



United Nations

Committee of Experts on International Cooperation in Tax Matters

**Report on the twenty-sixth session
(New York, 27–30 March 2023)**

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Note

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Chapter I

Matters calling for action by the Economic and Social Council

Draft decision for adoption by the Council

1. The Committee of Experts on International Cooperation in Tax Matters recommends that the Economic and Social Council review and adopt the following draft decision:

Venue, dates and provisional agenda of the twenty-seventh session of the Committee of Experts on International Cooperation in Tax Matters

The Economic and Social Council:

(a) Decides that the twenty-seventh session of the Committee of Experts on International Cooperation in Tax Matters will be held in Geneva from 17 to 20 October 2023;

(b) Approves the provisional agenda for the twenty-seventh session of the Committee, as set out below:

Provisional agenda of the twenty-seventh session of the Committee of Experts on International Cooperation in Tax Matters

1. Opening of the session by the Co-Chairs.
2. Adoption of the agenda and organization of work.
3. Discussion of issues related to international cooperation in tax matters:
 - (a) Procedural issues for the Committee;
 - (b) Taxation and the Sustainable Development Goals;
 - (c) Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries;
 - (d) Update of the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;
 - (e) Transfer pricing;
 - (f) Taxation of the extractive industries;
 - (g) Environmental taxation;
 - (h) Dispute avoidance and resolution;
 - (i) Taxation issues related to the digitalized and globalized economy;
 - (j) Taxation of cryptoassets;
 - (k) Digitalization and other opportunities to improve tax administration;

- (l) Increasing tax transparency;
 - (m) Wealth and solidarity taxes;
 - (n) Indirect taxes;
 - (o) Health taxes;
 - (p) Relationship of tax, trade and investment agreements;
 - (q) Capacity-building;
 - (r) Other matters for consideration (including taxation and foreign exchange).
4. Provisional agenda of the twenty-eighth session of the Committee.
 5. Arrangements for adopting the report of the Committee on its twenty-seventh session.

Chapter II

Introduction

2. Pursuant to Economic and Social Council resolutions 2004/69 and [2017/2](#) and resolution [2023/1](#), the twenty-sixth session of the Committee of Experts on International Cooperation in Tax Matters was held in hybrid form – in person but with provision for virtual participation – in New York from 27 to 30 March 2023. The in-person meetings were attended by 20 members of the Committee and 220 registered observers. Three members of the Committee and 340 registered observers participated virtually.

3. The present report serves to summarize Committee discussions and decisions taken on the items set out in the provisional agenda of the Committee at its twenty-sixth session, as adopted by the Committee ([E/C.18/2023/1](#)), as follows:

Provisional agenda

1. Opening of the session by the Co-Chairs.
2. Adoption of the agenda and organization of work.
3. Discussion of issues related to international cooperation in tax matters:
 - (a) Procedural issues for the Committee;
 - (b) Taxation and the Sustainable Development Goals;
 - (c) Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries;
 - (d) Update of the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;
 - (e) Transfer pricing;
 - (f) Taxation of the extractive industries;
 - (g) Environmental taxation;
 - (h) Dispute avoidance and resolution;
 - (i) Taxation issues related to the digitalized and globalized economy;
 - (j) Taxation of cryptoassets;
 - (k) Digitalization and other opportunities to improve tax administration;
 - (l) Increasing tax transparency;
 - (m) Wealth and solidarity taxes;
 - (n) Indirect taxes;
 - (o) Health taxes;
 - (p) Relationship of tax, trade and investment agreements;
 - (q) Capacity-building;
 - (r) Other matters for consideration, including taxation and foreign exchange.
4. Provisional agenda of the twenty-seventh session of the Committee.
5. Arrangements for adopting the report of the Committee on its twenty-sixth session.

Chapter III

Organization of the session

Opening of the twenty-sixth session and adoption of the agenda

4. The Co-Chair, Liselott Kana, welcomed all members of the Committee of Experts on International Cooperation in Tax Matters to the session, during an initial closed meeting to discuss the conduct of proceedings during the session.

5. At the ensuing open meeting, Ms. Kana welcomed observers to the session, whether participating in person or virtually. She looked forward to the valuable input from and engagement with all participants in the Committee's work. Co-Chair Mathew Gbonjubola also welcomed all observers to the session and encouraged them to stay for the whole week, including the special meeting of the Economic and Social Council on international cooperation in tax matters, which was held on 31 March 2023.

6. The Assistant Secretary-General for Economic Development, Navid Hanif, delivered an address as a representative of the Secretary-General. He welcomed all participants back to New York for in-person meetings.

7. Mr. Hanif noted that, with the world facing unprecedented challenges, the question of how fair, efficient and effective taxation systems could help to meet those challenges was of great interest to all. He observed a current, clearly voiced call for inclusiveness and effectiveness in international tax cooperation. In that regard, he indicated that all participants in the tax work of the United Nations would have an opportunity to exchange views with Member States and other stakeholders during the special meeting of the Economic and Social Council on international cooperation in tax matters.

8. Mr. Hanif emphasized that the Committee and all stakeholders in its work played a pivotal role in promoting international tax cooperation and multilateralism. He commended the Committee for its workplan, which would provide a range of guidance designed to assist developing countries to improve their domestic revenue mobilization efforts and to deploy taxation as an effective policy lever to help to achieve the Sustainable Development Goals.

9. Ms. Kana thanked Mr. Hanif for his remarks and the Secretariat's support for the Committee work. She then presided over the adoption of the agenda, which was adopted without amendment.

Chapter IV

Discussion and conclusions on substantive issues related to international cooperation in tax matters

A. Procedural issues for the Committee, including options for Committee consultations

10. In a closed meeting of the Committee of Experts on International Cooperation in Tax Matters, the Co-Coordinator of the Working Group on Procedural Issues, Liselott Kana and Carlos Protto, presented for a second reading by the Committee some proposals for amending the existing document entitled “Practices and working methods for the Committee of Experts on International Cooperation in Tax Matters” to ensure that Committee business was conducted as effectively as possible. The proposals, which had first been made at the twenty-fifth session, were considered and approved as finalized.

11. A small number of further issues would be addressed at the twenty-sixth session.

B. Taxation and the Sustainable Development Goals

12. The Assistant Secretary-General for Economic Development, Navid Hanif, delivered remarks on taxation and the Sustainable Development Goals, stressing the urgency of prioritizing action on the Goals in the current socioeconomic context.

13. Mr. Hanif pointed out that hunger and poverty continued to rise, the quality of education had decreased and women and girls remained especially adversely affected by the coronavirus disease (COVID-19) pandemic in developing countries. He underscored that developing countries, in particular, faced constraints in accessing the finance needed to invest in sustainable development and reduce poverty.

