



Permanent Mission of the Democratic Republic of Timor-Leste
to the United Nations in New York

Statement by H.E. Ambassador Dionisio Babo Soares
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to the United Nations

Intergovernmental Negotiating Committee on the United Nations Framework
Convention on International Tax Cooperation: *“Framework Convention Protocol I
on taxation of income derived from the provision of cross-border services in an
increasingly digitalized and globalized economy.”*

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Conference Room 1

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Mr. Chair,

Thank you for giving me the floor.

At the outset, let me congratulate you on your election as chair of the Intergovernmental Negotiating Committee on the United Nations Framework Convention on International Tax Cooperation. I assure you of my delegation's full support to you and the bureau's members.

The Intergovernmental Negotiating Committee on the United Nations Framework Convention on International Tax Cooperation is a crucial step towards achieving fair taxation, preventing tax evasion, and promoting economic stability in an increasingly globalized economy. The Framework Convention aims to address the challenges faced by developing countries, including Small Island Developing States (SIDS) and small economies, by promoting a fairer, more transparent, and efficient global tax system.

The Framework Convention should be guided by key principles of tax cooperation, including tax sovereignty, avoidance of double taxation, tax transparency, fair taxation, and stopping artificial profit shifting to low-tax jurisdictions. These principles are essential for ensuring that countries can collect the taxes they are due, while also preventing tax evasion and promoting economic growth.

My delegation believes that one of the key challenges in international tax cooperation is taxing income from cross-border services. The increasing digitalization and globalization of the economy have made it possible for businesses to operate across borders without a significant physical presence. This has created difficulties for traditional tax systems, which struggle to determine where income should be taxed. To address this challenge, countries must explore measures such

as Digital Services Taxes (DSTs), to allocate taxing rights based on where the customer is located.

We also believe that the Intergovernmental Negotiating Committee must provide a platform for all UN Member States to engage constructively and promote a fairer, more transparent, and efficient global tax system. The committee's work is expected to run from 2025 to 2027, to develop a framework convention that leads to fully inclusive and more effective international tax cooperation.

Therefore, the participation of all UN Member States is crucial for the success of the Intergovernmental Negotiating Committee. The committee's work should take into account the interests of SIDS and small economies, which face unique challenges in terms of tax cooperation. By promoting a fairer and more transparent global tax system, the committee can help these countries achieve their development goals.

In conclusion, Mr Chair, the Intergovernmental Negotiating Committee on the United Nations Framework Convention on International Tax Cooperation is an essential step towards promoting fair taxation, preventing tax evasion, and promoting economic stability in an increasingly globalized economy. The committee's work should be guided by key principles of tax cooperation and should take into account the interests of all UN Member States, particularly SIDS and small economies. Timor-Leste stands ready to cooperate with your team and under your leadership, to achieve results that represent all member states.

Thank you.