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

New York, 27-30 March 2023

Item 3(h) of the provisional agenda

Dispute Avoidance & Resolution.

Co-Coordinator's Report

Summary

This report is presented for *information* at the Twenty-sixth Session. It appraises the Committee of the group's progress and activities so far, outlining the progress of the group's mandate to monitor developments in the work on taxation of the digitalized economy as well as feedback received from Capacity Development work by the Secretariat that may necessitate update of the United Nations Handbook on the Avoidance and Resolution of Tax Disputes.

The Committee is further updated on the group's collaboration with the Transfer Pricing Subcommittee.

Background and Subcommittee Mandate

1. At the Twenty-third Session of the Committee in October 2021, the Secretariat provided a paper on Dispute Avoidance and Resolution ([E/C.18/2021/CRP .27](#)). That paper provided an outline of the work of the previous Subcommittee on Dispute Avoidance and 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-Coordinator, 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](#) and the [Report on the Twenty-fifth Session](#), the Committee approved the group’s workplan, in which the group recommended continual monitoring of developments in this area, with a report of any developments submitted at the subsequent Session. The substantive focus of the group remains highly relevant to strengthening domestic resource mobilization and supporting the achievement of the Sustainable Development Goals.

Collaboration with the Subcommittee on Transfer Pricing

4. The Co-Coordinator, Mr. Aart Roelofsen and Mr. Carlos Protto, reviewed the Transfer Pricing Subcommittee’s paper on the economic downturn caused by the COVID-19 pandemic, which contains a section on dispute resolution. They also gave input to the Subcommittee on Transfer Pricing’s workstream focused on providing a toolkit or toolkits to assist developing country tax administrations in conducting efficient and effective transfer pricing risk assessments and audits.

Issues

5. It is observed that the dispute avoidance and resolution elements included in the work on digitalization undertaken in other fora are still ongoing and that, so far, there have been no significant developments that call for new guidance or input from the Committee. The capacity development work disseminating the [United Nations Handbook on the Avoidance and Resolution of Tax Disputes](#) produced by the Committee and subsequently published in 2021 (and now available in English, French and Spanish) is also ongoing. Feedback from the capacity development activities and from the work in the Subcommittee on Transfer Pricing will determine whether there will be output that warrants the update of the Handbook.

Next Steps

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

7. As part of its monitoring, the group will continue consulting with the Subcommittee on Transfer Pricing on relevant developments in that area, such as the ongoing work focused on providing a toolkit or toolkits to assist developing country tax administrations in conducting efficient and effective transfer pricing risk assessments and audits as well as addressing the economic downturn caused by the COVID-19 pandemic.