Universität St.Gallen

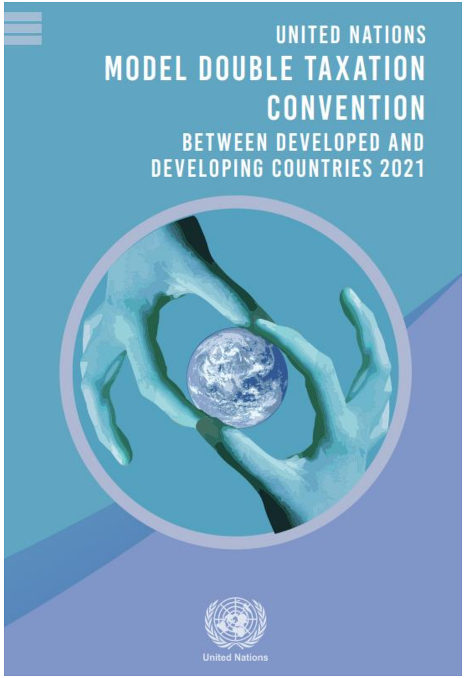
Institut für Law and Economics

The new role of the UN

From insight to impact.

The old (and current!) role of the UN

UN Tax Committee



UN Framework Convention on International Tax Cooperation

What has triggered the negotiations?

The UNFCCC as a template

Where are we?

- Resolution adopted by the General Assembly on 24 December 2024 (Terms of Reference)
- Three negotiations rounds on the UNFCITC
- Negotiations should be final by the end of 2027
- Watch live: [Third Session | Financing for Sustainable Development Office]

2025

- **4 - 8 Aug | New York**
  Intergovernmental Negotiating Committee (INC)
  First Session
- **11 - 15 Aug | New York**
  Intergovernmental Negotiating Committee (INC)
  Second Session
- **10 - 19 Nov | Nairobi**
  Intergovernmental Negotiating Committee (INC)
  Third Session

2026

- **2 - 3 and 6 - 13 Feb | New York**
  Intergovernmental Negotiating Committee (INC)
  Fourth Session
- **3 - 14 Aug | New York**
  Intergovernmental Negotiating Committee (INC)
  Fifth Session
- **30 Nov - 11 Dec | Nairobi**
  Intergovernmental Negotiating Committee (INC)
  Sixth Session

2027

- **Dates TBC**
  - Three substantive sessions
  - Submission of the final text of the framework convention and of the two early protocols
- **Sep 2027**
  Consideration of the framework convention and of the two early protocols by the General Assembly

UNFCITC

- Goals / objectives
- Principles

Conference of the parties (COP)

Secretariat

Dispute settlement body (DSB)

Other bodies (e.g. capacity buliding unit)

Rules of procedure (Amendments of the convention, adoption and amendments of protocols, right to vote, etc.)

Special and differential treatment

PROTOCOLS

INC Tax Workstream I *– Order in which issues will be taken up*

Provisions to be addressed early	Provisions whose drafting depends at least in part on drafting of commitments	Provisions that are not subject-matter dependent that can be drafted at any time
Commitments: • Fair allocation of taxing rights • Effective prevention and resolution of tax disputes • Sustainable development • High net worth individuals • Effective mutual administrative assistance • Illicit financial flows, tax avoidance and tax evasion • Harmful tax practices	• Conference of the parties • Secretariat • Definitions • Data collection and analysis • Exchange of information for implementation of the convention • Review and verification • Subsidiary bodies • Capacity building and technical assistance	• Amendments to the convention • Adoption of protocols • Formal matters – depositary, entry into force, etc. • Financial resources

INC Tax Workstream I – Template

Preamble
Objectives
Principles
Definitions
Commitments

- Fair allocation of taxing rights
- High-net-worth individuals
- Mutual administrative assistance
- Illicit financial flows, tax avoidance and tax evasion
- Harmful tax practices
- Sustainable development
- Prevention and resolution of tax disputes
- Capacity development and technical assistance

