DOI 10.52468/2542-1514.2026.10(2).35-45

EQUIVALENT BENEFICIARIES – THE "GREY CARDINALS" OF TAX TREATIES

Inna A. Khavanova

Institute of Legislation and Comparative Law under the Government of the Russian Federation, Moscow, Russia

Article info
Received –
2026 January 10
Accepted –
2026 March 20
Available online –
2026 June 20

Keywords
Equivalent beneficiary, Simplified Limitation on Benefits Provision / SLoB, Multilateral Tax Convention, tax, tax treaty, beneficial owner

The subject. The article is devoted to the study of the legal structure of the Simplified Limitation on Benefits Provision (SLoB clause) in the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). The author's attention is focused on tax residents of the Contracting States who are recognized as qualified persons for the purposes of double taxation agreements, as well as the concept of an "equivalent beneficiary".

The purpose of the study is to critically analyze the Simplified Limitation on Benefits Provision (SLoB clause) in the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI), considering both the conceptual and practical aspects inherent in its main elements.

The study is based on empirical methods of comparison and description, theoretical methods of formal and dialectical logic.

The main results. The author reveals the legal construction of the Simplified Limitation on Benefits Provision (SLoB clause). The article compares the concept of an "equivalent beneficiary" with the concept of a "beneficial owner" (a person who has the actual right to income). The author reveals the sequence of application of the main purpose test and the simplified provision on the limitation of benefits provided for in Article 7 of the multilateral tax convention.

Conclusions. The author concludes that the analyzed rule is designed in such a way that the SLoB clause does not restrict access to preferences that are not the result of reciprocity between partner states based on the status of a tax resident of a Contracting State. The concept of an "equivalent beneficiary" is based on a comprehensive assessment of the system of double taxation agreements (other international agreements) and related parties ("test groups"). The SLoB clause takes a slightly different approach to providing tax benefits than is provided for by the classical concept of the beneficial owner (Articles 10 (Dividends), 11 (Interest), 12 (Royalties), less often – Article 21 (Other income)). At the same time, the SLoB clause design also relies on "test groups". And this is evident not only in relation to an equivalent beneficiary, whose potential right to benefits – similar or more beneficial – opens access to benefits for a resident of a Contracting State in whose authorized capital equivalent beneficiaries participate (directly or indirectly, at least 75%). A similar approach can be observed in the sub-item "b" clause 10 of Article 7 of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI), where the income of a "connected persons" is interwoven into the permissive perimeter.

ISSN 2542-1514 (Print)

1. Introduction

Each double taxation agreement related to the taxation of income and prevention of tax evasion (hereinafter – DTAs), based on the OECD Model Tax Convention on Income and on Capital (hereinafter – MC OECD) [1] and/or on the UN Model Double Taxation Convention between Developed and Developing Countries (hereinafter – MC UN) [2] determines the precise application scope for legal provisions which cover tax residents of Contracting States, recognized as "persons" for the purpose of the agreements. Certain DTAs contain exclusions from the list of subjects treated as "persons". We can find such a stipulation for instance in relation to partnerships in an agreement of 1994 between Russia and the UK [3]. However it's quite obvious that if an agreement provides benefits for any tax resident – that facilitates treaty shopping – i.e. intentional use of legal entities that are established in a Contracting State primarily or exclusively for the sake of gaining conventional benefits.

The idea of introducing an additional requirement to the subjects being tax residents was initially implemented in the US contractual practice. The clause "Limitation on benefits" (hereinafter – LoB clause) can indeed be found in various tax agreements of the country, including the agreement between the US and Russia of 1992. US model tax conventions (of 1996, 2006 and 2016)[4] show gradual inclusion and exclusion of certain elements from the mentioned clause, however certain common traits of the legal construct remain intact:

- the list of automatically qualifying types of persons;
- ownership test which is being performed when a certain percentage of shares (normally 50%) belongs directly or indirectly to qualified persons;
- base erosion test;
- derivative benefits clause [1. p. 75].

A typical LoB clause doesn't spread benefits on the residents of Contracting States which do not meet a single criterion of the tests related to ownership, doing business, trading on stock markets, etc. The main presumption of each criterion implies that the taxpayer who meets all necessary criteria most likely has a business goal or maintains financial and economic connections with a Contracting State.

