



United Nations

Committee of Experts on International Cooperation in Tax Matters

**Report on the twenty-seventh session
(Geneva, 17–20 October 2023)**

**Economic and Social Council
Official Records, 2023
Supplement No. 25**



Committee of Experts on International Cooperation in Tax Matters

**Report on the twenty-seventh session
(Geneva, 17–20 October 2023)**



United Nations • New York, 2023

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

Contents

<i>Chapter</i>	<i>Page</i>
I. Matters calling for action by the Economic and Social Council	4
Draft decision for adoption by the Council	4
Venue, dates and provisional agenda of the twenty-eighth session of the Committee of Experts on International Cooperation in Tax Matters	4
II. Introduction	6
Provisional agenda	6
III. Organization of the session	7
Opening of the twenty-seventh session and adoption of the agenda	7
IV. Discussion and conclusions on substantive issues related to international cooperation in tax matters	8
A. Procedural issues for the Committee	8
B. Taxation and the Sustainable Development Goals	8
C. Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries	8
D. Update of the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries	10
E. Transfer pricing	10
F. Taxation of the extractive industries	12
G. Environmental taxation	13
H. Dispute avoidance and resolution	15
I. Taxation issues related to the digitalized and globalized economy	15
J. Taxation of cryptoassets	18
K. Digitalization and other opportunities to improve tax administration	19
L. Increasing tax transparency	19
M. Wealth and solidarity taxes	21
N. Indirect tax issues	22
O. Health taxes	23
P. Relationship of tax, trade and investment agreements	23
Q. Capacity-building	24
R. Other matters for consideration	25

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-eighth session of the Committee of Experts on International Cooperation in Tax Matters

The Economic and Social Council:

(a) Decides that the twenty-eighth session of the Committee of Experts on International Cooperation in Tax Matters will be held in New York from 18 to 21 March 2024;

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

Provisional agenda of the twenty-eighth 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 tax issues;
 - (o) Health taxes;
 - (p) Relationship of tax, trade and investment agreements;
 - (q) Capacity-building;
 - (r) Other matters for consideration.
4. Provisional agenda of the twenty-ninth session of the Committee.
 5. Arrangements for adopting the report of the Committee on its twenty-eighth session.

Chapter II

Introduction

2. Pursuant to Economic and Social Council resolutions 2004/69 and [2017/2](#) and decision 2023/334, the twenty-seventh 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 Geneva from 17 to 20 October 2023. The in-person meetings were attended by 21 members of the Committee and 161 registered observers. Three members of the Committee and 261 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-seventh session, as adopted by the Committee ([E/C.18/2023/3](#)), 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-eighth session of the Committee.
5. Arrangements for adopting the report of the Committee on its twenty-seventh session.

Chapter III

Organization of the session

Opening of the twenty-seventh 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. Ms. Kana welcomed observers to the session at the ensuing open meeting, whether participating in person or virtually. Co-Chair Mathew Gbonjubola also welcomed all observers to the session and noted that their input was crucial to the work of the Committee.

6. The Director of the Financing for Sustainable Development Office, Shari Spiegel, delivered an address as a representative of the Secretary-General.

7. Ms. Spiegel welcomed members and observers to the session and noted that the meeting was taking place during challenging times marked by geopolitical unrest and economic instability. She reported that progress on many of the Sustainable Development Goals had stalled or was reversing. In fact, as global economic growth was slowing, government revenues, including tax revenues, were decreasing for most countries. Servicing debt took up an ever-increasing part of many countries' budgets.

8. In the light of that dynamic, the Secretary-General had called for a global Sustainable Development Goal stimulus, endorsed by the General Assembly, as a way to scale up affordable financing. Ms. Spiegel emphasized that that push for external financing would be only part of the story and noted the critical importance of domestic resource mobilization, as well as of strengthening international tax cooperation. She noted that taxation was at the heart of the social contract and that the Goals continued to serve as the Committee's guiding posts.

9. Ms. Kana thanked Ms. Spiegel for her remarks and for the Secretariat's support for the work of the Committee. She then presided over the adoption of the agenda, which was adopted without amendment. It was agreed that written comments were invited on all agenda items, with a deadline of 10 November 2023 in all cases.

Chapter IV

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

A. Procedural issues for the Committee

10. It was noted that, 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, had indicated that there remained a small number of further issues relating to the Committee's practices and working methods, which would be presented for consideration at the twenty-eighth session.

B. Taxation and the Sustainable Development Goals

11. The Director of the Financing for Sustainable Development Office, Shari Spiegel, delivered remarks on taxation and the Sustainable Development Goals, highlighting the critical role of tax at the core of the financing sustainable development agenda and the implementation of the Goals.

12. Ms. Spiegel said that the work of the Committee had become more important than ever in a challenging global environment. Tax played a pivotal role in the social contract between governments and citizens and supported various aspects of the Sustainable Development Goals, such as macroeconomic stability and resources for the critical areas, which comprise social protection, environmental conservation, education and health care.

13. Ms. Spiegel emphasized that taxation should not be considered separately from government expenditures and that the role of tax incentives should be considered in that context. She added that, depending on their structure, taxes could positively incentivize responsible consumption, climate action and health-improving outcomes or lead to negative consequences such as environmental destruction. It was crucial to promote effective and efficient tax systems that avoided or addressed any detrimental outcomes.

14. Ms. Spiegel briefly referred to the policy brief of the Secretary-General on the international financial architecture, which contained bold recommendations and included international tax cooperation in its agenda with a view to fostering a more inclusive and effective collaboration. Lastly, Ms. Spiegel applauded the work of the Committee and urged members to continue to work with a focus on tax and the Sustainable Development Goals.

15. Mr. Gbonjubola, as Co-Chair, highlighted the importance for policymakers of connecting taxation and the Sustainable Development Goals. He agreed with Ms. Spiegel that taxation should be perceived as a means to an end, in particular when taking social indicators into account.

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

16. One of the three Co-Coordinator of the Subcommittee on Updating the United Nations Model Double Taxation Convention between Developed and Developing Countries (along with Carlos Protto and Stephanie Smith), Rasmi Das, provided an update on the Subcommittee's progress on its workplan. As of the present session, the

Subcommittee had presented, and the Committee had discussed, all of the major topics identified in the work programme. During the remainder of the tenure of the present membership, the Subcommittee would focus on finalizing those topics and addressing several technical issues, including those arising under article 6.