14. Mr. Hanif said that, in that context, the Secretary-General had called for a Sustainable Development Goal stimulus to support ambitious reforms with a view to: (a) tackling the high cost of debt and rising risk of debt distress; (b) massively scaling up affordable long-term financing for development; and (c) expanding contingency financing for countries in need. These concerns and discussions laid the groundwork for the Sustainable Development Goal Summit to be held in September 2023.

15. In addition, he pointed out that the Goals encompassed transformations needed to achieve sustainable development. For example, they comprised transitions in food security, social protection, digitalization and energy production and use. Such changes required that fiscal space be created through sustainable investments and effective and efficient policies. Furthermore, the Committee’s work was critical in identifying vulnerabilities and opportunities to advance international tax cooperation while improving tax and domestic resource mobilization capacity. The Committee’s workstreams on environmental taxation, health, and wealth and solidarity taxes could open such avenues.

16. Lastly, Mr. Hanif encouraged the Committee to continue to integrate the Sustainable Development Goals into all its workstreams and to explore additional ways to help developing countries to identify additional vulnerabilities and opportunities to deploy tax measures effectively with a view to achieving the Goals. He noted that risks continued to increase, and governments were facing frequent shocks from climate change events. The Committee’s guidance would thus be vital. He invited members to prepare a message for the Sustainable Development Goal Summit that would make the work of the Committee more visible and meaningful.

17. Ms. Kana, as Co-Chair, noted that the issues raised were important for emphasizing the focus and ultimate purpose of the Committee's work. An observer concurred on the great importance of the Sustainable Development Goals for developing countries.

C. Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries

18. One of the three Co-Coordiators of the Subcommittee on Updating the United Nations Model Double Taxation Convention between Developed and Developing Countries, Rasmi Das (along with Carlos Protto and Stephanie Smith), provided an overview of the Subcommittee's activities since the twenty-fifth session of the Committee, as described in the Co-Coordiators' report (E/C.18/2023/CRP.11). He also indicated that the Subcommittee expected to submit papers on three new topics – a revised commentary on article 14 of the Model Convention (on independent personal services), income from cross-border insurance activities and taxation of natural resources – at the twenty-seventh session of the Committee.

19. Mr. Das then turned to the first substantive paper (E/C.18/2023/CRP.12), on the inclusion of a general subject-to-tax rule in the Model Convention, which was submitted to the Committee for final approval at its twenty-sixth session. The proposed provision had been presented for a first reading at the twenty-fifth session (E/C.18/2022/CRP.23), along with a description of matters to be addressed in the commentary. One small technical change had been made to the provision itself, and the commentary had been drafted along the lines described at the twenty-fifth session. The proposed commentary also included several alternative provisions intended to address minority positions.

20. Mr. Das said that the Subcommittee proposed adding a paragraph to the commentary on article 22 (on capital) to the effect that countries might wish to consider adding a similar subject-to-tax rule to address differences in capital taxation in the two Contracting States. The Subcommittee also proposed discontinuing work on a subject-to-tax rule to be applied by a residence State.

21. Members and observers raised various technical points but no matters of principle. The Co-Chair, Mathew Gbonjubola, therefore noted that the new provision and commentary was approved, subject to such drafting changes as might be necessary to address issues raised during the discussion.

22. Mr. Protto next introduced the paper on the inclusion of software in the definition of royalties in article 12 of the Model Convention (E/C.18/2023/CRP.13). At the twenty-fifth session, the Committee had agreed that the Subcommittee should work on developing an expanded definition of royalties that referred to computer software, including relevant commentary on what would or would not be covered by such an expanded definition, without determining whether that expanded definition would be added to the text of article 12 or be included as a minority position in the commentary). Their proposal to implement the decision was presented for the Committee's initial consideration in conference room paper E/C.18/2023/CRP.13.

23. Members and observers commenting on the draft generally agreed that it was an improvement to versions proposed previously. An observer representing the software industry acknowledged that the draft raised the relevant issues, although he would have preferred to have had an agreement on the outcomes. Mr. Gbonjubola encouraged members and observers to send in comments in writing by 1 May 2023 so that they could be taken into account by the Subcommittee in its revision of the proposal.

24. Ms. Smith presented the paper on article 8 (E/C.18/2023/CRP.14). In developing its work programme, the Subcommittee had anticipated that this work would be limited to revising article 8 (alternative B), which provided for formulary taxation of income from international shipping activities but not international air transport. The Subcommittee proposed to draft a new provision because very few existing treaties used the version of source State taxation set out in alternative B. The paper therefore included a draft provision that was more consistent with provisions actually used in bilateral tax treaties.

25. However, Ms. Smith noted that discussions in the Subcommittee had also raised two additional questions: (a) whether the proposed provision (allowing for source State taxation) should apply only to international shipping activities or also to air transport and (b) whether the proposed provision should be the only option in article 8 of the Model Convention, eliminating current alternative A, which provided for exclusive residence State taxation of income from international shipping and air transport.

26. A lively discussion was held on those issues. Although several members and observers noted that they did not see a relevant difference between shipping and air transport, others noted that shipping companies might pay relatively low income taxes because of the jurisdictions in which they were resident and the prevalence of tonnage taxes.

27. Some members and observers supported the elimination of alternative A because it resulted in only one State collecting any revenue owing to the imbalance between developed and developing countries in terms of number of ships and aircraft owned. Others raised objections to the elimination of alternative A. One observer, representing the shipping industry, raised a number of arguments in favour of maintaining the status quo and against revising alternative B. One member suggested an option not addressed in the paper: to simply drop article 8, so that the relevant income would fall under article 7.

28. Ms. Smith addressed the latter point by noting that the deletion of article 8 would not necessarily allow source States to tax the relevant activities, because shipping companies might well be able to avoid having permanent establishments in many countries. She then summarized the discussion as expressing support for continued work on the drafting of the new alternative B and expressing some support for extending it to aircraft operated in international traffic. There were mixed views regarding the retention of alternative A, although the majority of those who spoke were in favour.

29. Mr. Gbonjubola again encouraged members and observers to send in comments on the proposal in writing by 1 May 2023 so that they could be taken into account by the Subcommittee in its revision of the proposal.

D. Update of the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries

30. One of the two Co-Coordinators of the Subcommittee on the Update of the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, Mr. Protto (along with Aart Roelofsen), presented two papers on the proposed guidelines on conducting tax treaty negotiations by videoconference (E/C.18/2023/CRP.19) and on sections I to IV of the revised United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing countries (E/C.18/2023/CRP.18). He noted that each of the drafts had been presented for a first discussion at the twenty-fifth session.

