United Nations

Financing for Development

Economic and Social Council
Special Meeting on International Cooperation in Tax Matters
ECOSOC Chamber, 28 March 2025
Official Summary by the President of ECOSOC

I. Introduction

1. The Economic and Social Council convened its 2025 Special Meeting on International Cooperation in Tax Matters at United Nations Headquarters in New York. The meeting addressed key challenges and opportunities in strengthening international tax cooperation for sustainable development, focusing on two key themes: (i) promoting inclusive and effective international tax cooperation; and (ii) promoting gender inclusivity through tax policy design and implementation. The outcomes of the 2025 Special Meeting provide critical input to the Fourth International Conference on Financing for Development (FfD4), reinforcing the UN's role in shaping a fair and inclusive international tax system.

2. The Special Meeting took place alongside the Thirtieth Session of the United Nations Committee of Experts on International Cooperation in Tax Matters, marking the Committee's twentieth anniversary. It brought together Member States and stakeholders from the UN system, international organizations, civil society, business, and academia to explore how international tax rules and domestic tax policy can better reflect the needs and priorities of developing countries and advance progress toward the 2030 Agenda for Sustainable Development.

II. Theme 1: Promoting inclusive and effective international tax cooperation

Key Takeaways

i. **Support Member State-led UN Framework Convention negotiations** to develop more equitable international tax rules that reflect current economic realities and different levels of development across Member States. Following the General Assembly's adoption of terms of reference for a UN Framework Convention on International Tax Cooperation in December 2024, and the establishment of the intergovernmental negotiating committee, the UN intergovernmental process presents an opportunity to address international rules or practices that pose significant barriers to domestic resource mobilization in developing countries.

ii. **Strengthen domestic tax systems and institutions** to foster financial independence through improved domestic resource mobilization. Efficient, reliable tax systems should be easy for taxpayers to understand, provide tax certainty, and support investment in institutional strengthening, including by promoting technical meritocracy and ensuring the continuity of personnel across political transitions.

iii. **Develop targeted approaches to combat illicit financial flows** that undermine domestic resource mobilization. Governments that effectively address illicit financial flows not only improve revenue collection but also build greater trust in the fairness of their tax systems as a whole.

iv. **Create effective solutions for the taxation of cross-border services**, particularly technical and management fees often paid by subsidiaries in developing countries to their parent companies in developed countries. Many developing countries have long expressed concern about how these payments reduce their tax base. Yet, they face challenges in applying transfer pricing principles to appropriately price such payments, due to lack of comparable unrelated party transactions.

v. **Leverage technological innovations to increase the efficiency of tax administration and facilitate the exchange of information for tax purposes**. Digitalization delivers significant benefits for increasing collection and efficiency, while mobile payment systems can help formalize informal economic activities, increasing government revenues as well as improving the delivery of benefits to vulnerable populations. Regional cooperation in capacity building and standard setting may produce solutions better suited to the needs and priorities of developing countries.

Context and supporting information

3. In light of declining external financing, rising debt, and increased borrowing costs, the importance of domestic resource mobilization has grown for all countries regardless of their level of development. Domestic resource mobilization fosters financial independence and provides the most reliable means of raising revenues necessary to support achievement of the Sustainable Development Goals.

4. Many countries have expressed hope that the UN Framework Convention process will provide the opportunity to develop more equitable rules that reflect current realities and different levels of development. They noted that the United Nations promotes inclusive decision-making, where all Member States can participate in shaping outcomes, including through voting where applicable. They also stressed the importance of ensuring that all countries have the capacity to fully participate in the intergovernmental process.

5. The relationship between revenue generation and effective use of public resources is critical for building taxpayer trust. Governments need to invest in institutional strengthening, including through promoting technical meritocracy and ensuring the continuity of personnel across political transitions. Sudden changes in tax administration personnel can potentially undermine reform efforts.

6. Illicit financial flows remain a significant challenge, causing revenue losses. Addressing these flows requires targeted approaches for different components: strengthening investigative capacities for financial crimes, examining how tax incentives may inadvertently create loopholes, and promoting transparency through regional initiatives on tax expenditure reporting.

7. Multinational enterprises employ various tools to minimize tax liabilities, while many developing countries lack the technical capacity to effectively counter such practices. Even with adequate capacity, longstanding tax treaties—based on nearly century-old international tax rules—often limit the ability of developing countries to tax certain income earned within their jurisdictions.

8. The taxation of services presents particular challenges. Traditionally, payments received by non-residents for services may be taxed by a country only if physically performed there or attributable to a fixed place of business. This issue is not limited to digital services and includes especially technical, management, and other fees paid by subsidiaries to parent companies.

9. A number of Member States referred to the important role of the UN Committee of Experts on International Cooperation in Tax Matters in developing tools to support domestic resource mobilization in developing countries, as well as strengthen international tax cooperation. Many saw the Committee's technical work, particularly with respect to the taxation of services, as having laid a solid foundation for the UN Framework Convention process. Some business representatives, however, encouraged Member States to consider the potential negative economic effects of taxing services at source before agreeing on an approach.

10. Technological innovations can significantly assist domestic resource mobilization. Widespread adoption of mobile payment systems reduces cash reliance and helps formalize the informal sector, increasing government revenues while improving benefit delivery to vulnerable populations.

