The Faroe Islands Dispute Resolution Profile

(Last updated: 27 September 2019)

General Information

- **The Faroe Islands tax treaties are available at:**

  https://www.taks.fo/fo/log/altjoda-skattaavtalur/tviskattasattmalar/

  and on the law database

  www.logir.fo

- **MAP request should be made to:**

  Ms. Rúna F. Guttesen
  Director, Head of Division, Competent Authority, Mutual Agreement Procedure,
  Legal department, TAKS/Faroese Tax Authority
  PO Box 2151, Skálatrøð 20, FO-110 Tórshavn, Faroe Islands
  by email to taks@taks.fo or runa@taks.fo

- **APA request should be made to:**

  Ms. Rúna F. Guttesen
  Director, Head of Division, Competent Authority, Mutual Agreement Procedure,
  Legal department, TAKS/Faroese Tax Authority
  PO Box 2151, Skálatrøð 20, FO-110 Tórshavn, Faroe Islands
  by email to taks@taks.fo or runa@taks.fo

Faroe Islands Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
A.	**Preventing Disputes**			
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	No		
2.	Are bilateral APA programmes implemented? If yes:	No		
a.	• Are roll-back of APAs provided for in the bilateral APA programmes?			
b.	• Are there specific timeline for the filing of an APA request?			
c.	• Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer's request for bilateral APA assistance, publicly available?			
d.	• Are there any fees charged to taxpayers for a bilateral APA request?			
e.	• Are statistics relating to bilateral APAs publicly available?			

Faroe Islands Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any assessments made by them are in accordance with the provisions of your tax treaties?	Yes	Through the prescribed use of our guidelines regarding the provisions of our tax treaties. In house sessions regarding the provisions in our tax treaties. Concerning Transfer Pricing: Through our guidelines on transfer pricing and through the prescribed use of the OECD Transfer Pricing Guidelines as the basis for all transfer pricing adjustments.	https://www.taks.fo/media/1107/vls-2015-samla%C3%B0-innihald-110219.pdf https://www.taks.fo/media/1913/taks-veglei%C3%B0ing-um-transfer-pricing.pdf
4.	Is other information available on preventing tax treaty-related disputes?	No		

Notes:

1. An APA is an "arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time". (see definition of APA in the ***OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*** ("Transfer Pricing Guidelines")).

2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of "roll-back" is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application ("Roll back")) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure ("MAP APAs")) of the Transfer Pricing Guidelines. Simply put, the "roll-back" of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

Faroe Islands Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
B.	**Availability and Access to MAP**			
5.	Are transfer pricing cases covered within the scope of MAP?	Yes		
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	Yes		
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	Yes		
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	Yes		
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	Yes		
10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	No		
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	Yes		
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already	Yes		

Faroe Islands Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?			
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly available?	No	Currently, there are no guidelines publicly available. We are working on guidelines on how taxpayers can access the use of MAP There are no form requirements	Guidance can be given by contact to the Faroese Tax Agency
14.	Are there specific timeline for the filing of a MAP request?	Yes	Within the time limits in the specific DTC	https://www.taks.fo/fo/log/altjoda-skattaavtalur/tviskattasattmalar/
15.	Are guidance on multilateral MAPs publicly available?	No		
16.	Are tax collection procedures suspended during the period a MAP case is pending?	Yes	The taxpayer can apply for a suspension of the tax collection upon the submission of a MAP request	https://www.taks.fo/fo/log/kunngerdir/nr-51-1998-gjaldfreist-i-samband-vid-kaerur-um-skattseting/ https://logir.fo/Kunngerd/51-fra-24-04-1998-um-gjaldfreist-i-samband-vid-kaerur-um-skattseting
17.	Are there any fees charged to taxpayers for a MAP request?	No		

Faroe Islands Dispute Resolution Profile – Availability and access to MAP

s/n		**Response**	**Detailed explanation**	**Where publicly available information and guidance can be found**
18.	Is there any other information available on availability and access to MAP?	No		

Faroe Islands Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
C.	**Resolution of MAP Cases**			
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	No		
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	No		
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	No		
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the *annual* report of the organisation?	No		
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	No		
a.	• Are there any legal limitations in your domestic law (for example in your constitution) to include MAP arbitration in your tax treaties?	No		
b.	• Does your treaty policy allow you to include MAP arbitration in your tax treaties?	No		

Faroe Islands Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
24.	Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available? If yes:	No		
a.	• Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision as a matter of administrative policy or practice?			
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	Yes		
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax treaties)?	Yes		https://www.taks.fo/fo/log/altjoda-skattaavtalur/tviskattasattmalar/
27.	Is there any other information available on resolution of MAP cases?	No		

Faroe Islands Dispute Resolution Profile – Implementation of MAP Agreements

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
D.	**Implementation of MAP Agreements**			
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	No		
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	No		
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	Yes		
31.	Is there any other information available on the implementation of MAP agreements?	No		