

UN Tax Convention

Minutes from the 1st day
of the organizational
session of the
Intergovernmental Ad
Hoc Committee

February 2024

(For ICC Members' use only)



Contents

VOTE ON THE MEMBERS OF THE COMMITTEE: APPROVED..... 3

VOTE on ANNEX I AND ANNEX II:..... 4

GENERAL STATEMENTS BY DELEGATIONS..... 4

EUROPEAN UNION..... 4

ISRAEL 4

REPUBLIC OF KOREA 5

ARGENTINA 5

INDIA 5

GHANA 6

BOTWSANA on BEHALF OF THE AFRICAN GROUP..... 6

CANADA on behalf of CANZ (Canada, Australia and New Zealand)..... 6

SPAIN 7

RUSSIAN FEDERATION..... 7

NIGERIA..... 7

NORWAY 7

COLOMBIA 8

PAKISTAN..... 8

COTE D’IVOIRE 9

GERMANY 9

MOROCCO..... 9

FRANCE..... 9

KENYA 9

SINGAPORE 10

SWITZERLAND..... 10

LIECHTENSTEIN 10

BAHAMAS 11

JAPAN 11

BRAZIL..... 11

UK 11

BOLIVIA..... 12

ITALY 12

US.....	12
CHILE.....	12
MEXICO	12
BELGIUM.....	13
SENEGAL.....	13
ALGERIA	13
CLARIFICATION FROM THE CHAIR	13
ADDITIONAL CLARIFICATIONS STATEMENTS FROM MEMBERS STATES	14

VOTE ON THE MEMBERS OF THE COMMITTEE: APPROVED

Egypt (Chair): Ramy Mohamed Youssef, Deputy Minister of Finance for Tax policy and Reforms at Ministry of Finance, Egypt

Claudia Vargas, (Advisor to the General Commissioner, National Directorate of Taxes and Customs (DIAN) **(Rapporteur)**

For the APAC and the LAC Regional Groups there will be Informal rotation, according to which they will resign after a designed period.

Committee Composition

African Countries Group:

Morocco

Ghana

Kenya

Egypt (Chair)

APAC Group:

China - Pakistan

India – Iran

Rep. of Korea - Japan

Singapore - UAE

Eastern Europe

Estonia

Belarus

Russia

Poland

LAC

Mexico - Chile

Peru – Brazil

Colombia (Rapporteur) – Bolivia

Bahamas – Jamaica

Western Europe

Germany

Spain

Norway

Italy

VOTE on ANNEX I AND ANNEX II:

Annex one includes the modalities of work for the ad-hoc Committee and Annex II the engagement modalities for stakeholders.

The vote on these annexes will take place on the last day of meetings of the current session (Thursday 22nd February 2024).

More information will follow based on the Vote.

GENERAL STATEMENTS BY DELEGATIONS

EUROPEAN UNION

EU countries support the objectives of inclusive and fair international tax cooperation. UN convention should achieve strengthened transparency and fair taxation. To do so it should be building on OECD.

Without duplication and inconsistency that can undermine the efforts on transparency and fair taxation achieved so far.

They recognize the role of the UN especially for developing countries, but EU countries are also committed to the Two Pillars project and the Global Forum on Tax Transparency.

Inclusivity and effectiveness, broad based require for legitimacy and viability. High level of

Strong preference for consensus-based decision process within the ad-hoc committee.

Support multi-stakeholders participation.

ISRAEL

They see this forum as the extension of another framework, the BEPS framework. Efforts are aligned with existing work and no duplication.

They urge colleagues to proceed cautiously, go step by step and adopt decisions by consensus.

Each sovereign jurisdiction has different characteristics that need to be taken into account in the process, including in the drafting of the terms of reference and any compromise made.

REPUBLIC OF KOREA

For the success of this committee, it is necessary to identify the priority issues that member states would like to address and draft TORs to address those issues.

We need an approach that improves the situation of developing countries, they asked UNDESA to draft the TORs with the collaboration of developing countries on priority issues, then get feedback and written comments from member states and other stakeholders and then later discuss it at the bureau meetings and committee meetings.

