

## Comments of Belgium on the Co-Leads' Draft Issues Note concerning Workstream I of the INC on the UN Framework Convention on International Tax Cooperation

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### Abstract

*Belgium expresses its strong support for multilateralism and reaffirms its commitment to inclusive, fair, and effective international tax cooperation. It emphasizes the importance of ensuring inclusiveness—particularly the participation of EU representatives—timely and transparent access to documents, and coherence with existing international tax frameworks. Belgium calls for clear definitions of key concepts used in the development of the Framework Convention.*

*On tax dispute resolution, Belgium advocates for high-level, non-prescriptive commitments and supports Workstream III proceeding independently. Regarding the fair allocation of taxing rights and the taxation of multinational enterprises, Belgium highlights the need to distinguish between allocation issues between States and enterprise-level taxation. It stresses the complexity and subjectivity of "fair taxation" and supports an approach guided by sound economic principles.*

*Finally, Belgium urges caution in expanding the scope with regards to the commitment on sustainable development. Belgium supports maintaining the current wording of the Terms of Reference while remaining open to further discussion.*

### I. Introduction

Belgium welcomes the opportunity to provide comments on the issues note prepared by the Co-Leads of Workstream I. We appreciate the efforts made to consolidate the wide range of initial views and proposals into a coherent and structured document. The discussions held during the intersessional work underscore both the complexity of the subject matter and the inherent challenges in reconciling diverse interests.

Belgium remains a strong advocate of effective multilateralism in the international community. We wish to reiterate our sincere commitment to the objectives of inclusive, fair and effective international tax cooperation. Therefore, we align ourselves with the broad objectives of the UN Framework Convention on International Tax Cooperation.

### II. General remarks

#### 1. Inclusiveness and participation:

We firmly believe that representatives of the European Union should be permitted to participate during the intersessional sessions of the three workstreams. The established rules and practices of the UN General Assembly must be adhered to without exception. As emphasized by Mr. Junhua Li, Under-Secretary-General for Economic and Social Development, at the opening of the Ad Hoc Committee session:

*"Only an international tax system that is fully inclusive will be legitimate and effective."*

Inclusion is a cornerstone for legitimacy and success in the development of this framework.

**2. Timeliness and transparency of documentation:**

We express concern regarding the timely availability of papers and presentations discussed during the intersessional sessions. Ensuring that all participants have adequate time to review and prepare is critical for meaningful participation and informed dialogue.

**3. Coherence with existing international fora:**

We stress the importance of maintaining coherence with other international frameworks. The Framework Convention should serve as a platform for convergence, not fragmentation. Alignment with existing structures is essential to prevent policy contradictions and ensure global consistency in international tax cooperation.

**4. Need for clear delineation of used concepts:**

A clear delineation of the used concepts is necessary to have a clear understanding of what the framework convention will encompass. For example, on the scope of initial work the concept of stand-alone actions should be clarified.

### **III. On the Effective Prevention and Resolution of Tax Disputes**

Belgium will engage in working towards a Framework Convention which entails high-level commitments.

We recognize the critical importance of legal certainty both for tax administrations and for taxpayers. Predictability and clarity are essential pillars of an effective international tax system.

In this regard, we believe that Workstream III should be able to advance its work on the prevention and resolution of tax disputes independently of any specific commitments outlined under Workstream I. Should the Committee ultimately decide to include commitments in the Framework Convention, these should remain high-level in nature, allowing flexibility for future development and broader alignment among jurisdictions.

### **IV. On the Fair Allocation of Taxing Rights, Including Taxation of Multinational Enterprises**

A distinction should be made between the allocation of taxing rights and the taxation of (multinational) enterprises. Allocation concerns the relationship between the member states while the taxation concerns the relationship between the member states on one side and the (multinational) enterprises on the other side.

The concept of fair taxation is complex and is a subjective concept as it is stated in the issues note. It has been discussed in other international fora and it would demand the participation of all involved Member States. Fair taxation should be based regulations that were created in a transparent and democratic process.

We welcome that in relation to the allocation of taxing rights, underlying economic principles will be used to guide the further discussions, such as the value of economic efficiency and tax neutrality, simplicity and administrability and the importance of effects on cross-border trade and investment. Therefore, we believe that only after further discussions based on the underlying economic principles and further thorough economic analysis, an approach might be agreed.

We believe that Workstream II should be able to advance its work on cross-border services in a digitalized and globalized economy independently of any specific commitments outlined under Workstream I. Any commitments in the Framework Convention, should remain high-level in nature, allowing flexibility for future development and broader alignment among jurisdictions.

## **V. On the Sustainable Development**

Belgium wishes to recall that the Terms of Reference do not identify this subject as a priority area for a potential early protocol, nor has it been selected as one of the two areas proposed for early protocol development.

We support the approach of working with clearly defined priority areas, particularly given the inherent complexity of international taxation. Any future framework must take into account the diverse national legislative contexts of Member States, as well as ensure coherence with ongoing efforts in other international fora.

In this light and noting that paragraph 10(c) ToR has not been designated as a priority area, we caution against overburdening the process. Doing so could compromise the quality and clarity of the resulting Framework Convention. Belgium therefore supports the current wording of paragraph 10(c) ToR and sees no need for amendment at this stage but remains open to discuss.

As previously stated, Belgium remains committed to actively contributing to the development of a Framework Convention that encompasses high-level commitments.