



## **Workstream 1: Framework Convention**

### ***Morocco's Written Comments***

#### **Abstract:**

Morocco expresses its sincere appreciation to the Secretariat, the Co-Lead, and all participating delegations for their continued dedication and constructive engagement throughout the work of Workstream 1 under the Framework Convention process and would like to commend the significant efforts invested in fostering an inclusive environment for dialogue and technical collaboration, which has enabled substantive progress on key elements of the draft text of this Convention.

Morocco recognizes the importance of Workstream 1 in shaping a coherent, transparent, and equitable international tax architecture. The discussions held to date demonstrate a shared commitment to addressing long-standing structural imbalances within the global tax system and to ensuring that all jurisdictions, particularly developing countries, benefit from fair allocation of taxing rights and enhanced cooperation mechanisms.

In this spirit, Morocco reaffirms its strong commitment to the ongoing negotiations and to the collective objective of establishing an inclusive and balanced Framework Convention.

Morocco also stresses the need to maintain the inclusive character of the process, ensuring that the perspectives and capacities of all Member States are duly considered and remain fully engaged to work closely with all delegations to consolidate the draft text in a manner that strengthens global cooperation while preserving national specificities and administrative capacities. In this context, Morocco hereby submits its contribution and comments regarding the current draft of the Framework Convention.



## Article 4: Fair Allocation of Taxing Rights

Morocco highlights the fundamental importance of Article 4 to ensure a balanced allocation of taxing rights between residence and source jurisdictions. This commitment is essential to reflect contemporary economic realities, particularly in a context marked by the rise of digital economies and globalized business models.

In this regard, Morocco supports an extended and flexible definition of the criteria allowing the allocation of taxing rights, taking into account the creation of value, the location of markets, the income generated, and the economic activities effectively carried out.

Morocco also proposes explicit inclusion of a broad and precise definition of the term "taxpayer." This term should include all categories of natural or legal persons, as well as entities without legal personality, to ensure complete coverage of economic situations. This definition could be included in Article 3 relating to definitions.

Morocco also suggests that the article explicitly integrate modern sources of income arising from digitalization, such as revenues generated through digital platforms, data exploitation and cloud-based services. In this regard, the proposed text should remain flexible and open to economic and technological developments to allow for future integration of new relevant criteria for the allocation of taxing rights.

In conclusion, Morocco considers that this technical, balanced, and transparent approach promotes better international tax justice and responds to the specific challenges of developing countries, committed to preserving their taxing rights in a globalized economic environment.

## Article 5: High-net-worth Individuals

Morocco supports the addition of Article 5, as it is crucial to ensure effective taxation of the high-net-worth individuals. Such individuals often have the capacity to move their wealth across borders, complicating their taxation.

Morocco suggests making some adjustment in the text by adding the term "such as" or "for example" after the term "including" in paragraph 1 to clarify that the list is illustrative, not exhaustive.

Morocco supports coordination among Member States to ensure effective taxation of high-net-worth individuals. However, this coordination should leave some discretion to countries based on their administrative capacities. Morocco also calls for stronger transparency and ensuring that Member States have the necessary tools to identify assets held by very wealthy individuals abroad.



In summary, Morocco shares the concerns and suggestions expressed by the African Group during the third session held in Nairobi, particularly the importance of enhancing transparency and cooperation, while considering the realities and capacities of various countries.

### Article 6: Mutual Administrative Assistance

Morocco supports the inclusion of Article 6 in the Framework Convention to enable Member States to better enforce their tax laws and mobilize their resources.

Morocco recommends that **paragraph 1** of Article 6 provide broad and clear assistance. This approach should reflect the diverse needs of each Member State.

Concerning **paragraph 3**, Morocco insists that the confidentiality of exchanged information must be strictly protected, in accordance with national standards and data protection requirements, with possible adaptations through the Conference of the Parties.

Regarding **paragraph 4**, Morocco underscores the importance of integrating capacity-building and technical assistance. Many developing countries, including African States, still lack sufficient infrastructure and human resources to effectively implement these measures. However, **Morocco proposes that capacity-building be addressed under Article 11 of the Framework Convention.**

In conclusion, Morocco supports the importance of the Framework Convention enabling the creation of new standards adapted to the realities of developing countries while ensuring good coordination with existing international frameworks. This pragmatic and inclusive approach will ensure that Article 6 effectively contributes to better international tax cooperation for the benefit of all Member States.

