

To:  
**The United Nations Committee of Experts on International Cooperation in Tax Matters**

September 2021

**Re: Call for written comments on the UN Tax Committee's draft agenda.**

Dear Secretariat and members of the UN Tax Committee,

Thank you for the opportunity to submit written comments on the draft agenda of the UN Tax Committee for the coming four years. Please find below the comments from the European Network on Debt and Development (Eurodad).

### **1. New and emerging issues**

A key role of the UN Tax Committee, as expressed in the mandate of the body, is to “*consider how new and emerging issues could affect international cooperation in tax matters and develop assessments, commentaries and appropriate recommendations*”. In this context, we find it important for the UN Tax Committee's agenda to include a key issue that has emerged over the last couple of years, namely the question of a possible **UN Tax Convention**.

Background: In May 2019, the African Group at the United Nations called for a UN Convention on Tax to be negotiated with a view to strengthening the international efforts to combat illicit financial flows.<sup>1</sup> The group has since reiterated this call on several occasions.

In September 2020, the idea of setting up an intergovernmental UN tax body and negotiating a UN Tax Convention was also included in a “Menu of Options” produced under the leadership of the UN to consider how the international community can respond to the Covid-19 crisis.<sup>2</sup>

More recently, in February 2021, the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (the FACTI Panel), which had been set up by the Presidents of the UN General Assembly

(at the time Nigeria) and the President of the UN Economic and Social Council (at the time Norway) issued its final report.<sup>3</sup> Among its key recommendations were:

- Recommendation 2 (on Legitimacy): International tax norms, particularly tax-transparency standards, should be established through an open and inclusive legal instrument with universal participation; to that end, the international community should initiate a process for a UN Tax Convention.
- Recommendation 4A (on Fairness): Taxpayers, especially multinational corporations, should pay their fair share of taxes. The UN Tax Convention should provide for effective capital gains taxation. Taxation must be equitably applied on services delivered digitally. This requires taxing multinational corporations based on group global profit.

The FACTI Panel's report also stressed that "*The international community must ensure that the norms they develop have broad legitimacy by making sure that they are framed and negotiated in an inclusive manner. That has not been the case for international tax norms*" and that "*Proposed new rules on digital economy taxation at the OECD are excessively complex and not adapted to developing countries' needs.*".

Proposed focus and potential output of the Committee: In line with the Committee's mandate to "*develop assessments, commentaries and appropriate recommendations*", we suggest that the Committee assesses existing proposals for how a UN Tax Convention could be designed, as well as other relevant options, and considers the potential value that these approaches could have for international tax cooperation. In this context, we also recommend that the Committee organises a public consultation to collect inputs on the matter. On the basis of its assessment, we believe the Committee should issue a report with recommendations for how the UN and its Member States could approach this issue.

## 2. Comments on issues identified in the draft agenda

We welcome that the draft agenda includes the issue of **tax transparency**. In this context, we find it important for the Committee to consider ways of improving access to **automatic information exchange** for developing countries, including the least developed countries.

Background: International standards on automatic exchange of information have been developed by the OECD and G20 in relation to banking information, as well as in relation to country by country reports of multinational corporations (as part of Action 13 of the package on Base Erosion and Profit Shifting). However, despite the fact that

these standards have now been in place for a number of years, it is clear that many developing countries still do not have access to automatic information exchange.

Proposed focus and potential output of the Committee: We propose that the Committee carries out an assessment of the state of play on automatic information exchange and on that basis identifies obstacles and considers ways to improve access to such exchange for developing countries, including the least developed countries. This should include the option of reforming the international standards to promote less administratively burdensome solutions, as well as the option of allowing developing countries to receive information automatically on a non-reciprocal basis. For country by country reports of multinational corporations, we also believe the Committee should consider, as a matter of priority, the option for countries or groups of countries to introduce public country by country reporting. We note that such public reporting would not only ensure equal access to information for all tax administrations, but also provide the public with essential information about the effectiveness and distributional impacts of the current international corporate tax system. In this context, we would also like to note that public CBCR has, for example, already been successfully introduced for the banking sector in the European Union.<sup>4</sup>

We welcome that the issue of **wealth taxes** has been included in the draft agenda of the Committee, and look forward to recommendations from the Committee on this issue. In this context, we note that an effective international system of automatic exchange of banking information, as discussed above, will be essential for the ability of countries to introduce effective wealth taxes. Furthermore, we propose that the Committee considers the need for promoting a new international system of asset registration.

We also find it of great importance that the Committee continues its work on **Taxation issues related to the digitalized and globalized economy**, and welcome that this is included in the draft agenda.

### **3. Additional value that the Committee can bring to developing countries**

In order to maximize the relevance and value of the work of the Committee to developing countries, we find it important to ensure that developing country governments and actors such as civil society groups and academics are able to follow and feed in to the work of the Committee on an ongoing basis.

With a view to increasing the understanding and ownership of, as well as the engagement with, the work of the Committee, we therefore believe it is important to increase the level of transparency. For example, we see no reason why the meetings of the Committee should not be livestreamed on the internet, as is the case with numerous

other meetings of the organized by the United Nations. We also urge the Committee members and the Secretariat to continue to make use of the options for public consultation. Lastly, we believe it is essential for the Committee to continue the constructive practice of ensuring that observers are given the space and opportunity to provide comments during the meetings of the Committee.

We thank you again for the opportunity to submit written inputs. For more information, please contact Tove Maria Ryding, Policy and Advocacy Manager to Tax Justice at Eurodad ([tryding@eurodad.org](mailto:tryding@eurodad.org)).

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<sup>1</sup> Senegal, speaking on behalf of the African Group at the UN High-level meeting on International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Assets Return, 16 May 2019, New York. The full statement can be found here: <http://webtv.un.org/watch/part-1-high-level-meeting-on-international-cooperation-to-combat-illicit-financial-flows-and-strengthen-good-practices-on-assets-return/6037733391001>, (starting at 2:49:30).

<sup>2</sup> United Nations, 'Financing for Development in the Era of COVID-19 and Beyond. Menu of Options for the Consideration of Heads of State and Government Part II', September 2020, page 124, [https://www.un.org/sites/un2.un.org/files/financing\\_for\\_development\\_covid19\\_part\\_ii\\_hosg.pdf](https://www.un.org/sites/un2.un.org/files/financing_for_development_covid19_part_ii_hosg.pdf)

<sup>3</sup> United Nations, 'Financial Integrity for Sustainable Development. Report of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda', February 2021, [https://uploads-ssl.webflow.com/5e0bd9edab846816e263d633/602e91032a209d0601ed4a2c\\_FACTI\\_Panel\\_Report.pdf](https://uploads-ssl.webflow.com/5e0bd9edab846816e263d633/602e91032a209d0601ed4a2c_FACTI_Panel_Report.pdf)

<sup>4</sup> Olivia Lally, 'Why mandatory public country by country reporting is good for business', the Financial Transparency Coalition and Eurodad, August 2021, [https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2490/attachments/original/1629289642/CBCR-briefing-aug09\\_%281%29.pdf?1629289642](https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2490/attachments/original/1629289642/CBCR-briefing-aug09_%281%29.pdf?1629289642)