

To: M. Ramy YOUSSEF  
Chair of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

Re: Submission by Public Services International (PSI) in response to the Bureau's Proposal for the Zero Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

21 June 2024,

### **Who we are**

Public Services International (hereafter PSI) is a Global Union Federation that represents public service workers from more than 700 trade unions representing 30 million workers in 154 countries. We are dedicated to promoting quality public services in every part of the world. Our members, two-thirds of whom are women, work in social services, health care, municipal and community services, central government, and public utilities such as water and electricity. PSI represents public sector and private sector workers who work in public services. Decisions around tax systems are central to our members' interests around the world as they raise the revenue required to fund quality public services.

### **General comments**

PSI appreciates the opportunity to provide comments on the zero draft of the Terms of Reference for the United Nations Framework Convention on International Tax Cooperation.

In our previous submission<sup>1</sup>, we have highlighted how tax competition, corporate tax avoidance and the opacity surrounding multinational tax planning, constitute a "race to the bottom" that adversely affects workers and their unions in many ways. We have therefore expressed support for a Framework Tax Convention that would formalise international tax governance at the UN, under an inclusive, accountable and effective institutional setting.

In particular, we called for the establishment of a Conference of Parties for the political oversight, a permanent Secretariat and subsidiary bodies for the daily support. With regard to substance, we recommended a wide scope of activities, with Member States committing as a minimum to corporate taxation as a key instrument for development and sustainable business models.

**We commend the Chairman's efforts to address these essential demands for a fair, inclusive and effective international tax governance. On the whole, PSI supports the zero draft terms of reference and encourages members of the Ad Hoc Committee to further strengthen its provisions along the following lines.**

### **Specific comments**

PSI welcomes the proposed objectives and principles and **suggest to further strengthen the text by adding a commitment to promote progressive tax systems. It is equally essential to recognize**

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<sup>1</sup> PSI and ITUC inputs to the UN Tax Convention - PSI - The global union federation of workers in public services

**the role of effective tax systems for the financing of quality public services, which themselves have a strong role to play to promote human rights and gender equality.**

We support the reference to tax sovereignty as well as the responsibility to ensure that national policy choices do not undermine the tax base of other Member States (paragraph 9). The labour movement intends indeed to continue to urge governments to introduce without further delay ambitious unilateral actions for tax justice and transparency.

Concerning substantive elements of the Framework Convention, the proposed wide scope of activities is welcome (paragraph 10). We particularly support the reference to a fair allocation of taxing rights, including equitable taxation of multinational enterprises. **PSI recommends strengthening this commitment by specifying that taxing rights must be allocated to countries where economic activity takes place, in proportion to value creation. This is important to ensure that revenue allocation is fair and not skewed towards those countries who can dominate rule-making or home the majority of the world's multinationals.**

We also note the reference to transparency and exchange of information. On this, PSI recalls **the vital importance of promoting tax transparency towards all stakeholders; not just tax administrations.** Swift action on tax transparency, in particular in the form of public country-by-country reporting, is a strong labour demand with positive effects on revenue collection, democracy and employment.

Paragraphs 11 and 12 on capacity building are welcome. It is noteworthy that capacity building is redefined as a mean to guarantee inclusive engagement in the decision-making and not, as has often been the case, to limit the role of Global South countries to the enforcement of international standards which they have not always been able to influence.

On the structural elements of the Framework Convention (paragraph 13), **PSI wants to highlight again that the whole governance must guarantee complete transparency so that trade unions and other stakeholders are able to hold their governments accountable for decisions they may reach at the Conference of Parties and related bodies.** Transparency should therefore be secured throughout intergovernmental processes. Country positions, negotiating texts and impact assessments, overall progress and potential stalemates should be made public. Trade unions, civil society and experts should also be able to feed submissions through regular consultations and observer status. Furthermore, we propose the establishment of regular consultation frameworks.

Finally, concerning protocols, we reiterate our concern that **the simultaneous development of early protocols does not slow down, or even block, progress on the adoption of a Framework Convention which remains a priority. With this understanding, PSI recalls the fundamental importance for workers to ensure tax transparency through public country-by-country reporting. We would also welcome swift action on the taxation of the super rich, especially considering the on-going developments at the G20. The taxation of digital profits is also a high priority for many of our members.**

PSI will continue to follow and support the work of the Ad-Hoc Committee, including through contacts with national governments. We stand ready to take part in any subsequent consultations.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Daniel Bertossa  
PSI General Secretary