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**Committee of Experts on International
Cooperation in Tax Matters
Thirtieth Session**

New York, 24-27 March 2025

Item 3(c) of the provisional agenda

Issues related to the United Nations Model Double Taxation Convention

Working Group Report on the Title of the UN Model Tax Convention

Summary

The Working Group *seeks the Committee's comments and guidance on the issues raised in this note, and decisions as to:*

- (a) the proposal in this note that **the title of the *United Nations Model Double Taxation Convention between Developed and Developing Countries* be revised to the "*United Nations Model Tax Convention*" in the next (2025) version of the Model; and**
- (b) the proposal that **the Committee might wish to consider whether an essentially consequential change should be made to the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* so that it becomes the *Manual for the Negotiation of Bilateral Tax Treaties*, or whether that possibility should be left to the next Committee Membership, as it would only impact on the next version of that Manual, which is not imminent.**

Background and Working Group Mandate

1. At the Twenty-eighth Session of the Committee in March 2024, a Member made a proposal that the title of the “*United Nations Model Double Taxation Convention between Developed and Developing Countries*” should be revised to the “*United Nations Model Tax Convention*”. This proposal was made, inter alia, on the basis that the Model is not relevant only for treaties between developed and developing countries, and was, rather, relevant for other treaties such as between two developing countries and even between two developed countries. In other words it is relevant for all UN Member States to consider. It was decided to consider the matter at the following session.

2. At the Twenty-ninth Session the matter was considered in a closed meeting and the Report of that Session noted that:

95. ... The Co-Chair, Ms. Kana, reported that the title of the Model Convention, in particular whether it should be shortened to “United Nations Model Double Taxation Convention”, had been discussed in a closed meeting and it had been agreed to discuss the issue in an open meeting at the thirtieth session, with a view to reaching a decision then. A small group of members had been asked to prepare a paper for consideration at that session.

3. The small Working Group is comprised of Muhammad Ashfaq Ahmed (the original proponent of the change), Elisângela Rita and Kapembwa Namuyemba, all Members of the Committee. The Working Group invited interested Members to discuss the issue and a draft paper at a virtual meeting and have attempted to, as far as possible, address issues raised at that meeting and in correspondence with this present version of the paper

Previous consideration

4. At the Seventh Session of the Committee, in 2011, effectively the same issue had been considered, but views on the matter differed and no decision was taken to change the title. As the Report of that Session notes:¹

Title of the United Nations Model Convention

82. There was discussion about whether the current title of the “United Nations Model Double Taxation Convention between Developed and Developing Countries” could be shortened. It was recalled that during the expert group meeting in June 2011, suggestions had been made to shorten the title by removing “between Developed and Developing Countries”, or to change it to “United Nations Model Double Taxation Convention for Development”. Some members objected to such a change on the grounds that the United Nations Model Convention was relevant mainly to treaties between countries at different levels of development, and therefore to remove that reference would do a disservice to the Convention.

83. On the other hand, it was argued that whether countries were formally classified as developing or developed was not the main practical consideration in determining whether countries would wish to follow the United Nations or other models; the United Nations Model Convention was drawn upon by many treaties between two developed countries or between two developing countries. Some also expressed doubt as to whether amending the title was within the mandate of the Committee based on the resolutions of the Economic and Social Council. Following the discussion, it was agreed to keep the title as it was.

The Committee Mandate

5. At the Twenty-ninth session a couple of members emphasized the importance of ensuring whether the Committee is even empowered to change the title. ECOSOC Resolution 2004/79², which gives the Committee its mandate, provides relevantly that:

(d) The Committee shall:

¹ E/2011/45-E/C.18/2011/6, at p. 16.

² <https://www.un.org/en/ecosoc/docs/2004/resolution%202004-69.pdf>

(i) Keep under review and update as necessary the *United Nations Model Double Taxation Convention between Developed and Developing Countries* and the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries*;

6. The Secretariat advises that in its view there is nothing preventing the Committee (as part of the reviewing and updating referred to in its mandate) from reviewing and updating the *title* of the Model, such as to better reflect its use and likely relevance. The mandate would still be relevant in relation to the updated Model, with its shortened or otherwise modified title representing the same document/Committee product referred to in Resolution 2004/79.

Possible Pros and Cons of a Title Change

7. Those in favour of a title change argue that confining the operation of the Model to treaties between developed and developing countries potentially “sells short” the relevance of the Convention as it may be a model for treaties solely between developing countries and it can be, even in part, a model for modernizing treaties between developed countries, such as in recognizing the declining relevance, in the view of many members, of physical and time requirements in allocating taxation rights under a treaty between “residence” and “source” countries.

8. While noting the view expressed at the Seventh Session and quoted above that: “the United Nations Model Convention was relevant mainly to treaties between countries at different levels of development, and therefore to remove that reference would do a disservice to the Convention”, those favouring the change see that as an important aspect of the Model’s relevance but not the only one, and consider that the complexities and the relevance of Model provisions in different situations are best and most accurately and completely addressed in the Model itself, including its Commentaries, than in its title. They argue that liberating the title of its excess baggage of “between developed and developing countries” would expand its scope and coverage while simultaneously retaining the content matter intact.

