

UNTC 31st Session

Stakeholder Input Template



Help inform the Committee's deliberations on their work programme for 2025-2029 by sharing your perspectives on challenges in tax policy and administration facing developing countries, emerging issues that need attention, and where there is a need for more or different guidance. Submissions should be made in one of the six (6) UN languages. All valid submissions will be published on the UN Tax Committee website in the language submitted.

Submission details: Deadline: **1 September 2025**, Email to: taxcommittee@un.org

Subject: Input for UN Tax Committee Work Programme (2025-2029)

INFORMATION

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Type: Government

Organization (unless submission is in personal capacity): Customs Department, Ministry of Finance, Federal Republic of Somalia

BACKGROUND (Maximum of 200 words) – Please respond on page 2.

Please provide a brief summary of your organization's mandate and areas of work unless this submission is in personal capacity, how they relate to international tax cooperation, domestic resource mobilization, sustainable development, or any other field. This will help us map and better contextualize your perspective and input.

WORK PROGRAMME PRIORITIES (Maximum of 2000 words inclusive of any footnotes) – Please respond on page 3.

What should be the Committee's priority issues for 2025-2029? Consider, in light of the Committee's mandate, both the provisional agenda topics and any additional areas you believe are important.

For each priority you recommend, please explain:

- a) Why is this issue important for developing countries?
- b) What specific guidance or tools should the Committee produce?
- c) How would this output be practical and valuable for countries?

SUPPORTING REFERENCES Please list any hyperlinks to relevant reports, studies, or other materials that support your recommendations. Do not attach files. – Please respond on page 4.

BACKGROUND *(Maximum of 200 words)*

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The Customs Department of the Ministry of Finance, Federal Republic of Somalia, is in charge of the administration of customs laws and the customs procedures, facilitation of trade which is legal, collection of revenue at the border, and cooperation with international partners on customs and trade issues. Our mandate covers trade facilitation, enforcement against illegal trade, and improving compliance via capacity development and the modernization of customs processes. These functions directly support domestic resource mobilization and sustainable development, mainly by increasing revenue collection efficiency, lowering trade costs, and creating good governance. The Department is extensively involved with international tax and trade partners with the objective of aligning Somalia's customs and trade facilitation practices to international standards and to support capacity building for the effective implementation of cross-border tax and customs measures.

WORK PROGRAMME PRIORITIES *(Maximum of 2000 words inclusive of any footnotes)*

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Priority 1 - Strengthening tax and customs cooperation to protect domestic revenue in developing countries

a) Why is this issue important for developing countries?

Developing countries are losing revenues because the tax bases that they depend on are being eroded, a situation caused by illicit financial flows and under-collection at the borders. The inefficiency of the cooperation between the tax authorities and the customs agencies has led to the weakened enforcement of the rules and the protection of the revenues.

b) What specific guidance or tools should the Committee produce?

Just the right kinds of real-life tax and customs data sharing frameworks, model memoranda of understanding, and aligning customs valuation, classification (HS codes), and transfer pricing indicators with tax audits would be the technical guidelines for implementing this.

c) How would this output be practical and valuable for countries?

The countries will be able to use the clear, implementable templates and procedures not only for fast operationalization of data-sharing but also for cross-agency investigations and revenue collection with minimal legislative changes.

Priority 2 - Capacity building for transfer pricing and related-party trade in low-capacity tax administrations

a) Why is this issue important for developing countries?

Multinational enterprises with related-party trade are the major source where we can see profit and value shifting over borders, consequently, tax bases in low-capacity jurisdictions are being weakened because they can't effectively audit complex arrangements.

b) What specific guidance or tools should the Committee produce?

Transfer pricing simplified manuals for low-capacity contexts, risk assessment checklists, model documentation that provides requirements, and training modules that are tailored for the customs

officers who deal with the related-party transactions at the border would be the most suitable tools for the job.

c) How would this output be practical and valuable for countries?

The practical activities together with the training of the auditors will prepare the hackers to execute their work honestly, apart from the rightful funds being channeled into the coffers. Moreover, the two will be able to harmonize their systems and, in turn, create availability for more considerable flows of tax revenue.

Priority 3 - Guidance on rules of origin, preferential trade agreements, and their interaction with tax policy

a) Why is this issue important for developing countries?

Rules of origin (RoO) are the criteria that define whether a product or good is eligible for a particular tariff or preferences; if RoO are unclear or inconsistent, they can be utilized to illegally bypass duties or to falsely declare the origin of a product, thereby having an impact on revenue and trade policy.

b) What specific guidance or tools should the Committee produce?

