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

18-21 October 2022

Item 3(h) of the provisional agenda

**Dispute Avoidance & Resolution.**

**Co-Coordinator's Report**

***Summary***

This paper is for update purposes.

the small group seeks to appraise the Committee of its progress so far.

## **Background and Subcommittee Mandate**

1. At the 23<sup>rd</sup> session of the Committee in October 2021, the secretariat provided a paper on Dispute Avoidance & Resolution ([E/C.18/2021/CRP.27](#)) That paper provided an outline of the work of the previous Subcommittee on Dispute Avoidance & Resolution .

2. As noted in the [Report on the twenty-third session](#), after some discussion, the Committee established a small group on dispute avoidance and resolution, with Mr. Protto and Mr. Roelofsen as Co-Coordiators, and with the following mandate:

“The mandate of the group is to monitor the developments in the digitalization work; consider any feedback received from the capacity development work; and determine the necessary action. The small group is to report back to the Committee during the Twenty-fourth Session on its findings and recommendations, including a proposed plan of work.

3. As noted in the [Report on the twenty-fourth session](#), the Committee approved the group’s workplan where the group recommended continual monitoring of developments in this area, with a report of any developments submitted at its twenty-fifth session.

## ***Collaboration with the Transfer Pricing Subcommittee***

4. The co-coordinators attended the meeting of the TP subcommittee where a workplan to advance their workstream on dispute avoidance and resolution was agreed upon. The workplan includes practical challenges in Mutual Agreement Procedure cases that are not yet addressed in existing UN Tax Committee guidance as well as dispute avoidance mechanisms (e.g. APAs, Joint Audits or risk control mechanisms, like the International Compliance Assurance Programme (ICAP)) with a focus on experiences and concerns of developing countries.

## ***Issues***

5. It is observed that the dispute avoidance and resolution elements included in the work on digitalization undertaken in other fora is still ongoing and so far, there were no significant developments that call for new guidance or input from the Committee. The capacity development work is also ongoing with some events planned for this last quarter of the year. Feedback from these events, if any, and the work in the Transfer Pricing Subcommittee will determine whether there will be output that warrants the update of the Manual on Dispute Avoidance and Resolution.

## ***Proposed Workplan and the Sustainable Development Goals***

6. As noted in the [Report of the Committee’s 23<sup>rd</sup> Session](#), held in October 2021, the Committee agreed:

(a) To continue to discuss taxation and the Sustainable Development Goals regularly during sessions, as a permanent agenda item.

(b) To request the secretariat to provide regular updates on taxation and the Sustainable Development Goals, at each session:

(i) To preserve the focus of the Committee’s work in the area.

(ii) To identify any gaps in guidance.

(iii) To establish priorities for technical work to be carried out by the secretariat;

and

(c) To have subcommittees reflect on the link between their work and the Goals.

7. In addressing paragraph (c) of that conclusion, the small group recognizes the importance of stabilizing the tax environment through adopting measures that minimize tax disputes and, where this is not possible, that ensure that disputes are resolved fairly and effectively. The fair and effective resolution of tax disputes serves to balance the need to raise revenues and the need to attract and keep foreign investment. Achieving the right balance contributes to the strengthening of domestic resource mobilization hence putting countries on course to meet their SGDs.

*Next Steps.*

8. The small group proposes, subject to Committee views, to continue monitoring the relevant work undertaken in other fora as well as the feedback from any capacity development activities and events, to determine its work plan.

9. As part of its monitoring, the group will keep consulting with the Subcommittee on Transfer Pricing on relevant developments in that area such as the current workplan.