31. In the case of the revised sections of the Manual, substantive changes had been presented at the twenty-fifth session (see E/C.18/2022/CRP.27). No comments had been received from the members or observers at that session or afterwards. The Subcommittee had since completed work on editorial changes, which were included in the draft of sections I to IV that had been circulated to Committee members on 3 February 2023.

32. The revised Manual was generally welcomed. A suggestion regarding entry into force was made, but it will only be reconsidered when section II as a whole is reviewed generally; as the Committee had instructed the Subcommittee to focus on updating the Manual to take account of the changes that had been made in the 2021 version of the Model Convention, it had made only minor changes to section II.

33. Mr. Protto and Mr. Roelofsen noted that the Subcommittee would work in parallel with the Subcommittee on Updating the Model Convention so that the next update to the Manual could be made very soon after the next update to the Convention. Mr. Gbonjubola concluded that sections I to IV of the Manual were approved by the Committee, subject (as usual) to any necessary editorial corrections.

34. With regard to the proposed guidelines on conducting tax treaty negotiations by videoconference, Mr. Protto noted that the pros and cons of conducting treaty negotiations virtually that had been discussed at the previous session were reflected in conference room paper E/C.18/2023/CRP.19 and in the revised version of the Manual that had been circulated in February for comments. The guidelines were approved as stand-alone guidance.

E. Transfer pricing

35. Ingela Willfors, Co-Coordinator of the Subcommittee on Transfer Pricing, introduced her report (E/C.18/2023/CRP.7). Specifically, she explained that the papers produced in the workstreams on (a) transfer pricing during the COVID-19 economic downturn, (b) transfer pricing compliance assurance and (c) transfer pricing of carbon offsets and credits were presented for initial consideration. She also noted that the work undertaken in workstreams (d) industry/sector guidance for primary products, (e) industry/sector guidance for the pharmaceutical industry and (f) dispute avoidance and resolution were presented for guidance and comments.

36. Ms. Willfors then presented the paper containing the toolkit on transfer pricing compliance assurance contained in annex B to the paper, which provided guidance, examples and options tailored to the priorities and needs of developing country tax administrations to develop their own end-to-end processes for compliance assurance in the area of transfer pricing. She briefly described the content of the toolkit and mentioned that the workstream was coordinated with the Working Group on Dispute Avoidance and Resolution. She noted that the Subcommittee was working on including more country practices in the toolkit.

37. Stig Sollund, a Subcommittee participant, reported on the progress in the workstream on transfer pricing of carbon offsets and credits described in annex C to the paper. He highlighted that the purpose of the workstream was to elaborate on the value chain of carbon emission abatement activities that served to generate carbon credits, as transfer pricing rules applied to the generation and subsequent intercompany sale of carbon credits. The work covered, among other things, the regulatory framework and analysis of a reforestation, cookstove and extractive industries project. Moreover, Mr. Sollund noted that guidance had been coordinated with the Subcommittee on Environmental Taxation Issues and built on and referenced its work.

38. Mr. Gbonjubola, as Co-Coordinator of the Subcommittee on Transfer Pricing, presented annex A to the paper, which was focused on transfer pricing during the COVID-19 economic downturn. He noted that the annex provided a principle-based analysis, including practical examples, to investigate the impact of the economic downturn caused by the COVID-19 pandemic on the application of the arm's length principle and to identify possible solutions that could be adopted by developing countries. Specifically, he noted that the annex contained a discussion of the accurate delineation of the controlled transactions and comparability analysis and the selection and application of the most appropriate transfer pricing methods in the context of changes occurring during the downturn. He pointed out that the work had been coordinated with the Working Group on Dispute Avoidance and Resolution.

39. Mr. Gbonjubola informed the Committee that the work on domestic anti-abuse rules was currently not being prioritized and that work on dispute avoidance and resolution with a special focus on transfer pricing had not advanced since the twenty-fifth session because the focus had been on other workstreams. He also summarized the progress made in the workstream on sector/industry guidance on primary products and the pharmaceutical industry.

40. The Committee welcomed the progress made by the Subcommittee and noted the importance of the suggestions made by members and observers to improve the papers. With regard to the toolkit on transfer pricing compliance assurance, observers suggested that more examples on cooperative compliance could be included. Committee members noted that the paper on carbon credits and offsets should contain examples of typical intercompany transactions. With regard to the annex on the COVID-19 economic downturn, it was suggested that it could be useful to indicate which sectors had been most affected by the pandemic. The Subcommittee would consider the suggestions going forward.

41. The Subcommittee plans to submit annexes A, B and C to conference room paper E/C.18/2023/CRP.7 for approval by the Committee at the twenty-seventh session. The Subcommittee also plans to present the papers on dispute avoidance and resolution and on industry/sector guidance for primary products and the pharmaceutical industry for initial consideration at the same session.

F. Taxation of the extractive industries

42. The Co-Coordinator of the Subcommittee on Extractive Industries Taxation, Nana Akua Achiaa Amoako Mensah, presented the Co-Coordinator's report on work since the previous session (E/C.18/2023/CRP.23). She invited team leaders for each workstream to provide further details. Alexandra Readhead spoke on permanent establishment issues, Thomas Lassourd spoke on tax incentives, Michael Durst discussed trade mispricing and valuation of natural resources and Hafiz Chaudhury presented on the energy transition.

43. On the workstream on permanent establishment issues in extractive industries, Ms. Readhead noted that the Subcommittee had met with the Subcommittee on the Model Convention, and both agreed on the necessity of updating the article on permanent establishment issues and on the possibility of draft a stand-alone provision that encompassed all extractive industry issues throughout the Convention. She also mentioned a number of articles that might be affected. However, some provisions might be left in other articles if their redrafting would create unnecessary complication or confusion.

44. Some Committee members highlighted that services related to extractive industries often raised permanent establishment issues, as providers used strategies to avoid physical presence issues, and said that the problem should be addressed.

Amendment proposals should consider the preservation of taxing rights for resource-rich developing countries.

45. On tax incentives, Mr. Lassourd presented the draft outline prepared by the drafting group. The draft addresses the interaction between tax incentives in the extractive industries and the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting pillar 2 developments with regard to the Global Anti-Base Erosion Rules. The introduction to key concepts and distinct features would be followed by section 1 on understanding the impact of Global Anti-Base Erosion Rules on the extractive industries (such as taxes impacted, companies/projects, incentives and stability provisions/agreements). Section 2 would discuss tax policy responses (such as the use of tax incentive reviews and the adoption of either a qualified or simplified domestic minimum tax).

