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Via email: taxtreaty.team@hmrc.gov.uk

Dear Debra

Stakeholder Consultation: Review of Double Taxation Treaties 2026/27

We refer to your letter dated 1 April 2026 and take this opportunity to input into your review of the priorities for the UK's network of double taxation agreements (DTAs) for the coming year. We would also like to attend the virtual meeting on Tuesday 9 June 2026. Please could you send a meeting request/details to Sacha Dalton, International Taxes Technical Officer (sdalton@ciot.org.uk).

Before responding to the questionnaire sent with your letter, we take this opportunity to mention some points relating to tax treaties more generally.

Administration of clearances for payments of interest

Last year we noted that HMRC's process for treaty clearance for interest remains quite archaic. We welcomed the update at the stakeholder meeting in March last year that 90% of treaty claims were being processed within the 40-day target, some with a turnaround of just 12 days, and that HMRC are speeding up the process where they can. We understand that it is not considered feasible to introduce a digital/online system for making treaty claims in the immediate future, for many reasons, including building the necessary IT and the security required to permit the upload of forms, but ask that this remains under review.

We recognise that there would be a cost to implementing a new online system but working towards this would fit in with the government's priority for HMRC to drive and support the commitment to modernise the administration of tax to improve both the customer experience and compliance. In our view taxpayers would welcome an online system, which could be developed initially with a few key jurisdictions (including the US).

Alternatively, it would be more efficient if this could be updated to a self-assessment process for the taxpayer, as can be found with some of the UK's main business partners, such as the US and Ireland. Could consideration be given to this?

Memorandums of understanding (MOUs)

We welcome that at last year's stakeholder meeting, HMRC said that HMRC are agreeing MOUs with treaty partners where an obligation has arisen because of the BEPS Multilateral Instrument (MLI), and that these MOUs would be published on gov.uk as and when they are agreed and signed. Publication of MOUs is very helpful for transparency around arrangements that are in place, particularly regarding assistance in the collection of taxes.

In addition, at the meeting last year the ongoing issues around investment funds were mentioned. We understand that accessing pension fund rates for withholding taxes applied to income from Swiss assets held by UK life companies is a particular problem. Last year HMRC said that some progress was being made regarding individual cases, and that HMRC are tentatively working on an MOU with Switzerland; we would welcome an update around this work.

Last year we also commented on some aspects of HMRC's guidance around assistance in collection of taxes under the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters (MAATM), as implemented into UK domestic law. We suggested that the guidance on the MAATM and how it works (DMBM560200 onwards) would benefit from some revision to improve clarity and make it more user-friendly. We reiterate these comments.

Synthesised texts

We continue to find the synthesised texts of the DTAs that have been amended because of the ratification of the BEPS MLI to be very helpful and re-iterate our appreciation of HMRC's efforts to produce these.

Yours sincerely

David Murray
Chair, International Taxes Committee

Questionnaire

Q1: How could our existing DTAs be improved?

(a) Mutual agreement procedure (MAP)

We continue to encourage the government's approach of requesting mandatory binding arbitration provisions in its new treaties and seeking to include it where possible. It is also welcome that, because of the UK opting into the mandatory binding arbitration in the MLI, it is being introduced into existing DTAs.

We encourage the UK's support of mandatory arbitration provisions in the discussions at an international level. This work is increasingly important as the Global Anti-Base Erosion (Pillar 2) Rules come into force across the globe. Achieving tax certainty remains a priority for multinational businesses, so the continued focus on this is welcome.

(b) Role of tax treaty network in encouraging trade and investment

Bilateral treaties have historically played a vital role in eliminating double taxation and increasing tax certainty, which is to the benefit of increasing cross-border trade and investment and driving growth. Increasing instances around the world of new taxes, tariffs and similar measures that sit outside the treaty network, and for which there is no treaty relief, risk undermining these objectives. We hope that the UK can work with other countries to find stable mechanisms that allow for such measures to be repealed or reduced, while recognising the role they may play in seeking to address specific cases of anti-avoidance.

Q2: Are there any aspects of recently signed DTAs that could be improved?

We do not have any specific comments on recently signed DTAs. However, as we have mentioned previously, additional guidance in respect of the new articles of the BEPS MLI, in particular the Principal Purpose Test (PPT) and anti-fragmentation provisions, from the UK's treaty partners would be useful. We would welcome anything the UK can do to encourage this.

We welcome the recent focus on remote working across a border from the OECD, and CIOT responded to the consultation on Global Mobility of Individuals in January 2026¹. This remains a challenging area for businesses. We have previously said that businesses can find it challenging to apply the permanent establishment rules in the context of remote work. We welcome the 2025 revisions to the OECD Model Tax Treaty and would encourage further guidance where possible.

We would also welcome an update from HMRC around whether any consideration has been given as to whether it would be desirable in the future to re-negotiate the taxing rights within treaties that underpin the current rules around the treatment of income flowing from cross border remote and hybrid working (for example, the employment income article). As we have said previously, we recognise that this would not be straightforward, and discussion may be required at an international level to achieve a broad consensus on the most appropriate way forward.

We also reiterate what we said in our response to the OECD consultation around considering the tax position in the round. The OECD consultation focussed on personal income tax and corporate income tax. But it is important not to lose sight of other taxes that are relevant to this area and have also been impacted by increased global mobility, including VAT (and similar consumption taxes).

¹ Our response is available to view on our website: <https://www.tax.org.uk/ref1612>

Q3: Are there any aspects of our existing DTAs that are un-competitive compared with agreements those treaty partners have made with other countries?

As is well-recognised, following the UK's exit from the EU, the UK's DTAs with EU member states are less competitive when compared to the Directives operating between EU countries.

We welcome the progress that has been made addressing this, noting the replacement treaties with Romania and Portugal, and that negotiations have been concluded for a replacement treaty with Estonia. Going forward, in terms of priority, we remain of the view that the treaties with Germany and Italy are the most important to seek to re-negotiate, due to the size of their economies.

In addition to the treaties with EU member states, as we said last year, there are several existing DTAs where the UK is no longer getting the most favourable withholding tax rates including the treaties with Canada, India and Singapore. Last year HMRC reported that, having done a detailed analysis, it had been concluded that it was unlikely that a better treaty position could be negotiated. We would welcome a review of this position and encourage action to be taken if a positive outcome is considered possible a year on.

Q4: Are there any gaps in the DTA network?

There are gaps in the DTA network in Africa, and We suggest that after recent reductions in the overseas aid budget, treaties with would be beneficial with developing countries (where we do not yet have them) to encourage private investment into those countries. Several African countries are in this category. Treaties would be a disincentive to treaty shopping into those countries as UK companies could invest direct on competitive terms.

We note the current position regarding a treaty with Brazil. We hope that it becomes politically possible in the near future to ratify the treaty that was been agreed with the previous administration.

The Chartered Institute of Taxation

The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely to achieve this aim; we are a non-party-political organisation.

Our stated objectives for the tax system include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- Responsive and competent tax administration, with a minimum of bureaucracy.

The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.

Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.