Input for the United Nations Framework Convention on International Tax Cooperation

Amplifying the need for an inclusive, fair, and effective international tax cooperation framework convention in addressing the tax challenges raised by the digitalisation of the economy, with a view of enhancing the existing modalities and promoting coordination among the global nations.

1. The digitalisation of the economy has raised significant challenges against the current international tax framework, resulting in the emergence of inequality, uncertainty, and fast-paced competition of unilateral actions, eventually damaging not only the taxation landscape but also the economy itself.

2. For developing countries like Indonesia, this situation may trigger more complications owing to the significant growth and projection of the nation’s digital economy outlook, which corresponds to the level of expectations of its revenue potential trajectory.

3. On the other hand, digital enterprises residing mostly in developed countries continue escalating and expanding operations through digital means, generating significant revenues remotely on a scale without mass.
4. Hence, the need for an immediate global solution.

5. While Indonesia supports and is committed to the finalisation of other relevant international taxation framework, particularly related to new profit reallocation, UN Tax Framework may provide valuable further guidance towards creating equality, fairness and effective implementation.

6. In light of the circumstances and acknowledging the importance of the interests of both the developing and developed countries in the economy, we call on the UN Tax Framework to devise an inclusive, fair, and effective international tax cooperation framework convention in addressing the tax challenges raised by the digitalisation of the economy, without reinventing the wheel, but to enhance the existing modalities and promote coordination among the global nations.