

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

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### Abstract

*Belgium emphasizes its support for effective and flexible dispute prevention and resolution mechanisms in cross-border tax matters. While Belgium does not frequently encounter significant difficulties in reaching fair solutions with its treaty partners, it acknowledges the barriers identified in the Issues Note. Belgium uses a comprehensive existing toolkit to address and prevent disputes. It welcomes the focus on capacity building and advocates for a protocol scope limited to cross-border disputes, excluding purely domestic issues. Belgium endorses that a variety of mechanisms can be effectively employed for the prevention and resolution of tax disputes. In this regard, we support the concept of optionality with respect to mechanisms within the protocol. Belgium also favors the promotion of best practices over binding obligations and remains open to further discussions.*

### Comments

While Belgium generally does not face significant difficulties in reaching fair solutions with our treaty partners, we recognize that Section III of the issues note identifies the primary barriers to the prevention and resolution of tax disputes that may arise in broader contexts.

Belgium possesses a comprehensive toolkit for addressing and preventing disputes. These include participation in projects to increase tax certainty, e.g. ICAP, the Belgian Co-operative Tax Compliance Programme, (bilateral and multilateral) Advance Pricing Agreements (APAs), Mutual Agreement Procedures (MAPs), multilateral controls (within EU), joint audits, and the work of our Tax Conciliation Department and Office for advance tax rulings.

Although Belgium is, in principle, supportive of arbitration, we note that to date, we have not had to resort to this mechanism.

Furthermore, Belgium welcomes the acknowledgment in paragraph 14 of the issues note regarding the importance of capacity development. We agree that investment in this area can yield substantial improvements in the effectiveness and efficiency of tax administrations.

Concerning the scope of the protocol, we prefer that the protocol only addresses tax disputes involving cross-border transactions and doesn't address purely domestic disputes.

Lastly, Belgium observes that, in practice, a variety of mechanisms can be effectively employed for the prevention and resolution of tax disputes. In this regard, we support the concept of optionality with respect to mechanisms within the protocol. This approach aligns fully with the principle outlined in paragraph 9 of the Terms of Reference, recognising that each Member State has the sovereign right to decide its tax policies and practices, while also respecting the sovereignty of other Member States in such matter.

Belgium is particularly supportive of the idea of focusing on the development and knowledge sharing of best practices, rather than binding obligations, within the protocol. We believe this would offer practical guidance while allowing for necessary flexibility.

We also remain open to discussing different options, bearing in mind the provision in paragraph 14 of the Terms of Reference providing each party to the framework convention the option whether or not to become party to a protocol on any substantive tax issues.