

**Intergovernmental Negotiating Committee on the UN Framework Convention on International
Tax Cooperation Workstream I
Saudi Arabia's written comments**

We thank the Co-Lead for his work in preparing the issues note, which highlights the important discussions in the workstream sessions regarding the issues note of Workstream I Framework Convention. We provide Saudi Arabia's comments below that aim to build on this work and highlight areas where we believe further clarity or attention is needed.

Abstract

Effective prevention and resolution of tax disputes:

We acknowledge the emphasis on disputes prevention and resolution but we believe clearer alignment is needed between this commitment and Protocol II under Workstream III to avoid risk of duplication or impose additional burdens. It is also important that capacity building is not seen as a separate issue rather a foundation that supports this commitment.

Fair allocation of taxing rights, including equitable taxation of multinational enterprises:

We support modernizing tax rules to reflect the current economic situation for digitalized business models particularly where value is created without physical presence. However, the commitment should explicitly define the interaction with Protocol I of Workstream II and build on progress already achieved.

Sustainable development:

The inclusion of sustainable development in the framework convention must not go beyond what was stated in the agreed Terms of reference for a United Nations Framework Convention on International Tax Cooperation A/AC.298/2 ("ToR").

Workstream I: Framework Convention

Effective prevention and resolution of tax disputes

We acknowledge the inclusion of disputes prevention and resolution across various components of the ToR and appreciate the recognition of its critical role in promoting certainty and enhancing tax administration. However, we believe further clarity is required on how this commitment will interact with Workstream III, where notable overlaps already exist. It remains unclear whether the proposed commitment introduces a new layer of obligations or is merely intended to reinforce the objectives and mechanisms under Protocol II. Without a clearly defined delineation of scope and interaction between the Framework Convention and Protocol II, there is a risk of duplicating discussions, as we have seen during the discussion at the workstreams.

We therefore encourage a clear and explicit differentiation regarding how the proposed commitment would work alongside Protocol II, to ensure that it does not create additional compliance burdens or institutional expectations for countries that are still in the process of developing their capacities.

Further, consideration should be given to capacity constraints as a central concern of this commitment. The burden of implementing complex dispute resolution obligations must be assessed realistically and should not be treated as a secondary issue to be later addressed in the Framework Convention. For many countries, especially developing countries, would benefit more from measures to support capacity building to effectively implement a dispute mechanism that actually works. The goal should be to strengthen domestic institutions and empower existing mechanisms, rather than imposing parallel layer of obligations.

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

We acknowledge that the inclusion of a fair allocation of taxing right is an important commitment within the Framework Convention and we support the idea that allocation of taxing rights should be modernized to reflect the current economic situation.

However, we understand that Workstream II has already developed a detailed technical discussion on this regard and even if this note referenced that Workstream II is shaping the discussion in Workstream I, the current framing of the issues note lacks clarity in relation to Workstream II and it is unclear whether this commitment under Workstream I is meant to reflect high-level outcomes of Protocol I, establish foundational principles only, or introduce new substantive expectations.

As raised in our earlier comments on disputes resolution and prevention, it is essential that the relationship between the Framework Convention and the protocol is carefully structured to avoid

duplication of discussions, conflicting obligations, or unnecessary complexity. Therefore, clear and explicit differentiation is required.

Sustainable development

The language as stated in subparagraph (c) of Paragraph 10 of the ToR is well established and appropriately framed for the inclusion in the Framework Convention, and we support retaining it exactly as agreed in the ToR, without further expansion or interpretation.

The inclusion of this commitment in the ToR serves the objective in the wider context of international tax cooperation. However, it is not a direct or technical matter of international tax policy, unlike other concepts that directly impact tax policy frameworks where they guide rule design, implementation, legal grounds, etc. Therefore, we do not support any further elaboration on this commitment within the Framework Convention.

Furthermore, the discussions held under Workstream I have already demonstrated that there is no common technical understanding among INC members on how sustainable development should be framed within the tax context and largely agree that this is not a technical matter for this instrument. Therefore, it is clear that we do not have the expertise to develop meaningful elaborations beyond the agreed text.

Additionally, elaborating on this commitment would require extensive internal coordination at the national level with government entities which are usually outside the core tax policy domain and a detailed discussion on how tax policy interacts with sustainable development is more appropriately addressed in dedicated forums in the UN.

The ToR already contains a comprehensive set of commitments that require substantial legal, technical, and institutional work from a tax perspective. From a process and drafting perspective, expanding the scope of this particular commitment would introduce significant complexities and impact our ability to deliver on the agreed work under the Framework Convention, Protocol I and Protocol II.