



# 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](mailto:taxcommittee@un.org)

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

### INFORMATION

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Type: Business Sector

Organization (unless submission is in personal capacity): Tax Executives Institute (TEI)

**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)*

*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.*

The Tax Executives Institute (TEI) is a leading voice for in-house tax professionals. It has 55 chapters across the Americas, EMEA, and Asia with over 6,000 members from 2,800 of the world's top companies. TEI is a global community dedicated to improving the tax system and promoting competence and professionalism in the private and government sectors.

TEI supports the development of sound tax policy, compliance with and uniform enforcement of tax laws, and the minimization of tax administration and compliance costs to benefit government and taxpayers. TEI highlights the significance of tax administration as a business cost, factor in global competitiveness, and for sound business tax management.

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

*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?*

Strengthening the capacity of developing countries to increase their potential for domestic revenue mobilization is the underpinning of all other programs designed, developed and implemented to finance sustainable development. In this respect, TEI would like to highlight an issue for priority that directly affects their members and regards the taxation of cross border working employees.

Today there is a War for Talent in key sectors of the economy.<sup>1</sup> Population statistics show in no uncertain way that the workforce of the future resides in developing countries.<sup>2</sup> However, the current international tax world presents tremendous fiscal barriers for MNE employers to recruit employees from foreign jurisdictions that do not (fully) relocate to the country of the employer. Therefore, MNE employers refrain from recruiting remote working employees. This negatively impacts the positive contribution to trade and business that their companies can make.

Considering the War for Talent that MNE employers are engaged in, resolution of the fiscal barriers would encourage hiring of the many talented employees that reside (and wish to remain resident) in developing countries. These barriers consist inter alia of unclear permanent establishment determinations, ad hoc economic employer determinations, transfer pricing challenges, payroll tax and social security tax obligations in jurisdictions other than that of the employer and high tax compliance cost. Together they result in missed opportunities for talented future employees residing in developing countries but also for missed tax revenue for the tax authorities of those countries. There also are non-tax challenges (immigration and work visas for example) but fiscal barriers often have the effect of preempting trying to resolve those. From a compliance perspective the fiscal barriers can best be resolved through an international coordinated approach, minimizing international fragmentation and enhancing simplification and legal certainty.

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<sup>1</sup> See the [Korn Ferry Study](#): Future of Work – The Global Talent Crunch: the study forecast shortages for highly skilled, mid-skilled, and low-skilled workers to reveal an imminent talent crunch for the financial and business services; technology, media, and telecommunications (TMT); and manufacturing sectors by 2030.

<sup>2</sup> <https://www.populationpyramid.net/western-europe/2024/>  
[Population Pyramids of the World from 1950 to 2100 - PopulationPyramid.net](#)

The international world is flush with tools (Zoom, Microsoft Teams, Cisco Webex, etc.) that accommodate seamless virtual working and allow for the recruitment of remote working employees. TEI therefore suggests that one of the Committee's priorities ought to be strategically tackling fiscal barriers to recruitment and hiring of remote working employees by MNEs. This topic was included as workstream C of the Digitalized and Globalized Economy of the Subcommittee on Taxation Issues Related to the Digitalized and Globalized Economy of the UN Tax Committee during the 2021 – 2025 term. And while some work was already done, the Committee concluded in the end that the issue could benefit from further consideration by the Committee under new membership.

For each priority you recommend, please explain:

**a) Why is this issue important for developing countries?**

The issue is important for all countries. However, statistically confirmed declining population growth in developed countries means that the workforce of the future resides in developing countries. That is why this issue has particular relevance for developing countries. Solutions would encourage the recruitment of eligible developing country residents. MNEs in a war for talent are increasingly recruiting their skilled workforce in and from developing countries. Many of these skilled employees have valid economic and personal reasons for refraining from relocation to the developed countries where the potential MNE employers are often based. The fiscal barriers and tax risks from recruiting such employees are so high, that MNEs give up on hiring the targeted employees or use needlessly complex hiring structures or arrangements to circumvent fiscal barriers and be compliant. Accommodating fiscal clarity on the tax consequences for MNE employers of hiring employees that do not relocate to the jurisdiction of the MNE employer is likely to contribute to domestic revenue mobilization (as income is generally taxed where the employee performs its employment activities).

Employing skilled employees in developing countries will contribute to domestic revenue mobilization, as the employees pay income tax and social security tax on their wages. Reportedly, on average, personal income tax and social security account for 48% of the total tax revenues collected by OECD member states in 2022. VAT and other consumption taxes account for 31.6%. Corporate income tax, is a relatively small portion of tax revenues collected by the OECD member states.<sup>3</sup>

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

A refocus on the UN Model Tax Convention's Articles 5, 9 and 15 and their respective Commentary can contribute significantly to resolving the challenges presented. Certainty on establishment status of remote working employees and the related transfer pricing consequences of employing

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<sup>3</sup> See: OECD Revenue Statistics 2024 (EN) – page 22-23.

employees that remain resident and perform their activities through a permanent establishment or foreign subsidiary would already greatly help to enhance the recruitment of talented employees resident in developing countries. Furthermore, the option of centralized wage withholding (by the employer) or alternatively, the option to make wage withholding payments in the jurisdiction of residence of the employee without a simultaneous obligation to do so in the jurisdiction of the MNE employer would avoid the cost of double wage withholding and prolonged uncertainty as to its resolution.

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

When looking at the remote working employee challenges, it is submitted that avoidance of double taxation and tax certainty are the key business concerns, the resolution of which should greatly contribute to increased cross-border recruitment. Business and governments alike would in particular benefit from transfer pricing guidance, permanent establishment guidance and guidance on the application and interpretation of Article 15. Increased certainty and clarity on the applicable rules should serve to encourage the hiring of remote working employees and as a result, indirectly contribute to domestic revenue mobilization.

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

The UN Tax Committee received several submissions on “Tax Aspects of Nomad Working” during its previous composition (See: Memoranda of Simmons & Simmons of 14 October 2022, 24 February 2023, 24 August 2023, 31 January 2024, and 30 September 2024) that should already be available to the Committee but can be made available again. They address the issue of MNE employers recruiting employees resident in jurisdictions other than their own that do not relocate to the hiring employer’s jurisdiction with detailed examples and proposals for solutions. TEI remains available to (continue to) contribute to this important issue.