



Promotion of Inclusive and Effective Tax Cooperation at the United Nations

In response to General Assembly resolution 77/244 on Promotion of Inclusive and Effective Tax Cooperation at the United Nations, the Secretary-General invited written input from member states and relevant stakeholders on the range of issues addressed in the resolution. The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) hereby provide the following input.

The G24 Position

We applaud the work of the Secretary General's Office in evaluating options to strengthen the inclusiveness and effectiveness of international tax cooperation and their viability. The members of the G24 highlight the importance of including international taxation issues within the UN high-level political agenda, as well as other organizations at the regional and international level. Mobilizing resources from taxes is a key component to financing development, especially in emerging and developing economies (EMDEs).

We hereby propose the following comments on how tax issues could be addressed by the UN. Our position focuses on two main issues: the governance framework, and substantive issue.

Governance

The choice of structure for the body that will host the discussions for inclusive and effective tax cooperation world-wide should take into consideration prior experiences and should reflect the objectives of inclusiveness and effectiveness as mandated by the Resolution on "*Promotion of inclusive and effective tax cooperation at the United Nations*".

In particular, the G24 would like to propose that the governance be guided by the following principles:

1. **Inclusiveness and effectiveness:** The international community should ensure that international norms enjoy the highest levels of legitimacy, by providing a level-playing field in a negotiating process that has universal participation. This can be facilitated in the short term through the strengthening of the United Nations Committee of Experts on International Cooperation in Tax Matters. In turn, the conversion of the Committee into an Intergovernmental Subsidiary body of the Economic and Social Council (ECOSOC) would allow for enhanced international cooperation and improved EMDEs voice and participation in norm development in tax matters. Intermediate steps to enhance the effectiveness of the current working of the UN Committee of Experts should include the adoption of a resolution or intermediate instrument where states can

commit to actively participate by designating experts to attend the existing Committee of Experts meetings. Additionally, Ministers of Finance can agree to adopting specific recommendations at regional or other multilateral levels.

2. **Capacity building:** we have observed that effective participation in the policy decision-making is often limited by disparities in human, language and financial resources, in particular in developing countries. We thus propose to hold regional briefing and debriefing sessions prior to and after the main meetings to guarantee a thorough understanding of the issues, to facilitate the comprehension of the discussions and to promote effective contributions by the stakeholders.
3. **Transparency and bottom-up participation in the decision-making process:** we encourage that the UN adopts a new governance structure on tax cooperation that includes early input of diverse stakeholders into the different workstreams. We believe it is ideal to profit from the work of academics, civil society, business community and other stakeholders before proposing solutions, rather than informing the final outcome without their intervention. This adds to the transparency in the decision-making process, which should be a pillar in the design of the new body. Lastly, we believe it is crucial to include relevant tax policy issues in the international agenda of high-level decision makers at the UN (e.g.: Ministers of Finance).
4. **Resourcing:** the G24 encourages a structure that provides enough funding to aide in the production and management of new workstreams, while guaranteeing availability of support for the implementation by governments of solutions proposed by the UN Tax Committee. Better results will be achieved if we dedicate more time to this initiative and if substantial economic and human and resources are endorsed.

Substantive issues

Beyond process, the report could also discuss the nature of the issues, which may differentiate the workstream of the new body from other existing platforms. The G24 recommends the following principles for the substantive issues:

1. **Simplicity and administrability:** Developing countries and emerging markets need solutions that are simple and cost-effective, as well as mindful of our context in terms of capacity. Some of the solutions that have been proposed at a global level are very difficult or costly to implement in the global South, which is why we would welcome a review of existing solutions with a view of simplifying and making them administrable for the Global South. We would also welcome new simple and administrable solutions for issues that remain unresolved in the global tax arena.
2. **Coordination:** We strongly encourage collaborative coordination with existing bodies such as the Organization for Economic Cooperation and Development, OECD / G20 Inclusive Framework, so as to avoid duplication of work. Likewise, the new issues that are taken up by this new body should be excluded from the future workstream of other organizations to avoid duplication.

3. **Differential tax issues for the global South:** The G24 encourages the creation of a workstream that could study the tax issues that are exclusively or predominantly affecting the Global South, as coordination in achieving solutions to these issues is vital for advancing the goals of financing for development. Regional meetings can play a vital role in this regard. They could be coordinated by the UN regional commissions with support from the IMF, the World Bank, the regional development banks and the OECD Development Centre.
4. **Progressive and redistributive tax policies:** We strongly advocate for the design of strong progressive and redistributive tax policies, specifically to maximize the contributions made by richest individuals and enterprises, including a fair share of EMDEs in the taxes paid by multinational enterprises. Progressive and redistributive tax policies are vital for development, mobilization of resources, promotion of welfare and for building a fairer international tax system.

Some suggestions for immediate work areas that the intergovernmental body can undertake include taxation of services, taxation of mobile workers, minimum taxation of high net worth individuals and exploring simplification of transfer pricing through formulaic methods. A general review of residence and source distributive rules in the face of mobility should also be undertaken.

We are grateful for the opportunity of contributing ideas in the early stages of the preparation of the tax report for 2023.