



2 March, 2015

To: taxoffice@un.org

Att: Michael Lennard

Issue: Input to the Secretary-General's report on options for further strengthening the work and operational capacity of the UN Tax Committee

The European Network on Debt and Development (Eurodad) welcomes the opportunity for civil society to provide input to the Secretary-General's report on options for further strengthening the UN Tax Committee. Please find below the key points we would like to submit.

Reflecting the views of Member States

We have followed with great interest the political statements which Member States have expressed recently with regards to the role of the United Nations in relation to international cooperation in tax matters.

During the January session of the preparatory process for the Third Conference on Financing for Development, South Africa, speaking on behalf of the G77, highlighted that:

“While there is increasing recognition of the central role of tax systems in development, there is still no global, inclusive normsetting body for international tax cooperation at the intergovernmental level. There is also not enough focus on the development dimension of these issues. This should be one of the key deliverables in the Addis Ababa Outcome Document”.

During the same session, the European Union, which has previously rejected the proposals to establish an intergovernmental body on tax matters under the UN now stated that:

“Cost-benefit analysis should be conducted before any decision can be taken. We would also need to have more clarity on what would be the exact mandate of such committee. Different institutions and forums already exist – a first step should be to reflect on the purpose of, and inter-linkages between, these various bodies with the aim of avoiding wasteful duplication”

With reference to these and other statements made by Member States, we hope the Secretary-General's report can provide a much needed analysis of the gaps in the existing institutional arrangements, an outline the full range of possibilities for filling these gaps, as well as a preliminary estimate of the costs and benefits. In line with the statement from G77, we also believe that such an analysis should include specific points about the options for giving a UN tax institutions the powers to be truly global, normsetting and include a specific focus on the development dimension of global cooperation in tax matters.



Gaps in the current institutional arrangements and benefits of an intergovernmental body on tax matters

One fundamental concern with the G20/OECD driven processes is the fact that not all countries are able to participate on an equal footing, despite the fact that the outcomes of these processes are described as “global” and often presented as something all governments are expected to adopt and comply with.

The issue of taxation is a core element of democratic societies and has direct and large financial impacts on peoples livelihoods, including by impacting the availability of essential public services. Therefore, governments should not be expected to let other governments negotiate on their behalf in processes relating to global tax standards. The widespread occurrence of harmful tax competition and beggar-try-neighbour tax policies, as well as the fact that the capacity, culture and political approach to international taxation differs substantially among nations, further underlines the fact that the negotiation of global tax standards, norms and agreements will require the direct involvement of all governments. In addition, the high public interest in these matters calls for a strong involvement of stakeholders in the process, as well as a high degree of transparency.

Membership options

We find that exploration of options for filling the gap in the international institutional arrangements should not be limited to UN bodies with limited membership. During the negotiation of the modalities of the United Nations’ Forum on Forests, a new type of institutional arrangement was developed and established under ECOSOC – namely a subsidiary intergovernmental body with universal membership.

We find that such a body would be able to provide a truly inclusive, participatory and broad-based dialogue on international cooperation in tax matters, whereas bodies with non-universal membership would be unable to provide all governments the right to participate on an equal footing.

We therefore urge the Secretary-General to include in his report an assessment of the option of establishing an intergovernmental body on tax matters and a subsidiary body with universal membership under ECOSOC.

The future role of existing bodies

Forums and institutions such as the existing UN Committee of Experts on International Cooperation in Tax Matters, regional tax forums, as well as the Organization for Economic Cooperation and Development all have a high degree of expertise and experience, and although they cannot substitute an intergovernmental UN body on tax matters, they can provide very useful inputs to such a body. We therefore encourage the Secretary-General to consider the option of maintaining the existing UN tax committee as a subsidiary body of a new intergovernmental UN body. We furthermore find that all other relevant bodies and forums could be invited to submit input for consideration by the intergovernmental body in an open and transparent manner.

For more information

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