

Brasilia, Sept. 21, 2021

To

UN Tax Committee Secretariat

Comments on Draft Agenda of the UN Tax Committee

Here are brief comments on the issues found in the call for public comment on the Committee's draft agenda, which I consider relevant.

I think that the that areas should be given priority from the identified issues, the reasons for prioritizing the identified issues and the expected outcome from the proposed Committee work are:

(c) Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries. The UN Model is quite important document for developing countries when negotiating tax treaties with developed countries. The continuous update of the UN Model is crucial to keep it in line with the changes of international tax environment (work done by the Subcommittee on the UN Model Tax Convention between Developed and Developing Countries).

(e) Transfer pricing. Transfer pricing is the most common practice to shift tax base to other jurisdictions usually affecting developing countries. More than fifty percent of the world international transactions are performed between related parties. Therefore, the Committee should keep it on the agenda and also promote the update the UN Practical Manual on Transfer Pricing (by the Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing).

(f) Taxation of the extractive industries. Many developing countries rely on natural resources to improve the national revenue. The issue of taxation of the extractive industries is very important to them along with the transfer pricing aspect of this industry. The United Nations Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries should be updated by the Subcommittee on Handbook on Taxation of Extractive Industries.

(h) Dispute avoidance and resolution. Developing countries are late developers also in dispute resolution. The issue is important to keep developing countries updated and also with focus on specific aspects of developing countries that affect their ability to be effective in this area which affects either international taxation and internal taxes. This area is also closely related to capacity building. The work on this area is done by the Subcommittee on Dispute Avoidance and Resolution

(i) Taxation issues related to the digitalized and globalized economy. This is an aspect of increasing interest and economic importance, developing countries lack knowledge and sometimes lack also structure to deal with this area. The improvement of this area is also related to the update of the UN Model Convention and the work of the OECD/G20 Inclusive Framework (work done by the Subcommittee on Tax Challenges Related to the Digitalization of the Economy).

(o) Relationship of tax, trade and investment agreements. Developing countries when negotiating trade and investment agreements usually does not take into consideration the relationship of these treaties to taxation, as well to tax treaties itself. On the other hand,

developed countries are used to engage in such treaties and have experience with the tax effects of these treaties. But there are differences in the approach when one considers the relations between a developed and a developing country. The gap must be bridged by the UN Tax Committee through a document that clarifies the issues under the point of view of the developing countries.

(p) Capacity-building. This is an ongoing problem, which will remain as long as there are strong differences between developing and developed countries. The lack of expertise and capacity of the tax administration of developing countries is well known. This aspect is worsened by the recent developments in several areas of international taxation, which push the tax administration in general. The Consultative Group on Capacity Development must continue its work, which is fundamental to international tax cooperation.

As for the issue of tax policy and administration in the context of the COVID-19 pandemic response, recovery and resilience building and efforts to achieve the Sustainable Development Goals, the UN tax Committee should provide a study on good practices successfully adopted by some countries, and the possibility of replicating it in developing countries along with technical aid.

These are my comments.

Respectfully,

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