



# Committee of Experts on International Cooperation in Tax Matters

Twenty-Eighth Session, 19-22 March 2024

## *United Nations Model Double Taxation Agreement between Developed and Developing Countries*

# Co-Coordinator's Report: E/C.18/2024/CRP.11

## Work Program

- STTR – completed
- Software -- completed
- To be discussed at this meeting:
  - Article 8
  - Cross-border insurance
  - Natural resources
- Still to come
  - Consequential changes to the Model and Commentaries, especially if Article XX on services (under digitalization and globalization workstream) is adopted
  - Other technical issues (including Article 6)

## The treatment of income arising from extractives and other natural resources: E/C.18/2024/CRP.14

- First discussion of a draft provision, although Committee discussed the input document produced by the Extractives Subcommittee at earlier sessions.
- Proposes a new Article 5A and draft Commentary that would establish lower thresholds for source State taxation with respect to certain natural resource activities.
- The Committee is invited to have a ***first discussion*** of the draft provision set out in paragraph 5 and the possible Commentary in paragraph 6.
- Provision is **not** for approval at this Session.

## Proposed Revision of Article 8 (Alternative B): E/C.18/2024/CRP.12

- First discussion of this topic was at the Twenty-sixth Session.
- CRP focuses on the revised provision
- The Subcommittee is asking for guidance from the Committee on several issues with a view to finalizing the issue at the Twenty-ninth Session.

## Issues for Committee on Article 8

The Committee is asked to **decide**:

- 1) Whether Article 8 (Alternative B) and its draft Commentary accurately reflect the range of views in the Committee;
- 2) Whether Alt B, paragraph 2 should cover both shipping and international air transport (as in the draft in paragraph 4) or only shipping;
- 3) If/when the revision to Article 8 (Alternative B) is finalized, should the UN Model continue to include Article 8 (Alternative A), which provides for exclusive residence State taxation of income from international traffic; and
- 4) If Article 8 is to continue to include Alternative A, should the order of the two alternatives be reversed.

## The Treatment of Income from Cross-Border Insurance Activities: E/C.18/2024/CRP.13

- At Twenty-seventh Session, had first discussion of this topic during this Membership but long history of discussions in the Committee.
- Subcommittee proposal at the Twenty-seventh Session was to delete paragraph 6 of Article 5 and introduce a new paragraph 6 of Article 7.
- Those supporting the proposal at the Twenty-seventh Session preferred a stand-alone provision, so CRP.13 sets out new Article 12C.
- Provision is **not** for approval at this Session.

## Issues for Committee on Cross-Border Insurance

The Committee is asked to **consider** and **give guidance** on the following issues:

- (a) whether it supports inclusion of the new Article 12C;
- (b) whether the definition of insurance in paragraph 3 of Article 12C provides sufficient clarity regarding the scope of the article;
- (c) whether additional guidance on beneficial ownership, particularly in the case of reinsurance, would be helpful and, if yes, what specific situations could be addressed; and
- (d) whether the proposed Commentary on Articles 5 and 12C set out in paragraphs 29 and 30 adequately explain the proposed changes and whether there is additional guidance that would be helpful.



# Thank you

For more information, please contact the  
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