Consensus-based decisions is desirable for bureau and committee meetings.

TOR might have a provision that constraints tax sovereignty of a member state, e.g. such as the allocation of taxing rights.

Allowing States to participate virtually to the bureau meetings as well.

ARGENTINA

This session should give us more clarity on the guidelines for the work of the committee. In terms of substance it is vital to understand what are the issues that will be tackled in the TORs and to understand which solution we are attempting to pursue with an international treaty, one example is the question whether the central bulk of the treaty will be on exchange of information to fight tax evasion

It is in the interest of their delegation know the workplan of the bureau and whether member states can present proposal in written form ahead of the first session so delegates can react ahead of the debate.

Importance of participation and submission of inputs by stakeholders and international organizations and other UN agencies and bodies and the UN Tax Committee of Experts.

They also would like to receive in advance the dates of when the Bureau will meet, receive minutes and if possible receive informal briefings of what discussed. This will ensure transparent and inclusive participation.

It is important that documents are submitted in advance of meetings so that they can be analyzed by capitals.

They also highlight the importance of having representatives from capitals attending those meetings and to provide financial assistance to developing countries to ensure their participation from capitals.

INDIA

India welcomes the setting up of the ad hoc committee. Their longstanding position was to have international taxation being discussed at intergovernmental level at the UN.

Supportive of full engagement by stakeholders.

They believe that Intergovernmental committee can build on previous work from other international organizations but remaining aware that all stakeholders need to benefit from these agreements.

They do not believe this process will duplicate existing work.

They hope this process can lead to the unlock meaningful revenue.

GHANA

Aligns with the statement that will be delivered by the African Group and the G77 and China.

The resolution offers a unique opportunity for a common aspiration on international taxation.

The ambition is to achieve the mandate of the committee as included in the resolution.

In the substantive issues they will submit a more detailed input.

BOTSWANA on BEHALF OF THE AFRICAN GROUP

Africa group is united by a spirit of collaboration, inspiration and commitment to a common goal towards a more equitable international tax system.

The group commitment to this committee is driven by principles of unity, solidarity and mutual respect, echoing the African Union Agenda 2063.

Key area for the Framework Convention.

1. Inclusivity in decision-making: they call for a reform that ensure fair representation and participation in decision making from developing countries.
2. Combatting illicit financial flows
3. Equitable taxation: fair tax practices that equally reflect economic activities and value creation withing taxing jurisdictions.
4. Transparency and information sharing: importance of enhancing exchange of information.
5. Capacity building: they underscore the need of technical assistance and of capacity building for developing countries in order to facilitate effective participation in the international tax cooperation framework.

CANADA on behalf of CANZ (Canada, Australia and New Zealand)

The effectiveness of any convention or protocols will largely depend on the states that decide to implement it which in turn will be influenced by how the convention and/or protocol will be negotiated and agreed. As such, it is important for the success of this committee that it seeks consensus to the largest extent possible, including at this organizational stage, and not provide decision-making on simple majority vote especially on substantive issue.

Canz believe that this initiative should be guided by a thorough assessment of the aspects of domestic and international tax systems where further cooperation will support domestic resource mobilization as well as by the need to identify reforms that will fill gaps or complement existing arrangements.

Close coordination with other multilateral organizations will be key and they encourage the committee to dedicate sufficient time to looking into that.

They invite the Committee to prioritize the drafting of the TOR and not early protocols which would be premature at this stage.

SPAIN

Aligns with EU statement and support the objective of strengthening international tax cooperation. A convention under the UN can lead to further transparency and can build on what has been already achieved through other fora and other organizations such as the OECD.

We need to ensure that there is no overlap or inconsistency.

Spain endorses the idea that when talking about international tax cooperation, inclusion and effectiveness are interdependent, broad participation by many is vital for legitimacy and viability. The level of take up in the

Consensus is key when drafting the TOR. Decision making should be by consensus throughout the process.

Favor modality of hybrid participation so that tax experts from capitals can attend and support.

Broad and balanced participation from stakeholders is also supported.

