**Limitation on Benefits Clauses in light of the BEPS Action Plan**

**PhD Candidate**  Qunfang Jiang  
**Supervisors**  Prof. dr. Kees van Raad & Prof. dr. Sjoerd Douma

---

**Research Question**
How to interpret and apply the LOB rule proposed in the report on BEPS Action 6? Is the LOB rule effective and practical in preventing treaty shopping?

---

**Objective**
- Explore the rationales underlying the LOB rule
- Facilitate the interpretation and application of the LOB rule
- Evaluate the current LOB rule and propose suggestions

---

**Methodology**
- **Historical study** on the development of LOB provisions, especially focusing on the US practice
- **Comparative analysis** on various LOB articles in the existing tax treaties, e.g. LOB articles in treaties concluded by Japan and India
- **Legal Conceptual analysis** on the text of the LOB article proposed in the report on BEPS Action 6

---

**Criticism on the LOB Rule**
- A mind boggling complexity and many countries may simply not have the administrative capacity to apply it
- **Uncertainty of the rationales** underlying the LOB rule
- The scope of the LOB rule remains unclear: the objective tests in the LOB article may be over-inclusive or under-inclusive when being used to examine transactions or arrangements

---

**Evaluation of the LOB Rule**
- Goal attainment
- Legal certainty
- Tax equity
- Proportionality
- Revenue effects
- Administrative feasibility/simplicity

---

Email: shirley.jiang@itc-leiden.nl  
Munich 2016  EATLP Poster Program