46. Some Committee members urged the Subcommittee to first consider whether the use of tax incentives in the extractive industries sector was desirable and then consider whether it would be appropriate to introduce a simplified or qualified domestic minimum tax on the sector. Members strongly suggested that the listing of specific taxpayers be avoided, as it was not necessary in tax policy analysis and could be misleading. A Committee member asked for further clarification on the extent and implementation of the unilateral acknowledgement proposed by the Subcommittee. In that regard, Mr. Lassourd noted that the acknowledgement might not be legally effective but it sought to recognize that there was a new tax imposed by agreement on pillar 2, rather than from changes in the overall tax burden at the domestic level. Some Committee members expressed their concern about the timing and purpose of the workstream, as the work on pillar 2 was not yet finalized. Other Committee members supported the scope and timing of the work on the matter, as there were developing countries that were not part of the OECD Inclusive Framework on Base Erosion and Profit Shifting, and those countries would need guidance on the matter.

47. For the workstream on trade mispricing and product valuation in extractive industries revenue administration, Mr. Durst presented the detailed outline. It aimed to provide practical cases on how countries dealt with the issue to curb tax evasion in a manner that could assist other countries. Country case studies would be selected through collaboration with other institutions, such as OECD, the International Monetary Fund, the African Tax Administration Forum and the Inter-American Center of Tax Administrations, and with other stakeholders. Mr. Durst underscored the importance of natural resources in the economies and development of resource-rich countries.

48. Committee members highlighted the importance of the matter for protecting the tax base, financing the Sustainable Development Goals and mobilizing domestic resources. A Committee member recommended that it be clearly pointed out in the paper that the business argument in favour of lower prices under long-term contracts was rarely justified, reduced the fair market value of natural resources and eroded the tax base of resource-rich countries.

49. Mr. Chaudhury outlined the progress of the workstream on the energy transition. The proposed outline was centred on the following key issues: (a) transition challenges for developed and developing countries; (b) transition challenges for the current extractive industries; (c) tax regimes for renewable energy; and (d) cross-border tax issues. He noted that the draft outline was expected to be submitted for discussion at the twenty-seventh session.

50. Lastly, Ms. Mensah presented a tentative calendar of work for the Subcommittee with two drafts on permanent establishments and tax incentives to be presented at the twenty-seventh session for a first reading with a view to their finalization and

submission for approval at the following session. The two other workstreams, on trade mispricing and mineral valuation and on energy transition, would be presented for a first reading at the twenty-eighth session, with a view to their final approval at the twenty-ninth session.

G. Environmental taxation

51. The Co-Coordicators of the Subcommittee on Environmental Taxation Issues, Muhammad Ashfaq Ahmed and Susanne Åkerfeldt, presented on the Subcommittee's progress and proposed next steps, as discussed below. The presentation was based on their report (E/C.18/2023/CRP.15).

52. Workstream 1 (on the interaction of carbon taxation with other national measures) advanced work under three broad parts. The part dealing with the interaction between carbon taxes and other environmental measures (emissions trading and climate policy) was presented for first reading by the Committee (E/C.18/2023/CRP.16).

53. On workstream 2 (the role of carbon taxes and other measures in supporting the energy transition), Co-Coordicators mentioned that the Subcommittee was gathering and analysing information on country case studies and would draft an initial paper for discussion at the twenty-seventh session.

54. As to workstream 3 (the interaction between carbon taxes and carbon offsetting programmes), Co-Coordicators noted that the analysis so far considered key aspects, including how to deal with carbon offset credits and cross-border impact to ensure a coherent approach in qualification and valuation, to review the use of carbon offset credits in the framework of a carbon tax. The workstream would consider various country case studies.

55. Workstream 4 (carbon border adjustment mechanisms and how developing countries can avoid undesired spillover effects from the implementation of such measures by other jurisdictions) was divided into three broad parts. Co-Coordicators presented parts A (what is carbon leakage and how to address it) and B (border carbon adjustments measures and proposals) for first reading (E/C.18/2023/CRP.17). Part C (potential responses to carbon border adjustments) were being developed.

56. Workstream 5 (other environmental measures other than carbon taxes) was intended to provide guidance for developing countries, paying special attention to the double dividend that environmental taxation can achieve: environmental protection and revenue generation in times of a globally strained fiscal environment owing to rising energy and food prices. Co-Coordicators proposed an outline (E/C.18/2023/CRP.15).

57. The Co-Coordicators noted the close coordination with the Subcommittee on Extractive Industries Taxation (workstreams 1 and 2) and the Subcommittee on Transfer Pricing (workstream 3). The Subcommittee expressed the need for support from Committee members in identifying local experts and colleagues knowledgeable in environmental fiscal policy and tax administration, especially with regard to country case studies in workstreams 2 and 3.

58. Some Committee members and observers noted issues for the Subcommittee's attention, including:

(a) To include in workstream 1 an analysis of the interaction between carbon taxes adopted at the local and national levels and how to coordinate them;

(b) To consider applying under workstream 3 an economic analysis approach to the law like the one used in part A of the paper on workstream 1 (E/C.18/2023/CRP.16);

(c) To include under workstream 4 key areas including:

(i) To reflect an objective and neutral description of border carbon adjustments in general rather than focusing on the European Union carbon border adjustment mechanism and its rationale;

(ii) To include views of developing countries and how they would be affected beyond tax matters, as the workstream is also concerned with the economic competitiveness of countries. The workstream should provide context on the problems shared by countries, including current and historical responsibilities;

(iii) To provide a better analysis of the role of international cooperation in tax matters in the context;

(iv) To consider potential domestic coordination and cooperation measures where carbon taxes have been adopted at local and national levels to prevent carbon leakage.

59. Co-Coordinator thanked those commenting and sought further comments, to be submitted by 1 May 2023. They noted that the European Union carbon border adjustment mechanism was the only practical example of a border carbon adjustment mechanism currently available. It was used as a point of reference and example to help to build the analysis contemplated in conference room paper E/C.18/2023/CRP.17. They explained that part C of workstream 4, which was under development, would solidify the current analysis and explore how border carbon adjustment measures would impact developing countries and potential responses to such measures.

H. Dispute avoidance and resolution

60. The Co-Coordinator of the Working Group on Dispute Avoidance and Resolution, Mr. Protto and Mr. Roelofsen, updated the Committee on their activities since the twenty-fifth session (E/C.18/2023/CRP.6).

61. In accordance with the Working Group's mandate to monitor developments from other forums and to collaborate with other Subcommittees as might be necessary, the group had worked with the Subcommittee on Transfer Pricing on the workstream on the economic downturn caused by the COVID-19 pandemic and on the development of a toolkit for conducting transfer pricing risk assessments and audits.

