e role of double-tax treaties in promoting international investment

International law places very few limits on the tax sovereignty of countries. As a result, income from cross-border investments and activities may generally be taxable both in the source country, which is the country where investment or other activity takes place, and in the residence country, which is the country of the investor or trader, according to their respective domestic tax laws. Double-tax treaties are bilateral agreements between two countries, which allocate taxing rights over such income between these countries and thus prevent double taxation of this income. e prevention or elimination of international double taxation is a signi cant aspect of countries' investment climate, which is essential for investment ows between countries, the exchange of goods and services, the movement of capital and persons, as well as the transfer of technology.

Over the past decade, the relationship between the mobilization of nancial resources for development and international tax cooperation featured prominently in the outcome documents of major United Nations conferences and summits on economic and social matters, including the 2002 Monterrey Consensus, the 2008 Doha Declaration on Financing for Development, as well as the outcomes of the 2009 Financial Crisis Conference and the 2010 MDG Summit.

Double-tax treaty models

Double tax treaty models, as developed by international organizations, are generally used by countries as a basis for negotiations of their bilateral tax treaties. e two models most widely used as part of the continuing international e orts aimed at eliminating double taxation are: 1) the United Nations Model Double Taxation Convention between Developed and Devel-