The OECD/G20 Action Plan on Base Erosion and Profit Shifting (hereinafter – BEPS) [5] provides for a LoB clause. It was introduced as a brand new article 29 (Entitlement to Benefits) into the MC OECD in 2017. Yet the MC UN (2021) has a very similar clause (Article 29 - Entitlement to Benefits). At the same time the

[1] OECD Model Tax Convention on Income and on Capital [2017]. URL: https://www.oecd.org/en/publications/model-tax-convention-on-income-and-on-capital-2017-full-version_g2g972ee-en.html (reference date: 20.02.2026). In November 2025 an updated version of the MC OECD was published (The 2025 Update to the OECD Model Tax Convention) // https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/the-2025-update-to-the-oecd-model-tax-convention_c7031e1b/5798080f-en.pdf (reference date: 20.02.2026).

[2] UN Model Double Taxation Convention between Developed and Developing Countries. URL: https://financing.desa.un.org/document/un-model-double-taxation-convention-between-developed-and-developing-countries-2021 (reference date: 20.02.2026).

[3] The term "person" includes individuals, companies and any other associations excluding partnerships (sub-clause "e" of clause 1 of Article 3).

[4] United States Model Income Tax Convention (2016) // https://home.treasury.gov/system/files/131/Treaty-US-Model-2016_1.pdf (reference date: 04.02.2026).

[5] OECD (2015), Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264241695-en.

BEPS Plan contributed to the adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (hereinafter – the Multilateral Convention) [6], which modifies DTAs, that are covered.

As a means to combat tax abuse the article 7 of the Convention ("Prevention of Treaty Abuse") along with the Principal Purpose Test (hereinafter – PPT) contains a "Simplified Limitation on Benefits Provision" (hereinafter - SLoB clause). Russia, having chosen combined application of the mentioned provisions, by virtue of sub-clause "c" of clause 15 of Article 7 of the Multilateral Convention opted to dismiss clauses 8-13 of Article 7 (SloB clause) in relation to its agreements which already contain provisions specified in clause 14 of Article 7 of the Multilateral Convention [7]: the DTA with China (2014, Article 23 (clauses 1-6)); with Ecuador (2016, Article 24 (clauses 1-4)); with the US (1992, Article 20 (clauses 1-3)). The rules spread onto effective agreements between Russia and India, Kazakhstan, Mexico, Chile [8] and also onto a number of agreements which have been suspended since 2023 [2, 3]. It is worth mentioning that the Russian contractual practice has certain examples of using separate provisions of a LoB clause. For instance according to clause V of the Protocol to the DTA agreement between Russia and Spain of 1998, a company which is resident in one Contracting State and in capital of which persons not being residents of the state own directly or indirectly 50% of the capital, cannot enjoy benefits related to dividends, interest royalty and capital gains emerging in the other Contracting State [9].

The true essence of the "equivalent beneficiary" concept has not been thoroughly analyzed in Russian legal doctrine yet, however certain theoretical debates are here [4, 5 and others] – in contrast to the figure of a "beneficial owner" (a person, which is actually entitled to receive income) [6, p. 387-388, 7 and others]. The introduction of new international legal provisions and expansion of their application scope demand a more consistent research of the SLoB clause, while the concept of an "equivalent beneficiary" is its true part that provides greater relevance to this research.

2. The "SLoB clause" construct

The LoB clause is considered a special anti-abuse rule (hereinafter – SAAR) [8, p.206], and an objective or even (to some extent) – mechanical complex test which makes entry to the "club of beneficiaries" a bit more challenging. Taxpayers in order to gain access to DTA benefits have to meet certain requirements that are expressed in Article 1 (Persons, to whom the Convention applies), Article 3 (General provisions) and Article 4 (Resident) [10].

The idea of the SLoB clause itself presumes that meeting the requirements of the mentioned articles is not enough as they are easily evaded. Clause 8 of Article 7 of the

[6] Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. URL: https://www.oecd.org/tax/treaties/multilateral-convention-to-implement-tax-trea-ty-related-measures-to-prevent-BEPS.pdf (дата обращения: 10.07.2025). Ратифицирована Федеральным законом от 1 мая 2019 г. № 79-ФЗ (с оговорками и заявлениями).

