

Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation – Workstream I – Co-Leads’ Draft Issues Note – Comments from France (July 2025)

First of all, France wishes to express its appreciation to the Chair, the co-leads, and the Secretariat for their continued efforts in facilitating discussions on this complex and important matter. Recognizing the value of multilateral dialogue, it is and will continue to be constructively engaged in all three workstreams.

1. General comments regarding the framework convention

While it is perfectly understandable that the overall architecture of the framework convention is still under discussion, France would like to point out that the relationship between the framework and the protocols, both legally and practically speaking, remains unclear and will have to be specified in the next stages of the process.

As of today only high level commitments have been discussed and that is why France will limit its feedback on those.

2. Commitment regarding prevention and resolution of tax disputes

For detailed comments on this issue, France would like to refer to its written submission dedicated to workstream III.

France supports the inclusion of a formal declaration recognizing the importance of legal certainty for cross-border trade and investment.

As dispute settlement is considered a priority in the Terms of Reference and is addressed by its dedicated protocol, France believes that the commitment proposed on this subject by the Framework Convention must be legally and technically aligned with the protocol.

While various mechanisms have been developed over time to prevent and resolve tax disputes, both within the framework of international trade agreements, tax treaties or other legal instruments (such as EU directives), we must ensure that these existing dispute resolution instruments remain distinct and do not overlap in their scope or application. Furthermore, the proposed mechanisms must not deviate from existing standards, particularly those outlined in the UN and OECD Model Tax Conventions, which serve as key reference points for resolving tax disputes globally. Any new instrument must complement existing solutions without introducing unnecessary complexity or creating legal uncertainty. It is therefore essential that any new instrument remains optional and non-binding.

If these prerequisites are met, we strongly support this commitment to establish fair, independent, and accessible dispute prevention and resolution mechanisms, thus enhancing tax certainty for taxpayers and reducing the burden of tax disputes for tax administrations.

3. Commitment regarding the allocation of taxing rights

For detailed comments on this issue, France would like to refer to its written submission dedicated to workstream II.

While France agrees with the objective of a fair allocation of taxing rights, it considers that the principles underlying the current international tax architecture, notably article 7 of the OECD Model Convention, generally lead to an appropriate outcome.

Given that tax treaties are in essence a sovereign issue, a unilateral, radical and untargeted change in the allocation of taxing rights, specifically on cross border services, would be highly inappropriate and ineffective. In particular, France has strong reservations with regard to the generalization of gross-basis taxation and the creation of a new nexus.

At the same time, France acknowledges the concerns expressed by some States regarding the limitations of current nexus rules in adequately capturing value generated by modern, especially digital business models.

France therefore supports further discussions on how this issue can be appropriately addressed, while taking into account ongoing work in other fora and sovereignty constraints.

4. Commitments regarding sustainable development

France fully supports advancing work regarding sustainable development, in line with the objectives set in the Sustainable Development Goals (SDGs). Achieving this delicate balance does require the implementation of adequate public policies and international cooperation.

The first step to align tax policies with the principles of sustainable development is to reflect on whether and how existing tax systems serve such objectives. In this logic, France would like to highlight that it has developed green budgeting instruments that assess the environmental impact of the State budget by identifying budgetary and tax expenditures that are favorable and unfavorable to the environment¹. Such instruments can very useful to identify areas of improvement in the existing tax landscape.

In the context of the negotiations on the Terms of Reference, France proposed the identification of a short list of concrete options—particularly in the field of environmental taxation to support and finance climate action. France reiterates the proposals submitted in its previous contribution, notably regarding the taxation of the air transport sector—either through the taxation of kerosene used in international aviation or via levies on airline tickets—as well as the introduction of taxation mechanisms for maritime transport. Those sectors remains largely untaxed as their taxation implies a high level of international cooperation to avoid the creation of “tax free hubs” for those highly crossed border activities.

France further recalls that these matters are currently under consideration within the framework of the Global Solidarity Levies Task Force², with a view to fostering synergies with initiatives led in other relevant fora. These reflections also align with ongoing work conducted within the Task Force on International Taxation for Development, Climate and Nature, established to support the transition to low-emission, nature-positive economies, particularly in developing and vulnerable countries.

Launched at the 28th session of the Conference of the Parties (COP28) held in Dubai in November 2023, the Task Force was initiated jointly by France and Kenya, with the support of Spain, Antigua and Barbuda, and Barbados. This initiative responds to the urgent need to mobilize new, predictable, and adequate sources of finance to address climate change and its impacts, including loss and damage.

¹ https://www.budget.gouv.fr/reperes/green_budgeting/articles/budget-bill-2024-4th-edition-of

² <https://solidaritylevies.org/>