The main guidance for RoO designing that balances growth objectives and revenue protection, the verification of origin claims templates, and the implementation instructions to customs RoO process which are in accordance with tax and compliance checks are the necessary tools that are required.

c) How would this output be practical and valuable for countries?

The less ambiguous RoO (relying on factual guidance) will lead to fewer legal fights, always implicating the countries' preferences protection through concurrent use of RoO for local value addition as well as revenue protection.

Priority 4 - Digitalization, data interoperability, and the use of trade data for tax purposes

a) Why is this issue important for developing countries?

Modern digital trade facilitation systems are capable of generating large amounts of trade data. If this data is made available in a format that is compatible with tax administration systems, then it could significantly improve compliance levels and make it easier to carry out risk-based auditing, which would be the case of NPlace.

b) What specific guidance or tools should the Committee produce?

Data interoperability standards accompanied by practical guidance, APIs that are secure, privacy-preserving data-sharing methods, and model legal provisions that allow the trade and transaction data to be lawfully shared between agencies.

c) How would this output be practical and valuable for countries?

Real-time risk detection becomes automated including cross-checks of declarations with tax records and inspections can be targeted more effectively without the need for a large-scale increase in resources.

Priority 5 - Addressing trade mis-invoicing and import/export valuation issues

a) Why is this issue important for developing countries?

Mis-invoicing of trade is the main avenue of illicit financial flows through which the tax base is eroded. The gaps in customs valuation and underreporting not only lead to revenue loss but also cause market distortion.

b) What specific guidance or tools should the Committee produce?

Step-by-step instructions for customs valuation that are in line with the audit processes of tax, the setting of thresholds and indicators from which high-risk consignments can be identified, and collaborative customs-tax detective work templates.

c) How would this output be practical and valuable for countries?

Mis-invoicing can be detected and corrected more effectively which results in tax audits getting stronger evidence and recovered revenues increasing.

Priority 6 - Supporting small and medium enterprises (SMEs) and developing-country exporters to comply with tax and customs obligations

a) Why is this issue important for developing countries?

SMEs often lack capacity to comply with complex tax and customs rules, limiting their ability to benefit from trade preferences and formal markets.

b) What specific guidance or tools should the Committee produce?

User-friendly compliance guides, simplified documentation templates for SMEs, and outreach/training packages that can be delivered by customs and tax agencies.

c) How would this output be practical and valuable for countries?

Lowers barriers to formalization and trade, increases the tax base, and supports inclusive economic development.

Priority 7 - Guidance on environmental and sustainability tax measures in the context of trade (green taxes, carbon pricing implications for customs)

a) Why is this issue important for developing countries?

As environmental taxes and carbon pricing expand, developing countries need guidance on integrating such measures with trade policy and customs administration without creating undue compliance burdens.

b) What specific guidance or tools should the Committee produce?

Practical frameworks for implementing environment-related tax measures at the border, customs classification guidance for environmental goods, and technical assistance modules.

c) How would this output be practical and valuable for countries?

Helps countries implement sustainable tax measures while preserving trade facilitation and revenue integrity.

Cross-cutting recommendations

- Produce concise, practical toolkits (templates, checklists, and training modules) designed for low-capacity administrations.
- Prioritize interoperability: create guidance on data standards and secure data sharing between tax and customs authorities.
- Emphasize country-tailored capacity building and phased implementation to allow for incremental adoption.
- Encourage pilot programs and learning exchanges where countries with similar capacity levels test guidance before full rollout.

SUPPORTING REFERENCES *Please list any hyperlinks to relevant reports, studies, or other materials that support your recommendations. Do not attach files.*

- **UN Committee of Experts on International Cooperation in Tax Matters** - relevant reports and guidance (placeholder): <https://www.un.org/esa/ffd/tax/>
- **World Customs Organization** - SAFE Framework and guidelines on data-sharing (placeholder): <https://www.wcoomd.org/>
- **OECD International VAT/GST Guidelines** (relevant sections) (placeholder): <https://www.oecd.org/>
- **Relevant national reports and internal studies** (placeholders - to be provided by submitter)
- **Socializing and sharing experiences of the** <http://customs.gov.phc/30-pct-vol-130> **issue taxa** and <http://customs.gov.phc/30-pct-vol-130> **cooperation in developing countries to protect domestic revenue**