[7] Federal Law № 79-FZ "On the Ratification of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting"

[8] Letter of the Russian Federal Tax Service of 05.08.2024 № ШЮ-4-13/8897@ "On the procedure of DTA application"

[9] This doesn't apply if the mentioned company performs major economic activities in a Contracting State where it is resident - apart from participation in capital or property.

[10] Hereinafter (if not provided otherwise) the numbering follows the MC OECD layout of 2017.

ISSN 2542-1514 (Print)

Multilateral Convention serves as a starting point for deep analysis of the SLoB clause and establishes a common rule: a resident of a Contracting State may be entitled to DTA benefits if and only if they are treated as a "qualified person" following the definition of clause 9, or if benefits are provided by other means according to the SLoB clause (clauses 10, 11 or 12). This provision however doesn't affect application of tax conventions in relation to resolving residency collisions; to symmetrical correction of income of associated enterprises and to requests addressed to competent authorities. The rule of the Multilateral Convention resonates with the "historical" idea of the construct: the LoB clause treats qualified and non-qualified residents of Contracting States differently [9, p.211].

Provisions that are excluded from the scope of the SloB clause application don't provide benefits based on tax residency, therefore they don't create risks of treaty shopping. Law science is "intended to perform practical transformation functions" [10, p.6] so the rule is crafted in such a matter that the SLoB clause doesn't limit access to benefits not emerging from the principle of mutuality between partner states which relies upon the status of tax resident in a Contracting State.

Clause 9 of Article 7 of the Multilateral Convention lists a number of criteria of a resident in a Contracting State. Meeting just one criterion is enough to recognize a resident as a qualified person. By virtue of the so-called automatic qualification, right to benefits "due to the qualified status" is given to: individuals (sub-clause "a"); Contracting State, its subdivision or a local authority (sub-clause "b"); a company or other entity if its main class of stocks is being regularly traded on one or several recognized stock exchanges (sub-clause "c"), certain non-commercial organizations (sub-clause "d").

What sounds a bit mysterious is the translation from English of sub-clause "e" of clause 9 of Article 7 of the Multilateral Convention. We suspect that after the wording "by virtue of clauses a-d" there should be a comma: the idea of the rule implies that "qualified persons" include persons, whose 50% of shares belong to persons, entitled to benefits according to clauses "a-d", i.e. persons who are "qualified" due to other reasons. Original text allows drawing the same conclusion[11]. We have discussed the issues of inconsistencies between original translations of the Multilateral Convention in relation to PPT [11]. This very example shows importance of sophisticated assessment of translations that derive from the original convention text.

The resident who doesn't meet requirements which would allow being treated as a "qualified person" could still access the benefits if they conform with one of the provisions expressed in articles 10, 11, 12 "SLoB clause" of the Multilateral Convention:

- clause 10 contains the test of active business activity;
- clause 11 provides for the "derivative benefits test", which allows certain legal entities (owned by residents of third states) to gain DTA benefits, that could have been acquired if investments were flowing directly (third state – Contracting State of the source);
- clause 12 contains the "discretionary relief clause". According to it a competent authority may (upon request) provide benefits (reliefs) to ones who have not passed tests of the SLoB clause, but gaining DTA benefits was not the paramount goal of the taxpayer. Discretion of competent authorities is a vital

[11] «… persons who are residents of that Contracting Jurisdiction and that are entitled to benefits of the Covered Tax Agreement under subparagraphs a) to d) own, directly or indirectly, at least 50 per cent of the shares of the person».

element of the SLoB clause construct;

- clause 13 of Article 7 contains main definitions, including the definition of "equivalent beneficiary".

The idea of recognizing companies and other entities if their main class of stocks is being regularly traded on one or several recognized stock exchanges as qualified persons implies that such companies normally have close connections with the country of registration and face strict surveillance from regulatory authorities, so they are highly unlikely to be shell companies or fronts, only registered for the sake of acquiring DTA benefits.

This approach however is being heavily criticized in law doctrine as it actually gives discriminatory privileges for certain legal entities [12, p. 1036], but also because it is relatively easy to evade it if the rule isn't supplemented by additional "preserving" tests.

