



## Submission of Belize to the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

### Response to the Bureau's Proposal for the Zero Draft Terms of Reference for a UN Framework Convention on International Tax Cooperation

In preparation for the second substantive session of the Ad Hoc Committee to draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation, Belize would like to thank the Bureau for its Proposal for the Zero Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation, and would like to provide the following inputs on the Zero Draft:

- **Paragraph 1(c):** It is suggested that the phrase “*addressing tax-related illicit financial flows and other challenges to*” is deleted from this paragraph. The specific reference to tax-related illicit financial flows and other challenges narrows the scope of this paragraph. The proposed amendment widens the scope without excluding the option of addressing tax related IFF.

“*Establish an inclusive, fair, transparent, efficient, equitable, and effective international tax system for sustainable development, with a view to enhancing the legitimacy, certainty, resilience, and fairness of international tax rules, while [addressing tax-related illicit financial flows and other challenges to] strengthening domestic resource mobilization.*”

- **Paragraph 3(iii):** The Framework Convention should provide for rules that are not only simple and easy to administer as the subject matter allows, but that also take into consideration the respective capabilities of developing countries.
- **Paragraph 4:** The following additional wording (shown in yellow highlighting) is proposed as an addition to paragraph 4:

“*The framework convention should include commitments on: [fair allocation of taxing rights, including equitable taxation of multinational enterprises; effective taxation of high-net worth individuals; ensuring that tax measures contribute to addressing environmental challenges; transparency and exchange of information for tax purposes; and effective prevention and [fair, clear and transparent] resolution of tax disputes.]*”

- **Paragraph 5:** It is suggested to reformulate this paragraph for clarity. The suggested reformulation is shown below.

*“Recognizing that respect for tax sovereignty implies that inclusive and effective participation in international tax cooperation requires procedures that are:*

- (i) *[not burdensome and that are responsive to] ~~take into account~~ the different needs, priorities and capacities of ~~all~~ countries, especially developing countries,*
- (ii) *[aimed at allowing countries, especially developing countries, to meaningfully contribute to the norm-setting processes, [without undue restrictions];*
- (iii) *[supportive of developing countries’ meaningful participation, ~~and that support them in doing so~~, including giving them an opportunity to participate in agenda-setting, debates and decision-making, either directly or through country groupings, according to their preference.”*

- Additionally, it is unclear what “undue restrictions” refers to specifically.

- **Paragraph 8:** The additional wording shown in blue is suggested for this paragraph.

*“Early protocols on a small number of specific priority areas should be developed simultaneously with the negotiation of the framework convention, [while taking into account the need to ensure inclusiveness and the effective participation of all Member States].”*

Furthermore:

- In terms of the proposed list of early protocols as set out in the Zero Draft, will the identified early protocols be set out in order of priority for negotiation?
  - Additionally, it was suggested in the First Substantive Session that the Dispute Resolution Mechanism should be one of the early protocols to be prioritised, in order to clearly set out a dispute resolution mechanism as soon as possible.
- **Paragraph 11:** This paragraph states that *“the intergovernmental negotiating committee should begin negotiating the early protocols described above at the same time as it begins the negotiation of the framework convention”*.

The proposed timing and concurrent negotiation of the Framework Convention might be problematic in conducting an inclusive process, particularly for delegations with resource constraints.