62. It was pointed out that the Working Group's mandate to take on a monitoring role was not resource intensive yet remained important, with the issue of dispute resolution and improving tax certainty being relevant to all jurisdictions.

63. The Secretariat informed participants that the Financing for Sustainable Development Office had capacity development events planned on the topic. One regional event had already been held in the Caribbean subregion, and another event was planned for May 2023.

64. An observer proposed that the Working Group consider investigating the use of arbitration and mediation to resolve tax disputes and sharing its findings with the Committee. The Co-Coordinator reiterated that the Working Group would continue to monitor the work on tax certainty and to receive feedback from the Secretariat's capacity development activities to determine if further guidance was required. Furthermore, the issue of arbitration and mediation would be given consideration.

I. Taxation issues related to the digitalized and globalized economy

65. The Co-Coordinator of the Subcommittee on Taxation Issues related to the Digitalized and Globalized Economy, Mr. Gbonjubola, presented the Co-Coordinators' report (E/C.18/2023/CRP.1). He highlighted the Subcommittee's workstreams:

(a) Workstream A, which explored a more multilateralized implementation of specific Model Convention provisions, where States seek to implement them across a number of treaties;

(b) Workstream B, which addressed the function and relevance of physical presence tests;

(c) Proposed workstream C, which would address cross-border taxation issues involving remote workers.

66. He noted that the report included annexed papers by Philip Baker, Mr. Roelofsen and Brian Arnold on these issues. The Subcommittee sought the Committee's comments and guidance on the issues raised in the report, including its annexes.

67. On workstream A, Mr. Baker outlined the paper that he had prepared exploring a fast track instrument for the streamlined amendments to multiple tax treaties through a process capable of repeated use. He directed members' attention to the proposed steps in streamlining the process of adopting new treaty provisions approved by the Committee in existing treaties.

68. Some members indicated that there would be constitutional impediments to adopting and implementing the instrument in their countries. Some suggested that the instrument was complex to administer, as it added multiple layers to the treaty, introducing legal uncertainty which would lead to a reduction in tax certainty. It was also observed that there might not be wide political buy-in, hence the fast-track instrument might not be a very efficient use of Committee resources if it did not have wide acceptance. One member suggested an alternative approach, which she considered simpler but which was still aimed at addressing developing country concerns about capacity and the ability to efficiently update tax treaties. The suggested approach would involve convening a conference for all interested countries to negotiate and agree bilateral protocols based on model provisions. Another member suggested that, as the net statutory outputs under both the latter alternative approach and Mr. Baker's proposed approach would be bilateral protocols, it would be worth considering the scope for a "middle way" representing a convergence of these two approaches.

69. Several questions were raised on the paper, including about the procedural elements of such an instrument, the likely United Nations steps before the finalization of such an instrument, the flexibility afforded and the relationship to other instruments, such as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. One member expressed the view that the Instrument would only be fully effective if it was upgraded to a minimum standard.

70. There was, however, broad support for the workstream despite the concerns raised by some members. Some members and observers saw the proposed instrument as very innovative, future-oriented and dynamic. It was noted that the workstream was a long-term project aimed at benefiting like-minded countries that would be a success if it assisted even a small number of countries to more efficiently update treaty relationships, including between developing countries.

71. On workstream B, members' attention was drawn to the paper prepared by Mr. Roelofsen as presented at the twenty-fifth session and contained in annex C. On the same workstream, Mr. Arnold presented his paper (annex D).

72. There was broad acceptance that the topic was an important one to address, with observations that the workstream did not call for the granting of additional taxing rights but rather a revisiting of the criteria for determining those rights. It was noted that, whereas there was a place for physical tests, they needed to be re-examined in the light of current business practices, given that business was evolving and traditional modes of doing business were quickly morphing to embrace new technological possibilities. That evolution had an impact on countries' ability to tax business activities. Proponents of the approach considered it imperative that approaches to physical thresholds for taxation should be updated as business changed to be less physically dependent.

73. The link between the workstream and transfer pricing was highlighted, with observations that profit allocation to permanent establishments would be affected, with complexities envisaged in any change of thresholds. It was also expressed that there was no need or reason to grant additional taxing rights to source countries; permanent establishment rules were sufficient as they were. However, if a review of the permanent establishment rules were conducted, it would have to apply to all taxpayers, not just a few select sectors.

74. Concerns were also raised that it might be counterproductive to embark on the work as framed, given the probability that gains obtained by developing countries from taxation of passive income would be rolled back.

75. It was also considered by some that the workstream was a long-term project that the Committee membership may not complete in the time left in its tenure. However, it was observed that there was great value in starting the journey given the importance of the workstream, even if some of the benefits would accrue further down the road.

76. On workstream C, Mr. Arnold presented his paper on cross-border taxation issues involving remote workers (E/C.18/2023/CRP.1, annex E). Observers noted the importance of addressing the issue and suggested that there was a lack of legal guidance to assist stakeholders. It was also suggested that the COVID-19 pandemic had fast-tracked an already growing trend of remote working, and technological advances meant that the process would continue.

77. It was widely recognized that the specific issue fell under the broad ambit of workstream B on the relevance of physical presence tests. Some members proposed that the issue should be addressed from a clarification point of view as opposed to a facilitative one and that guidance issued should address the question of when remote workers meet the Model Convention threshold in relation to a fixed base.

78. However, some members and observers did not see the issue as requiring the Committee's attention, considering that it was not a big problem for many countries, especially developing countries.

79. On the basis of the discussions, it was decided that the Subcommittee would continue to consider the issues raised by all three workstreams and address them in a paper for the twenty-seventh session. The Committee called for comments to be submitted by 1 May 2023.

J. Taxation of cryptoassets

80. Ilka Ritter of the Secretariat presented the Secretariat note on the taxation of cryptoassets (E/C.18/2023/CRP.9) and the appended report written by Vincent Ooi on

the challenges that digital assets pose for tax systems, especially for developing countries.

81. Ms. Ritter noted that cryptoassets were increasingly used as payment and investment vehicles. Countries without appropriate legislation regarding the taxation of cryptoassets risked tax base erosion. According to the report, there were three risks associated with the taxation of cryptoassets.

82. The first risk was that cryptoassets and transactions could act as functional substitutes for their traditional counterparts. There were three situations in which cryptoasset substitution could adversely affect a country's tax base: (a) where tax authorities did not tax cryptoassets; (b) where tax authorities treated functionally equivalent cryptoassets and transactions more favourably than traditional transactions; and (c) where tax law was incorrectly applied to cryptoassets and transactions.

83. The second risk was the result of significant volatility in cryptoasset markets, resulting in situations in which investors and businesses suffered large losses. Without proper safeguards to "ringfence" the losses, taxpayers might use them to offset income from other sources, resulting in a significant erosion of the tax base.