Talking about the test of active business activity, we should take into account not just differentiation (as noted by K.A. Ponomareva) "between business (active) and investment (passive) income, which is defined by the OECD as income when the beneficiary doesn't generally engage in business activities, therefore it may include dividends, proceeds, rental income, royalties, etc." [13, p.175]. Some types of activity mentioned in Article 7 of the Multilateral Convention are initially left beyond the scope of "active business" – i.a. managing a company holding; exercising general surveillance of management of company groups; providing group funding (including capital junction) or making/managing investments – all if those types of activity are not performed by banks, insurance companies or registered dealers of securities acting on their common professional basis.

It should also be noted that the SLoB clause doesn't only imply performing active business in the residency state, but of course connections with the income generated in the source state ("which is generated via such activities or is associated with them"), while the business activity itself must be "significant" in relation to similar or auxiliary activities (sub-clause "b" of clause 10 of Article 7). We can clearly see some attempts in science literature to formalize that broad concept – particularly it is often mentioned that the requirement of "significance" doesn't mean that trade or business activity in the residency state should be just as large as in the source state. However from the viewpoint of income, assets or other major contributing factors they cannot be insignificant in percentages [14].

The requirement of "performing" business activities should be differentiated from the "place of effective management" – POEM, which is used in MC OECD and some national legal acts to determine residency of legal entities. Sometimes the place of effective management is determined as a place, where chief officials (persons, empowered to plan and control activities, manage them and bear responsibility) generally perform management duties. The place of active business in contrast is located where: - daily management tasks are being carried out; - the necessary for business financial or economic decision making is happening in larger amounts than in another state (states); - main facilities are located along with the major part of employees engaged in business or trade activities. Still. the presence of profit (without taking economic peculiarities into account) cannot serve as a "criterion" for observing the parameter of active business. The better financial benchmark in this case would probably be the "income".

3. Derivative benefits

The main goal of the derivative benefits test is to ensure that the enterprise owned by non-resident shareholders may is entitled to

ISSN 2542-1514 (Print)

benefits based on a contract – even if other criteria of the SLoB clause are not met and provided the enterprise wasn't used for treaty shopping. According to clause 11 of Article 7 of the Multilateral Convention a resident of a Contracting State not being a "qualified person" is entitled to benefits (according to DTA) in relation to a type of income if during a period of half of days within any 12-month timeline (which includes time when benefits would otherwise be granted) persons recognized as equivalent beneficiaries own directly or indirectly at least 75% of shares of a resident.

The term "equivalent beneficiary" includes any person who would have been entitled to benefits related to a certain type of income provided by DTAs that are either similar or even more profitable. However we should take into account that if equivalent beneficiaries are revealed in the mechanisms of benefit comparison - not only provisions of "parallel" DTAs are considered (which only the source Contracting State has), but also provisions of internal legislation and other international legal acts as well. In order to define whether a specific person may be recognized as an equivalent beneficiary concerning dividends the person is deemed to own the same company capital paying dividends as the company who claims benefits in relation to dividends.

The requirement concerning the size of benefits (similar or more profitable) is aimed at preventing residents of the third country from using a legal entity resident in one of the Contracting States for gaining a more beneficial tax on income generated in another Contracting State. But what are the true benefits a person being resident in a third country may get from using a legal entity being resident in a Contracting State, if it anyways has a right to a similar or an even lower rate? Science literature provides the following arguments on behalf of taxpayers: ability to access more beneficial national reliefs – such as lower income tax rates; tax reliefs for capital gains; no tax at income source (interest, dividends, royalties); no requirements concerning income taxation of controlled foreign companies, insufficient (thin) capitalization, transfer pricing; favorable tax regimes in the field of intellectual property; more advanced contractual networks [15].

4. Correlation of rules

A resident in a Contracting State who is recognized as a "qualified person" according to the SLoB clause doesn't lose its duties to fulfill requirements specified in other DTA provisions while gaining prescribed benefits. In other words a tax resident should be an actual beneficial owner of an item of income – and benefits might be denied or limited despite a successful SLoB clause test results according to the Multilateral Convention [16, p. 71].

Tax residency (Article 4 "Resident") is not always obvious – so before securing the right to benefits as a "qualified person" the subject should first dismiss collisions of residency and ability to confirm the resident status in a specific Contracting State. The SLoB clause doesn't expand the scope of benefits provided by DTAs: a resident of a Contracting State who is recognized as a "qualified person" should meet other provisions of the Convention in order to gain benefits (e.g. they should be a beneficial owner of the dividends in order to apply the benefits of clause 2 of Article 10 "Dividends").

