UK statement on II. A. Domestic public resources, 10 February 2025

Para 28: We should mention Beneficial Ownership as a key means to prevent and combat illicit financial flows, corruption and achieve mobilization of public resources.

Para 29 a): We should also name public financial management systems.

Para 29 b): Include enhancing oversight, implementing transparent procurement systems and strengthened, resourced, independent and professional Supreme Audit Institutions and parliamentary oversight, especially public accounts committees and other accountability bodies.

Para 29 g): We should align financial flows with the Paris Agreement and Kunming-Montreal Global Biodiversity Framework. We should phase-out inefficient fossil fuel subsidies and repurpose subsidies to support delivery of environmental benefits.

Para 29 h): We should focus on the Global Biodiversity Framework Target 18 on reducing subsidies harmful for biodiversity.

New under Para 29: We suggest a new action-oriented paragraph for under Para 29 to read: *'We encourage introducing or increasing taxes on tobacco, sugar-sweetened beverages and alcohol, in alignment with national-contexts, as a non-distortionary tax source with a major potential to both increase domestic revenue and reduce the risk factors of non-communicable diseases, the fastest-growing driver of ill-health globally.'* This action will raise revenue and improve debt sustainability without creating unwanted economic distortions. These taxes are relatively easy to implement and reduce major drivers of ill-health and thus lower health expenditure, and are expected to raise $3.7 trillion dollars globally over just five years, including $2.1 trillion in low- and middle-income countries. We support EU comments on data governance.

Para 30 e): Suggest clarifying that "strengthening country-by-country reporting" means increasing access for developing countries. The language later in the paragraph risks creating a two-tier system and undermining carefully crafted tax transparency principles which rely on the consistent application of global standards.

Para 30 f): The UK believes that connecting existing registers is a more efficient solution than a global register.

Para 30 h): We first need to develop before we implement innovative taxes. We stress the importance of the voluntary nature of these, as currently in the text.

Para 31: We should add *'opaque structures of ultimate beneficial ownership'* to highlight the importance of globally advancing high-quality, up-to-date and accessible beneficial ownership data across jurisdictions to tackle both illicit finance and corruption. This is a key action in fostering greater financial transparency and accountability. We could be more explicit about work on combatting illicit financial flows and the importance of ensuring that existing and new development finance delivers its intended impact, as we strive to reduce the funding gap for development and prevent financial leakage. This would not only restore public trust, but also investors' confidence

Para 31 a): We want to strengthen regulatory regimes.

Para 31 b): We cannot support this proposal due to the large number of mandated financial-themed meetings already held at the UN. We suggest that for every new meeting proposed at the UN, one meeting that is no longer needed is removed from the schedule to free up space for delegations to properly engage in constructive conversations.

Para 31 d): We ask for clarification from the co-facilitators on what they view as the barriers to asset recovery, and what is meant by capacity building initiatives?

Thank you

Annex A: UK language proposals on II. A. Domestic public resources

Para 28: The Addis Ababa Action Agenda emphasized the central role of domestic public resources in financing sustainable development. Despite notable tax revenue increases in developing countries in the first decade of the century, recent years have seen stagnation and setbacks, amidst weak global economic growth. Mobilizing sufficient public resources and ensuring their effective use requires decisive action at the national level to strengthen fiscal systems and align them with sustainable development objectives. In a globalized world, the international economic environment also needs to be stable and conducive for realizing the full potential of domestic public policy and resources. Domestic efforts must be complemented by international action, including in the form of enhanced international tax cooperation and robust measures e.g. on Beneficial Ownership data transparency to prevent and combat illicit financial flows and corruption. Public development banks (PDBs) have a crucial role in mobilizing investments to drive progress toward the SDGs.

Para 29 a): We commit to adopt a whole-of-government approach to strengthening tax and public financial management systems, and to ensuring transparency and accountability in public financial management.

Para 29 b): We will promote budget transparency, accountability and efficiency. This includes enhancing oversight, implementing transparent procurement systems and strengthened, resourced, independent and professional Supreme Audit Institutions and parliamentary oversight, especially public accounts committees and other accountability bodies. We also commit to increase transparency and improve oversight and management of tax expenditures, and to implement minimum standards for tax expenditure reporting, to the end of rationalising tax expenditures to achieve more fiscal space.

Para 29 g): We encourage the use of environmental and climate considerations in fiscal programming in line with national circumstances, aligning financial flows with the Paris Agreement and Kunming-Montreal Global Biodiversity Framework. Options include green public financial management, taxation and fiscal rules, carbon pricing, phase-out of inefficient fossil fuel subsidies ,taxes on environmental contamination and pollution and repurposing subsidies to support delivery of environmental benefits .We commit to building fiscal resilience for potential disasters, including through the use of pre-agreed crisis finance, which otherwise risk damaging development gains.

