



On a nudge by the G20, the OECD's Base Erosion and Profit Shifting project sought to evolve a global consensus around addressing tax avoidance strategies adopted by multinational enterprises to pay less than their due share of tax. Action Plan 7 thereof dealt with anti-avoidance strategies dealing with the avoidance of a Permanent Establishment in the source state and has come up with suggestions for suitable amendments to the tax treaty provisions and the manner of interpretation thereof. These changes will be implemented pursuant to the coming into effect of the multilateral instruments of which India is a signatory. This article looks into the changes suggested to the PE definition and the interpretation issues in relation thereto and the manner in which these changes will impact the tax treaties concluded by India with its respective treaty partners in future. INTRODUCTION