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## **The Principal Purposes Test (PPT) in BEPS Action 6/MLI: Exploring Challenges arising from its Legal Implementation and Practical Application**

**Abstract:** *This study contains a comprehensive, in-depth analysis of the principal purposes test (PPT) designed by the Organization for Economic Cooperation and Development (OECD) as part of the Action 6 project, “Preventing the Granting of Treaty Benefits in Inappropriate Circumstances” (Action 6 Final Report). Unsurprisingly, the PPT was adopted by all signatories to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI), setting out minimum standards in accordance with the Action 6 Final Report. Once the MLI is ratified by the legislatures of signatories, it will apply to 1,100 treaties. In this perspective, the PPT constitutes not only the most important anti-treaty abuse rule under the MLI, it also secures a 100 per cent match between the tax treaties of the signatories. All the same, one may ask whether the PPT will prevent treaty abuse with a sufficient degree of precision and without giving too much discretion to tax authorities. If it does not, the principles of legal certainty and legality of taxation may be jeopardised and the June 2017 victory of the executives may turn into a failure at the level of legislatures or/and jurisprudence in the near future. This paper represents an attempt to map that unexplored terrain by undertaking a comprehensive analysis of the PPT in Action 6/MLI with a view to examining the potential challenges arising from its legal implementation and application in respect of the PPT, and propose alternative solutions, if needed.*