

INPUTS ON UN TAX CONVENTION TERMS OF REFERENCE

Dear colleagues at the Financing for Sustainable Development Office,

In response to your call for Inputs on Un Tax Convention Terms of Reference, I, Mr. Morteza Mollanazar, hereby submit the related inputs from my Country, the Islamic Republic of Iran.

We from the Iranian National Tax Administration, hereby express our sincere thankfulness for the UN to provide the opportunity for us to participate in drafting Tax Convention TOR. We also congratulate the Chair and Vice-chairs and bureau Members of the committee for their election in the committee. We think this new framework for the international tax cooperation may be highly effective for the world, our region and our Country. Actually, we need tax revenues for our sustainable development and this framework, will hopefully open up the necessary platform for promotion of our tax rights and taxation capacities as a developing country.

We think the TOR needs to be built on Principles that help attain the basic developmental goals, equitable allocation of taxing rights, feasible access to exchange of information, promotion and development of mutual administrative assistance, knowledge sharing and exchange of best practices in tax collection and dispute settlement.

In our view, the TOR is required to establish a structure consisting of the Conference of Parties (COP), the Advisory body, the secretariat and the Technical working Groups to deal with existing and emerging issues on international tax. The structure needs to pave the path for developing countries to be active and equal partners in setting the agenda.

Regarding the decision-making process, we think in line with the United Nations General Assembly rule on voting, although consensus is preferable, the majority voting should be used if consensus is not possible on a timely manner.

We in INTA think the Secretariat with sufficient technical expertise is really required for drafting the needed protocols and development of other international rules and standards.

In our view, the TOR may have the possibility of creating an efficient decision-making body, such as the International Tax Organization that would be effective in responding to international tax problems.

Capacity building is an important area for us. Even in case of enjoying the equitable

taxing rights, without the required taxations capacities, the tax administrations of developing countries will not be able to fully and efficiently exercise their taxation rights. The Convention should enable capacity building of developing countries in tax collection and also strengthen international cooperation in this aspect, particularly between tax administrations.

As we understand, the implementation issue is the central part of the UN Tax Convention, if we want to change the paper work into reality. The Terms of Reference could indicate how the Framework Convention would be enforced to ensure that parties are held accountable to the rights and obligations under the Framework Convention.

We think Dispute Resolution mechanism is required to be thought of in the TOR so that member states would be held accountable for fulfilling their rights and obligations under the convention.

In our view regarding substantive issues, it is better to emphasize on building a strong Framework itself, then we can concentrate on negotiations regarding substantive issues and protocols. We need to provision a clause that outlines how the protocols to the convention are to be developed, negotiated, agreed and implemented. Substantive Issues may include:

- 1) Taxation of digital or nondigital services
- 2) Beneficial Ownership issue,
- 3) Exchange of information and the regime for exchange of information on wealth, immovable property and services.
- 4) Taxation of high and ultra-high net worth individuals.
- 5) Tax Incentives.
- 6) Base Erosion and Profit Shifting
- 7) Taxation of Cross-border activities
- 8) Technical cooperation with respect to exchange of expertise and best practices
- 9) Mutual administrative assistance

Best regards,
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