17. Mr. Das presented a paper on the inclusion of software in the definition of royalties (E/C.18/2023/CRP.43), in which a proposal was set out for a revised definition of royalties for the purposes of article 12 of the Model Convention, on independent personal services. The new definition, which had been approved by the Committee, included payments for software even when those payments did not relate to the use of copyright in the software. The Committee also approved a new commentary on article 12, which not only explained the revised definition but more clearly set out the positions of members on the existing commentary, which was relevant for treaties in which the new definition was not used. A large minority of the Committee members had not supported the change to the Model Convention text and instead supported including the proposed definition as an alternative provision in the commentary. That minority view would be reflected in the commentary, along with several other minority views already contemplated in the draft.

18. Mr. Das presented a paper on a proposal for a revision to article 8 (alternative B) of the Model Convention (E/C.18/2023/CRP.44), for a first discussion. In the paper, a possible revised version of article 8 (alternative B) was set out that would allow the taxation at source of international transportation income. The Committee discussed (a) whether the revised provision should cover both international shipping and air transport, (b) whether the Model Convention should continue to include alternative A, which provides for exclusive residence State taxation of income from both international shipping and international air transport, and (c), if an option for exclusive residence State taxation was retained, whether the order of the two alternatives should be reversed to give greater prominence to the alternative allowing for source State taxation. While most members commenting supported coverage of both shipping and air transport in article 8, the discussion was inconclusive with regard to all three points. The Subcommittee would continue its work on the proposal and certain technical issues that were raised and present a revised version of the provision at the twenty-eighth session.

19. Mr. Protto presented a paper on the treatment of income from cross-border insurance activities (E/C.18/2023/CRP.46). In the paper, the Subcommittee set out its proposal to delete paragraph 6 of article 5 (under which a permanent establishment is deemed to exist where an insurance enterprise of a State collects premiums from, or insures risks in, the other Contracting State) and to introduce a new paragraph 6 of article 7 (under which taxation of the relevant premiums on a gross basis would be allowed). There was general support in the Committee for the substance of the change, but several members would prefer that the new rule be reflected in a stand-alone article rather than in a new paragraph in article 7. In that regard, it was noted that a new such provision should provide guidance regarding the source of premium income in the case of reinsurance and with regard to direct insurance that covered multiple entities and/or countries. The Subcommittee would continue its work on the proposal, including on the technical issues that were raised, with a view to presenting it for approval at the twenty-eighth session, if possible.

20. Ms. Smith presented a paper on the proposal for a revised commentary on article 14 (independent personal services) of the Model Convention (E/C.18/2023/CRP.45). The purpose of the revised commentary was to provide additional guidance to developing countries on the application of article 14 because many developing countries used the Model Convention and because the current Model Tax Convention on Income and on Capital of the Organisation for Economic Co-operation and

Development did not provide any such guidance, as the corresponding article had been eliminated from it in 2000.

21. One question was whether a threshold based on revenues, such as that deleted from the 2001 version of the Model Convention, should be reinstated. A majority of those members who spoke on the issue were in favour of doing so, although others suggested that additional drafting might be necessary. Still others did not support adding a threshold and suggested that adding such a paragraph should not create arbitrage opportunities between article 14 and article 5 (3) (b) of the Model Convention. In addition, some noted that a decision on the issue should be postponed until the results of work being conducted in other subcommittees, such as in the Subcommittee on Taxation Issues related to the Digitalized and Globalized Economy, became clearer. Some members encouraged greater coordination between the two subcommittees.

22. A number of differing views were expressed as to whether the article applied to entities and individuals or to individuals only. Accordingly, there was little discussion of whether the text of the article should be changed to ensure its application to one group or the other. The Subcommittee would review the proposed commentary to ensure that it reflected the various views.

23. Similarly, on the question of whether article 14 allowed for income from independent personal services to be taxed on a gross basis or whether the article required the source State to tax on a net basis, there was a clear split in the Committee. The Subcommittee would continue to discuss that issue to see if common ground could be found and to properly reflect the views in the next update, even if the views diverged.

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

24. Carlos Protto, the Co-Coordinator of the Subcommittee, along with Aart Roelofsen, provided a brief update on this topic. The updated manual had been approved in March (subject to any necessary editorial changes). It was now in the publication process. The Subcommittee might meet again in 2024 to start addressing the changes made to the Model Convention by the membership of the Committee.

E. Transfer pricing

25. The Co-Coordinator of the Subcommittee on Transfer Pricing, Ingela Willfors, presented the progress report on the work performed by the Subcommittee as contained in the Co-Coordinators' report (E/C.18/2023/CRP.26).

26. Ms. Willfors subsequently presented for approval the papers for workstreams A, transfer pricing during the coronavirus disease (COVID-19) economic downturn, B, transfer pricing compliance assurance, and C, transfer pricing of carbon offsets and credits, contained in annexes A to C, respectively, to the report.

27. Annex A provided guidance to aid countries in navigating the unique transfer pricing challenges that the pandemic created. The Subcommittee incorporated comments and feedback received from Committee members and observers during the twenty-sixth session by providing further detail on the accurate delineation and recognition of the actual transactions as well as on comparables and the use of multiple-year data. The updated paper included a comparative table detailing additional guidance with regard to advance pricing agreements published by various jurisdictions in response to the pandemic.

28. Ms. Willfors pointed out that annex B provided guidance, examples and options tailored to the needs and priorities of developing country tax administrations to assist them in developing their own end-to-end processes for compliance assurance on transfer pricing. Comments and feedback received from Committee members and observers during the twenty-sixth session had been incorporated into the document. They included the insertion of several infographics, discussion of the potential use of safe harbours, an iterative approach to risk-based case selection and the issue of potential sources and use of information. Lastly, a table had been added that contained questions with regard to intragroup services.

29. Annex C served to elaborate on the value chain of carbon emission abatement activities that generated carbon credits or carbon offsets, with a view to discussing how transfer pricing rules applied to the generation, transfer and sale of carbon credits. Ms. Willfors added that comments and feedback received from Committee members and observers during the twenty-sixth session had been incorporated into the document, including a list of typical transactions and transfer pricing issues in different carbon credit or offset projects, along with the identification of the typical risks borne and assets used in each transaction. Moreover, a paragraph had been added on the changes that developing countries might want to anticipate in relation to their transfer pricing regulation to ensure the proper treatment of carbon credits or offsets.

30. Committee members and observers thanked the Co-Coordinator and the Subcommittee for the quality of the work performed. The papers contained in annexes A to C of the Co-Coordinator's report were approved by the Committee, subject to editorial changes. As the guidance papers would be published on a stand-alone basis, agreement was reached on including an introductory statement in all papers that would serve to discuss the status of the papers as supplementary to the United Nations Practical Manual on Transfer Pricing for Developing Countries.