### Article 7: Illicit Financial Flows, Tax Avoidance, and Tax Evasion

Morocco supports the objective of Article 7, which aims to strengthen cooperation among Member States to combat illicit financial flows, as well as tax avoidance practices. These issues weaken tax systems, reduce public resources necessary for development, and threaten tax equity.

To ensure the effectiveness of this cooperation, Morocco proposes the following:

- Explicitly include in subparagraph (a) the notion of tool implementation by **adding the word “or implementing” after “developing”** of detection tools for illicit financial flows. This clarification is important because it is not enough to design tools, it must be ensured



they are effectively deployed. Without effective implementation, these tools will not have concrete impact on reducing illicit flows, a challenge deeply affecting African economies.

- To guarantee strong commitment from Member States in fighting these practices, it is proposed to **add, at the end of this article, a mention regarding corrective measures**, not just detection of these practices.

Morocco considers this article fundamental to improving international tax integrity. It therefore encourages adopting these modifications to ensure concrete, balanced, and adapted action according to the realities of the concerned states.

### **Article 8: Harmful Tax Practices**

Being aware of the crucial importance of a robust framework against harmful tax practices, Morocco wishes to make the following observations aimed at clarifying and strengthening commitments of the States Parties while respecting the diversity of national contexts and fiscal sovereignty.

Regarding **paragraph 1**, setting the general principles of harmful tax practices, Morocco Highlights that in order to guarantee coordinated and effective action, it is imperative that States adopt an explicit commitment to define clearly these practices.

To this end, Morocco suggests precisely **defining harmful tax practices at this article or in Article 3 on definitions**. Such a definition would be a prerequisite for identifying and addressing these practices internationally, avoiding ambiguity and interpretive differences.

Regarding **paragraph 2**, Morocco supports the objective in the proposed text, aiming to ensure that granted tax incentives are based on real substance, not solely on profits. However, Morocco proposes **removing the phrase “linked to investment or performance”** because that notion can be difficult to define and demonstrate objectively. Morocco supports the necessity for each Member State to define its own criteria and the nature of tax incentives, considering its capacities and needs without being constrained by a strict economic criteria definition.

Regarding **paragraph 3**, Morocco considers it essential that the text retains some flexibility to respect each country's context, notably considering existing institutional competences and the development level of national tax systems. Consequently, the formulation of measures to take should be sufficiently open and non-prescriptive and does not preempt the conclusions of the protocol.



## Article 9: Sustainable Development

Morocco firmly supports the inclusion of Article 9 on sustainable development in the ongoing work. Being aware of the crucial economic, social, and environmental dimensions of sustainable development, Morocco reaffirms the importance of an international tax system that is not only balanced and integrated but also fair and inclusive, supporting the proposed drafting of this article.

## Article 10: Prevention and Resolution of Tax Disputes

Morocco supports the objective of Article 10 aimed at promoting prevention and resolution of tax disputes in the context of cross-border transactions. However, Morocco emphasizes **the need to clarify the scope of this article to avoid confusion between purely domestic disputes falling under national fiscal sovereignty and cross-border or international disputes covered by this framework.**

Morocco supports clarification proposals arising from discussions among African countries during the third session and encourages that Article 10 clearly expresses the commitment of the Member States to put in place robust and adapted mechanisms ensuring effective prevention and resolution of tax disputes in all their cross-border components. Morocco proposes **reformulating paragraph 1 by explicitly adding the wording "Member States commit to take all necessary measures to ensure effective prevention and resolution of disputes."**

Morocco also proposes **merging paragraphs 2 and 3** of the draft text proposed by the Secretariat, and **removing the mention of the term "domestic"** which is considered a source of confusion. Thus, the new structure of this article would have a general commitment in the first paragraph, followed by several precise measures in the form of subparagraphs, with an explicit link between commitment and precise actions in the second paragraph.

Morocco underlines **the importance of clarifying the interaction between Article 10**, which addresses the prevention and resolution of disputes related to protocol implementation, **and Article 20**, dedicated to the resolution of disputes arising directly from the Framework Convention. It is necessary to precisely define the scope of Article 20 to avoid any confusion between disputes under the protocol and those specific to the Framework Convention. This distinction would prevent overlap and redundancy between the two articles.

To this end, Morocco proposes **revisiting the content of Article 10 after drafting a clear proposal for Article 20**, to facilitate future discussions and establish a structured draft text where each article has a specific, complementary, and non-redundant role.

