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## **Negotiating Group on the Multilateral Agreement on Investment (MAI)**

### **TAXATION AND THE MAI**

**(Note by the Chairman of the CFA Working Group on the Treatment of Taxes  
in Bilateral/Multilateral Trade or Investment Agreements)**

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in Bilateral/Multilateral Trade or Investment Agreements**

At its meeting held on 16 October 1995, the Working Group on the Treatment of Taxes in Bilateral/Multilateral Trade or Investment Agreements examined a number of tax issues that will potentially arise in the context of the negotiation of the Multilateral Agreement on Investment (MAI).

The discussions at the meeting, as well as at two joint meetings that the Working Group has held with the CIME-CMIT, revealed that the potential application to taxation of many of the proposed aspects of the MAI raised new and complex issues which had not been fully identified and analysed. The issues that have already been identified relate to the application to taxation of rules dealing with:

1. National Treatment
2. Most Favoured Nation treatment
3. Performance requirements
4. Incentives
5. Transfer of funds requirements
6. Limitations on expropriation
7. Transparency requirements
8. Dispute settlement

It was the unanimous view of the Working Group that special provisions will need to be incorporated in the MAI to properly address these issues.

The delegates of the Working Group further agreed that it would be highly advisable, for these issues to be addressed in the most efficient way in the context of the negotiation of the MAI, that a special tax experts group be set up, as soon as possible, by the MAI Negotiating Group. The mandate of that tax experts group would essentially be to identify and analyse the tax issues arising from the MAI and to propose ways of dealing with them.

I have been mandated by the Working Group to convey its request to the MAI Negotiating Group. This note has been endorsed by the CIME-CMIT.