84. The third risk emanated from the fact that cryptoassets existed in systems which offered pseudonymity (where a user has a consistent identifier that is not their real name) making it difficult to identify the ultimate beneficial owners, which, in turn, increased the risk of tax evasion.

85. Lastly, cryptoassets presented some opportunities for countries, as they gave rise to certain transactions/events which might not have a traditional equivalent, thus allowing governments to tap into new potential sources of revenue.

86. Ms. Ritter presented two options for work that the Committee could decide to pursue: (a) a toolkit to aid countries in evaluating tax risks from cryptoassets or (b) model guidance for tax authorities on how to tax and audit cryptoassets.

87. Committee members agreed that the issue was important and noted that developing countries needed guidance on how to combat tax avoidance and evasion in that regard. Some Committee members, however, were of the view that the Committee already had a busy workplan and that the issue of cryptoassets should not be added. One suggestion was that the topic might be suitable to be taken up by the Platform for Collaboration on Tax.

88. Given the urgency and need for countries to respond effectively to the emerging tax policy issue noted by some members, the Committee decided to set up an ad hoc group comprising five Committee members to suggest how to take work forward in that regard and to propose a workplan to the Committee at its twenty-seventh session at the latest.

K. Digitalization and other opportunities to improve tax administration

89. The Co-Coordinator of the Working Group on Digitalization and Other Opportunities to Improve Tax Administration, Wazona Ligomeka and Elisangela Rita, presented their report (E/C.18/2023/CRP.4), which highlighted the main changes made to the outline for the proposed guide to assist countries in digitalizing their revenue administration since the twenty-fifth session, and the overall progress on other parts of the guide. The road map to digitalization and the data governance framework, which constituted parts 1 and 2 of the guide, were presented for a first reading, as were the preambles to parts 3 and 4 (on the legal framework and innovative technologies, respectively).

90. Members of the Committee made the following suggestions:

(a) It was important to provide a brief definition of the term “innovative technology”, as definitions could vary depending on the source;

(b) There was a need to incorporate experiences from other countries that had digitalized their tax administrations, including how those countries had overcome challenges encountered during the process. The section should also include how countries had responded to the COVID-19 pandemic and should consider addressing how countries digitalize under stress, for example in war and natural disasters;

(c) The legal framework should be at the forefront of the guide, as it was the foundation of any proposals made. In that regard, therefore, the Working Group could consider changing the ordering of the sections in the guide so that the legal framework would be part 2;

(d) The Working Group could consider including a section outlining a cost structure for licensing in the digitalization process and examining the built environment;

(e) An examination into information security management best practices would be useful, as was reference to the extensive work already done by other bodies.

91. Members and observers from several countries offered to contribute to the work by providing country experiences in the digitalization of tax administration.

92. The Co-Coordinator thanked speakers and called for further input to be submitted by 1 May 2023.

L. Increasing tax transparency

93. The Co-Coordinator of the Subcommittee on Increasing Tax Transparency, Ms. Mensah, presented the Co-Coordinator’s report (E/C.18/2023/CRP.5). She reported that the Subcommittee had held three virtual meetings to discuss the feedback received from the twenty-fifth session and to consider how to take its work forward. The Subcommittee participants considered that the part of the Subcommittee’s mandate that involved (a) identifying gaps in existing work done in other forums as they related to the exchange of information in developing countries and (b) identifying challenges faced in the implementation of international standards in exchange of information had been fulfilled, as noted in the Co-Coordinator’s report, and that the focus should shift to the part of the mandate relating to proposing solutions for the challenges and gaps identified.

94. The report further highlighted the areas of priority in the Subcommittee’s work, which included addressing illicit financial flows, guidance in the implementation of assistance in collection, supporting the exchange of information, developing data safeguards for confidentiality, addressing issues regarding beneficial ownership and aligning issues of tax transparency with developments in the digitalized economy. The Subcommittee proposed that those areas be addressed in the form of a guide on tax transparency.

95. Ms. Mensah reported that the Subcommittee had proposed to collaborate with other bodies involved in the work and had so far engaged the Global Forum on Transparency and Exchange of Information for Tax Purposes and identified areas of cooperation.

96. Committee members and observers expressed support for the work, but some suggested that the agenda might be too ambitious, and that further prioritization may be necessary. Some commended collaboration with the Global Forum as a positive step in ensuring that there was no duplication of work and efforts.

97. It was noted that the prioritization of the work on assistance in collection was welcome, as it was an important part of developing country efforts to derive maximum revenue impact from the exchange of information. While assistance in collection might appear to be beyond the mandate of increasing tax transparency, it was noted that it played a complementary role.

98. Some members raised the issue of the potential asymmetry in the exchange of information. Many developing countries lacked the capacity to exchange, receive and use information effectively. A number of those who had committed to the automatic exchange of information were capable of sending information, but very few had adequate infrastructure to receive, store and effectively use the data received. In Africa, for example, very few countries were effectively engaged in automatic exchange. The situation called for capacity-building for tax administrations in developing countries, as the exchange of information was key to combating illicit financial flows and tax avoidance.

99. The Centre de réflexion et d'échange des dirigeants des administrations fiscales and the African Tax Administration Forum offered to assist the Subcommittee in that regard, and the offer was welcomed. The Co-Coordinator said that there were other organizations that had also indicated their interest in participating in the work, and that those expressions of interest would be pursued.

M. Wealth and solidarity taxes

100. The Coordinator of the Subcommittee on Wealth and Solidarity Taxes, José Troya, introduced his report (E/C.18/2023/CRP.8) and invited the Committee to provide comments and guidance.

101. Mr. Troya gave an overview of the paper that the Subcommittee was drafting. While the Subcommittee had made substantial progress in the previous few months, the decision was taken to improve the paper further before presenting it to the Committee for initial consideration. In particular, the Subcommittee aimed to streamline some passages of the paper, including by combining subchapters, while expanding on others. There was also work under way to add an annex to the paper on legislative elements of a net wealth tax and another annex focusing on country examples.

102. Mr. Troya noted that the Subcommittee intended to submit a draft of the paper to the Committee for initial consideration at the twenty-seventh session, with a view to final approval at the twenty-eighth session.

103. Committee members expressed general support for the work undertaken by the Subcommittee. Some Committee members expressed their appreciation for the fact that the Subcommittee would continue its work on shortening some passages of the paper while expanding others, especially those chapters that elaborate on the net wealth and solidarity tax.

