

Singapore's inputs for the first substantive session of the ad hoc tax committee

We thank the Chair of the Ad Hoc Committee to Draft Terms of Reference (“TOR”) for a United Nations Framework Convention on International Tax Cooperation (the “Committee”) for the opportunity to provide our inputs to the work of the Committee for its first substantive session.

As conveyed in our earlier interventions, Singapore believes in multilateralism and inclusive international tax cooperation. The UN has an important role to play in complementing the existing work done by other forums for international tax cooperation such as the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”), and in doing so, contribute to a stable international tax landscape.

It is therefore imperative that the Committee works towards consensus-based outcomes. We suggest for the Committee to build on existing efforts and identify gaps in international tax cooperation which require further work. This will enable the resulting Framework Convention to be truly inclusive, and lead to concrete, effective and stable outcomes for all jurisdictions.

We considered whether the Committee should simultaneously develop early protocols as it drafts the TOR and are of the view that the Committee should focus on the drafting of the TOR, to meet the target deadline of submitting the draft TOR to the UN General Assembly by August this year. **In order to determine the protocols to prioritise, it is appropriate that the Committee first identifies existing gaps in international tax cooperation and agrees on issues to be addressed in the Framework Convention.** This will ensure that the protocols to be developed are aligned with the objectives of the Framework Convention and meet the needs of the members.

We also believe that the Committee should prioritise proposals that create and maintain the conditions for global economic growth, and not inadvertently discourage enterprise and innovation. It is in the collective interest of the Committee to work towards solutions that enhances prosperity and increases resources for all, in order to secure wide-spread support for these solutions.

Thus, we urge all countries to participate in the subsequent substantive sessions, and discuss the drafting of the TOR with the above in mind.

Concepts to be covered in the TOR

In accordance with the mandate of this Committee to finalise the draft TOR by August 2024, we propose that the TOR focus on the high-level, broad principles that would guide the subsequent negotiation of the Framework Convention. Accordingly, we provide our inputs below on the key points that we believe the TOR should include:

- a. **Preamble**, setting out the context of the Convention and how it arose
 - i. Brief recap of existing and on-going efforts
- b. **Objective of the Convention**
 - i. To combat illicit financial flows and tax evasion, while creating and maintaining the conditions for global economic growth
 - ii. To enable effective domestic resource mobilisation by enhancing the tax administration capabilities of resource-constrained jurisdictions

c. Other Operative Elements

- i. Relationship with other agreements, instruments, domestic law, and ongoing work at other platforms. To take into consideration and address interactions with existing international agreements and rules, so as to provide certainty to businesses and avoid double, or multiple taxation, and to avoid duplication
- ii. Decision-making modalities. To adopt decision making by consensus, in order to ensure an inclusive, effective and stable outcome
- iii. Others. To take into account the needs and circumstances of all jurisdictions, and to respect jurisdictions' sovereign right to assess and calibrate its tax measures based on its fiscal needs and capacities

d. Commitments which may be further elaborated in the Framework Convention

- i. To strengthen the effectiveness and efficiency of domestic tax administrations, in order to improve domestic resource mobilisation, through capacity building measures
- ii. To work towards preventing corruption and combating illicit financial flows
- iii. To take into consideration simplification measures wherever possible to minimize the compliance burden on both tax administrations and taxpayers
- iv. To consider incorporating mechanisms for ensuring tax certainty and dispute prevention and resolution in the development of any solution

More specific commitments can be discussed further after the finalisation of the TOR.

e. Other terms to be included in the Framework Convention

- i. Resources to support the work of the negotiating body.
 - a. Request the Secretary-General to provide the Ad Hoc Committee with the necessary facilities and resources to support its work
 - b. Option to call on other organisations (e.g. OECD) / existing platforms (e.g. the Platform for Collaboration on Tax) to provide technical expertise to support the AHC's work
- ii. Timeline / location for the negotiation of the Convention. To ensure that all inputs are considered, and needs addressed, there should be sufficient time for negotiating the Convention so that the Committee can arrive at solutions that can best serve collective interests of the members

Conclusion

Singapore remains committed to playing a constructive role by bridging differences and building common ground. We will continue to participate actively in the discussions, and we look forward to working towards a draft TOR for the Framework Convention that all countries can support.

Thank you.

Total: 839 words