31. Mr. Gbonjubola, Co-Coordinator of the Subcommittee on Transfer Pricing, presented, for first consideration by the Committee, workstreams D, industry/sector guidance for agricultural products, and E, industry/sector guidance for the pharmaceutical industry, contained in annexes D and E, respectively, of the Co-Coordinator's report. He also sought, on behalf of the Subcommittee, guidance and comments on workstream F, dispute avoidance and resolution for transfer pricing.

32. Mr. Gbonjubola indicated that annexes D and E had been prepared in response to the need for practical guidance in applying the arm's length principle to a specific industry.

33. Mr. Gbonjubola mentioned that the proposed work to be undertaken in workstream F, on dispute avoidance and resolution, would be focused on: (a) identifying current issues with regard to bilateral advance pricing agreements in developing countries; (b) accounting for resource constraints and a lack of trust between taxpayers and tax authorities; and (c) outlining pragmatic approaches for dealing with the identified current issues.

34. Committee members and observers noted that the guidance produced with a focus on specific industries was very relevant. With regard to annex D, one member suggested that a case should be included that addressed the impact of COVID-19 on the industry. Another member noted that the role of marketing intangibles should be discussed. It was suggested by yet another member that the cases should be simplified to deal only with one transfer pricing issue at a time.

35. For the paper on pharmaceutical products, a member suggested including a case that was focused on the role of generics and their transfer pricing implications and on addressing public procurement and local clinical trials in more detail. Another member noted that the sections on integrated business models and on core research

and development activities would benefit from more nuanced analysis that takes existing business practices into account. It was also suggested to include additional examples on the joint development of drugs and on license and supply agreements.

36. With regard to workstream F, on dispute avoidance and resolution, some members questioned whether the work proposed on bilateral advance pricing agreements would be helpful to developing countries and noted that the existing United Nations Handbook on Dispute Avoidance and Resolution already provided guidance on that topic. Other members noted that, given the increasing number of bilateral advance pricing agreements, additional guidance would be helpful. A Subcommittee participant clarified that the work would include a consideration of governance issues, including budgetary issues, the independence of the bilateral advance pricing agreement team, and how to manage the number of cases that would be negotiated. It was decided that the Subcommittee would continue its work on that topic, bearing in mind the comments and guidance provided.

F. Taxation of the extractive industries

37. The Co-Coordinator of the Subcommittee on Extractive Industries Taxation, Ignatius Mvula, presented the Co-Coordinators' report on the progress on the Subcommittee's workstreams since the previous session (E/C.18/2023/CRP.31).

38. Mr. Mvula presented a paper on the workstream on permanent establishments in extractive industries (E/C.18/2023/CRP.38), in which a permanent establishment stand-alone article and amendments to various articles of the Model Convention were proposed, addressing technical issues in the extractives sector by drawing on country experiences.

39. Committee members emphasized the importance of the work. Suggestions included ensuring that the definition of extractive activities was not overly restrictive and that references in the paper, such as to the treaty between Mexico and Argentina, be explicitly cited. In addition, members discussed the possibility of broadening the scope to cover renewable resources. Some members raised concerns about focusing on permanent establishments because of the complexities for administrations with limited resources. Alternative taxation methods, which were simpler in nature, were suggested.

40. Questions arose regarding elements excluded from the paper, such as article 13 (7) of the Model Convention. Coordination with the Subcommittee on Updating the Model Convention was acknowledged, with recognition of the paper's value in shaping a forthcoming draft of the stand-alone article. Observers appreciated the work and suggested addressing certain issues of permanent establishment avoidance, in particular in construction activities.

41. It was noted that the Subcommittee on Updating the Model Convention would assume responsibility for drafting the proposed new article on the basis of the paper of the Subcommittee on Extractives and the comments received. The intention was to present a draft of the stand-alone article for first reading at the twenty-eighth session, with a view to final approval in the twenty-ninth session.

42. Mr. Mvula presented the paper on the workstream on tax incentives (E/C.18/2023/CRP.39), in which the interaction between extractive industry incentives and the Inclusive Framework on Base Erosion and Profit Shifting pillar 2 global minimum tax rules was addressed, ensuring that those incentives remained effective while not having unintended consequences. The authors of the paper sought neutrality with regard to whether to not countries decided to adopt pillar 2 rules.

43. Most Committee members who spoke on the issue expressed reservations about that workstream. Many expressed concerns over a perception of tacit acceptance of pillar 2 and the approach towards incentives in the paper, in particular given that some countries were not part of the Inclusive Framework on Base Erosion and Profit Shifting. There were also enquiries about the conclusion in the paper regarding a qualified domestic minimum top-up tax, which could be complex for developing countries. Suggestions were made to update existing guidance on incentives instead of creating new guidance. The practical difficulty in providing guidance on a topic still under deliberation in another forum was also recognized. In addition, there was a call to focus on issues more directly relevant to developing countries, such as giving guidance on the general issues of how and when to provide incentives – without any link to pillar 2. Existing work on that topic would be considered in performing such a task.

44. Other Committee members expressed reluctance to dismiss topics solely because they were being discussed in other forums. An observer pointed out that, regardless of a country's position on pillar 2, there would be implications, in relation to which countries would need to make informed policy and revenue collection decisions. Some members suggested that developing countries should be aware of external impacts and incentive efficacy.

45. It was acknowledged that a majority of the members of the Committee had reservations about that workstream. It was recognized, however, that comprehensive information benefited developing countries, enabling them to make more informed decisions. The Subcommittee would revisit the paper, taking into consideration the views expressed by members.

46. With regard to the other workstreams of the Subcommittee, it was noted that papers on trade mispricing and mineral valuation and on energy transition would be presented at the next session of the Committee. The Subcommittee aimed to work closely with the Subcommittees on Environmental Taxation Issues and on Transfer Pricing.

G. Environmental taxation

47. The Co-Coordination of the Subcommittee on Environmental Taxation Issues, Ashfaq Ahmed and Susanne Åkerfeldt, presented their report on the Subcommittee's progress and future steps (E/C.18/2023/CRP.35).

48. For workstream 1, on the interaction of carbon taxation with other national measures, they presented on the part dealing with that interaction for final approval (annex A to the report). Two other parts, addressing the assessment and correction of the interaction between carbon taxes and other taxes (part B) and the phasing out of fossil fuel subsidies (part C), were in development and expected to be presented for first reading at the twenty-eighth session.