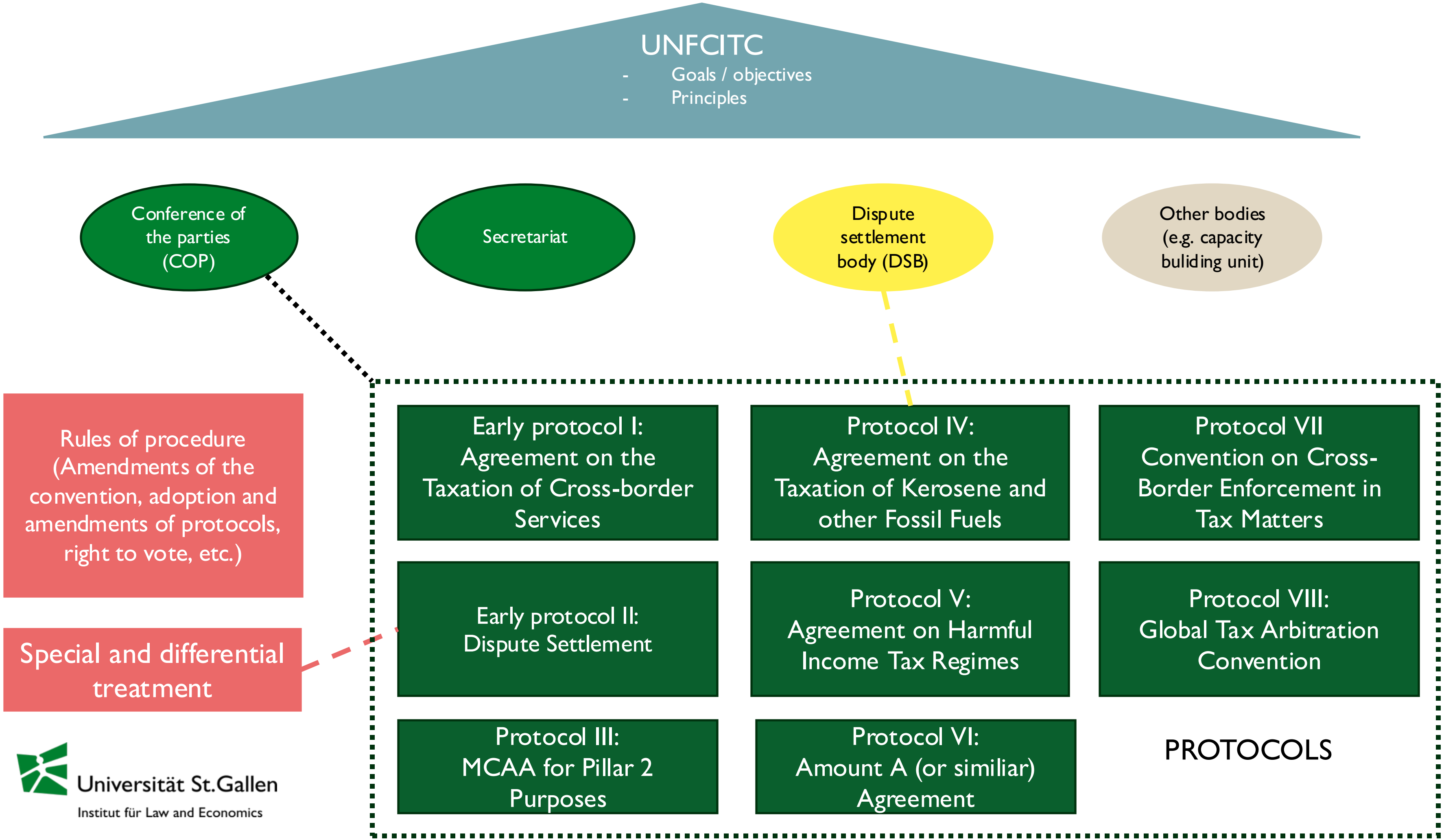
Relation with other agreements, instruments and domestic law
Financial resources
Data collection and analysis
Exchange of information for implementation of the convention
Review and verification
Conference of the States Parties
Secretariat
Subsidiary bodies
Settlement of disputes arising under the Convention
Relation with protocols
Final provisions

***INC Tax Workstream I** – Plan for the week*

- Will first consider any comments on the general structure of the Framework Convention.

- We will then discuss the commitments that are set out in Articles 4 through 10 in order, taking as much time as necessary to have a thorough discussion.

