

For the kind attention of:

Mr. Ramy Youseff, Chair of the Intergovernmental Negotiating Committee to draft a United Nations Framework Convention on International Tax Cooperation and two early protocols (INC) and Mr. Daniel Nuer, Co-Lead of Workstream I.

Cc: UK Permanent Representatives and Observers to the UN in New York

11 July 2025

**Subject: Global Witness submission on the Draft Issue Note of Workstream I of the Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation.**

### **Abstract**

Global Witness is a non-profit organisation that investigates, and campaigns to change, policies and practices that exacerbate the climate crisis. We welcome this opportunity to submit to the Negotiating Committee on the UN Framework Convention on International Tax Cooperation ('the Convention').

We support the aim of establishing an international tax system for sustainable development, and believe the Convention has an important role to play in promoting tax cooperation on global environmental challenges.

We recommend that the Convention includes:

- A unitary taxation approach for multinational companies, with formulary apportionment of profits that is supplemented by a minimum effective corporate tax rate.
- A sub-commitment on progressive environmental taxation, in line with the polluter pays principle, under the commitment on tax and sustainable development.

We note that civil society organisations (CSOs) were not invited to participate in previous UN meetings on the Convention. This hampers the ability of civil society to follow the discussions, and to provide relevant and timely inputs.

We therefore stress the need for full and effective participation by CSOs and trade unions in the work of the Committee, including online sessions of the Workstreams.

We encourage the UK Government to engage constructively in the negotiations, including by supporting the use of a majority vote as the method of decision-making within the Convention.

We endorse the submission by the Global Alliance for Tax Justice.

## **Comments on the draft Issue Note for Workstream I**

### ***Commitments***

We support the view that central commitments should be included in the Convention. If the language is precise and clear, commitments can be operationalised and implemented through future decisions of the Conference of Parties, without needing a protocol.

### ***Fair allocation of taxing rights, including equitable taxation of multinational enterprises***

Current international tax rules are deeply unfair. The current system, based on transfer pricing and the arm's length principle, enable profit-shifting and other tax abuses that deprive governments of resources needed to combat poverty and climate breakdown.

We believe the Convention should include a commitment to replace the transfer pricing approach with a unitary tax system. This entails taxing multinational companies as single entities on the basis of their global consolidated profits.

Taxable profits are divided between the countries in which multinational companies' income generating activities take place, according to an agreed formula, with the rules supplemented by a minimum effective corporate tax rate.

This system should apply to corporate profits from all sectors of the economy. As such, it should be addressed in Workstream I (the Convention).

We note the Outcome Document of the Fourth Financing for Development Conference – the Compromiso de Sevilla – which states that: *“We will promote progressivity and efficiency across fiscal systems to address inequality and increase revenue. We will promote progressive tax systems in countries, where applicable, and enhance efforts to address tax evasion and avoidance by high-net-worth individuals and ensure their effective taxation, supported by international cooperation, while respecting national sovereignty. We will also promote effective and equitable government spending.”* (paragraph 27(e)).

Adopting a unitary taxation approach would support Member States' efforts to achieve the goals set out in the Compromiso de Sevilla, foster a simpler and more effective

international tax system, and help to bridge critical gaps in financing for public services, environmental protection and a just transition.

### ***Sustainable development***

Against a backdrop of escalating climate and ecological crises, falling international aid flows and under-taxation of income from environmentally harmful activities, a growing global movement of governments, civil society actors and business leaders is calling for new, innovative and progressive forms of environmental taxation that target the supply-side of the economy, to raise additional, debt-free finance for climate and nature.

To this end, we believe the Convention has an important role to play in promoting progressive environmental taxation, in line with the polluter pays principle, to address global environmental challenges.

The economic costs of loss and damage from human induced climate heating alone are estimated to reach US\$671 billion in 2030.<sup>1</sup> This can be contrasted with pledges to the UN Fund for Responding to Loss and Damage, which in April 2025 stood at only US\$768 million.<sup>2</sup>

We note the Terms of Reference task the Committee with establishing an *“international tax system for sustainable development”*, and specify that the Convention should include a commitment on *“International tax cooperation approaches that will contribute to the achievement of sustainable development in its three dimensions, economic, social and environmental, in a balanced and integrated manner”*.

We also note the commitment made by signatories to the Compromiso de Sevilla to *“promote the consideration of the environment, biodiversity, climate (...) in fiscal programming in line with national circumstances, sustainable development priorities, and poverty eradication strategies. While respecting national sovereignty, options may include (...) taxes on environmental contamination and pollution.”* (paragraph 27(h)).

Current forms of environmental taxation are often regressive, with the burden disproportionately affecting consumers. By contrast, measures that target the supply-side of the economy, such as taxation of income from high carbon emitting assets, can shift the burden to those with higher incomes and wealth, encourage investment in

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<sup>1</sup> Julie-Anne, R et al (2023) ‘The Loss and Damage Finance Landscape’, Heinrich Böll Foundation, page 6: <https://us.boell.org/en/2023/05/11/loss-and-damage-finance-landscape>

<sup>2</sup> United Nations Framework Convention on Climate Change: <https://unfccc.int/topics/climate-finance/funds-entities-bodies/fund-for-responding-to-loss-and-damage/pledges-to-the-fund-for-responding-to-loss-and-damage>

environmentally sustainable activities, and generate additional, debt-free finance for climate and nature.

As such, we recommend that the Convention includes a sub-commitment on progressive environmental taxation, in line with the polluter pays principle, under the commitment on tax and sustainable development.

For more information, please contact Dominic Eagleton, Senior Campaigner, Global Witness: [deagleton@globalwitness.org](mailto:deagleton@globalwitness.org)

### **About Global Witness**

Global Witness is an investigative, campaigning organisation. We expose how the industries fuelling the climate crisis profit from destruction, and stand with the people fighting back to defend their communities and their rights. Using cutting-edge investigative methods, we shine a light on the financial and political systems that enable corporate abuses of power that harm people and planet. We work with the people who are directly impacted to ensure they are protected from threats when speaking out, and included in climate decision-making as the world transitions to clean energy.