49. Workstream 2, on the role of carbon taxes and other measures in supporting the energy transition (annex C), was presented for its first reading. Box 1 of annex C contained an analysis of common themes and key findings from case studies in Chile, Ghana, Indonesia and Jamaica. The report would be updated and presented for final approval at the twenty-eighth session.

50. Workstream 3, on the interaction between carbon taxes and carbon offsetting programmes (annex D), was presented for its first reading. It served to discuss carbon offset programmes as components of hybrid mitigation strategies by Governments. In it, examples from Chile, Colombia, Indonesia, Mexico, Singapore and South Africa

were highlighted. The paper would be presented for final approval during the twenty-eighth session.

51. Workstream 4, on border carbon adjustment mechanisms and how developing countries could mitigate undesired spillover effects, consisted of three parts. Parts A (the theory of carbon leakage and ways to address it) and B (border carbon adjustment measures) were presented for final approval (annex B-1), while part C (potential responses to carbon border adjustments) was presented for information and feedback (annex B-2).

52. Workstream 5, on other environmental measures beyond carbon taxes, was currently under development and would be presented for its first reading at the twenty-eighth session.

53. The Co-Coordinator highlighted their close coordination with the Subcommittee on Extractive Industries Taxation (on workstreams 1 and 2) and the Subcommittee on Transfer Pricing (on workstream 3). In addition, they expressed gratitude to Committee members who had facilitated the verification of information on various country examples used across the workstreams.

54. The Co-Coordinator recommended publishing approved papers from various workstreams individually, with the option to compile them into a single volume at the end of the mandated work.

55. Some Committee members raised concerns about limited coverage of tax options for developing countries and the potential impact of a carbon tax, in particular on low- and middle-income populations dependent on traditional energy sources. They stressed the need to assess the feasibility of proposed tax solutions for developing countries with limited implementation capacity, in particular small island developing States vulnerable to climate change. Some members highlighted the importance of addressing targeted subsidies and reviewing climate funding accessibility in developing countries.

56. Specifically in workstream 4, some Committee members felt that the papers were not sufficiently aligned with the mandate and called for a more critical examination of processes and their effects, cautioning against treating the European Union carbon border adjustment mechanism as the default norm. Some members suggested including international cooperation measures in part C of workstream 4 to address the potential impact of border carbon adjustments, with the aim of preventing trade barriers, offering technical and financial assistance to developing nations and considering exemptions for the least developed countries.

57. The Co-Coordinator acknowledged the limitations of the Subcommittee's mandate concerning issues such as technical assistance and climate financing. They stressed the need to maintain neutrality, in particular regarding border carbon adjustments, to avoid being seen as endorsing or rejecting any mechanisms. They highlighted the comprehensive nature of the analysis in the papers, in which alternative measures beyond carbon taxation for developing countries were explored. In addition, they recognized carbon subsidies as a significant fiscal tool for many developing nations, providing flexibility in climate goal mechanisms based on fiscal capacity. They noted that the issues raised would be examined in part C of workstream 4, which would be focused on impacts and potential responses of developing countries.

58. Two members of the Committee (Rasmi Das and José Troya) noted that, in their view, the Committee had correctly taken the position that access to technology and adequate and affordable climate finance for addressing climate change, although very important for developing countries, were not within the mandate of the Committee, for which reason those topics had not been covered. In the view of those two members, by the same logic, carbon border adjustments in general and the carbon

border adjustment mechanism in particular, not being tax measures, were not, in their view, covered by the mandates of the Committee and its Subcommittee. They also expressed the view that the paper on the subject might have the unintended consequence of being treated as an endorsement of measures such as the carbon border adjustment mechanism by the Committee. Consequently, the two members did not wish to endorse annex B-1 but agreed not to oppose its approval provided that their position was recorded appropriately in relevant Committee documents, including reports.

59. With regard to the paper on the carbon taxes (annex A to the report), in the view of two members of the Committee (Rasmi Das and José Troya,) carbon taxes were only a subset of measures to address climate change, and any overemphasis on those taxes would be detrimental to the interests of developing countries. In their view, it should also be clearly acknowledged that carbon prices could not be uniform across the world and that such measures must also take into account any adverse effects on the large section of the population, in particular in low-income countries, that engaged in traditional economic activities by relying on existing available energy resources. Consequently, the two members agreed to the approval of the paper provided that their position was recorded appropriately in relevant Committee documents.

H. Dispute avoidance and resolution

60. The Co-Coordinator of the Working Group on Dispute Avoidance and Resolution, Carlos Protto, provided the Committee with an overview of the group's progress (E/C.18/2023/CRP.34).

61. Mr. Protto highlighted the ongoing collaborative efforts between the Working Group and the Subcommittee on Transfer Pricing to enhance guidance on and provide certainty in transfer pricing. The Co-Coordination reviewed the paper by the Subcommittee, which dealt primarily with advance pricing agreements, and participated in discussions on that topic. It was agreed that the Subcommittee would handle that issue.

62. In addition, Mr. Protto informed the Committee that the Working Group was actively monitoring discussions in other forums. Of particular interest were developments related to the certainty elements of pillars 1 and 2 of the work on the Inclusive Framework on Base Erosion and Profit Shifting. In that regard, the Working Group would monitor developments in that field of work to determine if there was a need to update the Handbook on Dispute Avoidance and Resolution. Further updates on the matter would be presented in forthcoming sessions.

I. Taxation issues related to the digitalized and globalized economy

63. The Co-Coordinator of the Subcommittee on Taxation Issues related to the Digitalized and Globalized Economy, Liselott Kana, presented the Co-Coordination's report outlining the Subcommittee's progress in fulfilling its mandate (E/C.18/2023/CRP.40). The Subcommittee was considering the following three workstreams:

- (a) Workstream A, on a more multilateralized implementation of specific United Nations Model Convention provisions;
- (b) Workstream B, on the function and relevance of physical presence tests;
- (c) Workstream C, on cross-border taxation issues involving remote workers.

64. She noted that the Subcommittee had worked very closely with Philip Baker and Brian Arnold, who had produced the papers submitted for the present session as part of a productive dialogue with the Subcommittee – which was formally putting those papers forward for consideration as part of its report – and she thanked them for a job well done. The Subcommittee was now submitting the papers for first consideration by the Committee. She noted that, although the paper had provided a projected timetable for finalizing that and other texts at the twenty-eighth session, whether that was feasible would become clearer in the further work to be performed before that session, including the Subcommittee meetings. In essence, decisions on whether final approval should be sought at the next session were not being sought or assumed at the present session.

