

# Report on BEPS Action 14 *“Making Dispute Resolution Mechanisms More Effective”*

In recent days, the Organization for Economic Cooperation and Development (OECD) published the report on the statistics of mutual agreement procedures (MAPs) initiated and resolved in 2022. MAPs are dispute resolution mechanisms provided in agreements to avoid double taxation with the aim of assisting taxpayers in resolving international taxation disputes, in collaboration with the tax authorities of the involved jurisdictions.

The report indicates a substantial increase in the number of taxpayers opting for MAP to seek resolution to their tax disputes, with 2493 new cases, 2493 cases closed, and 5398 cases pending in 2022. It is important to note that out of the 5398 pending cases at the end of 2022, 2853 are related to transfer pricing matters.

The statistics related to the outcomes of MAPs reveal that they have been a dispute resolution mechanism that taxpayers should not overlook. In 2022, 59% of the resolved cases resulted in an agreement that completely eliminated double taxation or favorably resolved the case outside the provisions of the corresponding international treaty. Only 3% were resolved without an agreement, and 6% were considered unsuccessful.

In the Mexican context, the report also indicates an increase in MAPs. Before the start of 2022, there were 75 initiated agreements, including 59 cases related to transfer pricing and 16 related to other cases. However, in the fiscal year, 18 new cases were initiated, of which 17 were related to transfer pricing.

The above reveals two main points: *i.* Mexican tax authorities are paying special attention to the determination of consideration in cross-border intercompany transactions; and *ii.* Mexican taxpayers are choosing to resort to MAPs to resolve such disputes rather than the defense mechanisms provided in local legislation.

This makes sense considering that, for Mexico, the results have also been favorable to some extent, as 39% of the resolved cases successfully eliminated double taxation for taxpayers.

In conclusion, at Von Wobeser y Sierra, we believe that MAPs are an alternative dispute resolution mechanism proving effective in resolving disputes related to aspects of international double taxation. They provide certainty to taxpayers regarding the interpretation of certain local provisions and the agreements to avoid double taxation to which Mexico is a party. We are at your service to assist you in requesting the application of these procedures in any disputes that may arise.

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S I N C E R E L Y

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