States.

This book provides a unique and detailed analysis of some of the most important issues concerning cross-border taxation of interest, with a special focus on tax treaty matters. As such, it is an essential reference for international tax students, practitioners and academics.

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edited by
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