104. There was discussion on whether the Subcommittee would provide model legislation for a net wealth tax. Some Committee members stressed the importance of legislation to ensure uptake of such a tax, while other Committee members noted that model legislation for a net wealth tax would have limited utility, as such a tax was highly dependent on other elements of a country's domestic tax law, such as capital gains and exit taxes. There was also some concern expressed that drafting and agreeing model legislation could delay the publication of the guidance. In the end, Mr. Troya reminded the Committee that a decision on the topic had been taken, both at the Subcommittee level and by the Committee at its twenty-fifth session, where it was decided that, as a first step, the Subcommittee would summarize necessary

legislative elements of a net wealth tax in the appendix of the draft guidance. In particular, he pointed to the work currently under way on the key legislative element that countries were advised to take into account, in cases where they wished to implement a net wealth tax.

N. Indirect taxes

105. The Co-Coordinator of the Subcommittee on Indirect Taxation, Kapembwa Elizabeth Namuyemba-Sikombe, introduced the Co-Coordinators' report on indirect taxes (E/C.18/2023/CRP.10) and provided an overview of the Subcommittee's activities since the twenty-fifth session.

106. She noted the progress on the work undertaken by the Subcommittee under the workstreams on (a) the overview chapter on a value added tax (VAT)/goods and services tax in developing countries, (b) the VAT treatment of small enterprises and (c) VAT refunds.

107. She also presented an outline of the workstream on the use of new technologies to improve VAT/goods and services tax compliance (use of information technology systems, e-invoices, big data) and highlighted that the outline had been discussed with the small group on digitalization and improvement of tax administration to coordinate and consolidate related efforts of the Subcommittee and the small group.

108. Committee members welcomed the progress of the Subcommittee's work and stressed the relevance of that work in the light of the increasing importance of VAT/goods and services tax revenue for developing countries in particular. Suggestions were made by Committee members and observers on items deserving consideration, such as the issue of VAT/goods and services tax on cross-border services and the notion of a permanent establishment for VAT/goods and services tax purposes.

109. The other Co-Coordinator of the Subcommittee, Mr. Ligomeka, welcomed the additional input provided and noted that the Subcommittee would consider it going forward.

O. Health taxes

110. The Co-Coordinator of the Subcommittee on Health Taxes, Trude Steinnes Sønvisen (along with Kapembwa Namuyemba-Sikombe), introduced the topic by reminding Committee members that there had been a very lively discussion of the topic at the twenty-fifth session. Many of the comments related to chapters that were still to come, and they were being taken into account in drafting the relevant chapters of the proposed handbook on health taxes for developing countries. To provide context for the discussion at the twenty-sixth session, the Co-Coordinators' report (E/C.18/2023/CRP.20) included a proposed table of contents for the entire handbook.

111. Ms. Steinnes Sønvisen then introduced conference room paper E/C.18/2023/CRP.21 on the proposed chapter 4 (general issues in designing health taxes). Chapter 4 was a very general introduction for tax policymakers. The text of the chapter remained unchanged from the version presented to the Committee at the twenty-fifth session (E/C.18/2022/CRP.30). Ms. Steinnes Sønvisen also noted that two sets of comments had been received after the Subcommittee meetings had taken place: most could be taken into account, to the extent that they had not already been considered, in the drafting of later chapters.

112. There was some discussion among members of the Committee regarding national approaches to using the tax system to influence behaviour, in particular with regard to sugar-sweetened beverages. Ms. Steinnes Sønvisen noted that the Subcommittee was trying to ensure that the handbook reflected a balance between changing behaviour and raising revenues, but that, ultimately, it was up to individual countries to decide on the correct balance in their circumstances. The handbook would address that point in several other chapters. As none of those commenting had suggested changes to chapter 4 itself, it was approved.

113. Ms. Steinnes Sønvisen then introduced conference room paper E/C.18/2023/CRP.22 on the proposed chapter 5 (setting the health tax structure and rate). Chapter 5 had been presented in outline form at the twenty-fifth session of the Committee. It was the first of the more detailed technical chapters. It provided a detailed discussion of considerations that those designing health taxes should take into account, and discussed best practices in health tax design, both in general and with regard to tobacco, alcohol and sugar-sweetened beverages. It noted that decisions on tax rates and structure would depend on particular country circumstances, with the optimal structure for a given country depending on the desired balance of health and revenue objectives.

114. One of the members noted that his country had one of the world's highest levels of consumption of sugary beverages, so it was very important to have the guidance for those designing health taxes. He also noted the importance of combining health taxes with other measures, such as public awareness campaigns. Ms. Steinnes Sønvisen responded that the relationship between health taxes and other measures would be addressed in chapter 9. One observer noted that government measures regarding the targeted products did not apply to products sold illicitly.

115. Another member noted that it would be necessary to ensure that the various chapters avoid duplication. Ms. Brown of the Secretariat noted that the Subcommittee had discussed this problem and decided to err on the side of inclusiveness for now, to assist the Committee in evaluating each chapter; any duplication would be addressed before the final complete handbook was submitted to the Committee for approval.

P. Relationship of tax, trade and investment agreements

116. The Co-Coordinator of the Subcommittee on the Relationship of Tax, Trade and Investment Agreements, Mr. Ligomeka, presented the Co-Coordinators' report (E/C.18/2023/CRP.2). He recalled the mandate, general guiding principles and objectives of the Subcommittee's work and its workstreams: workstream A, which addressed taxation policy and administration measures and their relationship with international investment agreements; workstream B, which referred to the relationship between tax treaties and the General Agreement on Trade in Services of the World Trade Organization; and proposed workstream C, which would consider issues other than those addressed in workstreams A and B, such as other tax-related issues in trade agreements or mixed trade and investment agreements.

117. Mr. Ligomeka invited the consultant from the Department of Economic and Social Affairs, Alain Castonguay, participating virtually, to brief the Committee on the report on the relationship of tax and investment treaties commissioned by the Department, an excerpt of which is provided in paragraph 7 of the Co-Coordinators' report. Mr. Castonguay highlighted key issues addressed in his report: first, the role and main features of international investment agreements generally and in relation to tax measures, the conduct of tax policy and double tax agreements; second, the specific international-investment-agreement-type provisions that interacted with tax measures and the problem of unintended consequences affecting taxation; and third,

some concrete steps that could be taken to address the interaction in a whole-of-government way.

118. Mr. Castonguay noted that the issue was significant because of (a) the number of international investment agreements, including international-investment-agreement-type provisions in broader trade agreements and (b) the impact of international investment agreements on taxation, especially given that arbitrations based on international investment agreements have increased and that more of those arbitrations involve tax issues. The high cost of such “litigation” was also a financial risk. He noted that the impact on tax policy and administration was another risk.

