

Input on UN Secretary General's Report 2023

Dear Secretary General,

The “International Tax Cooperation” (ITC), howsoever, positive might apparently sound, it also has a coercive dimension under which taxing rights have been lopsidedly distributed and monopolized over the past five decades. Leveraging the ITC as an overarching framework, over 3,200 double taxation conventions (DTCs) – involving, at least, one developing nation, have now been put in place resulting in their *tax-base loss* particularly in asymmetrical bilateral economic settings. The DTCs once enforced, also create a convenient legal space for multinationals (MNCs), high net worth individuals (HNWIs) and other non-state operators to enter into aggressive tax planning, and take on hapless tax systems in developing countries resulting in their *tax base erosion*.

2. These DTCs may have been signed by developing countries in exchange for elusive big-push of foreign investment, fast-track industrialization, and rapid economic development or may just be the doing of their own rent-seeking political elites committing their peoples into binding sovereign commitments of near-permanence for perverse short-term political or economic gains. The fact, however, remains that these DTCs now effectively operate as a pull-back factor on developing countries' efforts to mobilize resources good enough to put their societies on way to even achieving the sustainable development goals (SDGs).

3. Therefore, it is of paramount importance that when you have created this rare opportunity to the comity of nations to re-appraise the ICT framework as presently understood, it is time that we do redefine it to read into it a bit more than what it traditionally covered – official development assistance (ODA), technical assistance (TA), and offering more training opportunities to developing country officials in various fields. What is it that I want to be also read and included in the scope of ICT as we gear to enter 2nd quarter of 21st century? I briefly summarize it as under: -

(A) International Tax Governance Architecture

It is eventually the time that the world moves towards a systematic, orderly and just tax world for which the first precondition is putting in place a sovereign, binding, and universal **International Tax Convention** setting out tax rates, and mechanisms of their application on all cross-border incomes and operators fair and equitable to all (a) international economic agents; (b) source states; and (c) residence states. In order to operationalize the International Tax Convention and ensure its harmonious enforcement across the globe, an **Intergovernmental World Tax Organization** needs to be established duly staffed by professionals from all UN member states. It would take time and resources to get there, but an **expression of a resolve** towards that end duly backstopped by definite timelines being put in place in your report would certainly give the Global South states an optimism as to the future of their people and repose their confidence in the

efficacy of the institution of UN – so critically important for a peaceful and orderly march of history into future.

(B) Process

The **Global South** must be afforded an opportunity, prior to finalization of much-touted UN Secretary General’s report, to convene at one platform, and chalk out their agenda of engagement with Global North that are continually chaperoned by OECD in international tax affairs. The Global South’s agenda-setting exercise ought to be led by a group of **tax justice champions** to be nominated by the UN from both developed and developing countries to make up for the latter’s conceptual and technical deficit. The G77 or South Centre could conveniently provide a platform for such an activity strictly timed to stay within the schedule of GA Resolution 77/244 of 2022.

(C) Agenda

The agenda, inter alia, must include **comprehensive renegotiation of taxing rights**, standardized **mechanisms of taxation of cross-border incomes**, illicit (and licit) financial flows that adversely affect external sectors of most forex-starved developing countries, wide-going tax havenry, international documentation of assets, universal tax identification numbers for all international economic agents, citizenship/residence-by-investment schemes, beneficial ownership legislations, deep-seated banking secrecy operating behind the façade of domestic laws, and an avowed declaration to disallow use of exchange of information as a *casus belli* to legitimize any of these.

4. The fragility of human existence on planet earth exposed to us by an ever-looming global warming directly being reinforced by an unjust international economic order in place for past couple of centuries, solemnly calls upon us to **avoid half-measures** and **take meaningful decisions** as encapsulated in (a) and (b) above and pronounce to denizens of Global South that they have a voice, and that international conscience has finally attained that moral standing where it can put “national interest” subservient to “international interest” by starting a debate on the points headlined in (c) above – probably the only way we bequeath a liveable, resilient, and sustainable planet to our posterity.

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