

Bahrain's Comments on the Draft Template of United Nations Framework Convention on International Tax Cooperation ("FC")

1. We would like to thank the Co-Leads and the Secretariat for providing the FC Draft Template dated 24 October 2025 and for giving us the opportunity to share our comments.
2. We generally concur with other Member States that the commitments in the FC should remain high-level and aligned with the principles outlined in the Terms of Reference ("ToR"). It is essential that the text reflects the real challenges faced by Member States without undermining what is already working effectively.
3. We appreciate the Co-Lead(s) and Secretariat's effort in striking the right balance while drafting the commitments in the FC. However, we believe that the latest text drafted slightly goes beyond that balance. To ensure maximum effectiveness, we recommend incorporating additional details only where they are essential for clarity, maintaining language that has already been agreed upon by Member States, and building carefully on this shared foundation.

Article 4: Fair Allocation of Taxing Rights

4. We consider the scope of the provision to be ambiguous. The reference to "a taxpayer" appears broader than intended and creates uncertainty, beyond multinational enterprises. In practice, such language is relevant only to cross-border activities and the allocation of profits among multinational groups. Accordingly, we recommend clarifying what is meant by "a taxpayer" or limiting the reference to multinational enterprises to ensure precision.
5. Furthermore, the phrase "where economic activity occurs, value is created, markets are located and revenue is generated" requires additional clarification. These concepts involve multiple factors and present practical challenges in application. We propose replacing this language with a high-level provision stating that Member States will commit to further defining the allocation of taxing rights for multinational enterprises in the future.

Article 5: High-Net Worth Individuals

6. This article appears to impose obligations beyond the scope of the ToR, which intends to address tax evasion and avoidance. We suggest that such objectives should be pursued through voluntary measures to encourage broader support among Member States.

7. Additionally, this commitment is not universally applicable, as each Member State has its own mechanisms to ensure fair tax contributions. To achieve wider acceptance, it should apply only to relevant Member States, consistent with the Terms of Reference.

Article 6: Mutual Administrative Assistance

8. While we recognize the importance of strengthening mutual administrative assistance, such obligations apply equally to developed and developing countries. Making this commitment mandatory would create significant implementation challenges and increase administrative burdens, particularly for developing countries. To address this, the commitment should remain voluntary, uphold domestic legal safeguards, and ensure confidentiality, data protection, and respect for national sovereignty.

Article 10: Prevention and Resolution of Tax Disputes

9. We acknowledge the importance of effective measures to prevent and resolve tax disputes in cross-border services. However, the inclusion of “goods” in paragraph 1 requires clarification, as previous discussions indicated the focus should be solely on cross-border services.
10. Additionally, the second and third paragraphs address issues that are domestic in nature, which we cannot support. The commitment should be limited to international and cross-border services, in line with the framework’s intended scope.