



## ICC comments in response to UN Intergovernmental Negotiating Committee Workstream I Co-Leads' Draft Issues Note

### UN Tax Framework Convention

**Abstract:** *The International Chamber of Commerce (ICC) would like to provide input on the UN Intergovernmental Negotiating Committee's Workstream I Draft Issues Note for the UN Tax Framework Convention, emphasizing the need for a consistent, stable, and certain global tax system to foster trade and investment.*

*ICC notes the work plan's prioritization of drafting commitments before other provisions but stresses the crucial importance of addressing fundamental principles like tax certainty and taxpayer rights early in the process.*

*ICC emphasizes the critical need for active taxpayer participation in dispute prevention and resolution mechanisms, including tax arbitration and other Alternative Dispute Resolution (ADR) tools. Meaningful involvement of taxpayers, who can share crucial factual clarifications and information, is essential for the legitimacy, effectiveness, and timely resolution of cross-border tax disputes.*

*Concerning the commitment on fair allocation of taxing rights, ICC cautions against a broad, undefined debate on "fairness" due to its subjectivity and potential to delay progress. Instead, it argues that fairness should stem from transparent, objective, and legally binding rules that ensure predictability and due process. ICC also calls for explicit inclusion of tax certainty as a guiding principle and careful consideration of coherence with the existing international tax framework to avoid inconsistencies.*

*ICC reiterates the vital role of taxpayer participation in the process and workstreams providing practical examples and insights to develop effective and predictable tax solutions.*

The International Chamber of Commerce (ICC), as the world business organization speaking with authority on behalf of enterprises from all sectors in every part of the world, welcomes the opportunity to provide input on the [Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation Workstream I Co-Leads' Draft Issues Note](#). ICC has Permanent Observer Status at the United Nations, as decided by a UN General Assembly Resolution. ICC advocates for a consistent global tax system, founded on the premise that stability, certainty and consistency in global tax principles are essential for business and will foster cross-border trade and investment.

ICC appreciates work undertaken by the members of the Bureau of the Intergovernmental Negotiating Committee (INC) and the participants in Workstream I. In this response to the public consultation, we would like to provide some comments on the recently released Draft Issues Note on the topic of the UN Tax Framework Convention.

### General comments

According to the Draft Issues Note, the work plan prioritizes the drafting of the commitments to be finalized by the end of this year (2025), before starting work on the other set of provisions that will form the text of the Framework Convention.

The Draft Issues Note also indicates that a second category of provisions is those that depend on what is covered in the commitments (such as capacity building and technical assistance). A third category consists of those that can be drafted at any time (e.g., procedural provisions commonly found in existing multilateral conventions and model conventions).

Notwithstanding this guidance, it remains unclear when and how the principles will be addressed and captured in the drafting process. In this regard, we would like to reiterate the importance of incorporating key principles (before embarking on drafting the specific provisions) such as tax certainty, the recognition of taxpayer rights and safeguards. These are issues that were acknowledged by a significant number of countries during the Terms of Reference (TOR) negotiations and were formally deferred for later discussion. We believe these principles are of fundamental importance to ensuring a balanced, fair, and effective international tax framework, and should not be sidelined before the drafting process begins in earnest.

As previous international tax framework negotiations have demonstrated, there is a need to first establish the fundamental principles, for example, on the basis of which taxing rights are to be allocated, before attempting to construct detailed allocation infrastructure. Without a sure basis grounded in universally agreed principles of taxation, taking in all forms of activity, including digitalization and other business models, trying to find consensus on allocation of taxing rights between the developed and the developing worlds is at risk of becoming an ongoing exercise in frustration. We recommend that the focus of the UN should be on seeking consensus by performing the fundamental groundwork for establishing and agreeing the basis for universal principles of taxing rights over MNEs and other taxpayers, before attempting to develop the specific mechanisms for allocation in cases such as cross-border services. It is essential that the substantive protocols are drafted in accordance with the principles of the Framework Convention, so the protocols should not be completed before the principles are agreed.

### On the Commitments to be addressed at the August Negotiating Session

Three commitments are to be discussed at the August 2025 plenary session meetings. Two of the three are prioritized for early development as they relate to the respective topics intended to be addressed in the initial two protocols.

Among these, the first commitment to be addressed in the Draft Issues Note is the one concerning **Tax Disputes Prevention and Resolution**, which relates to the topic of the second early protocol.

We welcome and support the proposal in the Draft Issues Note to include a clear statement recognizing the critical role of legal certainty in fostering cross-border trade and investment and which in turn contributes to enhanced domestic resource mobilization. Legal certainty is a cornerstone of a well-functioning international tax system and is essential for both taxpayers and tax administrations to operate efficiently and with confidence.