119. Mr. Castonguay recognized the legitimate role of international investment agreements, but also recognized the legitimacy of tax officials’ concerns. His report did not propose a specific solution but covered the issues generally. The treatment of tax varied broadly in international investment agreements, and the approach chosen would be significant. Some tax provisions applied the international-investment-agreement-type provisions unless they were carved out. Another approach was to exclude taxation unless it was specifically carved in. A final approach was a broader tax exception. The final part of the report proposed how revenue officials could ensure that tax matters were properly considered at the country level as part of a whole-of-government approach. Tax officials should, for example, be part of a negotiation team, and when a dispute arises, they should be part of the group of officials addressing the response.

120. Mr. Ligomeka drew attention to the proposed outline of a guidance document in paragraph 10 of the Co-Coordinator’s report, drawing upon Mr. Castonguay’s report, United Nations Conference on Trade and Development reports and other relevant work. He noted that the Subcommittee sought also to commence progress on workstream B on the relationship of tax treaties with the General Agreement on Trade in Services in earnest, with both workstreams to be treated equally.

121. Members and observers supported the general outline, expressing that the principal purpose should be to assist tax officials, though it might also benefit investment officials. One member noted that the jury was still out on the investment benefits of international investment agreements, so the guidance should not be seen as assuming such benefits. He said that the most important thing that could be done was to assist in preventing tax issues from being litigated in international investment agreement contexts. He also noted that the vast majority of disputes were brought against developing countries, and that there was a significant distinction between old and new investment treaties in any analysis, so it was an issue of particular relevance to such countries.

122. Another member said that the tax carveouts and investor-State dispute settlement issues were especially important aspects of the guidance. Others supported the importance of tax and investment officials coming together in common understandings and ensuring efficiency in applying resources and policy coherence; knowledge of what agreements might influence tax policy and “tax policy space”; and addressing the issue of tax incentives in the guidance. Another member commended the link made in the report to achieving the Sustainable Development Goals. One member said the possibility of not having international investment agreements should be noted, but so should the possibility of renegotiating old such agreements. Another mentioned that the relationship of such agreements with contractual and/or domestic law stability clauses was an important issue. One member called for a focused, accessible and practical document.

123. With regard to workstream B, a member noted the importance of the forum shopping clause and said that the Committee should recommend that developing countries use the provision. The practice of some countries in applying the clause

provided in the United Nations Model Convention and the OECD Model Tax Convention, and the importance of any guidance suggesting that developing countries use the clause in practice was expressed by more than one member.

124. Observers welcomed the work, noting the different responses of countries to investor-State dispute settlement, and the range of investment treaty experiences. The Sustainable Development Goal framework for those considerations was supported, and the obligations of investors were indicated as a counterpoint to the obligations to investors. Mediation was noted as a possibility, and the previous and current Vienna University of Economics and Business work on investment treaties and tax issues was referenced.

125. Other observers underscored the great variety of international investment agreement carveout clauses and the need for tax officials to have the final say on tax issues. The cost to countries of blanket tax exemptions, including on import duties and VAT, and the work of the United Nations Commission on International Trade Law on multilateralizing investor-State dispute settlement, were both emphasized. Observers also pointed out the need to stress responsible investment as linked to the Sustainable Development Goals. The Subcommittee thanked participants for their comments and suggestions and would consider them going forward. The two workstreams would continue, both as priorities. Further inputs could be made by members and observers until May 2023.

Q. Capacity-building

126. The Chief of the Capacity Development Unit at the Financing for Sustainable Development Office, Emily Muyaa, presented an update on the Secretariat's capacity development programme on tax and domestic resource mobilization. She highlighted the workshops on high-demand topics held since the twenty-fifth session and upcoming activities before the twenty-seventh session. Reference was made to workshops, technical assistance and in-person and virtual events at the global, regional and national levels, as well as online courses available in multiple languages. The additional items presented included the dissemination of the Committee's guidance products and outreach, and activities through the Platform for Collaboration on Tax.

127. Ms. Muyaa emphasized that workshops were targeted on the basis of the expression of needs of developing countries. Through 2022, it is estimated that over 650 participants from approximately 103 countries attended the targeted Department of Economic and Social Affairs/Financing for Sustainable Development Office workshops. As a result of the Office's gender mainstreaming efforts on capacity-building events (by encouraging countries to observe gender balance when nominating officials to attend workshops), women accounted for 40 per cent of attendance at the workshops and 80 per cent of attendance at the in-person workshop on the mutual agreement procedure. Generally, more than 75 per cent of all workshop attendees indicated that the workshops were relevant and helped them to understand how fiscal policies would address risk and build resilience, and that the knowledge gained would be transferable to colleagues in their institutions.

128. Ms. Muyaa indicated that the upcoming planned activities include regional workshops on the treatment of services in the United Nations Model Double Taxation Convention in Mexico in May, and on selected transfer pricing topics for the Asia-Pacific region later in 2023.

129. Committee members and observers commended the capacity-building work carried out so far and called for continued expansion in areas such as capacity-building/enhancement in transfer pricing (including safe harbours and advance

pricing agreements, environmental taxation to achieve the Paris Agreement goals, and practical aspects on tax transparency and exchange of information, including dealing with risks associated with next-level (after receiving information from other jurisdictions). They also recognized that online courses were beneficial. Still, in-person events were essential for tax authorities to exchange experiences. The importance of translating training courses, documents, guidance and other materials into more languages was also emphasized.

130. Committee members noted the increased need for capacity-building, especially in the context of the current global tax landscape. Members emphasized the need for enhanced capacity and resourcing at the Secretariat to aid its efforts in effectively supporting the Committee's workstreams and carrying out capacity development activities to serve the needs and priorities of developing countries.

R. Other matters for consideration

131. An issue of the relationship of taxation and foreign exchange issues first raised at the twenty-fifth session was considered briefly in closed session, and it was agreed to continue the discussion under agenda item 3 (r) on other matters for consideration at the twenty-seventh session. Mr. Ahmed would provide a more elaborated note for that session.

Agenda item 4: Provisional agenda for the twenty-seventh session

132. The provisional agenda proposed for Economic and Social Council approval by the Committee is in chapter II of the present report.

Agenda item 5: Arrangements for adopting the report of the Committee on its twenty-sixth session

133. The Secretary noted that arrangements for the report on the session would, as usual, be as provided in the Committee document entitled "Practices and Working Methods for the Committee of Experts on International Cooperation in Tax Matters".

Closing remarks

134. The Co-Chairs thanked Committee members and observers for their participation in the session, both in-person and online; acknowledged the always valuable contribution of observers; and thanked the Secretariat, including the Department of Economic and Social Affairs and those providing conference services, as well as those financially assisting the Committee work. After a final closed meeting, the session was concluded.

