Inputs from Chile to the first substantive session of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

“What are some specific problems that could be addressed by a UN framework convention on international tax cooperation?”

1. Structural elements of a framework convention: substantive scoping

   a. Procedural elements
   As a principle, when creating a UN body, we should follow the existing UN procedural rules. Regarding decision making modalities, in particular, the Committee should strive for consensus but if not possible a majority vote may be taken, in accordance with General Assembly procedural rules.

   b. Substantive elements
   The UN Tax Convention should have as a basis a very broad objective, and its objectives should be to develop policies to aim for the SDGs, designed to achieve the highest sustainable economic growth and development in order to achieve a rising standard of living in the world economy, with particular focus on policies that ensure a fair allocation of taxing rights for developing countries.

   Such policies should be promoted together with technical assistance and capacity building for developing countries.

   Work and developments discussions held in other international fora should be taken into account, in particular when the policy objectives are the same, in order to avoid and duplication.

2. Consideration of simultaneously developing early protocols

   UN Convention protocols could be developed to in particular address various policy issues, like a more equitable distribution of taxation rights between developed and developing countries. It could address imbalances in the international tax system and concerns regarding tax evasion, profit shifting, and base erosion by multinational corporations, ensuring that developing countries have sufficient taxing rights over income generated within their borders, including through measures to address treaty shopping. It is recognized that work in these areas can build on work done by the OECD but the focus of the UN work should be to ensure a fair distribution of taxing rights in these areas.

   In would be beneficial to create a platform for global governance and coordination on tax matters, bringing together countries from around the world to address
common challenges and promote international cooperation. It could provide a forum for dialogue, negotiation, and consensus-building on tax policy issues, helping to build trust and cooperation among countries with diverse interests and priorities with the underlying policy of addressing the imbalances between developed and developing countries.

Other specific topics that would be of great interest:
• Illicit financial flows. Promote greater transparency and cooperation among countries to address these issues, including measures to identify jurisdictions that fail to comply with international tax standards.
• Taxation of high net worth individuals.
• Enhance transparency, the exchange of information and mutual administrative assistance.
• Environmental taxes that finance the protection of ecosystems.