III. Theme 2: Promoting gender inclusivity through tax policy design and implementation

Key Takeaways

i. **Integrate comprehensive gender analysis into tax policy development** to address explicit and implicit biases that perpetuate socioeconomic imbalances. Fiscal policies are not gender-neutral, and tax systems often fail to account for the unique challenges women face: lower pay, higher likelihood of informal sector work, caregiving responsibilities, and fewer economic and social development opportunities.

ii. **Design progressive tax systems that reduce disproportionate burdens on women**, who typically spend higher percentages of their income on basic goods and services. Progressive approaches create fiscal space for robust social protection systems that reduce poverty and inequality, especially among women.

iii. **Ensure women's meaningful participation in tax policy discussions** to create fairer systems that better reflect social diversity. Women should not merely be beneficiaries of gender-responsive policies but active voices in the policymaking process, enhancing both policy effectiveness and public trust in tax authorities, leading to improved public engagement and compliance.

iv. **Connect taxation and expenditure in a broader fiscal strategy** that combines tax reforms with targeted expenditures. Gender-responsive budgeting ensures tax revenues are allocated to priority sectors, such as healthcare, education, infrastructure and social protection, creating environments where everyone can thrive.

v. **Improve collection and use of gender-disaggregated data** to inform evidence-based policies. This approach should combine qualitative tools (e.g., focus groups and interviews) to capture social norms and experiences with tax systems. Linking tax records with other administrative databases, social security, and business provides a more comprehensive picture of gender impacts. New macro and micro simulation modeling tools pioneered by international organizations may become available to tax authorities in the future.

vi. **Strengthen international cooperation through knowledge exchange, successful experiences, and technical assistance.** The UN Committee of Experts on International Cooperation in Tax Matters could consider including tax and gender in the agenda of the upcoming new membership, with a view to producing practical guidance for developing countries.

Context and supporting information

11. As we approach the thirtieth anniversary of the Beijing Declaration and Platform for Action, progress toward gender equality remains insufficient. Despite significant steps forward, gender inequality continues to limit women's economic participation. Participants highlighted decreasing fiscal space for gender equality due to high debt burdens, declining Official Development Assistance (ODA), tax avoidance, illicit financial flows, and ineffective public expenditure.

12. The framework for analyzing explicit and implicit gender biases in taxation has limitations. Tax policies should be examined within the broader context of fiscal policy and political economy, assessing which approaches generate maximum revenue while aligning with countries' socioeconomic priorities. A comprehensive fiscal approach that recognizes the redistributive potential of taxation can help restructure economic power in support of gender equality.

13. The meeting stressed connections between gender, digitalization in tax administration, and emerging technologies. Artificial intelligence and technology increasingly shape tax compliance and audit systems, but algorithms built on biased historical data risk reinforcing gender inequalities. Tax administrations must ensure transparency in AI testing and application to prevent creating new biases.

14. Value-added tax systems disproportionately affect women's finances, as women typically allocate higher percentages of income to essential goods and services. Incorporating progressive alternatives and design choices in value-added tax systems can lead to more equitable outcomes while mobilizing resources for social protection and services that benefit women.

15. Gender-disaggregated data remains insufficient in many contexts. Examples from developing countries, including small island developing states, demonstrate how integrating informal sector data in household surveys can help design progressive policies that encourage formalization without disproportionately burdening women.

16. International cooperation is essential to tackling gender-responsive tax policy challenges. Knowledge, exchange, data sharing, and dissemination of successful strategies will help countries design and implement gender-responsive tax policies. The United Nations and other international organizations should continue to lead these supporting efforts through targeted guidance, technical assistance, and capacity-building programmes, while recognizing that there are no one-size-fits-all solution.

IV. Next steps

17. **Building on the meeting's outcomes, stakeholders must now work to strengthen fair and effective taxation as a key driver of sustainable development**. Enhanced tax cooperation will accelerate progress in mobilizing domestic resources, addressing inequalities, and SDG financing. Gender-responsive tax reforms are pivotal in achieving the SDGs and advancing women's economic empowerment. A global tax system that is inclusive, responsive to diverse country contexts and priorities, and aligned with modern economic realities is essential. The importance of administratively feasible solutions—such as withholding taxes—was also underscored, particularly for developing countries seeking reliable revenue streams in an increasingly digitalized economy.

18. Participants reaffirmed the value of ECOSOC as a platform for inclusive, evidence-based dialogue and the significance of the twentieth anniversary of the UN Committee of Experts on International Cooperation in Tax Matters as a milestone in international tax cooperation. Looking ahead, the discussions at this meeting will provide critical input to the preparatory process for the Fourth International Conference on Financing for Development (FFD4). There was strong support for building on this momentum to develop a more just, sustainable, and representative international tax system—one that ensures no country is left behind.

V. Institutional context

19. **The ECOSOC Special Meeting on International Cooperation in Tax Matters will continue to serve as a global platform for inclusive, evidence-based discussions on tax policy**. By connecting the technical work of the Committee of Experts with policy and implementation perspectives from diverse stakeholders, it is uniquely positioned to identify emerging challenges requiring international cooperation. This Forum plays an increasingly important role in ensuring policy coherence between tax cooperation and the broader implementation of the 2030 Agenda and Addis Ababa Action Agenda.

20. **The UN Committee of Experts on International Cooperation in Tax Matters, marking its twentieth anniversary in 2025, stands out as a success story in bridging technical expertise with policy implementation.** Since evolving from an ad hoc expert group into a formal committee, its work has expanded well beyond traditional tax topics to encompass domestic resource mobilization and international tax cooperation in a broader sustainable development context. The Committee has regularly updated the UN Model Tax Convention, introduced innovative guidance on taxing cross-border services, and developed practical tools on environmental taxation, health taxes, and the taxation of extractive industries, among other key areas. Its outputs—shaped by input from Member States and other stakeholders—are increasingly influential in tax policy formulation and administration and continue to support the specific needs and priorities of developing countries.

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