

Mauritius written submission on the Zero Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

The Republic of Mauritius wishes to express its appreciation for the opportunity to provide written comments on the Zero Draft Terms of Reference (TOR) for a United Nations Framework Convention on International Tax Cooperation (“the Convention”).

Mauritius reaffirms its support to the development of the Convention which seeks to be inclusive and respects the sovereignty of all members in particular, taking into account the challenges of Small Islands Development States with a small tax base and limited resources like Mauritius.

In this context, Mauritius is pleased to make the following submission:

▪ **Objectives and Principles**

It may be recalled from deliberations of the first session, a majority of members called for the objectives of the Convention to stem from resolution 78/230 with a view amongst others, to:

- improving revenue collection of countries, in particular Small Islands Developing States, to finance sustainable development in line with their SDGs;
- promoting tax transparency in our tax systems through exchange of information mechanisms;
- respecting tax sovereignty which will not infringe the right of countries to effectively develop rules and implement them in accordance with their needs;
- ensuring that all participants are on an equal footing procedurally through capacity building and support to enable full participation in negotiation of the Convention.

Some countries also proposed to include principles of justice, fairness and equity, transparency, inclusivity along the lines of resolution 78/230.

Mauritius is of the view that the objectives of the Convention to be reflected in the TOR should be as per resolution 78/230 and in particular the Convention should:

- not impinge the sovereign right of members to design and implement their tax policies under their respective domestic laws;
- bring more fairness in the allocation of taxing rights; and
- be drafted in a way which would provide flexibility to adapt to changes in technology and the economic landscape.

As regards the principles to be reflected in the TOR, Mauritius supports the inclusion of the principle respecting the rights to privacy and other fundamental human rights of taxpayers as set out in paragraph 9 of the zero draft TOR.

- **Structural Elements of the Framework Convention**

Mauritius concurs with the structural elements enunciated in the zero draft TOR. While being fully supportive of the inclusion of “dispute settlement mechanisms” among the structural elements of the Convention, Mauritius would in addition like to propose that the term “dispute prevention” be also factored in structural elements.

- **Specific priority areas to be addressed in early Protocols**

Mauritius supports the development early Protocols simultaneously with the Convention as this will ensure that once the Convention is finalised, accompanying Protocols which address priority issues are also finalised. This will contribute towards making the Convention comprehensive, effective and inclusive.

However, Mauritius wishes to make the following observations:

- (a) given that Resolution 78/230 stresses on the importance of promoting tax transparency in our tax systems through exchange of information mechanisms, such an important topic like exchange for information has been classified as a second priority instead of being the first priority;
- (b) the taxation of high-net worth individuals is a complex issue which needs preferably be addressed at domestic level rather than multilaterally.
- (c) one of the overarching objectives of the Convention and its protocols as a whole is to combat harmful tax practices, having a separate protocol on harmful tax practices may lead to duplication of contents of other protocols and does not bring clarity on what are we trying to achieve.

- **Approaches and time frame for negotiation**

The zero draft TOR proposes that the bureau of the intergovernmental negotiating committee should consist of a Chair, three Vice-chairs and a rapporteur, elected on basis of equitable geographical representation.

Mauritius considers that the volume of work for the bureau during negotiation of the Convention and its early Protocols will be highly substantial, as such the number of vice-chairs and rapporteur need to be increased to ensure that the bureau is adequately capacitated to deliver on its mandate. Furthermore, more vice-chairs and rapporteur will better enable all regions to be equitably represented.

- **Resources to support the work of the negotiating body**

Taking into account the ambitious target of two years to complete negotiation of the Convention and the limited human resources of developing members, it is important that some of the meetings on the Convention be conducted in a hybrid format.

Mauritius proposes that mention of hybrid meetings be made in the zero draft TOR and that the number of days for physical meetings per session be shortened given that the administration

of many members function with limited human resources and that their technical staff need to balance between participation in these physical meetings and attend to their ongoing duties in their respective offices.

Mauritius looks forward to participate actively in the discussions which will follow on the draft TOR and to bring additional proposals in due course.