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**Ref. No. TZNY/U.12/1(d)**

The Permanent Mission of the United Republic of Tanzania to the United Nations presents its compliments to the Secretariat of the United Nations and in reference to the latter's **Ref. No. DESA-24/01066** of 4 June, 2024 has the honour to submit the comments of the United Republic of Tanzania on the zero draft terms of reference (ToR) for a United Nations Framework Convention on International Tax Cooperation discussed during the First Session of the Ad Hoc Committee, held in New York from 26 April to 8 May 2024.

The comments are attached herewith.

The Permanent Mission of the United Republic of Tanzania to the United Nations avails itself of this opportunity to renew to the Secretariat of the United Nations the assurances of its highest consideration.

**NEW YORK, June 14, 2024**



Secretariat of the United Nations,  
**NEW YORK.**

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE



COMMENTS ON THE UN TAX CONVENTION TERMS OF REFERENCE

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## 1.0. OPENING STATEMENT

- 1.1. Dear Secretariat of the Financing for Sustainable Development Office of the United Nations. We are writing in response to the commitment made to provide written submission as agreed during the first session of the Ad-hoc Intergovernmental Committee for the purpose of drafting Terms of Reference for a United Nations Framework Convention on International Tax Cooperation as per resolution 78/230 of the General Assembly. The Ministry of Finance of the United Republic of Tanzania is hereby submitting the related comments.
  
- 1.2. Given the interaction of the global trade and investments, cross-border taxation has increasingly become a global phenomenon which can not be effectively addressed on a jurisdictional basis rather on inclusivity approach through the proper forum. We therefore, believe that, the development of international tax convention under the United Nations will ensure:
  - (a) Balancing of taxation rights;
  - (b) Addressing of illicit Financial Flows; and
  - (c) Helping to deal with aggressive tax planning and other unfair tax practices among countries so that mobilization of funds for financing Sustainable Development Goals is achieved in effective manner.
  
- 1.3. Recognizing that, the design of the international tax rules and framework requires valuable technical expertise and experience, we view the United Nations as a forum that can provide the legitimacy, inclusivity, transparency, and accountability that is a precondition to a just and comprehensive reforms.
  
- 1.4. The United Republic of Tanzania, as one of the members of African Union and Africa Group of more than 52 members, joins the position put forward by the Africa Group in the First Session of the Ad Hoc Committee. Additionally, we would like to highlight our comments below.

## **2.0. COMMENTS**

### **2.1. Preamble**

The United Republic of Tanzania takes the position of countries which support the text of the Framework Convention to reflect the General Assembly Resolutions on promotion of inclusive and effective international tax cooperation at the United Nations. Furthermore, we believe that there are important concerns like attaining the basic developmental goals, equitable allocation of taxing rights, taxation of cross-border services, effective access to exchange of information, promotion and development of mutual administrative assistance in tax collection and dispute settlement, that should appear in the preamble part to emphasize their importances.

### **2.2. Objectives**

The United Republic of Tanzania joins other countries supporting the substance and process of drafting, to adhere to principles of inclusiveness and effectiveness. The Convention needs to provide sufficient flexibility to respond to the existing and adjust to the future tax related challenges imposed by the new developments in technology, global trading and business models on tax systems and ensure tax rules remain relevant and effective.

### **2.3. Principles**

The guiding principles should clearly acknowledge the sovereign right of countries to decide their own tax policies, taking into account the unique challenges of developing countries. Moreover, the drafting of the Convention should adhere to the need to address the challenges facing the developing countries in mobilization of domestic resources to achieve the Sustainable Development Goals. Additionally, the principles should take into account the need to have tax certainty, fair allocation of taxing rights, and the importance of attracting investment in developing countries. Furthermore, the principles need to provide for inclusive and effective participation of all Member States especially developing countries.

## 2.4. Substantive elements of the Framework Convention

We join other countries in advocating for a Convention that:

- (a) Provides for a fair allocation of taxing rights;
- (b) Ensures tax measures address challenges on cross-border taxation;
- (c) Effectively taxes high-net worth individuals;
- (d) Allows equitable and effective exchange of information;
- (e) Emphasizes mutual administrative assistance in tax matters;
- (f) Discourages all forms of tax avoidance and evasion and promotes capacity building especially to developing countries.

We also emphasize that the text of the Convention needs to take into account the following elements:

- (a) The need for sufficient flexibility and resilience in the international tax system to ensure equitable results as technology and business models evolve;
- (b) The need for an effective framework for Exchange of Tax Information and Mutual Administrative Assistance in Tax Recovery;
- (c) The need for effective tools to combat tax avoidance, evasion and all forms of illicit financial flows;
- (d) The need to develop special rules to ensure effective taxation of extractive industries with a view to finding effective solutions, while giving special attention to the challenges faced by developing countries in protecting their share of value created directly and indirectly from their natural resources; and
- (e) A holistic sustainable development perspective that considers interactions with other important economic, social and environmental policy areas.

## **2.5. Specific priority areas that should be addressed in early protocols**

Recognizing the importance of addressing the existing challenges and need of getting the desired outcome without delays, there is a need of special consideration to key priority areas to the early protocols as follow:

- (a) Taxation of the digitalized and globalized economy;
- (b) Taxation of income derived from cross-border services;
- (c) Taxation of extractive industries;
- (d) Tax measure to address the environmental concerns such as carbon Taxation;
- (e) Tax-related illicit financial flows;
- (f) Tax disputes resolution;
- (g) Measures addressing tax avoidance and evasion; and
- (h) Taxation of high-net worth individuals.

The negotiating committee also may want to consider recommending additional topics that might be the subject of future protocols under the terms of the framework convention, including:

- (a) Environmental and climate challenges;
- (b) Exchange of information;
- (c) Tax incentives; and
- (d) Mutual administrative assistance.