

## PROMOTION OF INCLUSIVE AND EFFECTIVE TAX COOPERATION AT THE UNITED NATIONS:

Dear Colleagues,

I welcome the opportunity to comment (in my personal capacity) on resolution "**A/RES/77/244**" adopted by the General Assembly on 30 December, 2022, on the promotion of inclusive and effective international tax cooperation at the United Nations. This input is in line with clause 4 of the resolution, which enjoined the Secretary-General to seek the inputs of Member States and stakeholders towards implementation of the Resolution.

1. I commend the Secretariat for its age-long efforts at fostering fair, equitable and inclusive international tax rules. In particular, Nigeria supports this resolution as it holds great potentials for achieving many laudable initiatives that will enable member states to mobilise the required resources to finance the sustainable development goals (SDGs).
2. As Resolution **69/313** commits Member States to work and improve the fairness, transparency, efficiency and effectiveness of their tax systems; implementation of "**A/RES/77/244**" should be similarly anchored on commitment of Member States to building and honouring a binding multilateral framework that is inclusive, fair, transparent, efficient and effective.
3. The framework for the implementation of an inclusive and effective tax cooperation should be modelled with relevant binding instrument such as the UN Framework Convention on Climate Change (UNFCCC), which has been widely successful.<sup>1</sup> The goal of the framework or instrument should be to achieve international tax cooperation at intergovernmental level, leveraging on UN processes. The end-result would be eradication of tax evasion and illicit financial flow, and fairer, equitable, inclusive, administrable and transparent international tax rules.
4. The other issues for consideration are further discussed below.
5. *Governance Structure:*
  - a) The first step is to streamline all international tax works that are currently dispersed in several institutions at the United Nations. The starting point is to take inventory of all completed or ongoing international tax projects or

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<sup>1</sup> See GLOBTAXGOV Public input "Promotion of inclusive and effective tax cooperation at the United Nations." Published on 9<sup>th</sup> March, 2022 which alluded to this same claim.

- products. Having an understanding of the length and breadth of international tax works will enable proper definition of the scope of the UN body on taxation.
- b) The Tax Committee should be re-structured into an intergovernmental body populated by delegates elected on the basis of equal representation while maintaining balance for regional diversities. An intergovernmental body will present equal opportunities for all members in work design, budget and decision making. This will ensure legitimacy as decisions would be by majority votes. The new governance structure should have greater roles and responsibilities compared to the current United Nations Committee of Experts on International Cooperation in Tax Matters.
  - c) The next thing is a functional, well-staffed and well-equipped secretariat. This is a key requirement for effectiveness and efficiency considering that most delegates would be working on part-time basis.
  - d) Working Groups: my proposal is for the UN to establish subsidiary working groups within the governance structure that will oversee specific thematic areas, such as tax treaties, transfer pricing, exchange of information, etc. In light of the detrimental impact of illicit financial flows (IFF) on the economies of developing countries, we recommend the creation of a dedicated working group that will develop global regulations to combat IFF. In order to achieve this, the existing subcommittees of the UN Tax Committee may be expanded and strengthened with respect to membership, mandate, and funding, to transform them into the proposed Working Groups.

6. *Continued Interaction and Collaboration:*

Given the infinite possibilities for collaborative work amongst Member States using the framework, the framework must support continuous interaction amongst Member states as this has been found to support better and deeper cooperative outcomes over time. Again, UNFCCC presents a test case for this process.

7. *Use of Legal Forms*

The framework must be able to adopt the use of legal forms in its procedure, where agreed instruments are not just political commitment but legally binding on Member States, after adoption by those States. This should not be far-fetched, since discussions, negotiation and agreements will be at intergovernmental level.

8. *Review of existing instruments and rules in international taxation:*

The new initiative should also review the existing international tax rules and related instrument, including some of the end product of the two-pillar solution to the tax challenges of the digitalised economy in order to ensure fair, equitable and implementable outcome for Member States.

9. *Capacity Building:*

Some countries cannot participate in negotiations on equal footing without first obtaining the requisite capacity to negotiate. Accordingly, the current work carried out by Tax Inspectors without Borders, PCT and other related entities in capacity building for low-capacity jurisdictions should become one of the bedrocks of the framework.

10. *Funding:*

Adequate funding should be provided to the new structure, particularly to set up an elaborate Secretariat that will serve as the engine room for its work. This should include resources that will enable the Secretariat engage adequate number of technical staff, adopt technology, acquire and deploy facilities (including sufficient number of meeting rooms), conduct meaningful research and host meeting sessions.

11. *Priority of Work: and applicability of rules and instruments:*

Priority should be devoted to work areas that are of greater goods to more Member States. Also, simplicity should be prioritised in developing rules and instruments, to ensure outcomes are implementable by greater number of Member States.

Thank you

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