UGANDA’S COMMENTS ON THE ZERO DRAFT TERMS OF REFERENCE FOR A UNITED NATIONS FRAMEWORK CONVENTION ON INTERNATIONAL TAX COOPERATION

1. amend the objectives – Para 7
   i. 7 b. should be amended to replace the word ‘responding’ with ‘identifying and addressing.’
       **Reason:**
       To provide more clarity on what is expected of this new system of governance
   ii. 7.c replace with;
       ‘Working together to establish an international tax system that ensures that developing countries have a fair share of revenue attributed to the activities that take place in their countries’
       **Reason:**
       It is important to more precise on the issues affecting developing countries.
   iii. Introduce 7.d that reads as follows:
       Provide capacity building to tax administration authorities to understand and implement international tax rules
       **Reason:**
       Capacity is important for effective inclusiveness

2. amend the Principles Para 9
   i. Introduce two new paragraphs:
       - Allow inclusive and effective participation in the agenda setting
       - Enhance negotiating capacity of Member States, in particular developing countries
       **Reason:**
       Ensure effective participation and create legitimacy
   ii. Amend the third last paragraph to read as follows:
       ‘Recognise that every Member State has the sovereign right to decide that policies and practices of its domestic tax system.’
       **Reason:**
       The additional wording in the zero draft creates ambiguity and what consists of undermining the effectiveness of the tax base or a system of another Member State particularly when issues of fair allocation of taxing rights are provided for the subsequent paragraph.

3. Substantive elements of the framework convention Para 10
   i. Amend the first line under Para 10 to read as follows:
       [fair allocation of taxation rights to source countries, including equitable effective taxation of multinational enterprise;
Reason:
- There is need to specify the challenges faced by source **countries** in allocation of taxing rights and the need to ensure **effective taxation**

ii. Introduce two new areas that require commitment on:
- Reviewing the definition of a permanent establishment to take into account the changing landscape of doing business, and
- Assistance in combating illicit financial flows