



OECD issues 2025 Model Tax Convention update: new Commentary on cross-border working and other issues

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On 19 November 2025, the OECD Council approved amendments to the Model Tax Convention along with accompanying Commentary. These updates are crucial for internationally operating companies, as they clarify approaches to international taxation including new realities of remote work and specifics for the mining sector.

Key Updates include the following:

Permanent Establishment & Remote Work: Additional commentary to Article 5 (Permanent Establishment) provides guidance on when cross-border remote work may create a permanent establishment in a foreign country. This directly affects companies with remote employees.

Permanent Establishment in Resource Extraction: The commentary to Article 5 (Permanent Establishment) now includes an optional alternative provision regarding permanent establishment arising from activities related to the exploration and development of extractable natural resources. This alternative provision sets a lower threshold for creating a permanent establishment if a non-resident operates in a country for longer than the agreed period. These changes aim to strengthen the rights of source countries and support developing economies rich in natural resources.

Other Changes: Amendments were also made to the commentary on Article 9 (Associated Enterprises), covering transfer pricing for financial transactions and the OECD Transfer Pricing Guidelines. Clarifications are provided on applying Article 9 in the context of domestic rules on interest deduction. Related changes were made to the commentary on Article 7 (Business Profits), Article 24 (Non-Discrimination), Article 25 (Mutual Agreement Procedure), and Article 26 (Exchange of Information).

Actions to consider

Businesses should assess potential risks of permanent establishment arising from the changes to the OECD Model Convention and its commentary and consider possible mitigation strategies.

More details at ([link](#))

We continue monitoring key changes related to international taxation and would be glad to discuss the potential impact of these changes on your business.

If you are interested in additional information, please contact us.