RUSSIAN FEDERATION

Russia has always supported the creation of an inclusive and effective international tax cooperation system. The UN is the most suitable platform to implement such a project.

They welcome the objectives and goals of the UN resolution.

NIGERIA

Aligns with the statement provided by the African Group.

A convention fostering fairness, equity and transparency is a framework essential for the achievement of the sustainable development worldwide. In the spirit of constructive dialogue, they urge all delegations to engage constructively.

By promoting economic justice and sustainable development, a fair system will be created which is essential to ensure that multinational enterprises contribute their fair share to public financing globally.

Fully supports decision-making by simple majority as it applies to General Assembly rules.

NORWAY

We have seen significant progress in the past decades. However, there is still room for creating a system. We must continue to strengthen our efforts in order to ensure a system that foster trade and investment and enhance tax certainty for taxpayers and tax predictability for governments.

Their hope and ambition is that this process can support the purpose set out in the resolution.

Efforts must be made to complement existing work and ensure that initiative and processes are mutually reinforcing and not duplicative.

This process provides them with the opportunity to strengthen coordination and synergies among international organizations on global tax matters.

Welcome active stakeholder input that can help inform this process and this body.

Drafting of TOR is under a tight timeline, but they need a fact-based approach so they urge the committee to take the time for develop a common understanding of the problems and challenges they face, and potential ways to address this.

Transparency in participation on an equal footing must be ensured.

To ensure that the outcome will have the broadest possible impact and legitimacy, a consensus-based approach is preferable.

COLOMBIA

Since the beginning, Colombia has been unequivocally supporting this process.

They want to reiterate the importance of the principles of inclusiveness and effectiveness as enshrined in the resolution. In terms of effectiveness, this committee paves the way to achieve agreements that allow all countries to broaden their tax base by taxing income. Particularly by taxing the largest fortunes around the world which currently are not taxed by any country.

Consequently, for Colombia, TOR should incorporate the principle of progressiveness designed to tax income and wealth of the richest across the globe.

Moreover, given the current climate crisis, it is crucial to mobilize all instruments to fight climate change including taxation.

To achieve this goal, it is possible to mobilize international ta resources without impacting on development of the global south. This can be done through global tax which fortunes are driven to climate actions.

They recognize the value of consensus in the making of international decisions to ensure broadest legitimacy but there are matters where the veto makes it impossible to achieve an international tax regime. So they not support the change of rules of procedure to take decisions and prefer the application of General Assembly rules (simple majority).

It is important to have financing solutions to ensure the presence of tax specialists in the meetings of this committee in person. This is important for effective participation.

PAKISTAN

Reforming international tax cooperation is essential and they are confident the process will enhance effectiveness and inclusiveness in international tax cooperation.

The framework convention should be focusing on policy options and arrangements that are effectively implementable by every country taken into account their needs, priorities and capacities to help ensure that taxes are paid where economic activity occurs through international tax rules that are simple and easy ensuring equitable and fair outcomes to participation on equal footing especially on decision making process.

This committee can build on what already done by other organisations and for the benefit of developing countries.

They support on how the Annex are drafted and the use of General Assembly procedural rules as the TOR will then be voted according to General Assembly (= simple majority)

COTE D'IVOIRE

Aligns with statement of the African Group. They share the opinion that decision making modality should be simple majority in line with General Assembly rules.

This convention can also look at taxation for the purpose of fighting climate change and the imposition of taxes on fossil fuels.

GERMANY

Building on the statement of the EU, Germany thinks the following aspects are particularly important:

Inclusivity and effectiveness: this would demand the pursuit of consensus to try to get everybody onboard.

Develop sustainable and effective measures that will stand the test of time: to do this duplication and inconsistent measures should be avoided.

For the organizational meeting, they would like to receive clarification on the roadmap and procedural questions on the work of the committee to ensure transparency throughout the process.

MOROCCO

Aligns with the statement from the African Union. UN provides a suitable space for international tax cooperation.

FRANCE

Aligns with EU.

They highlight coherence and complementarity with the work undertaken within other bodies.

