



## UN Committee of Experts on International Cooperation in Tax Matters



### WHY

The UN [Committee of Experts](#) generates practical guidance for governments, tax administrators and taxpayers as part of mobilizing financing and other support for sustainable development. The Committee seeks to help prevent “double taxation” and “non-taxation” and to assist countries to broaden their tax base, strengthen tax administration and curb international tax evasion and avoidance. It gives special focus to least developed countries and others in special situations, including small island states and landlocked countries.

### HOW

The Committee has two sessions per year, in New York and Geneva. It reviews draft chapters for its handbooks, manuals and guidelines to be adopted in 2020 and 2021, before the end of its current membership’s four-year term. Much of the work is carried out through its multi-stakeholder subcommittees that deal with specific issues.

### WHO

The Committee comprises [25 experts](#) nominated by Governments and chosen by the Secretary-General. Its twice per year sessions are formally closed, yet welcome registered participants and UN badge holders. The sessions often attract 150-200 meeting participants, representing the wide network of stakeholders.

### WHAT

#### Taxation and SDGs

The Committee brings a strong sustainable development perspective to its work on taxation, with special attention to developing countries. Its work in this area builds on the latest [ECOSOC Special Meeting on International Cooperation in Tax Matters](#) (New York, 29 April 2019) and the UNDESA Workshop on Tax Base Protection and Tax Measures in Support of the SDGs (Nairobi, 10-13 June 2019). The focus is on issues such as environmental taxation; taxation of the informal economy; gender-responsive fiscal policies; wealth and inheritance taxation; and action to curb illicit financial flows.

#### Tax consequences of the digitalized economy

The Committee has identified the crux of this complex and pressing issue as the inability of jurisdictions, under the *physical presence* criteria of tax treaties, to tax the business profits derived with no (significant) physical presence in the market jurisdiction. The Committee is taking an independent approach to its work, with particular attention to implications for developing countries, while working on alternatives that might better suit all parties.

#### The Update of the UN Model Double Taxation Convention

The Committee is preparing an update of the [UN Model Double Taxation Convention between Developed and Developing Countries](#), widely drawn upon by developing countries in their treaties. The updated Model will provide guidance on the application of tax treaties to foreign collective investment. It will also include a treaty provision that would allow source taxation of capital gains on offshore indirect transfers.

#### Dispute avoidance and resolution

The Committee is working to produce a new *Handbook on Tax Dispute Avoidance and Resolution*. Building on the chapters on mutual agreement procedure and domestic dispute resolution mechanisms, it now works on chapters dealing with arbitration and the use of non-binding dispute resolution mechanisms.

### **Manual on Transfer Pricing**

As a way to provide countries with tools to combat illicit financial flows (IFFs), the Committee has developed a practical approach to address the complex issue of profit shifting: one that adheres to the well-accepted “arm’s length” principle. The Committee is working now on a new version of its [UN Practical Manual on Transfer Pricing](#). The Manual will include new content on financial transactions, profit splits, the establishment of transfer pricing capacity at country level and transfer pricing issues in a more digitalized economy.

### **Extractive Industries Taxation**

As another way to help combat IFFs, the Committee is updating its [Handbook on Extractive Industries Taxation Issues for Developing Countries](#). The Handbook will include new chapters on tax incentives, taxation of subcontractors, and financial transactions in extractive industries.

### **Environmental Taxation**

The Committee is producing a new handbook providing practical guidance on carbon taxation, aimed primarily to assist developing countries. The handbook will cover carbon tax design, administration and revenue use, as well interactions with other environmental policy instruments. It will both draw on and present detailed country experiences in carbon tax policy and practice.

### **The taxation of Official Development Projects (ODA)**

The Addis Agenda encourages countries not to request tax exemptions on goods and services delivered as government-to-government Official Development Assistance (ODA). The Committee is updating previous draft guidelines on these special exemptions for a comprehensive approach. In leading the work, the Committee is also ensuring coordination in this area with the UN Secretariat’s partners in the Platform for Collaboration on Tax (IMF, OECD and World Bank) and the work done at the OECD Development Assistance Committee.

### **Relationship between tax and trade and investment treaties**

The Committee has discussed the relationship between investment and tax treaties and how both should fit together as part of the investment framework. It has endorsed work now ongoing at the secretariat level on development of: a paper on issues arising from the interaction of tax and trade or investment treaties; and a guide on how to address claims under non-tax treaties against tax measures and deal with them pre-emptively, including through risk assessment, avoidance and mitigation.

### **Capacity-building**

UN-DESA provides technical cooperation activities and capacity building tools (on-line courses and publications) on tax matters at the global, regional and national levels (see [here](#)). Online courses on double tax treaties and transfer pricing are available in English, French and Spanish [here](#). The Committee provides feedback on the programme of work to strengthen interaction between the UN’s policy work and capacity building in international tax cooperation space. The contribution of the United Nations to the work of the Platform for Collaboration on Tax (a collaborative initiative of the IMF, OECD, UN and World Bank) is also discussed, including joint tax capacity-building efforts. For more information on the Platform, see [here](#).

### **UPCOMING SESSIONS OF THE UN TAX COMMITTEE**

21 <sup>st</sup> session	Virtual	TBC
22 <sup>nd</sup> session	New York	April 2021

### **ECOSOC Special Meeting on “International Cooperation in Tax Matters”, 1 May 2020**

This annual meeting applies a sustainable development perspective to cutting-edge issues in tax policy and administration: in 2020, digitalization and informal economy. The meeting serves to i) strengthen impact of UN policy guidance on tax matters at global, regional, national and subnational levels and ii) advance inclusive dialogue among key stakeholders, including national tax authorities and civil society. It will be livestreamed on UN Web TV.

Website: <https://www.un.org/development/desa/financing/what-we-do/ECOSOC/tax-committee/tax-committee-home>

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