

France's submission for future works at the UN *ad hoc* Tax Committee in the field of international taxation

1. France reiterates its views on the principles that should underlie the work of the UN *ad hoc* Tax Committee

France reiterates its commitment to participating in good faith and in a constructive spirit in the UN *ad hoc* Tax Committee.

France takes note of the compromise reached on the search for consensus for the adoption of the terms of reference for the UN framework convention, notwithstanding the willingness to reach an agreement in a very narrow timeframe. France will relentlessly pursue its search for consensus, at this first stage as well as at subsequent stages, considering that it should be the unique decision-making method. This should especially be the case for future work, in particular dedicated to the negotiation of the framework convention and the drafting of protocols. It is the only guarantee of inclusiveness for all the States involved in this work, and an essential condition for effective success of the works and its implementation worldwide.

France once again highlights the need to avoid duplicating the work of the UN with other tax fora and especially the work at OECD level or carried out under the aegis of the G20 of the OECD. Duplication would actually impair the success of ambitious initiatives that have the potential to deliver significant additional public financing and could only undermine the commitment to find global solutions. The risk of fragmentation should also be assessed in the light of the limited resources available, particularly in terms of human capacity. Finally, the variety of issues requiring a global approach is sufficient to ensure that the work programs of the organizations involved do not overlap.

2. France wishes to promote domestic resources mobilization to sustain and finance countries green transition

Subsequent to the Summit on a global new financing pact that took place in June 2023, a taskforce on international taxation was launched jointly by France and Kenya, associating Spain, Antigua and Barbuda and Barbados at the COP28 held in Dubai last November with a view to strengthening the action in favor of development, climate and nature. This recent initiative arose from the urgent need to mobilize new, predictable and adequate financial resources to support the transition of countries to a low-emission and respectful economy, while tackling the adverse effects of climate change, including loss and damage. It is part of the series of initiatives launched in the aftermath of the Paris Agenda for People and the Planet.

In this context, France suggests the following issues to work on:

- To work on a standard and global transactional carbon price; this ambitious project could initially be tested in the air and maritime sectors;
- the taxation of air transport, either by taxing fuel used for international flights, or airline tickets;
- a tax on heavy fuel used in international shipping transport.

3. The UN has full legitimacy to take over those topics and to take this first step in international environmental and development taxation

France is convinced that the UN *ad hoc* Tax Committee could play a decisive role in strengthening multilateral cooperation around tax at the service of global public goods and social justice at the international level.

On the one hand, international regulatory bodies in the shipping sector, with the International Maritime Organization (IMO), and in the civil aviation sector, with the International Civil Aviation Organization (ICAO), were created and operate under the aegis of the UN. Consequently, it would seem appropriate to take advantage of the synergies of this formal framework to work with regulatory experts in these sectors.

On the other hand, there are no internationally-agreed rules on the taxation of energy products in these two sectors applying to journeys that are not purely domestic. It would therefore be valuable to discuss and potentially adopt international standards governing those products (ie: territorial rules for example).

Furthermore, these products are currently not taxed or at very low level notwithstanding their negative externalities. The outcome of the works on these issues is thus not a zero-sum game but rather a source of new resources for developing countries in particular. International cooperation in this field is the key element to avoiding the creation of artificial hubs.

Lastly, it would pave the way for international environmental taxation which an eminently forward-looking subject.

For all these reasons, France would like to propose that the UN *ad hoc* Tax Committee take up these issues.