France supports initiatives that place taxation at the heart of efforts to reduce inequality and foster environmental transition. They also shared the launch of the task force on international taxation at COP28 (which is led by France).

This process should not duplicate work undertaken by other bodies and the decision-making process should be by consensus, as all the tax processes to which France participate.

Efforts should be made on the drafting of the TOR and the Committee should first identify needs and priorities for developing countries.

KENYA

Aligns with the statement from the African Union. Developing countries face challenges in the current international tax governance structure, including limited participation in policy developments and compliance costs that do not reflect their capacities and resources.

Kenya is committed to participate constructively to the bureau.

In terms of working method, they want the committee to operate based on General Assembly procedures, including the one on decision making (majority).

SINGAPORE

Avoid duplication with the work carried out by the Inclusive Framework. It is imperative that the committee works by consensus for the Framework convention to be truly inclusive. Otherwise, the majority will be taking decisions for the minority, with no buy-in from those jurisdictions who do not agree with the solution a

Clarity and common understanding on current gaps and synergies in international tax cooperation are needed. This is essential for the committee on how to effectively play a role and complement solutions achieved in other platforms.

They echo the views of some other members to take necessary time and efforts to carefully evaluate all solutions on what are the current gaps before deciding on which options to adopt.

For Singapore it is imperative to getting it right instead of getting it fast.

Priority should be given to proposals that focus on creating and maintaining the right condition of global economic growth. It is only by growing the pie rather than splitting the pie that they can ensure more prosperity for all jurisdictions.

It is also important this work does not inevitably discourage enterprise and innovation.

SWITZERLAND

It is important that the process is transparent and inclusive. Only decision making by consensus can forge a convention that is convincing. Simple majority will not achieve the goal of effective and inclusive international tax cooperation.

Simple majority will only increase fragmentation of the international fiscal architecture. A world with two competing tax systems or contradicting principles is not desirable for both developing and developed countries.

They fear the duplication of forums which can lead to weaking of existing instruments but also the use of resources twice.

They highlight the paragraph in the resolution calling for the committee to look at what already done in other institutions.

It is vital that all voices can be heard withing the bureau and ad-hoc committee so they support stakeholders participation.

LIECHTENSTEIN

Emphasis on the need to prevent duplications and ensure that this process builds on synergies and complementarity.

They urge the committee to reflect on whether this process can be effectively addressed in a different forum.

They stress the importance of consensus-based decision-making.

BAHAMAS

International tax policy as formulated and dictated by the OECD in the past 6 decades neglected or failed to address the inherent challenges and differences in development dynamics faced by the global south.

The arbitrary blacklisting is contrary to their right of development. They have been a leading voice for the creation of a UN convention on international taxation.

They support the work on early protocols.

Their objective is to draft robust TOR.

JAPAN

They align with the remarks of EU and Korea. They highlight of 3 points:

1. Inclusive process based on consensus rather than simple majority.
2. It is fundamental to avoid duplication with ongoing negotiations. They agree with Korea proposal for the preparation of TOR by UN Secretariat in collaboration with other international organizations such as the OECD. This would avoid duplication and inconsistencies.
3. They agree also with Canada suggestions to keep the focus on the substance of the Convention instead of starting already with protocols.

BRAZIL

To address tax challenges and reduce inequality it is essential to have an agenda shared by all countries.

The Brazilian G20 presidency recognizes the significance of tackling these inequalities through a comprehensive tax agenda that goes beyond base erosion and profit shifting.

UK

Collaboration between the UN and OECD is key. They commend and support the work of the Tax Inspectors without borders as well as the Inclusive Framework work on the global minimum tax.

UK has announced a 7 million package to support revenue collection and capacity building in developing countries.

For the UK the TOR needs to reflect a set of core principles:

1. Competitive advantage: identify the core aims of the convention and focus on the work where it can add the most value. They propose that the secretariat work with other organizations such as the OECD and ATAF to set up how the convention should work and avoid creating tension with the existing system.
2. Efforts to achieve consensus. Simple majority voting does not align with a shared ambition for an inclusive and effective tax system.

