



**BACKDROP OF THE TOPIC** Cross-border trade and investments involve use of different business models - traditional forms, i.e. companies and partnerships/firms, and hybrid forms i.e. partnership arrangements or legal entities combining features of a partnership and limited liability of a company, such as limited liability partnerships or limited liability companies. Often, various kinds of partnerships, trusts, and limited liability companies are disregarded for tax purposes i.e. tax is not levied at the entity level, but at the level of the persons who have an interest in the entity. Such business forms are typically referred to as 'fiscally transparent entities'. The income of such entities 'flows through' to the owners/ members of the entities who are the taxable persons, and not the entity per se. Taxation of such entities poses unique problems which stem from asymmetrical tax treatments in the.....