The SLoB clause and provisions of internal legislation against tax abuse supplement each other as the SLoB cause actually defines whether a specific legal entity maintains stable connections with a taken Contracting State to be treated as a resident for the goals of an international agreement, while internal rules (such as the doctrine of legal goal or the rule prioritizing content over form, etc.) determine conformity between a specific transaction and its economic context. Therefore provisions of internal legislation of a Contracting State may be applied to identify a person having an actual right to income – and then the SLoB clause would apply to the mentioned person in order to define whether it is entitled to DTA benefits associated with a specific type of income. Therefore individuals are automatically treated as “qualified persons”. However if an individual receives income as a nominal holder (nominee) on behalf of a third state resident – then payments may be denied due to the requirements of the relevant DTA article demanding from the resident of a Contracting State to be a person, entitled to actual income.

PPT represents a general rule aimed at countering abuse by evaluating main goals of transactions. And as we have mentioned before, as PPT has independent international legal content (addressed to tax benefits “according to DTA”) – it would be erroneous to use it by national blueprints without taking into account details specific to this rule [17, p. 78]. At the same time taxpayers (even if they do meet the LOB clause requirements) may be prevented from gaining contractual benefits due to wider application scope of the PPT rule. LOB clause and PPT are two separate concepts that have their own legal prerequisites [18, p. 7, 52]. The discretionary relief clause (clause 12 of Article 7 of the Multilateral Convention) is a residue rule that empowers tax authorities to provide reliefs and benefits to legal entities which don’t correspond with SLoB clause requirements, but authorities may determine that gaining benefits by that entity or structure wasn’t its paramount goal. On another hand based on PPT tax authorities may deny contractual benefits despite the fact that the SLoB clause test results were positive – this happens if they conclude that gaining DTA benefits was indeed a paramount goal of the taxpayer.

There is an opinion in science literature that applying the LOB clause presumes determining who the actual beneficiary of the transaction is. In other words the LOB clause is seen as a component of the “beneficial owner concept” [19, p.3]. In law doctrine there are two viewpoints on the purpose of the beneficial owner concept: 1) counteracting abuse; 2) income attribution [6, p. 387; 20, p. 258; 21, p. 296]. As it is noted by B. Ya. Brook “in practice when the taxpayer and its activities do not meet requirements of LOB rules, the question of meeting criteria of a beneficial owner doesn’t even emerge” [4, p. 129].

Evaluating the derivative benefits test, S.G. Sokolova outlines that “the criterion is very similar to the “pass-through approach”, which is used in case practice concerning actual right to income… However in contrast to rules on beneficial owners, the DTA benefit is granted not to the end beneficiary, but to the conduit, who receives income” [5, p. 61-62]. Indeed the SLoB clause treats allocation of benefits differently from the classic concept of a beneficial owner (Articles 10 (Dividends), 11 (Interest), 12 (Royalties), less common – Article 21 (Other income)). At the same time the SLoB clause also relies on “test groups”. And it manifests not only in relation to an equivalent beneficiary, whose potential right to benefits (similar or more profitable) opens access to benefits to a resident of a Contracting State (provided the capital is owned directly or indirectly by equivalent beneficiaries at minimum 75%). A similar approach may be found in sub-clause “b” of clause 10 of Article 7 of the Multilateral Convention, where the permissive scope engulfs income of “connected person” defined in clause 13 of Article 7 (participation at 50% or more). It is highly unlikely that an investor would pay for starting a large trading or commercial company in a

ISSN 2542-1514 (Print)

different state only for the sake of gaining DTA privileges [22, p. 179].

Drawing a conclusion we should note that the SLoB clause reveals issues of legal application specific to SAAR rules, which define tax consequences on automatic or pseudo-automatic grounds. According to M. Lang the coexisting general and special rules against abuse only beget more legal uncertainty [23, p. 658]. With that taken into account application of the SLoB clause and PPT (combined) should be made on complimentary basis – i.e. one provision should compensate the legal weakness of the other one in an arduous fight with undue application of DTA benefits.