- If we get through all those articles before the end of the week, we will discuss:
  - Any proposals from Member States regarding additional commitments;
  - Other provisions of the Framework Convention that are closely related to the commitments; and
  - Any other matters that the Member States would like to raise regarding other articles of the Framework Convention.



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Article 4 - Fair Allocation of Taxing Rights

The States Parties agree that every jurisdiction where a taxpayer conducts business activities, including jurisdictions where value is created, markets are located and revenues are generated, have a right to tax the income generated from such business activities.

Article 5 - High-net worth individuals

1. In order to prevent high net worth individuals from avoiding or evading taxes, the States Parties agree to adopt measures to detect and thwart such activities, including through expanding exchange of information to additional types of assets and instruments as such exchange becomes feasible.

2. The States Parties agree to share information regarding structures and techniques used by high-net worth individuals to avoid and evade taxes and to require appropriate disclosures of such structures and techniques by taxpayers, advisors and intermediaries involved in developing them.

3. The States Parties agree to adopt coordinated approaches to ensuring effective taxation of high-net worth individuals.

Article 6 - Mutual Administrative Assistance

1. The States Parties recognize that domestic resource mobilization depends on the ability of all States to enforce their domestic tax laws. Accordingly, States Parties shall afford one another the widest measure of mutual administrative assistance (including through exchange of information for tax purposes), to support the administration or enforcement of the domestic laws regarding taxes of every kind and description by another State Party. Such administrative assistance will include the exchange of information regarding revenues, expenses, profits, taxes paid, tax planning strategies, tax structuring arrangements, the nature of activities, and any other relevant information.

2. The States Parties agree to cooperate to identify and eliminate administrative barriers that prevent effective mutual administrative assistance, including with respect to transparency and exchange of information for tax purposes.

Article 6 - Mutual Administrative Assistance (cont'd)

3. Any information obtained by a State Party under Articles 5 and 6 of this Convention shall be treated as secret and protected in the same manner as information obtained under the domestic law of that State Party and, to the extent needed to ensure the necessary level of protection of personal data, in accordance with the safeguards which may be specified by the supplying Party as required under its domestic law.

4. The States Parties agree to expand assistance in collection of tax debts to the extent possible, taking into account the needs and capacities of the States Parties, as well as national constitutional restrictions.

Article 7 - Illicit Financial Flows, Tax Avoidance and Tax Evasion

The States Parties agree to cooperate in combating tax-related illicit financial flows, including:

a) by developing effective tools for the detection of tax-related illicit financial flows, enforced through international cooperation and transparent reporting standards, as necessary to ensure effective taxation of income and profits from tax-related illicit financial flows; and

b) through sharing information regarding structures and techniques used by taxpayers to avoid and evade taxes on their income.

Article 8 - Harmful Tax Practices

1. The States Parties recognize that harmful tax practices undermine the ability of all countries to tax income fairly, particularly income derived by multinational enterprises that can shift assets and income across borders. International cooperation, at global and regional levels, is therefore necessary to address such practices and safeguard equitable taxation.

2. The States Parties agree that any tax incentives provided by States Parties should be substance-based, linked to investment or performance, and not merely profit-based.

Article 8 - Harmful Tax Practices (cont'd)

3. Accordingly, the States Parties agree to cooperate in developing effective tools for combating harmful tax practices, including:

   a) through sharing information regarding revenues, assets, employees and reported income on a country-by-country basis, taking into account both the needs and the different capacities of the States Parties; and

   b) by introducing appropriate measures, which may include minimum taxes, on business activities originating from jurisdictions with harmful tax practices.

Article 9 – Sustainable Development

Taking into account their different capacities, the States Parties agree to pursue international tax cooperation approaches that will contribute to the achievement of sustainable development in its three dimensions, economic, social and environmental, in a balanced and integrated manner.

Article 10 - Prevention and Resolution of Tax Disputes

1. The States Parties recognize that implementation of effective measures for avoiding and resolving tax disputes supports cross-border investment and cross-border trade in goods and services.

2. The States Parties will seek to minimize the potential for disputes by providing clear and accessible legislation and interpretative guidance regarding tax obligations.

3. The States Parties also will strive to implement domestic dispute resolution mechanisms that are fair, independent, accessible, and effective in resolving disputes in a timely manner for both taxpayers and the tax authorities involved.