65. Ms. Kana highlighted that workstream A entailed the development of a multilateral instrument for the implementation of specific Model Convention provisions. The proposed provisions included those dealing with pension funds, offshore indirect capital gains, fees for technical services, automated digital services, arbitration, the subject-to-tax rule, capital gains from the value of immovable property and services permanent establishments.

66. Furthermore, the fast-track instrument developed for consideration was a draft that would need to go through an intergovernmental process once the Committee had finalized its proposed text. The Secretariat would consult with the Office of Legal Affairs to address the legal issues surrounding the form of such an instrument.

67. Mr. Baker presented a brief overview of the structure of the fast-track instrument, which comprised (a) the instrument itself, (b) protocols containing individual amendments and alternative wording and (c) amending agreements between States containing the basic information needed to give effect to the changes outlined in the specified protocol. A timeline for implementation by each State was also presented, outlining the steps that States would need to take to implement the instrument.

68. Several members congratulated the Subcommittee on the work done and thanked Mr. Baker for his work. They expressed support for the work and noted that the resulting document appeared to achieve the objective set out and was flexible enough to accommodate various positions. Members were informed that there would be a draft explanatory statement on the fast-track instrument.

69. Some members questioned the practicality of the fast-track instrument. They noted that the process and the legal structure were complicated, that having a separate agreement for each amendment exacerbated the complexity and that it was important to simplify the process. One member stressed that, for a significant number of Member States, it was not possible under their constitutional and legal systems to modify their treaty network by means of protocols and amending agreements that did not require ratification. Another member suggested that developing model protocols for bilateral treaties would significantly simplify the process and supported that approach as a stand-alone option instead of including a provision in the fast-track instrument. On the issues highlighted in annex 1 to the Co-Coordinator's report, it was suggested that the corresponding procedure in article 5 of the Model Convention should be mandatory for those participating in the process. It was also noted that there was a need to consider the possible constitutional and legal constraints for Member States in following the proposed process. One member questioned the reason for provisions in the fast-track instrument that set out a role for the Committee in reviewing future protocols and that provided that the instrument could be amended by a simple majority of the parties.

70. Some observers noted that the work of the Subcommittee was very timely and useful, in particular because a major part of the Committee's work involved making proposals that were treaty-based: a process that led to the incorporation of those

proposals into bilateral treaties, without the onerous process of separate bilateral negotiations, would likely increase the uptake of the Committee's recommendations and outcomes. The Subcommittee would consider the comments received and would present a version of the instrument at the twenty-eighth session, with a view to final approval at that session, if possible.

71. On workstream B, Ms. Kana indicated that, after discussing the relevance of the physical presence test in various Subcommittee meetings, the majority of the members of the Subcommittee were proposing that articles dealing with services be combined into a single article. The specific articles to be considered were articles 5 (3) (b), 12A and 14. Members expressed their support and appreciation for the work done, noting that that provision streamlined the services provisions and was important in ensuring the fairer allocation of taxing rights between residence and source States. Some argued that the physical presence proxy for establishing taxable nexus might have been relevant when international trade consisted primarily of goods. However, that proxy was no longer relevant for trade in services. The elimination of time thresholds was said to be appropriate, since the current time thresholds were easy to manipulate, in particular where technology was involved. One member noted that a withholding tax was preferable at the present time.

72. Some members noted that more discussion was needed to better analyse the types of services that were not covered by current provisions and the impact of their inclusion in the proposed provision. It was also noted that the commentary to article 12A cited the fact that developing countries were disproportionately importers of technical services as one of the justifications for article 12A. It was suggested that a similar analysis should be undertaken for all services to determine the impact on developing countries of such an expanded provision. Some members also observed that there was still a place for physical presence and that it should play an important role in the allocation of taxing rights. Concerns were also raised about the gross basis of taxation, as that might lead to overtaxation (in particular because the costs related to different services might vary widely), and it was proposed that a net basis be considered, as is included in article 12B. Some considered that article 12B should also be incorporated into any new article. Some members stressed that over- or undertaxation depended not on the gross or net basis but on the tax rate. For example, a 3 per cent gross tax on revenue would yield less tax than a 40 per cent tax on a net profit of 8 per cent. Furthermore, with regard to services, it would be difficult to apportion costs incurred in other jurisdictions and challenging to tax the administration of the source State to verify the correctness of those claims. The only feasible way in which net profit could be considered was through a formulary apportionment that required agreement on factors and ratios.

73. It was suggested that insurance services should be omitted from that provision, as there were already efforts in the Subcommittee on Updating the Model Convention towards creating a new provision specifically addressing insurance. Members also noted that there was a need for coordination with the Subcommittee, which was addressing some aspects of services, in order to ensure consistency.

74. With regard to workstream C, some members considered that there was a need for further consideration of the matter. It was suggested that the provision was quite broad and that it would add considerable complexity to deal with relief from double taxation in particular. It was also suggested that it might be worthwhile to restrict it to untaxed income. The question was raised as to whether the issue was a major challenge for developing countries and whether more scoping would be useful to identify the magnitude of the problem (and whether it would even be beneficial to developing countries). It was observed that the proposal to engage more with States as outlined in annex 4 of the Co-Coordination report was a useful way to proceed.

75. It was concluded that the Subcommittee would continue to consider those issues and report back to the Committee at the twenty-eighth session. The Subcommittee invited technical input on the papers presented, undertaking to take all comments into consideration.

J. Taxation of cryptoassets

76. Ashfaq Ahmed, a participant in the ad hoc group on the taxation of cryptoassets, presented its report (E/C.18/2023/CRP.28). The group was formed during the Committee's twenty-sixth session and consisted of five Committee members working with the Secretariat to propose how to take forward the work on the taxation of cryptoassets in the light of the need for countries to respond effectively to that emerging tax policy issue. Mr. Ahmed informed the Committee about the activities of the Group and of its suggestion to develop a toolkit for evaluating tax risks from cryptoassets, as contained in the appendix to the report.

77. Mr. Ahmed noted that the suggested toolkit was intended to be a targeted, concise and effective product providing a practical and structured framework for identifying and assessing tax risks related to cryptoassets. The proposed toolkit comprised three main parts: (a) an introductory section explaining its relevance and use; (b) checklists, questionnaires and forms aimed at helping Governments to identify specific risks within their tax systems; and (c) a commentary section offering additional context and details. The toolkit would include a "map of crypto tax risks" containing three main categories of risks that could significantly affect countries' tax bases: (a) crypto reporting and tax crimes; (b) crypto losses and deductions; and (c) crypto functional substitutes risks.

