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THE PLATFORM FOR COLLABORATION ON TAX (PCT) LAUNCH WORKSHOP ON THE TOOLKIT ON TAX TREATY NEGOTIATIONS

12 March 2021 (Workshop Day 2)

Welcome to the launch workshop for the Platform for the Collaboration on Tax Toolkit on Tax Treaty Negotiations.

PCT Toolkits and related workshops are important aspects of our support for developing countries in domestic resource mobilization and international tax cooperation for sustainable development.

This workshop’s substantive panel discussions provide an opportunity for government officials to engage with speakers experienced in developing a tax treaty policy framework and in negotiating tax treaties. The goal is to make existing guidance more accessible to developing countries and also to consider what other support is needed to use the guidance effectively in different national contexts or country circumstances.

This is why the workshop programme also gives prominence to the issue of data access. Let me briefly share with you a few thoughts on this issue, as we embark on Day 2 of the programme.

First, tax treaty negotiators need access to information about the tax treaties entered into by other countries. Maintaining a current, accurate database of the over 3000 bilateral treaties in existence, which frequently are updated through protocols, is a massive undertaking. To date, only commercial entities and some non-profit publishers have committed the necessary resources to do this.

When developing countries do not have access to information regarding the tax treaties entered into by potential treaty partners, this puts them at a substantial disadvantage in negotiations. Indeed, developing countries raised this concern during the public consultations on the PCT Toolkit.

The presentations of various tax treaty products made at this workshop are a first response to that concern. We greatly appreciate the engagement in the workshop of the providers of these products. I would also like to encourage you to further explore how to make your products more accessible to developing countries. In doing so, please bear in mind that pricing that seems reasonable in some countries may be prohibitively expensive for many developing countries, especially the least developed.

Second, the raw material for databases on tax treaties consists of government documents that are public goods; ideally, they should be freely accessible to all. Here, I want to challenge us as the PCT partners to continue working with the private sector and civil society to improve access by developing countries to that data.

If developing countries cannot access the information they need through existing mechanisms, we should consider other ways to ensure the material is available to them. There are creative collaborations between international organizations and academic institutions to develop and maintain such databases on tax treaties and other types of agreements. UNCTAD, for instance, maintains a database of over 2500 International Investment Agreements, with analysis by academics from universities around the world.
This brings me to my third point: data without the means to interpret and manipulate it is not sufficient. The need to manipulate data to provide actionable information means that even the entities that generate data may not be able to use it effectively without assistance.

For example, many developing countries also lack solid information about cross-border income flows that would help them to determine the real effects of tax treaties. These income flows involve not only interest and dividends from direct investment, but royalties, fees and other base-eroding payments that may be more difficult to measure.

Developed countries have sophisticated information reporting systems that inform their tax treaty policies. Developing countries need similar information when considering their own tax treaty policy frameworks and the negotiation of individual treaties. I am keen to hear from workshop participants on possible ways to help developing countries collect that information with respect to payments arising in their countries.

Achieving the SDGs will require the consistent accumulation by developing countries of the tools they need to implement sound policies. I hope, Participants, that you will find this workshop a meaningful contribution that end and look forward to our discussions.

Thank you.