

Intergovernmental Committee to draft a United Nations Framework Convention
on International Tax Cooperation and two early protocols

Workstream III

Draft Issues Note

Morocco's comments

Morocco reiterates its gratitude to the Co-leads the Secretariat, and all colleagues in Workstream III for the engaged and insightful discussions and the substantial improvements reflected in this revised Issues Note.

ABSTRACT

Morocco welcomes the opportunity to provide written comments on the Draft Outline of Issues Overview and Scope. We value the significant work undertaken by Workstream III members to establish a protocol for preventing and resolving tax disputes within the UN Framework Convention on International Tax Cooperation.

Morocco recognizes that challenges can be faced in the context of limited bilateral treaty networks and administrative capacity limitations that can lead to extended disputes and revenue uncertainties.

Morocco supports a protocol that prioritizes cross-border tax disputes and views the optionality concept as fundamental to achieving broad participation. This flexible approach enables countries to engage according to their constitutional frameworks and administrative capacities while preserving the protocol's universal character and addressing diverse legal systems among Member States.

Morocco remains actively committed to contributing to the development of a protocol that effectively serves all countries and addresses the real gaps in current international dispute resolution frameworks.

With regard to the Draft Outline of Issues Overview and Scope (27 June 2025), Morocco would like to contribute with the following:

SPECIFIC COMMENTS ON THE NOTE

On Paragraph 7 and 16: Morocco strongly endorses the detailed treatment of information asymmetries. Our practical experience reveals additional challenges beyond those described, including:

- Time limitations preventing thorough analysis of voluminous documentation provided by multinational enterprises;
- Difficulties in obtaining comparable information from local companies operating in similar sectors for benchmarking purposes;
- Language barriers when dealing with documentation prepared in foreign languages without adequate translation resources.

On Paragraph 12: Morocco welcomes the recognition of digital solutions' potential and supports the systematic embedding of online platforms for administrative support, recognizing that digitalization could significantly improve efficiency and accessibility for developing countries with resource constraints.

On Paragraph 13: Morocco notes the clarification that some participants view the protocol's scope as extending beyond cross-border transactions to include purely domestic disputes. However, Morocco maintains that the protocol should focus only on cross-border issues as domestic tax disputes should be resolved through each country's own domestic legal systems and procedures.

On Section III(c)

On Paragraph 14: Morocco welcomes the addition of capacity building considerations in this section, particularly in paragraph 14, which recognizes that effective dispute prevention "requires significant investment in capacity development, including human and technological resources." This addition reflects the reality that many developing countries need technical assistance to implement effective dispute prevention mechanisms.

On Paragraph 19 and 25: Morocco reserves its position on mediation mechanisms for domestic disputes until the details, scope, procedural framework, and practical modalities of such mediation are thoroughly discussed and clarified.

On Paragraph 24: Morocco opposes the introduction of mandatory arbitration procedures to resolve mutual agreement procedure cases.

ANSWERS TO QUESTIONS FOR THE COMMITTEE

Question (a):

Morocco agrees that Section III describes the main barriers well. However, we think the note should focus more on problems affecting developing countries:

- Limited treaties: Many developing countries have a limited bilateral treaty networks, leaving substantial cross-border commercial relationships without adequate dispute resolution frameworks.
- Capacity issues: Administrative and technical capacity limitations that prevent effective implementation of complex dispute resolution mechanisms
- Resource gaps: developing countries face structural disadvantages in accessing expensive databases or benefiting from technical assistance.

The note should explicitly recognize that these barriers disproportionately affect developing countries and require targeted solutions including technical cooperation, capacity building, and simplified procedures.

Question (b):

Morocco supports the protocol addressing only tax disputes involving cross-border transactions. Morocco does not support including mechanisms for purely domestic disputes in the protocol.

The protocol should focus on cross-border disputes where no adequate international mechanisms currently exist. This addresses the real gap in current frameworks, especially for developing countries with limited treaty networks.

Question (c):

Morocco strongly supports the optionality concept as essential for ensuring broad participation while respecting constitutional limitations and varying administrative capacities.

Morocco suggests a full opt-out for arbitration.