78. Regarding the proposed timeline, Mr. Ahmed reported that the Group would present the first part of the toolkit for first consideration during the twenty-eighth session and, upon incorporating the feedback of the Committee and observers, would seek approval during the twenty-ninth session. First consideration by the Committee of the second part of the toolkit would be sought in the twenty-ninth session, with an improved toolkit to be presented for approval at the thirtieth session.

79. Ms. Kana, a member of the ad hoc group, gave further background information on the composition of the group and thanked Vincent Ooi and Mindy Herzfeld in particular for their work with the group.

80. Committee members and observers thanked the ad hoc group for its work and acknowledged that the topic was a new, important and fascinating tax policy area. A Committee member noted that the toolkit's intended purpose and target audience in assisting risk assessment and helping to shape domestic tax policy should be further clarified. It was also suggested that the toolkit should commence with an introductory section that would, for example, serve to discuss the accounting and tax treatment of cryptoassets, as that would have implications for risk assessment. Lastly, the risks covered by the crypto reporting and tax crimes category in the toolkit were noted as being of particular importance.

81. Ilka Ritter from the Secretariat acknowledged the importance of understanding cryptoasset fundamentals and including that in the toolkit. Furthermore, she clarified that the toolkit served as an initial step to assess risks within countries' systems and that it would cover areas such as pseudonymity and information-gathering.

82. The Committee approved the suggested approach of the ad hoc group and looked forward to its further work.

K. Digitalization and other opportunities to improve tax administration

83. The Co-Coordinator of the Working Group on Digitalization and Other Opportunities to Improve Tax Administration, Elisângela Rita, presented the Co-Coordinators' report (E/C.18/2023/CRP.33). She presented the main elements of chapter 2 of the report, on the digital tax administration road map, for final approval, and of chapters 5 and 6, on the data governance framework, for further input and comments. She mentioned that the Working Group planned to present the remaining parts of the guide to the Committee at the twenty-eighth session.

84. Ms. Rita mentioned that the Working Group had incorporated comments received during the twenty-sixth session of the Committee and engaged with the Subcommittee on Indirect Taxes, as there was an intersection of workstreams, with the Subcommittee considering the use of new technologies to improve value added tax (VAT)/goods and services tax compliance (in relation to information technology systems, e-invoices/big data).

85. Members of the Committee and observers congratulated the Working Group on its work and expressed support for the work. Chapter 2 was described as very important because it laid the foundation for a successful digitalization journey. It was a guide that set out the steps and requirements for a successful process, providing a blueprint that ensured the digitalization of countries within an established framework for better outcomes.

86. With regard to chapters 5 and 6, it was noted that data governance was important in the promotion of a whole-of-government approach, as it was through data sharing that it could be actualized. It was therefore important that a data governance framework be put in place. It was further observed that there was a need to incorporate the issue of compliance risk management in the use of data and other processes in tax management into those chapters.

87. It was also noted that human and cultural factors were critical components of the process. It was important to ensure the buy-in of public officials and taxpayers. Capacity development, the upskilling of staff and taxpayer education were important to ensure the successful implementation of digitalization. Furthermore, implementing digital transformation might result in some redundancies as staff roles became automated, although employees would often be reallocated to other duties rather than discharged. A member suggested that the working group could consider addressing that issue in the guide in order for revenue authorities to plan the reskilling and retraining of their staff to work in the digitalized environment.

88. In response to the comments made on the chapters presented, the other Co-Coordinator of the Working Group, Waziona Ligomeka, thanked members and observers for their input and noted that many of the issues raised would be addressed in the proposed guide. Specifically, he noted that processes such as compliance risk management were embedded in various parts of the guide where relevant.

89. The Committee approved chapter 2 of the guide. Chapters 5 and 6 would be presented for approval at the twenty-eighth session, and the Working Group invited input and comments on those two chapters to be sent to the Secretariat by 10 November 2023.

L. Increasing tax transparency

90. The Co-Coordinator of the Subcommittee on Increasing Tax Transparency, José Troya, presented the Co-Coordinators' report (E/C.18/2023/CRP.32). He reported that the Subcommittee had held three virtual meetings to discuss the feedback received on

the twenty-sixth session and to consider how to identify the areas of priority. The Subcommittee's work involved bridging the existing information gap in developing countries on available guidance in the area of tax transparency, including offering guidance in areas that were not already addressed.

91. In the report, the Co-Coordination outlined the topics that the Subcommittee had identified to present to the Committee for its approval as the priority issues for its workplan in preparing draft guidance on increasing tax transparency. The topics included an overview of the exchange of information; practical guidance for countries that are new to the exchange of information; limitations and challenges faced in addressing tax transparency; the use of exchanged information for non-tax purposes; and assistance in collection.

92. Committee members and observers expressed their support for the work and for the prioritization of work proposed by the Subcommittee. A member observed that there was a need for the Subcommittee to collaborate with the Working Group on Cryptocurrency (a group of industry representatives), as the issue of transparency and reporting was relevant to both bodies. In that regard, it was proposed that the Subcommittee should add the issue of reporting to its work to cover cryptocurrency and other issues.

93. On the use of exchanged information for non-tax purposes, the Committee was informed that there was a pilot project of the Global Forum on Transparency and Exchange of Information for Tax Purposes exploring that issue in Latin America. It was noted that it was better for an agreement to be reached in advance on the type of non-tax matters that would be subject to that provision, with a specific mention of the purpose. Those issues could include money-laundering and corruption countermeasures, with the purpose of fighting financial crime.

94. A member, while agreeing with the priority areas identified, suggested that capacity development should be part of that work, including technical capacity assistance, given the difficulties that many developing countries had in implementing the existing exchange of information standards due to financial constraints, among other issues. It was important to consider technical assistance as one way of addressing that challenge. It was noted, however, that the Committee did not itself conduct capacity-building.

95. Another member, while expressing appreciation for the work, noted that there was still room for improvement: additional work could be aimed at reviewing article 26, as well as issues pertaining to exchanging information on real estate. He noted that the Subcommittee could also consider addressing the issue of residence by investment and citizenship by investment schemes under article 26 of the Model Convention. It was observed that the information to be exchanged would be addressed in the topics identified. It would be proposed to transfer any additional work to the new membership, subject to the approval of that membership.

