

Unofficial translation

***Ministry of Taxes and Duties of the
Republic of Belarus***

***Comments on the “zero draft”
Terms of Reference for a United
National Framework Convention
on International Tax Cooperation***

June 20, 2024

The Ministry of Taxes and Duties expresses its appreciation for the work of all Members of the Bureau and highly appreciates the progress made during the First session of the Ad Hoc Committee in preparing a draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation (hereinafter – the Draft ToR).

Having considered the “zero draft” ToF submitted by the Bureau, the Belarusian side welcomes the inclusion of provisions on the need to eliminate gaps in the field of international taxation, as well as to create a flexible, sustainable, inclusive, fair, transparent and effective international tax system to ensure fair tax results.

The Belarusian side also shares the position reflected in the draft ToR on the need to consolidate simple and understandable administrative rules in the Framework Convention, ensuring that the needs of each UN Member State are taken into account, as well as compliance with the principle of transparency for all taxpayers.

Taking into account the rapid growth of the digital economy – the sphere of online sales and the provision of electronic services – and the resulting changes in the organization of business processes as technologies and business models develop, **the development of early protocols (paragraph 14) on the topics of taxation of cross-border transactions and the digital economy is particularly supported.**

At the same time, it seems that topic #1 “Taxation of the digitalized and globalized economy” is very extensive for consideration within the framework of the Protocol and does not meet the intention stated in paragraph 14 to highlight specific priority issues in the early protocols. Therefore, it seems advisable to narrow down and specify this topic.

Topic #2 “Taxation of income derived from cross-border services” may affect both the actual and remote provision of services, but does not cover the cross-border sale of goods.

Considering the above, we believe that instead of the two protocols mentioned, the development of an early protocol on the topic “**Taxation of income derived from cross-border e-commerce**” is seen as a priority.

The development and implementation of an appropriate mechanism adopted at the UN level will ensure fair taxation of income of multinational corporations from e-commerce in goods and services, as well as transparency of tax administration on an international scale.

For reference: the proposed content of the Protocol is set out in the proposals of the Belarusian side on the scope of the Framework Convention submitted in March 2024.

Given the need to resolve the issue of uniform taxation as soon as possible in the context of the digitalization of the economy, a 6-month period for the development of such a Protocol seems optimal (we admit the possibility of extending it to 1 year).

Regarding paragraph 15, we note that, in our understanding, *mutual administrative assistance* on tax matters *includes the exchange of information* for tax purposes, along with simultaneous tax examinations and assistance in collecting taxes and sending documents.

In this regard, the development of a separate protocol for the exchange of information seems redundant and justified if a protocol on administrative assistance is not developed.