



CENTER FOR ECONOMIC AND SOCIAL RIGHTS

SOCIAL JUSTICE THROUGH HUMAN RIGHTS

Email to: taxcommittee@un.org

Date: September 21, 2021

Subject: Comments on the Draft Agenda of the UN Committee of the Experts on International Cooperation in Tax Matters

We welcome the new members of the Committee and the invitation to share inputs into their workplan for the next four years. In light of these meetings becoming virtual, we would appreciate an active inclusion of civil society to monitor the discussions of these meetings.

Going ahead, we would urge the Committee to prioritise the following:

(i) Article 12 (Royalties): possible amendments in relation to payments related to software and digital products: Tech multinational companies often report incomes as service fee payments posing significant tax avoidance risks in low and middle-income countries.¹ There is a need to expand the legal understanding around royalties in order to plug these leakages.

(ii) The Committee's previous work on Article 12 also ties in with the growing challenges of the digital economy and the OECD Two-Pillar Framework. As highlighted by the Committee previously, the justification to exempt the financial services sector from Pillar 1 is deeply questionable and merits further interrogation on their role in facilitating cross-border tax abuse.²

(iii) In response to the substantial fiscal needs of developing countries owing to the discriminatory impact of the COVID-19 pandemic, in our view, the Committee must integrate its work on Taxation and Sustainable Development Goals with the pandemic and post-pandemic issues. The process of policymaking must undertake gender responsiveness into consideration to push for a progressive tax regime as well as true redistribution.

We would be happy to provide further information, kindly write to Kate Donald at kdonald@cesr.org or Sakshi Rai at srai@cesr.org.

¹ Ward, Jason and Sakshi Rai (2021): "Taken for a Ride," Centre for International Corporate Tax Accountability and Research, <https://cictar.org/taken-for-a-ride/>.

²Submission to the Committee on Economic, Social and Cultural Rights (2016) https://www.cesr.org/sites/default/files/downloads/GBR_CESCR_SUBMISSION_JUNE_2016.pdf