9. They also note that while the other major Model, the *OECD Model Tax Convention on Income and on Capital* is developed differently (at intergovernmental level by OECD Member States rather than by a Committee of Experts) it nevertheless appears to them relevant that it has no such qualifiers as to the types of country relationships to which it is addressed. They also draw attention to the fact that the UN Model is almost always referred to in short form as the “UN Model Tax Convention” or “UN Model”, in practice. Moreover, they posit that the Model’s clinging onto the “between developed and developing countries” tag overly reinforces (even justifies) informal economic stratification between countries, which does not assist the common cause of international tax cooperation.

10. On this view, the existing qualifiers in the title of the Model (“*between Developed and Developing Countries*”) may not only inadequately reflect the audiences for, and relevance of, this Model, but may also give insufficient recognition to the fact that the Commentaries that form an integral part of the Model include a range of options that may be relevant as between not only developed and developing countries, but as between two developing countries, or between two developed countries, especially as both developed and developing countries contemplate the issues of taxation of digital and other services in modern conditions.

11. With this background, the potential wider significance of the Model than solely in treaties between developed and developing countries could be recognized by a less restricted title that encourages its relevance to different types of bilateral contexts to be assessed on the merits - on an issue by issue basis. On this view, the specific issues that are of relevance to developing countries in particular situations can be addressed with more nuance in the body of the Model (including its Introduction and Commentaries) than in its title. On this point, the Working Group notes that a title change would in no way affect the Mandate of the Committee of Experts as outlined in ECOSOC Resolution 2004/69³:

(d) The Committee shall:

(i) Keep under review and update as necessary the United Nations Model Double Taxation

³ <https://www.un.org/en/ecosoc/docs/2004/resolution%202004-69.pdf>

Convention between Developed and Developing Countries⁵ and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;⁶

(ii) Provide a framework for dialogue with a view to enhancing and promoting international tax cooperation among national tax authorities;

(iii) Consider how new and emerging issues could affect international cooperation in tax matters and develop assessments, commentaries and appropriate recommendations;

(iv) Make recommendations on capacity-building and the provision of technical assistance to developing countries and countries with economies in transition;

(v) ***Give special attention to developing countries and countries with economies in transition in dealing with all the above issues; (highlighting added)***

12. The Working Group recommends that the Introduction to the next version of the UN Model be revised to explicitly include the mandate of the Committee and highlight that special consideration of developing country situations would remain inherent in the Model and essential to carrying out the Committee Mandate.

13. The Working Group considers that what it views as a simplification of the Title of the Model would seem to be more in line with recent changes to the Model which seek to move away from suggesting that developed and developing countries each have monolithic and carved-in-stone views that are not only inevitably opposed but also impervious to change over time. As the Introduction to the 2021 version of the Model notes, for example:

3. The United Nations Model Tax Convention generally favours retention of greater so-called “source country” taxing rights under a tax treaty—the taxation rights of the host country of investment—as compared to those of the “residence country” of the investor. This has long been regarded as an issue of special significance to developing countries, although it is a position that some developed countries also seek in their bilateral treaties.

14. The Member who initiated this consideration of the issue, Mr. Ahmed, noted that the reference to the UN Model Tax Convention, as being “between Developed and Developing Countries” appears to have been originally borrowed from the nomenclature of the “Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries,” which was established in 1968.⁴ This, in turn, had its roots in ECOSOC Resolution 1273/1967.⁵ However, ECOSOC Resolution 13/1980 later removed from the Ad Hoc Committee’s title the reference to tax treaties and replaced it with “on International Cooperation in Tax Matters.” While that was in large part because the mandate was expanded beyond the limited one of addressing tax treaties, it reflects also that the Committee’s work as a whole and mandate was not *a priori* limited to relations or issues between developed and developing countries. The 1980 UN Model and later versions have continued to retain, on its face, the limiting reference only to treaties between developed and developing countries, whereas the commentaries continue to reflect the views of all members on the Committee (with, for example, the views often taken by developed country negotiators frequently expressed in some detail in the Commentaries) thereby enabling use by negotiators from any country whether developed or developing.

The Negotiation Manual

15. The *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* was published in 1979, shortly before the 1980 version of the UN Model. The latest version is the 2023 version, and while it is likely to be modified to take into account the changes in the 2025 Model, any changes to the Manual would be under the auspices of the next Membership of the Committee. While a change of title for the Manual is in that sense less urgent, the Working Group feels that a change to the title of the Manual should logically follow from a change to the title of the Model, so that it would be appropriate to now also change the title of the Manual, going forward.

⁴ U.N., *The Commentary - United Nations Model Taxation Convention between Developed and Developing Countries*.

⁵ ECOSOC Resolution 1273, August 4, 1967 - "Tax Treaties between Developed and Developing Countries."

Proposed Actions

16. It is proposed that the title of the *United Nations Model Double Taxation Convention between Developed and Developing Countries* be revised to the *United Nations Model Tax Convention* in the next (2025) version of the Model.

17. The Committee might also wish to consider whether an essentially consequential change should also be made to the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* so that it becomes the *Manual for the Negotiation of Bilateral Tax Treaties*, or whether that possibility should be left to the next Committee Membership, as it would only impact the next version of that Manual, which is not imminent.