96. It was observed that there was a need to differentiate between the work of the Subcommittee and that done in other forums to ensure the addition of value. Furthermore, it was worth considering what could be feasibly achieved, as only three Committee sessions remained for the present Committee membership. Mr. Troya mentioned that the Subcommittee was working with other organizations involved in tax transparency and that there was ongoing collaboration to ensure that the guidance added value to ongoing work and addressed any gaps.

97. An observer noted that the use of exchanged information for non-tax purposes could hinder the voluntary disclosure of information by taxpayers, which was another form of information exchange, because a taxpayer would not be sure what their voluntarily disclosed information might be used for, other than for tax purposes. It

was therefore important to consider including a disclaimer and providing more clarity on what exactly constituted “non-tax purposes”.

98. The Committee approved the topics identified by the Subcommittee as priority issues, and a paper on these topics will be presented at the twenty-eighth session.

M. Wealth and solidarity taxes

99. The Coordinator of the Subcommittee on Wealth and Solidarity Taxes, José Troya, presented the Coordinator’s report (E/C.18/2023/CRP.27) and the paper annexed thereto for first consideration of the Committee. He invited the Committee to provide feedback and input on the draft guidance – in which policy options available to tax jurisdictions when considering how to adequately tax wealth were discussed.

100. Mr. Troya gave an overview of the content of the draft guidance. Chapter 1 of the report contained a discussion of the rationale behind implementing a wealth or solidarity tax as well as the advantages and disadvantages of such a tax. Chapter 2 provided an overview of the different types of wealth taxes with the goal of assisting policymakers in identifying the most effective and efficient mix of wealth taxes for their jurisdiction. He mentioned that the chapter grouped wealth taxes into three different types, namely (a) taxes on capital income, (b) taxes on the transfer of wealth and (c) taxes on the stock of wealth.

101. Mr. Troya introduced chapter 3, which was focused on general policy decisions for introducing or updating wealth taxes, including the scope and tax base; rates, thresholds and exemptions; and cross-border issues. Chapter 4 contained practical guidance for the implementation of net wealth taxes for individuals, whereas Chapter 5 was focused on practical guidance for the implementation of exceptional solidarity wealth taxes on individuals that were raised during times of crisis.

102. Chapter 6 served to discuss key considerations for administration issues when implementing wealth taxes, while chapter 7 dealt with both the interaction among the different types of taxes related to wealth and the interaction of those wealth taxes with the wider tax system of a tax jurisdiction.

103. The draft guidance included three appendixes, with appendix A setting out a possible methodology for carrying out a revenue estimate prior to enacting a net wealth tax. Appendix B provided a compilation of the necessary legislative elements of a net wealth tax drawing on existing legislation, while appendix C provided potentially useful lessons from the experience of Norway in implementing and administering a net wealth tax.

104. Committee members and observers thanked the Subcommittee for the work done and welcomed the practical guidance provided in the draft. In particular, the accessible way in which the guidance was written was welcomed, with the observation that the guidance complemented existing publications.

105. One member noted that the guidance could include more detail on how to identify taxpayer assets that were outside the taxpayer’s country of residence and requested that the paper include best practices in that respect. Another member noted that the economic impact of taxing wealth should be discussed in more detail. An observer noted that the Committee should consider taking up work on international coordination in the area of wealth taxes, including on the exchange of information and on a global asset registry.

106. Mr. Troya thanked members and observers for their helpful feedback and comments and noted that the Subcommittee would work on integrating them into an

updated draft that would be submitted to the Committee for approval at the twenty-eighth session.

107. With regard to model legislation for a net wealth tax, some members stated that there was demand for it and asked the Subcommittee to take on that task in addition to their work on the paper. Other members questioned the value of model legislation in view of differences in tax systems and the need to tailor such legislation to a country's economic environment. Analysing the utility and challenges of model legislation and collecting existing wealth taxes in an additional appendix to the guidance were discussed as potential alternative workstreams for the Subcommittee.

108. Mr. Troya acknowledged the already full work plan of the Subcommittee and stressed that the Subcommittee would focus on finalizing the paper for the twenty-eighth session but noted that the Subcommittee would discuss the possibility of additional workstreams.

N. Indirect tax issues

109. Wazonia Ligomeka, Co-Coordinator of the Subcommittee on Indirect Tax Issues, presented the Co-Coordinators' report (E/C.18/2023/CRP.29) and subsequently presented for first consideration draft papers on the following workstreams, contained in annexes A–D, respectively: (a) overview of VAT/goods and services tax in developing countries; (b) VAT/goods and services tax treatment of small enterprises; (c) VAT refunds; and (d) the use of new technologies to improve VAT/goods and services tax compliance.

110. Mr. Ligomeka highlighted that annex A formed the foundation paper in the series. It addressed (a) how well-designed VAT worked and how it differed from a goods and services tax, (b) the basic design elements of VAT and (c) relevant administration issues.

111. Annex B served to define a small enterprise and covered the VAT/goods and services tax treatment of small enterprises and issues specifically related to them. In addition, the annex contained an analysis of policy options that might improve compliance by small enterprises.

112. Annex C included an analysis of refunds from the perspectives of both tax administrations and taxpayers. It also served to discuss the reasons for the existence of refunds, their occurrence, and factors to consider in their administration.

113. Annex D provided an overview of options available to enhance the tracking of VAT data, improve tax services and tax fulfilment favouring voluntary compliance, and use tax data analysis to enforce compliance. The paper was aimed at presenting different options and encouraging analysis by countries to design and adapt new technologies to improve VAT administration. It had been developed in liaison with the Subcommittee on Digitalization and Other Opportunities to Improve Tax Administration.

114. Committee members and observers thanked the Subcommittee for the work done and welcomed the draft papers. Suggestions and comments were provided by members on aspects including refund challenges resulting from multiple rates, the regressive nature of VAT, and issues faced by some developing countries in implementing guidance developed in other forums, in particular concerning cross-border transactions. In addition, there was a proposal to include, in annex A, references to a VAT withholding scheme, as applied in several countries in Latin America, to help ensure compliance and administration. Moreover, a member suggested developing a separate section addressing VAT evasion. An observer noted that further input was needed from developing countries on the challenges that they

were facing with regard to VAT/goods and services tax, in order to further improve the utility of the guidance being developed.

115. Kapembwa Elizabeth Namuyemba-Sikombe, Co-Coordinator of the Subcommittee, underlined that the Subcommittee would welcome further input from developing countries on their challenges with regard to VAT/goods and services tax.

116. Lastly, Mr. Ligomeka thanked members and observers for their views and assured them that the Subcommittee would consider the views going forward.

