

Secretariat of the Ad Hoc Committee  
UN Framework Convention on International Tax Cooperation,  
United Nations Headquarters, New York  
Via Email: inc-tax@un.org

11 July 2025

Re: Workstream 1 (Framework Convention) Comment Letter to the UN Ad Hoc Committee Drafting the  
International Tax Cooperation Convention

Dear Chair and Distinguished Members of the Ad Hoc Committee:

We appreciate the opportunity to provide input on the development of Workstream 1 of the UN Framework Convention on International Tax Cooperation. We applaud the Intergovernmental Negotiating Committee's inclusion of academic researchers as stakeholders to attend the sessions. We are academic researchers in international tax policy, and we write to offer independent business-aligned perspectives on all three workstreams under negotiation. For our Workstream II submission, we attach a robust discussion to contribute to the ongoing discussions of the International Tax Cooperation Convention. Our comments and recommendations are submitted in our personal capacity and do not represent an official statement or position of Texas A&M University or our respective employers.

**Regarding Workstream I – Framework Convention.** The core Convention should enshrine clear, principle-based rules and a commitment to eliminate double taxation, thereby providing certainty for cross-border business. Key principles of simplicity, stability, transparency, and neutrality in taxation should guide the framework. The Convention's governance must be consensus-based, rather than a simple majority, to ensure broad buy-in and stability. Our submission advocates for a consensus-based, growth-friendly international tax framework. We strongly urge the Committee to align the Convention with established international tax norms to avoid fragmentation, double taxation, and investment deterrence.

Business community involvement in ongoing dialogue is crucial for achieving practical and workable outcomes. The framework should explicitly commit to tax neutrality (avoiding discrimination among industries or between cross-border and domestic commerce) and relief of double taxation as fundamental objectives. It should also clarify how new international tax rules will interact with domestic tax laws to prevent conflicts. Capacity-building components should focus on helping developing countries administer tax rules without undermining taxpayer certainty or deviating from globally agreed-upon standards.

We believe our positions (please see our separate submission regarding Workstream 2) provide high-level policy guidance and specific textual suggestions for treaty provisions. represent a broad consensus of the international business community, which seeks a stable, fair, and neutral international tax system that facilitates trade and investment while providing governments with the tools to prevent abuse. The UN Convention is a historic opportunity to achieve that inclusively. But inclusion must not come at the cost of certainty – a balance must be struck, and we are confident it can be.

**Urgency of Consensus and Alignment with OECD/G20.** A common thread across these workstreams is the need for consensus-based rule-making that complements (and does not contradict) the OECD/G20 initiatives. A UN tax convention that diverges sharply from the international consensus (e.g., OECD's Pillar One and Pillar Two framework) would pose significant risks. Competing or contradictory global standards would create uncertainty and double taxation for businesses. Moreover, a non-consensus Convention could prompt political backlash. For example, the G7 recently reached a "side deal" to accommodate the United States in the implementation of Pillar Two, leading to the removal of a proposed punitive U.S. tax (IRC §899) that would have targeted countries imposing "unfair" extraterritorial taxes.<sup>1</sup>

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<sup>1</sup> Department of Finance Canada, "G7 Statement on Global Minimum Taxes," (June 28, 2025).

If the UN process were to produce rules seen as deviating from agreed standards or penalizing certain groups, there is a real threat of U.S. or G7 disengagement or retaliation.<sup>2</sup> Members of the U.S. Congress have already warned that they stand ready to take action should international partners “walk away” from the G7 understanding on Pillar Two. Such action could include the revival of proposed IRC §899 “foreign investor” tax measures or even the invocation of existing authorities, such as IRC §891, to double tax rates on entities from uncooperative jurisdictions.<sup>3</sup> These outcomes would fragment the international tax system and undermine the very goals of cooperation that this Convention seeks to advance.

To avoid this, the Convention must strive to reinforce the progress made in the OECD Inclusive Framework – for instance, by endorsing globally agreed minimum tax and nexus rules – rather than inventing conflicting regimes. In short, the UN tax convention should serve as a consensus-based complement to the OECD/G20 efforts, rather than a forum for divergence. A failure to achieve consensus would risk unraveling the fragile global accord on issues such as digital taxation and minimum taxes, to the detriment of all countries’ tax bases and economic development.

Thank you for considering our comments and recommendations. We are hopeful that the Ad Hoc Committee will integrate our business-aligned views as it drafts the Convention and protocols. We strongly support the UN’s efforts to promote inclusive and effective tax cooperation, and we remain at your disposal for any further input or clarification that may assist the Committee. We welcome the opportunity for a representative from our cohort to participate and provide input at the forthcoming first session consultation, scheduled for 4–8 August 2025.

Sincerely,  
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<sup>2</sup> Joint press release from House Ways and Means Committee Chairman Jason Smith and Senate Finance Committee Ranking Member Mike Crapo, “Joint Statement on Section 899,” 10 July 2025.

<sup>3</sup> Republicans can use the budget-reconciliation process two more times this Congress to potentially revive Section 899.