

# MUTUAL AGREEMENT PROCEDURE IN UKRAINE

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## ABSTRACT

*Mutual agreement procedure (MAP) is an important instrument for resolving disputes on taxation not in accordance with the provisions of double taxation agreements. Nevertheless, its potential was applied widely neither by taxpayers nor by the competent authorities in Ukraine. In 2020, the national legislator introduced changes to the Tax Code of Ukraine that might positively impact on the practice of application of MAP in Ukraine and make it more certain and comfortable for taxpayers and tax authorities. At the same time, the new legal provisions have few deficiencies in comparison with the international standards of international taxation included in the OECD MTC and its commentaries. Based on the results of the comparative analysis, the amendments to the Tax Code of Ukraine are proposed in the article such as the exclusion of the competent authorities' right to deny initiating MAP in case where the taxpayer has previously entered into domestic legal procedures of complaining on the same basis in Ukraine.*

**Keywords:** Double Taxation, Tax Legislation, Interpretation, International Treaties, Domestic Implementation.

## INTRODUCTION

In accordance with the global campaign to address base erosion and profit shifting (BEPS), Ukraine decided to join the Inclusive Framework on BEPS and to take the obligations under its minimum standards in November 2016. The minimum standards include an agreement to secure progress on dispute resolution, with the strong political commitment to the effective and timely resolution of tax treaty disputes through the MAP (Organisation for Economic Co-operation and Development, 2017). It should be added that the requirements to implement the minimum standards demand the compliance within the framework of peer review and monitoring procedure that will ensure a level playing field.

Following the international commitments, Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 466-IX “*On amendments to the Tax Code of Ukraine regarding improvement of tax administration, elimination of technical and logical inconsistencies in tax legislation*” on its penary meeting dated 16 January 2020. Its main purpose was to implement the BEPS standards into the domestic legal order including the ones related to effective application of MAP.

Taking into consideration such steps, it seems well-grounded that the international commitments of Ukraine and the global process of improvement of MAP as a mechanism of tax