5. Conclusion

The concept of "equivalent beneficiary" is based upon the complex assessment of the DTA system (other international arrangements) and interconnected persons ("test groups"). Inconsistent advantages over DTAs do not emerge in this case and the main idea of the SLoB clause is being implemented – counteracting treaty shopping, as benefits would already be granted. This allows suggesting that there are business reasons for establishing a company outside the third state – in a Contracting State.

The SLoB clause actually supports the definition of a tax resident in a Contracting State, setting them free of scholastics and demanding from the person claiming the benefits a more profound confirmation of its bonds with the state of tax residency. However it would be incorrect (especially on the stage of applying a rule where the practice of interpreting the SLoB clause has not formed yet) to perform tax control in "easy to refuse, hard to prove" style. Here it would be much more acceptable to execute the approach proposed by D. Willer. The researcher notes that under normal conditions states don't mean to demand fulfillment of the LoB clause every time when benefits are being provided. The rule is rather used to arm tax authorities with an instrument which can be used if there are some doubts about residency. That can be achieved by allowing a tax authority (to whom the certificate of tax residency was submitted) to require confirmation of meeting a LoB clause criterion – therefore the burden of proof is transferred to the taxpayer [24, p. 21-22]. It should therefore be noted that PPT provides for a different allocation of burden of proof [17, 25].

ISSN 2658-4050 (Online)

REFERENCES

1. Petutschnig M. Common Consolidated Corporate Tax Base and Limitation on Benefits Clauses. *British Tax Review*, 2018, iss. 1, pp. 68–93.

2. Kucherov I., Khavanova I. Transformation of International Tax Regulation and National Interests. *Zhurnal rossiiskogo prava = Journal of Russian Law*, 2024, vol. 28, no. 4, pp. 103–118. DOI: 10.61205/S160565900029735-2. (In Russ.).

3. Khavanova I.A. The complexity of references to the temporarily suspended norms of international tax treaties. *Pravoprimenenie = Law Enforcement Review*, 2024, vol. 8, no. 4, pp. 133–142. DOI: 10.52468/2542-1514.2024.8(4).133-142.

4. Bruk B.Ya. Prevention of unlawfuluse of benefits contemplated by the double taxation avoidance agree- ments (treaties, conventions): present and past. *Zakon*, 2016, no. 5, pp. 122–136. (In Russ.).

5. Sokolova S.G. Test of indirect benefits of the provision on the limitation of benefits. *Nalogoved*, 2018, no. 11, pp. 60–70 (In Russ.).

6. Gabov A.V. (ed.). *Law and economic activity: modern challenges*, Monograph. Moscow, Institute of Legislation and Comparative Law under the Government of the Russian Federation Publ., Statut Publ., 2015. 400 p. (In Russ.).

7. Kantor N. Beneficiary’s Control as a Criterion for Determining the Nationality of a Legal Entity. *Zhurnal ros- siiskogo prava = Journal of Russian Law*, 2025, vol. 29, no. 5, pp. 91–104. DOI: 10.61205/S160565900033094-7. (In Russ.).

8. Lin P. Anti-abuse Rules In Tax Treaty Under BEPS Action 6------Based on China. *Transactions on Economics, Business and Management Research*, 2024, vol. 9: 4th International Conference on Global Business and Manage- ment Science (GBMS 2024), pp. 202–212. DOI: 10.62051/v9e50723.

9. Adugna A.B. Tax Treaty Shopping in Ethiopia: The Need to Integrate Anti-Treaty Shopping Rule into Double Taxation Avoidance Agreements and domestic income tax law. *Bahir Dar University Journal of Law*, 2021, vol. 11, no. 2, pp. 197–226.

10. Khabrieva T.Y. The “Tradition of Borrowing” and the Development of National Law. *Zhurnal zarubezhnogo zakonodatel'stva i sravnitel'nogo pravovedeniya = Journal of Foreign Legislation and Comparative Law*, 2025, vol. 21, no. 3, pp. 5–13. DOI: 10.61205/jzsp.2025.3.1. (In Russ.).

11. Khavanova I.A. The test of the main goal: the difficulties of the official translation of international tax rules. *Nalogoved*, 2019, no. 7, pp. 24–30. (In Russ.).

12. Avi-Yonah R.S. Limitation on Benefits or Principal Purpose Test? Part 2. *Tax Notes International*, 2024, vol. 115, pp. 1033–1036.