In this context, we strongly agree with the emphasis placed on the need for mechanisms to prevent and resolve tax disputes that are fair, independent, accessible, and effective. These mechanisms should be designed not only to resolve disputes in a timely and efficient manner, but also to reduce the potential for disputes arising in the first place. Predictability and clarity in application of rules, combined with meaningful opportunities for recourse, are essential to achieving these goals.

Importantly, we would like to underscore that the role of taxpayers must be clearly recognized and actively embedded in the design and functioning of these mechanisms. Dispute resolution processes

that fail to adequately involve taxpayers risk losing legitimacy and effectiveness. Taxpayers are often the primary parties affected by cross-border tax disputes, they can offer clarifications on the facts, answer questions and provide any additional information needed to timely solve the case. Without meaningful participation and transparency, the mechanisms may fall short of delivering just and balanced outcomes.

For this reason, we believe it is of utmost importance to establish a Technical Business Advisory Council to support member countries throughout the negotiation process of the Convention and the two protocols. This council will provide insights, information, and perspectives from taxpayers in a transparent and constructive manner.

In terms of composition, we propose an advisory council made up of 20 business representatives from all regions of the world, reflecting the UN regional groupings (i.e., four business representatives per UN region, with each representing a different country). This structure will ensure balanced representation, including equal representation from the business communities in developing countries.

We recommend that the Chair of the UN Intergovernmental Negotiating Committee hold consultations with the Technical Business Advisory Council and publish a report on these consultations in English on the Committee's website to ensure full transparency.

Furthermore, we strongly urge that tax arbitration and other alternative dispute resolution (ADR) mechanisms be included in the upcoming discussions. These tools have the potential to expedite outcomes, reduce litigation costs, and provide greater certainty to all parties involved. ADR mechanisms can offer flexible, less adversarial pathways to resolution that complement existing administrative or judicial processes and may be particularly valuable in capacity-constrained environments where access to traditional forums is limited and/or inefficient.

The second commitment outlined in the Draft Issues Note—concerning the **fair allocation of taxing rights, including the equitable taxation of multinational enterprises**—touches on one of the most complex areas of international tax cooperation. Against this backdrop, we caution against opening a broad and undefined debate on the concept of “fairness,” particularly in the absence of a shared understanding of what fairness means in this context.

As rightly noted in the Draft Issues Note, perceptions of what constitutes a “fair” allocation of taxing rights are inherently subjective and vary significantly across jurisdictions. Each country’s view is shaped by its economic structure, fiscal needs, policy priorities, infrastructure, and historical experience. Given these divergences, reaching a universally agreed definition of fairness would likely prove time-consuming and is unlikely to lead to a workable consensus in the timeframe available for drafting the commitments. A prolonged debate on fairness could delay progress and divert attention from the more practical and technical aspects of designing implementable rules.

Instead, we believe that fairness — particularly in a legal and tax policy context — should be understood as emerging from principle-based rules that are transparent, objective, and embedded in legally binding provisions adopted according to each jurisdiction’s legislative process. It is through laws and regulations that have been democratically adopted and consistently applied that the principle of fairness gains legitimacy and operational clarity. Rules that ensure predictability, equal treatment, and due process are ultimately what make tax systems fair in practice.

We value the Draft Issues Note’s references to principles such as economic efficiency, tax neutrality, simplicity, and administrability, as well as the potential impact of any changes on cross-border trade and investment. However, we believe it is essential to also explicitly include tax certainty as a guiding principle in this commitment. Tax certainty is indispensable for taxpayers and governments alike, particularly in cross-border contexts where complexity and overlapping international rules can give

rise to disputes, double taxation, or unintended non-taxation. Any new approach to the allocation of taxing rights must therefore be rooted in clear, predictable rules that provide stability over time.

Additionally, the formulation of this commitment will inevitably raise important questions about coherence and coexistence with the existing international tax framework, including bilateral tax treaties, model conventions, and domestic legislation. It will be necessary to consider how new rules or approaches can be aligned with, or integrated into, these existing instruments without creating duplication, inconsistencies, or uncertainty.

## Conclusion

We would like to re-emphasize the importance of taxpayers' participation in the process. Taxpayers can provide concrete examples of business models, share existing and potential challenges, and contribute to the development of practical, effective, and predictable tax solutions. A formalized structure for stakeholder consultations, which includes representation from the industry as well as delegates should be a priority for the Intergovernmental Negotiating Committee.

As ICC, we remain committed to constructively participating in the process.

### **About the International Chamber of Commerce**

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

