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**Committee of Experts on International
Cooperation in Tax Matters
Twenty-fourth session**

4-7 April and 11-12 April 2022

Item 3 (d) of the provisional agenda

**Update of the Manual for the Negotiation of Bilateral Tax Treaties between Developed
and Developing Countries**

Co-Coordinator's Report

Summary

At its 23rd Session in October 2021, the UN Committee of Experts on International Cooperation in Tax Matters considered note E/C.18/2021/CRP.23 relating to the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. The Committee's mandate requires it to keep the Manual under review and update it as necessary. The Committee established a Subcommittee on the Update of the United Nations Manual for Negotiation of Bilateral Tax Treaties between Developed and Developing Countries to undertake this work.

With respect to its program of work, the Subcommittee proposes that, during the first half of this membership of the Committee, its focus should be on an update of the Manual to reflect the changes made in the 2021 version of the UN Model. In the second half of the membership of the Committee, the Subcommittee could prepare for the succeeding update of the Manual by drafting a revision to Section II of the Manual to address logistical issues and, to the extent possible, agreeing on changes to the Manual in parallel to any agreed changes to the UN Model.

The Committee is invited to ***discuss and approve*** the Subcommittee's work program described in the preceding paragraph and set out in more detail in paragraphs 5 through 7.

Background and Subcommittee Mandate

At its 23rd Session in October 2021, the UN Committee of Experts on International Cooperation in Tax Matters considered note [E/C.18/2021/CRP.23](#) relating to the [United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries](#). The Secretariat explained that the Committee's mandate required it to keep the Manual under review and update it as necessary. The Manual had last been updated in 2019.

2. The Report of the 23rd Session describes the Committee's discussions regarding the scope and timing of the next update to the Manual:

32. Ms. Brown commented that, owing to the substantial changes made in 2021 to the United Nations Model Convention, including the addition of article 12B on automated digital services, the 2019 version of the Manual was out of date. She considered that updating the Manual to reflect only the changes made in 2021 was relatively straightforward but that the Committee might want to make other changes, including a discussion on conducting tax treaty negotiations through videoconferencing.

33. Members of the Committee emphasized the importance of the Manual and therefore of updating it as quickly as possible. However, the view was expressed that it would be good for the issuance of the Manual to coincide with any update of the United Nations Model Convention. Ms. Brown suggested that it might be possible to quickly complete a streamlined electronic update that reflected only the changes made in 2021, while the Committee worked on other changes that could be approved alongside the next update of the United Nations Model Convention. No decision was made on that point, although the draft mandate of the Subcommittee was modified to indicate that the next update of the Manual should be completed as soon as possible.

34. The Committee established a Subcommittee on the Update of the United Nations Manual for Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, with Mr. Protto and Aart Roelofsen as Co-Coordiators, and with the following mandate:

The Subcommittee is mandated to propose updates to the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, based on the following principles:

- That it reflect the current version of the [United Nations Model Double Taxation Convention between Developed and Developing Countries](#) and the relevant United Nations commentaries as well as ongoing decisions of the Committee leading to changes in them
- That it pay special attention to the experience of developing countries and reflect their realities and needs at their relevant stages of capacity development

- That it draw upon and feed into, as appropriate, the relevant work done in other forums, especially the work on the toolkit on tax treaty negotiation by the Platform for Collaboration on Tax

In undertaking its work, the Subcommittee may wish to consult with relevant stakeholders. The aim of the Subcommittee shall be to present to the Committee an update of the Manual for consideration with a view to adoption as soon as possible. Updates on the progress of the work shall be provided to the Committee at its Twenty-fourth session and each succeeding session. The Subcommittee may request the secretariat to develop necessary inputs and provide necessary support within its resources.

3. To summarize, the Committee was not opposed to expanding the matters to be covered in the next update of the Manual, but work on such additional matters should not delay the publication, at least in electronic form, of a version of the Manual that reflects the changes made in 2021 to the United Nations Model Convention.

Overview of Subcommittee's Proposed Work Plan

4. The first meeting of the Subcommittee on the Update of the Manual for Negotiation of Bilateral Tax Treaties between Developed and Developing Countries (the Subcommittee) was held virtually 7-9 March 2022.

5. During that meeting, the Subcommittee considered some possible topics that could be added to the Manual and some topics where the existing material could be expanded. This included a discussion of the logistical issues and opportunities presented by conducting tax treaty negotiations through videoconference. The Subcommittee agreed to continue work on this topic but is still considering the form that any guidance might take (whether a stand-alone document or simply part of the revision to Section II of the Manual, as discussed below).

6. With respect to its program of work, the Subcommittee proposed that, during the first half of this membership of the Committee, the focus should be on an update of the Manual to reflect the changes made in the 2021 version of the UN Model. The Subcommittee has already had a first discussion of the section of the Manual addressing new Article 12B during its first meeting.

7. In the second half of the membership of the Committee, the Subcommittee could prepare for the succeeding update of the Manual by:

- Updating Section II as necessary to address practical issues arising in connection with conducting negotiations through videoconferencing and any other issues agreed upon by the Subcommittee in its March 2022 meeting and after considering any input from developing country treaty negotiators regarding their priorities;
- To the extent possible, agreeing on necessary changes to the Manual as soon as possible after the Committee has approved changes to the UN Model.

The Subcommittee does not yet have a view on the timing of that succeeding update.

8. At its 23rd Session, the Committee also agreed to discuss taxation and the Sustainable Development Goals regularly during its sessions, and to have subcommittees reflect on the links between their work and the SDGs. The Subcommittee recognizes that by promoting fair and effective tax systems, which support both revenue and trade and investment for development, through guidance products and through advising UN DESA on capacity building activities, the Committee's work contributes to achieving the interlinked SDGs as a totality. In this regard, the work of the Subcommittee in providing practical guidance to developing countries regarding their tax treaty negotiations will promote the balance of revenue needs and the development focused investment climate which many countries seek.

Future Meetings of the Subcommittee

9. The Subcommittee plans to meet virtually at least twice between the 24th and 25th Sessions of the Committee, preferably in early June and in late August.

Issues for Decision by the Committee

10. The Committee is invited to discuss and approve the Subcommittee's proposed work plan set out in paragraphs 5 through 7.