

**Via Email: [ahc-tax@un.org](mailto:ahc-tax@un.org)**

Thursday, 14<sup>th</sup> March 2024

**Chair of The Ad Hoc Committee  
Draft Terms of Reference  
United Nations Framework Convention  
On International Tax Cooperation  
United Nations Headquarters  
New York, NY 10017  
United States**

Dear Chair,

**Ref: UN Framework Convention on International Tax Cooperation**

We write as relevant stakeholders representing the financial services industry of The Bahamas, the second largest pillar of the Bahamian economy. Further to the call for inputs on the proposed UN Framework Convention on International Tax Cooperation, we hereby provide some elements for consideration in addressing the question, “*What are some specific problems that could be addressed by a UN framework convention on international tax cooperation?*” As a leading intergovernmental exchange and cooperation forum, the UN is uniquely positioned to establish a global tax framework that is unbiased and linked to key global commitments and obligations, ensuring equity, transparency, and accountability. Through the lens of these core principles, feedback is provided below.

**Item 2. Structural elements of a framework convention: substantive scoping**

**A. Procedural elements (*scope, structure, composition, voting rights, enforcement etc.*)**

- Develop mechanisms to balance the weight of influence larger countries wield. Equity in voting rights would minimize bias against smaller, less developed countries.
- Reduce bureaucracy with a simplified decision-making process to maximize efficiency and increase transparency. Due to the large country membership of the UN, the decision-making process can be slow, leading to delays in implementing protocols and processes.
- Establish mechanisms for regular review and framework updates, considering the dynamic nature of international tax matters and emerging challenges.

**B. Substantive elements (*tax rules, tax preferences, free trade zones, tax policies etc.*)**

- Revisit the minimum global corporate tax requirement, as it infringes on sovereign nations' autonomy to establish and manage their own tax systems. Alternatively, international tax rules should focus on substance presence rules and standardized transfer pricing rules to prevent tax evasion through profit shifting. If entities operate in substance and form within a country, that country's tax rules should apply, whether 0% or 15%.
- Consolidate the requirements/rules for reporting and sharing tax information across borders. The various obligations imposed by CFC rules, FATCA, CRS, TIEAs, etc., are onerous and costly to manage. Standardized reporting and information-sharing mechanisms would improve the handling of tax matters and mitigate the exploitation of cross-border loopholes.
- Formulate transparent and fair double taxation rules to avoid conflicts and ensure that businesses and individuals are not subject to taxation on the same income in multiple jurisdictions.
- Provide allowances/grants for capacity building and maintenance, technical assistance, and knowledge transfer to empower smaller nations to manage their tax systems better.
- Include tax policies that contribute to less developed nations' economic growth and social development to ensure sustainable development goals are achieved to a global minimum standard.
- Establish rules for resolving tax disputes between countries. Provide clear guidelines on a protocol for assessing violations and a documented schedule of fines and penalties.

**Item 3. Consideration of simultaneously developing early protocols**

- While the Ad-hoc Committee is developing the draft terms of reference, consider establishing a “holding” period for countries that have indicated a willingness to participate in a UN Tax Convention. This would help streamline the adoption of new international tax standards and minimize any duplication of efforts that countries may experience as a result of competing international tax rules from different international bodies.
- Collaborate with relevant international organizations, such as the OECD, the International Monetary Fund (IMF), and the World Bank, to leverage existing expertise, avoid duplication of efforts, and foster coordination.
- Develop early agreement on mechanisms for resolving conflicts or disputes that may arise among member states regarding the interpretation or application of the framework convention.

The above-noted recommendations will aid in the continuing development of the financial services industry of small and developing island nations like The Bahamas. If implemented, they offer the opportunity for fair and equitable treatment in the global community.

Thank you for your consideration and the opportunity to provide feedback on this important global initiative.

Sincerely,



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**Cc: Senator, The Hon. Ryan Pinder K.C.**  
**Attorney General and Minister of Legal Affairs**  
**Representative of The Bahamas Ad-Hoc**  
**Committee**