

**Statement by Mr. Navid Hanif**  
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**9TH MEETING OF THE INCLUSIVE FRAMEWORK ON BEPS**  
**Thursday, 2 July 2020**

The 20<sup>th</sup> session of the United Nations Committee of Experts on International Cooperation in Tax Matters successfully concluded a series of virtual informal meetings from 22 to 26 June. The Committee recognized the heightened importance and urgency of the UN work on domestic resource mobilization, from a tax and SDGs perspective, for COVID-19 response and recovery.

I have the honour to share with you, participants in this meeting of the Inclusive Framework, highlights from the UN Tax Committee's 20<sup>th</sup> session and other UN initiatives.

Members underscored the timely practical value of the UN Committee's work on several issues related to corporate taxation and tax base protection. They also stressed the need for policy guidance and capacity building support on various tax issues involved in addressing inequalities within countries further exposed and exacerbated by the pandemic.

The Committee approved changes to the UN Model Double Taxation Convention, its signature product, dealing with an important area where tax planning has deprived countries of tax payments on the sale of major mining, telecommunications and other assets. In another of its initiatives to provide countries with tools to combat illicit financial flows (IFFs), the Committee approved draft chapters of its updated Transfer Pricing Manual. Transfer pricing remains one of the most challenging and important issues for developing countries, and the UN is positioned to provide distinctive, integrated policy and capacity building support to countries in this area. A chapter on tax incentives of its Handbook on Taxation of the Extractives Industries by Developing Countries was also approved.

Moreover, the Committee achieved an important development on taxation of the digitalized economy. The Committee had previously affirmed its role as an independent and informed body, with a mandate to further international tax cooperation, especially for the benefit of developing countries. During the 20<sup>th</sup> session, the Committee considered the relevant paper (CRP.25) and comments on it and tasked a drafting group (all from developing countries) to provide a draft proposal for an optional UN Model provision by 31 July, without prejudice to the inclusion or otherwise of any such provision in the Model.

The draft proposal will seek to take on board relevant discussions about clarifying objectives and recognizing practical complexities. The drafting group is fully aware of important processes in this area and will have those considerations in mind when drafting a proposal. This will then be considered by the wider Membership of the Committee, which is also well versed in the sensitivities surrounding this issue.

The Subcommittee is pursuing its mandate by seeking to propose guidance on tax treaty, domestic law and VAT issues, while adopting an approach independent of similar work being pursued in other forums, but giving due consideration to international developments. The guiding principles for its work include: avoiding double taxation and non-taxation; preferring taxation of income on a net basis where practicable; and seeking simplicity and administrability.

The Committee approved a chapter on the design of carbon taxation – the core of its forthcoming new Handbook on Environmental Taxation – and agreed to receive public comments on

other current draft chapters. Its work is extremely well focused and timely given the emphasis on climate-smart approaches to the COVID-19 response and recovery.

Three chapters of the new Manual on Dispute Avoidance and Resolution, including a key chapter on mutual agreement procedures and arbitration, were also approved. Moreover, the Committee advanced work on updated guidelines for tax treatment of ODA projects. Public comments will be sought on several products before their submission for approval at the 21<sup>st</sup> Session in October.

The Committee welcomed UNDESA/FSDO efforts to increase its offer of tax capacity-building tools and activities through virtual means, including an upcoming capacity building course on taxing the digitalized economy in September.

The meetings fully engaged the 25 experts, while drawing upon the work of many more members of the Committee's multi-stakeholder Subcommittees. This 20<sup>th</sup> Session gave confidence that, in international tax cooperation, the UN and its Tax Committee will continue to work towards the gold standard: a system that reflects the realities and priorities of countries in all situations; catalyzes sustainable development rather than put it at risk; and operates as simply and transparently as possible.

UN-DESA is also proud to be a member of the Platform for Collaboration on Tax (PCT). The most recent example of the fruits of our collaboration is the draft toolkit on tax treaty negotiations, released on 29 June for public comments. Over the second half of this year, the PCT will help interested developing countries situate Medium-Term Revenue Strategies (MTRS) into broader effective government planning efforts driven by the SDGs and the Addis Ababa Action Agenda, such as the Integrated National Financing Frameworks (INFFs).

Looking to other UN processes and initiatives, in early March 2020, the Presidents of the General Assembly and the Economic and Social Council jointly launched a High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel). It will make recommendations for: strengthening the implementation of existing mechanisms, standards and commitments; improving existing international frameworks related to financial accountability, transparency and integrity, where possible; exploring the need for, and feasibility of, establishing additional international instruments or frameworks, where warranted; and governance arrangements to match the challenges. The Panel is now working to develop deeper analysis in its three agreed clusters of: improving cooperation in tax matters; accountability, public reporting and anti-corruption measures; and cooperation and settling disputes.

The joint initiative on COVID-19 financial response by the UN Secretary-General, Canada and Jamaica includes illicit financial flows (IFFs) as one of its work streams. An interim report will be produced by September 2020, with the intention to be launched with the participation of heads of state during the high-level week of the UN General Assembly. The final report is due in February 2021 before the 2021 ECOSOC Forum on Financing for Development and the General Assembly's Special Session on corruption.

In closing, in these times of multiple crises, we must remain nimble and effective in facilitating timely tax policy advice and capacity development. Together we must continue to deliver our ambitious tax agendas, ensure that we build back better and leave no one behind!