

Statement by Mr. Navid Hanif
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Taxation and the Sustainable Development Goals

Esteemed Co-Chairs,
Distinguished Members,
Distinguished Observers,

Today, I will focus my remarks on three aspects of taxation and the Sustainable Development Goals, namely: the import of the current global context; the UN Tax Committee's tax and SDGs approach so far; and highlights from this session on the way forward.

First, to the global context. The pandemic has reversed the progress achieved since the Addis and 2030 Agendas were adopted in 2015. Clearly, the pandemic has exposed and intensified inequalities within and among countries. Moreover, it has underscored how economic contraction poses more risks especially for least developed countries and other countries in special situations, as well as the poorest individuals in our societies.

The [UN World Economic Situation and Prospects 2022](#) projects a stabilization of the global economy to a growth rate of 4% in 2022 and 3.5% in 2023. This projected slowdown in global economic growth will, unfortunately, also slow down the progress toward achievement of the SDGs. This means that we, collectively, have to do more to ensure that our efforts in the short- and medium-term are as effective as possible in contributing to SDG achievement.

Throughout the pandemic period, we saw countries quickly implementing fiscal measures to help cushion taxpayers from the harsh economic and social impacts of the pandemic. Developing countries, in particular, also had to balance that cushioning objective with their pressing goal of raising revenues to help finance especially their health system: for example, COVID-19 vaccination drives. Countries mobilized efforts, quickly putting measures in place to strengthen their tax collection and enforcement measures to adapt to new ways of working necessitated by the pandemic.

The UN, through this Committee, will continue to support countries to ensure that they can build on these efforts and strengthen their tax policy and administration in their daily tax collection efforts, as well as in their response to unforeseen events, such as disasters. That means better risk management.

Second, against this backdrop, the Tax and SDGs approach of the Committee has become all the more important. The Committee – and wider UN tax community – is playing an

increasingly important role in mainstreaming tax issues into the work of ECOSOC on financing for development, the SDGs and climate action.

This role was ably demonstrated at the 2022 ECOSOC Special Meeting on International Cooperation in Tax Matters. The first session examined the future of corporate taxation in a digitalized and globalized world. Among other key messages, the session highlighted the Committee's practical guidance for developing countries through the new article 12B on the taxation of automated digital services. The article assists developing countries in navigating complex tax issues arising from digitalization and globalization, through a simple and easy to administer option that responds to developing country situations and realities. The Committee's guidance will help countries' efforts to mobilize domestic resources and increase fiscal space, thereby generating finances to support the SDGs.

The second session underscored, among other key messages, the role of the UN as a leader in ensuring international cooperation to stem illicit financial flows, which is crucial to reducing inequalities. This Committee's role is pivotal in the context of tax-related illicit financial flows. The Committee's guidance, for example, on aspects of transfer pricing, extractive industries taxation, tax elements of government-to-government aid, among others, are some of the ways in which the Committee has contributed in tackling tax avoidance and evasion and, therefore, illicit financial flows.

I would like to thank the Co-Chairs of the Committee and the Members who very ably contributed to the discussions during the Special Meeting, as well as Observers.

Lastly, I would particularly like to highlight the Committee's decision at its 23rd Session to make tax and the SDGs a regular agenda item, with a call on all Subcommittees and groups to reflect on the links between their work and the SDGs, to help identify and prioritize issues with impact for developing countries.

In this 24th session, you are carrying this commitment forward by further identifying the ways that Committee guidance can help developing countries overcome the challenges and issues in implementing the SDGs. Let me share just a few examples in the session thus far:

- The Committee's guidance, disseminated widely through FSDO's capacity development activities, helps to strengthen domestic resource mobilization and international tax cooperation. Hence it supports all SDGs, including SDG 17.
- The work plan on health taxation points to how well-designed excise taxes on tobacco and alcohol products (health taxes) have proven an effective measure to reduce consumption of those products, so as to improve health outcomes. Health taxes thus support SDG 3 (ensure healthy lives and promote well-being for all at all ages). Reductions in consumption of alcohol also results in many fewer deaths from road traffic accidents (Target 3.6) and fewer acts of violence (Target 16.1).
- Planned work on guidance on wealth and solidarity taxes would assist countries in reaching SDG 10, by reducing inequality within and among countries. Additionally, I

call on the Committee to think of specific ways to address tax-related illicit financial flows through its other/multiple workstreams, as a way to further support the SDGs through reducing inequalities.

- The work streams on environmental and extractives taxation, specifically with reference to developing guidance for countries to help in the transition from fossil fuels to renewable energy sources, would contribute to SDG 13 (climate action).
- Building greater certainty for all stakeholders in tax systems by aligning tax, trade and investment policy objectives will contribute to SDG 16 (Peace, Justice and Strong Institutions), in terms of helping develop effective, accountable, and transparent institutions at all levels.

The expertise, ambition and creativity that you as Committee Members bring to this Tax and SDGs approach is crucial to producing concrete actions to support developing countries and other countries in special situations, including small island states and landlocked countries, to achieve the SDGs. Let me summarize what we have heard from you so far:

- Promoting international tax cooperation through an inclusive and transparent body;
- Helping to foster trade and investment through the avoidance of double taxation;
- Raising resources to fight inequality by combatting tax avoidance and evasion by providing practical guidance on effective domestic resource mobilization;
- Building strong tax administrations through guidance products, including practical tools;
- Advising on demand-driven capacity development work for knowledge transfer of effective tax policy and administrations;
- Balancing the needs of multiple stakeholders, while providing specific support to developing countries, especially the least developed; and
- Strengthening the role of women in tax policy development and through gender-sensitive capacity development measures.

I look forward to hearing your feedback on this summary, your forward-looking ideas on the Committee's work on taxation and its relationship to the SDGs, and how we in the UN Secretariat and our partners can further support you.

Thank you for the opportunity to share these reflections with you.

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