13. Ponomareva K.A. The acts of the EU tax law and double tax treaties: the problems of correlation in establishing anti-tax avoidance rules. *Pravoprimenenie = Law Enforcement Review*, 2021, vol. 5, no. 4, pp. 175–186. DOI: 10.52468/2542-1514.2021.5(3).175-186.

14. Sumberg B. Editorial: Qualifying for Treaty Benefits Under the “Derivative Benefits” Article. *JD Supra*, September 8, 2014, available at: https://www.jdsupra.com/legalnews/editorial-qualifying-for-treaty-benefit-67684/ (accessed: January 1, 2026).

15. Heale A., Kandev M.N., Lee J. The Limitation-on-Benefits Provision of the Canada-US Tax Treaty, in: *2023 Conference Report*, Report of Proceedings of the Seventy-Fifth Tax Conference, Canadian Tax Foundation Publ., 2023, Conference Report 34, available at: https://www.ctf.ca/common/Uploaded%20files/Conferences/2023/AC-CR23/2023CR34-Heale-etal.pdf (accessed: January 1, 2026).

16. Kuźniacki B. The Limitation on Benefits (LOB) Provision in BEPS Action 6/MLI: Ineffective Overreaction of Mind-Numbing Complexity – Part 1. *Intertax*, 2018, vol. 46, iss. 1, pp. 68–79.

17. Khavanova I.A. “Tax-motivated” cross-border transactions: a test of the main purpose, standard and burden of proof. *Nalogoved*, 2020, no. 4, pp. 68–78. (In Russ.).

18. Pérez J.D. *Are the LOB provisions efficient measures to prevent tax treaty hopping by taxpayers?*, Master Thesis. 2017. 52 p. Available at: https://arno.uvt.nl/show.cgi?fid=143947 (accessed: January 1, 2026).

19. Shukla G., Ghosh J. Tax Avoidance and Limitation of Benefit. *Indian journal of tax law*, 2015, vol. II, pp. 1–20.

20. Hamra C., Korving J.J.A.M. Beneficial Ownership Interpreted, To What Extent Are the OECD and the EU on the Same Wavelength?. *Intertax*, 2021, vol. 49, iss. 3, pp. 254–277.

21. Khabrieva T.Ya. (ed.). *Chronicle of Russian legal science*, in 5 volumes, Moscow, Yurisprudenstiya, 2023.

ISSN 2542-1514 (Print)
Vol. IV: Scientific schools of the Institute of Legislation and Comparative Law (public law). IX + 349 p. (In Russ.).

22. Anders D. The Limitation on Benefit Clause of the U.S.- German Tax Treaty and its Compatibility with European Union Law. *Northwestern Journal of International Law and Business*, 1997, vol. 18, iss. 1, pp. 165–216.

23. Lang M. BEPS Action 6: Introducing an Antiabuse Rule in Tax Treaties. *Tax Notes International*, 2014, vol. 74, no. 7, pp. 655–664.

24. Wheeler J. *Persons Qualifying for Treaty Benefits*, Papers on Selected Topics in Administration of Tax Treaties for Developing Countries; Paper No. 2-A. New York, N.Y., United Nations Publ., May 2013. 48 p. Available at: https://www.un.org/esa/ffd/wp-content/uploads/2013/05/20130530_Paper2A_Wheeler.pdf (accessed: January 1, 2026).

25. Kuźniacki B. The Limitation on Benefits Provision in BEPS Action 6/Multilateral Instrument: Ineffective Overreaction of Mind-Numbing Complexity – Part 2. *Intertax*, 2018, vol. 46, iss. 2, pp. 124–139.

INFORMATION ABOUT AUTHOR

Inna A. Khavanova – Doctor of Law, Chief researcher
Institute of Legislation and Comparative Law under the Government of the Russian Federation
34, B. Cheremushkinskaya ul., Moscow, 117218, Russia
E-mail: fin@izak.ru
ORCID: 0000-0003-3722-5089

BIBLIOGRAPHIC DESCRIPTION

Khavanova I.A. Equivalent beneficiaries – the “grey cardinals” of tax treaties. *Pravoprimenenie = Law Enforcement Review*, 2026, vol. 10, no. 2, pp. 35–45. DOI: 10.52468/2542-1514.2026.10(2).35-45. (In Russ.).