Para 29 h): We reaffirm the commitment to reform inefficient and harmful subsidies, particularly fossil- fuel subsidies that encourage wasteful consumption by removing market distortions, and to identifying, reforming and reducing subsidies harmful for biodiversity working toward their elimination and, or repurposing to support environmental benefits, to align fiscal systems with sustainability objectives, while taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

Para 29 h) bis: We encourage introducing or increasing taxes on tobacco, sugar-sweetened beverages and alcohol, in alignment with national-contexts, as a non-distortionary tax source with a major potential to both increase domestic revenue and reduce the risk factors of non-communicable diseases, the fastest-growing driver of ill-health globally.

Para 29 h) ter: We encourage the use of national strategies for the prevention of conflict and criminal violence in fiscal programming in line with national circumstances. To achieve this, we will develop and enhance methodologies and tools for designing, monitoring and evaluating tax and budget policies with a peace positive perspective, alongside capacity development.

Para 30: Globalization, the increased prevalence and size of multinational enterprises (MNEs), and changes in business models have enabled base erosion and profit shifting on a significant scale, severely undermining domestic revenue collection, particularly in developing countries. International tax cooperation must support countries exercising their taxing rights, and fight tax evasion and aggressive tax avoidance. International tax rules developed through global cooperation need to be fully implemented and take account of the diverse needs, priorities, and capacities of all countries, especially the LDCs, to safeguard their tax bases. Inclusive and effective international tax cooperation is essential to supporting national efforts to mobilize sufficient revenue for sustainable development.

Para 30 a): We commit to ensure that international tax cooperation frameworks are beneficial to all parties. We resolve to strengthen the voice and representation of developing countries in the international tax architecture. We also emphasize the importance of careful analysis of the implications of international tax cooperation frameworks and agreements for developing countries, ensuring all benefit and address their specific challenges.

Para 30 e): We commit to enhance tax transparency while recognizing the challenge that countries in special situations face by giving special considerations. Our commitment includes strengthening country-by-country reporting of MNEs by ensuring more developing countries can access and use CbCR and further evaluating the creation of a central public database for country-by-country reports. We will also consider extending reporting obligations to high-net worth individuals.

Para 30 f): We commit to enhance beneficial ownership transparency by strengthening domestic measures on beneficial ownership and establishing routes for exchanging relevant information on the ultimate beneficial owners of companies, assets and legal arrangements, including that held in domestic registries, covering a wide range of assets, legal entities and legal arrangements, such as companies, trusts, and limited liability partnerships. In all of these efforts, we will provide assistance to developing countries in implementing these transparency standards.

Para 30 h): We will explore developing and implementing innovative taxes to mobilize resources for sustainable development and to address the climate and biodiversity crises, including in the form of global solidarity levies, and invite countries to apply them on a voluntary basis.

Para 31: Countries face substantial and persistent challenges in effectively combatting illicit financial flows (IFFs), including lack of exchange of information and low capacity in using information obtained, inadequate systems for tracking and collecting relevant financial data, opaque structures of ultimate beneficial ownership, ineffective and incomplete implementation of anti-corruption and anti-money laundering measures, and the need to strenghten regulations for professionals and institutions that have a role in combatting IFFs. More and stronger action should foster greater financial transparency and accountability, including accessible, accurate beneficial ownership data with robust enforcement contributing to the prevention and combatting of IFFs, and the recovery and return of assets derived from illicit activities. Tackling corruption can restore investors' confidence, public trust, strengthen institutional capacity, and have positive impact on global challenges of poverty, social and economic inequality.

Para 31 a): We commit to regulate professional service providers at the national level and enhancing international cooperation to curb IFFs and other illicit financial activities. This includes promoting global discussions on strengthening regulatory regimes of professional service providers who may be involved in illicit financial flows, strengthening accountability mechanisms, integrating them into national legislation, and committing to supporting these efforts with an independent review of regulatory frameworks and practices.

Para 31 b): We commit to full implementation of the United Nations Convention Against Corruption (UNCAC) including by supporting an effective and efficient Implementation Review Mechanism to assist in preventing and combatting corruption, this should take place as soon as possible. Furthermore, we commit to scale up technical assistance for the implementation of UNCAC in countries, upon their request.

Para 31 e) alt: We commit to the full implementation of all articles of the UN Convention Against Corruption.

Para 31 f): We will identify, assess and act on money laundering and terrorist financing risks, including through effective implementation of the Financial Action Task Force (FATF) standards on anti-money laundering/counter-terrorism financing.