

Luxembourg comments on the WS III Co-Leads' Concept Note on Ideas for Potential Solutions of October 24<sup>th</sup>, 2025

The Luxembourg delegation thanks the Bureau, the Secretariat and the Co-Leads from Workstream III for the opportunity to submit our preliminary written comments on their Concept Note on Ideas for Potential Solutions of October 24<sup>th</sup>, 2025.

Abstract

Luxembourg emphasizes the need to clarify the hierarchy and interaction between the proposed optional and core mechanisms. We request precise definitions for “no-treaty situations” and express strong reservations regarding the inclusion of domestic disputes, which falls within national sovereignty. Finally, regarding the UN-managed database, we urge caution concerning costs and data security, stressing that such an initiative requires targeted capacity building to be inclusive.

Comments

Luxembourg also thanks the Co-Leads for their work and for the effort made to synthesize discussions held in Workstream III.

While we welcome the optionality of mechanisms discussed in the Concept Note, it is crucial to clarify how these mechanisms interact with each other and with existing ones, as well as the order in which they would apply. It could therefore be useful to first develop a transparent method of implementation for all mechanisms, clarifying the hierarchy, sequencing and relationships between them. In that regard, the exact relationship between the core mechanisms and the optional ones should be a priority.

Furthermore, during the Third Session in Nairobi, several cases were mentioned to which the Protocol could apply, including disputes arising from the Framework Convention and its subsequent Protocols, or disputes arising in “no-treaty situations”. Accordingly, we would welcome clear definitions of key terms to understand what is meant by a dispute in the absence of a treaty. Indeed, from our perspective, tax disputes between States usually arise because of divergent interpretations of tax treaties. We have strong reservations about the inclusion of domestic disputes to the scope of the Protocol being discussed because, in our view, such a scope would impact Member States' national sovereignty.

Regarding the proposal for a potential UN-managed database, Luxembourg urges for caution on two main points. First, such a database would require extensive comparable data to be gathered and processed in order to be useful. This comes with high costs and would mobilize human resources focusing on data-specific tasks. Secondly, this endeavor must take into account various capacities of Member States. Indeed, any such database would be sensitive as it would gather tax information from around the world, and it would be the responsibility of the UN and of Member States to ensure this data is being managed safely. Therefore, in order to be as inclusive as possible, such a database could only be put in place with targeted capacity building for jurisdictions that do not yet have the necessary technological infrastructure.