HYBRID MISMATCHES IN INTERNATIONAL TRANSACTIONS

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Aim of the Study
To identify and analyze problems related to unresolved double taxation and double non-taxation in international transactions de lege lata.

Hybrid Mismatch
Caused by disparities between the tax classification methods of different countries and the autonomous applications of those methods of other countries (i.e. without taking the classification method of the other state into consideration).

Current rules: Addressing the symptoms / Being implemented in EU MS

Possible Outcomes

i) Clarification of the scope of application of the hybrid mismatch rules in ATAD and PSD, as well as the application of the OECD MC Method articles in relation to hybrid mismatches.

ii) Outline which principles that should be taken into account when designing hybrid rules to effectively neutralize hybrid mismatches.

iii) Fill the “gap” in Swedish tax literature on how the hybrid mismatch rules can function so they fulfill the purpose of the ATAD and PSD and also are in line with Swedish national tax principles.

iv) Suggestions on improving Swedish implementation of hybrid rules and evaluate whether any additional rules should be introduced.