O. Health taxes

117. Trude Steinnes Sønvisen, one of the Co-Coordiators (along with Kapembwa Namuyemba-Sikombe) of the Subcommittee on Health Taxes, provided an update on the Subcommittee's progress on the handbook on health taxes for developing countries, the primary work product of the Subcommittee's work programme. As of the present session, the Subcommittee had provided outlines or drafts of every chapter except for the overview and the product-specific chapter on alcohol.

118. Ms. Steinnes Sønvisen then presented chapter 5, on setting the health tax structure and rate (E/C.18/2023/CRP.48). The paper was a slight redraft of conference room paper E/C.18/2023/CRP.22, which had been discussed by the Committee at its twenty-sixth session. It had been modified to include citations of additional studies at the request of several stakeholders. In addition, some material in section III.A.1 had been reordered to reflect the fact that there were circumstances in which health taxes might be structured as differentiated sales taxes or import duties rather than as excise taxes. The Committee approved the chapter.

119. The Committee then had a first discussion of chapter 2, entitled "An introduction for policymakers: looking at health taxes through different lenses" (E/C.18/2023/CRP.49), and of outlines of additional chapters (E/C.18/2023/CRP.50). Chapter 2 presented the topic of health taxes at a high level, with a focus on certain issues that might be viewed differently by different ministries, in order to assist each ministry in understanding why their counterparts at other ministries might be taking certain positions. Members of the Committee noted that the chapter covered the issues that officials would want to bring to the attention of ministers. Several Committee members and observers suggested additional issues that might be addressed in the chapters described in the outlines. Those comments would be taken into account as the chapters were drafted.

P. Relationship of tax, trade and investment agreements

120. The Co-Coordinator of the Subcommittee on the Relationship of Tax, Trade and Investment Agreements, Waziona Ligomeka, presented the Co-Coordiators' report on the progress made in the Subcommittee's work and its workstreams (E/C.18/2023/CRP.30).

121. With regard to workstream A, on taxation policy and administration measures and their relationship with international investment agreements, a draft outline of the guidance for tax and investment officials was presented, covering topics such as international investment agreement negotiations, interaction with domestic law and dispute prevention. A first draft of the guidance would be presented at the Committee's twenty-eighth session, with a final version expected to be presented for approval at the twenty-ninth session.

122. With regard to workstream B, on the relationship between tax treaties and the General Agreement on Trade in Services of the World Trade Organization, the Subcommittee proposed that the General Agreement provision currently contained in the Model Convention commentary should be given greater visibility by including it directly into the text of the Model Convention article. The Subcommittee was also exploring the possibility of having an alternative “extended provision”, designed to encompass other agreements, such as regional free trade agreements. In that regard, the Subcommittee would work closely with the Subcommittee on Updating the Model Convention with the aim of presenting a draft of the provision (and commentary) at the twenty-eighth session and a final version for approval during the twenty-ninth session.

123. With regard to workstream C, on issues other than those addressed in workstreams A and B, no specific issues had yet been identified that could not be dealt with in those workstreams.

124. Members and observers supported the detailed outline on workstream A. One member highlighted the importance of the participation of tax officials in the phases preceding the application of the dispute resolution mechanisms provided for in investment agreements. Another member noted that some agreements contained provisions specifically providing that, if the relevant tax authorities from two countries agreed that an action was not an expropriation, it was not treated as such under the agreement. It was confirmed that that option would be addressed in the guidance. Discussions served to highlight the potential differences concerning whether, and to what extent, taxation could be seen as contrary to investment treaty obligations, such as those relating to direct or indirect expropriation.

125. The potentially difficult issues regarding the interaction of investment treaty dispute settlement through arbitration with tax dispute provisions in domestic law were noted. Lastly, another member suggested including work concerning the tax treatment of the awards given in arbitration procedures. Members and observers were thanked for their inputs, which would be taken into account in the work leading up to the twenty-eighth session.

Q. Capacity-building

126. The Chief of the Capacity Development Unit in the Financing for Sustainable Development Office, Emily Muyaa, provided an update on the Secretariat’s capacity development programme regarding tax and domestic resource mobilization since the twenty-sixth session, along with upcoming activities leading to the twenty-eighth session.

127. Ms. Muyaa emphasized that the Office had been focused on addressing high-demand tax topics and presenting them at the regional, national and international levels. In performing its work, the Office collaborated with key institutions including regional and international tax organizations, such as the Inter-American Center of Tax Administrations and the Organisation for Economic Co-operation and Development.

128. Ms. Muyaa outlined the forthcoming workshops scheduled for the coming months, beginning in November. The workshops were designed to provide valuable insights and knowledge on various tax-related matters. They covered essential topics such as transfer pricing, as well as newly introduced specialized subjects such as taxation and gender, and specific tax issues tailored for Portuguese-speaking African countries. Ms. Muyaa also highlighted developments in online training tax courses and underscored the collaborative efforts made through the Platform for Collaboration on Tax. Notably, she mentioned the recent launch of the publication

entitled *Carbon Pricing Metrics: Analyzing Existing Tools and Databases of Platform for Collaboration on Tax (PCT) Partners*.

129. Committee members and observers commended the capacity-building work done and its significance for developing countries. They expressed appreciation for the Secretariat's collaboration with other organizations. Participants called for the expansion of capacity-building/enhancement efforts, including taxation and gender; negotiations of bilateral and multilateral treaties; transfer pricing; and tax transparency and exchange of information and their role in combating illicit financial flows. They also recognized the Office's crucial role in providing training and workshops to countries and tax authorities. The Secretariat's funding and resource limitations were, however, recognized as a current constraint. The contributions of India, Norway, Sweden and the European Union were acknowledged.

R. Other matters for consideration

130. No additional matters were raised for consideration. It was noted that the Committee had agreed that its workload did not allow for proper consideration of the tax and foreign exchange issue, as a result of which it would not be addressed by the present membership.

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

131. The provisional agenda proposed for Economic and Social Council approval by the Committee is in Chapter II of the present report. Members were informed that the next sessions would be as follows:

- Twenty-eighth session: 18–21 March 2024 (New York)
- Twenty-ninth session: 15–18 October 2024 (Geneva)
- Thirtieth session: 24–27 March 2025 (New York)

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

132. 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

133. The Co-Chairs thanked Committee members and observers for their participation in the session, both in-person and online, acknowledging the valuable contribution of observers as well as those countries financially supporting the work of the Committee. They also thanked the Secretariat and those providing conference services in Geneva. The Secretariat thanked all those participating, in particular the Chairs for their skilled handling of the session. After a final closed meeting, the session was concluded.

