

## **Input of the Federal Republic of Germany for the Secretary-General's "Tax Report 2023" on Promotion of inclusive and effective tax cooperation at the United Nations in addition to the Input made by the EU**

### **Preface**

In the UN resolution 77/244 Member States have requested the Secretary-General to prepare a report as the basis for further discussions, starting at the General Assembly's seventh-eighth session. The report is supposed to inform the discussion on ways to strengthen the inclusiveness and effectiveness of international tax cooperation. To this end the report and the subsequent discussion shall analyse all relevant international legal instruments, other documents and recommendations that address international tax cooperation, evaluate options to strengthen the inclusiveness and effectiveness of such cooperation; and outline potential next steps.

From the German perspective the report shall describe the structure, the work and the accomplishments of the existing fora in a comprehensive manner. This would also have to comprise e.g. Capacity Building Initiatives in the field of international tax cooperation of all relevant stakeholders and activities of regional tax administration organisations like the African Tax Administration Forum and the Inter-American Centre of Tax Administrations.

Of course, the analysis has to be done without pre-determination. But with a view to the successful work that fora like the Inclusive Framework on BEPS, the Global Forum on Transparency and Exchange of Information for Tax Purposes and also the UN Committee of Experts on International Cooperation in Tax Matters have shown in recent years, we very much doubt that there is a need for a new tax cooperation framework under the auspices of the UN or for new instruments agreed through a UN intergovernmental process. Instead, possibilities for improvement and further development of the existing institutions and instruments, but also for their coordination, should be worked out. Moreover, possible redundancies should be pointed out. This is an area where the UN Tax Report could present much needed additional value. At any rate, all steps evaluated during the discussions following the SG's report should not double any existing instruments and will clearly need to add value to the mechanisms in place.

### **International Tax Cooperation Frameworks**

#### **Inclusive Framework on BEPS**

The Inclusive Framework on BEPS has currently a membership of 142 jurisdictions. These jurisdictions participate on an equal footing and work on globally acceptable solutions for the taxation of multinational enterprises. Most prominently, this includes the so-called two-pillar-solution to address the tax challenges of digitalization. The Inclusive Framework on BEPS has proven to be an international forum that is capable of delivering solutions for politically highly relevant and technically complex issues. In parallel to the designing of new tax principles, the Inclusive Framework on BEPS puts a focus on supporting developing countries in their tax capacities.

#### **Global Forum on Transparency and Exchange of Information for Tax Purposes**

With its 165 members, a majority of them being developing countries, the Global Forum on Transparency and Exchange of Information for Tax Purposes impressively demonstrates how

inclusivity and cooperation on an equal footing can work. In addition to the equitable cooperation which has already made a remarkable contribution to global tax transparency, capacity building and technical assistance are also important projects of the Global Forum, aimed at actively supporting developing countries in the implementation of tax transparency standards.

### **UN Tax Committee**

Within the framework of the UN international tax issues are discussed in the Committee of Experts on International Cooperation in Tax Matters. The Committee works efficiently and achieves high-quality results, which are in line with the needs of developing countries. Hence we do not see the need to create an intergovernmental body on tax matters under the auspices of the United Nations.

### **Conclusion**

Germany fully acknowledges the importance of strengthening international tax cooperation in an effective and inclusive manner. Therefore, we are fully engaged on efforts to improve cooperation in tax matters and we participate actively in the important work carried out in international fora.

Progress in the implementation of international tax standards made through international fora, including the Inclusive Framework on BEPS and the Global Forum on Transparency and Exchange of Information for Tax Purposes, has been steady. The Inclusive framework on BEPS is already gathering 142 jurisdictions committed to deliver a multilateral solution to address the tax challenges that all countries, should they be small or large economies, developed or developing countries, have to face in a globalized environment. 165 countries, including emerging and developing countries are now part of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which conducts peer-reviews to assess progress in the implementation of the standards.

Enhancing the involvement of developing countries in relevant international fora on tax dialogue and cooperation contributes to their efforts to effectively tackle illicit financial flows, including tax evasion, aggressive tax avoidance and other harmful practices. We support a broad participation of developing countries in existing structures, and an enhanced cooperation between all relevant stakeholders, considering the specific needs and capacities of developing countries. In particular, also increased dialogue and cooperation with regional fora such as the African Tax Administration Forum and the Inter-American Centre of Tax Administrations could be further explored.

However, strengthening institutional arrangements should not lead to the creation of competing fora, which would potentially jeopardise the progress already made. Rather, the focus of the Secretary General's report should be on improving the coordination between existing structures. Before considering options for setting-up new intergovernmental bodies, every effort should be made to ensure that the existing structures function in the most efficient way, without creating redundancies.

For example, there are already several initiatives underway to ensure that international tax rules deliver benefits for developing countries. Including the 2022 G20/OECD Roadmap for Developing Countries and International Taxation, which comprises recommendations on bespoke capacity building to support implementation of the Two-Pillar solution, and on facilitating faster progress on securing developing country access to Country-by-Country reports.

In terms of the potential costs, we stress the need for cost-effectiveness of any suggestions to create a new "open-ended ad hoc intergovernmental committee" and to develop a new "international tax cooperation framework or instrument", and ask the Secretary General to take account of this in his report.