

Statement on behalf of the Permanent Mission of Israel to the U.N.

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

March 2024

Israel appreciates this opportunity to provide input on work of the Ad Hoc Committee for a United Nations Framework Convention on International Tax Cooperation. We approach this opportunity with care and diligence, knowing that attention must be paid to the concerns and priorities of all other parties.

We believe that the first substantive session in April should allow for an in-depth discussion of the priorities and goals of delegations. We should define these as clearly as possible and map possible solutions. The Committee could then focus on the most appropriate issues to address in this forum and outline the next steps.

We believe it is too early to begin work on early protocols. The leap to the second phase of the project is putting the cart before the horse. Our understanding is that the Terms of Reference (ToR) is the framework that precedes substantial engagement to develop those substantive elements that are taken on by the Committee for further examination. Therefore, we prefer to leave the choice of issues and possibilities open until we hear more about all options and after agreeing on the ToR.

This line of thought is particularly true considering that the examples included (for instance, in the proposed outline) are issues that overlap with the current work in other fora. We stress that it is imperative to avoid duplication, and we reiterate our view that this process should complement the efforts of the inclusive framework. We should not expend resources unnecessarily by starting anew.

Therefore, we request deletion of the reference to early protocols and, in any case, omit examples before they are agreed upon.

Regarding other fora, as you know, in recent years, we have made an immense effort to participate in the BEPS inclusive framework of the OECD/G20, along with more than 140 developing and developed jurisdictions. In the spirit of collaboration, we achieved the Two Pillar Solution. The work on this project required immense resources from all members of the Inclusive Framework, and its implementation will require additional resources. Given that so much has already been invested in the development of these projects and in the expected implementation that lies ahead, we simply cannot embark on another project of similar or parallel effect.

Therefore, the Committee should screen issues carefully, advancing only those benefitting a wide array of countries. At the same time, we think it is important to ensure that our efforts are aligned with ongoing work and not merely duplicated.

We think it is imperative that we take stock of existing frameworks, and see them as resources, not as obstacles. We should examine how, together, we can better utilize them to further mutual goals and attain a more effective outcome.

For example, we suggest examining how the MAAC could be used more effectively to benefit all parties. We suggest examining how we can support the useful implementation of the Two Pillars by all parties. We can also explore ways to promote effective implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) by more parties.

Finally, we must also recognize the sensitivities and uniqueness of each sovereign party. The only way to achieve an effective outcome in this forum regarding international tax is by consensus. We realize that this is not the UN norm. However, neither is the initiative to form an effective means to implement changes in direct taxation. This is why we urge our colleagues to proceed cautiously, ensuring the consensus of all parties at each step along the way.