3. Appropriate timelines. The voice of all members should be heard and considered with ample opportunity to discuss and resolve disagreements, particularly with reference to protocols.

BOLIVIA

They reaffirm that decision making process should take place based on General Assembly procedures as ordinary procedure. The committee is mandated to draft TOR and not the convention itself.

All doubts should be resolved, and effective and inclusive participation should be granted, including participation from experts based in capitals.

They support stakeholders' participation and welcome the possibility for stakeholders to submit their input before the substantive session.

ITALY

Decisions should be taken by consensus. Duplications and overlaps should be avoided.

US

Consensus must be ensured in the process.

They expressed concerns on the fact that the resolution was not adopted by the consensus.

They strongly support the work of the OECD/G20 Inclusive Framework and they hope that the committee will be building on what already achieved at OECD level.

They are concerned also that two ongoing process will lead countries to choose between one of the two processes due to resources constraints and this might prevent progress on ongoing negotiations on Pillar One.

The request the reinstatement of the need of consensus-based decision making in the modalities of work of the committee in Annex I.

They ask for more clarity on type of engagement required in the substantive sessions to properly inform capital.

CHILE

Need to take into account what discussed at OECD. UN and OECD processes should be complementary.

They also appreciate the creation of the Platform on Taxation for Latin America and the Caribbean (PTLAC).

Chile reiterates its preference to consensus to be used as much as possible.

They call for open and constructive dialogue.

MEXICO

They will support the African group and developing countries in the drafting of the TOR.

They commit to share their experience and best practices on how they tackled some of the challenges raised by developing countries intervention during the meeting.

They will focus on identifying areas that complement the work of the OECD.

They have also highlighted the importance of synergies between developed and developing countries.

BELGIUM

They align with the EU statement. They would like to emphasize 3 points:

1. Strong supporter of multilateralism
2. Need for a process at UN level that is complementary to existing tax frameworks.
3. Strongly advocate for a decision-making process based on the widest consensus as possible.

SENEGAL

Endorse the statement from the African group.

They would like to reiterate the role of cooperation to fight illicit financial flows.

Reform of international tax system need to contain 4 key areas:

1. Qualified human resources
2. Technical assistance on where reforms need to take place
3. Capacity building of tax authorities and make them digitalized
4. Support on Carbon taxation

This committee is a subsidiary body of the General Assembly and General Assembly rules should apply, thus simple majority.

ALGERIA

Need to work together for a multilateral instrument and the scope of the convention should cover corporate income tax, vat, cross-border taxation and capacity building.

There should be engagement from the countries mostly affected by illicit financial flows.

If there is a vote or decision to be taken, General Assembly rules should apply.

CLARIFICATION FROM THE CHAIR

This is a member states led process. Decisions are not taken by the bureau but by all member states.

This process is open to all member states with contributions from international organizations and civil society as indicated by the resolution.

They aim for a transparent and inclusive process moving forward.

The Ad-hoc Committee will take into consideration the work of other different for a, potential synergies and other complementary work from other institutions at international and regional levels.

Member states and other stakeholders will be invited to submit written inputs from member states and other stakeholders by March 15th. Written contributions will be limited to a maximum 200 words and will be published on the UN website.

The work on this Framework Convention can be split into 3 phases:

1. Formulation of the TOR, very general principles
2. Framework convention based on the TOR. This will require a second level of technicality in comparison to the third phase.
3. Protocols to be prepared together with the convention will require a third level of technicality.

The current level is about agreeing on the general concept. ON protocols, the task would be limited to identifying topics. An example (and this is just an example) would be illicit financial flow. The TOR will not identify the definition of illicit financial flow, the details. That would be for the 2nd and 3rd phase of the process.

TOR will just list items/topics to be considered but will not go into the details.

On the second day of meetings, they will work on the agenda for the substantive first session, in other words on the topics they intend to discuss.

After the organizational meeting, the UN secretariat will call for input from international organizations and other stakeholders.

The expectations for these input-submissions is not to receive detailed memo but indicating topic and why the topic is a priority topic to be addressed.

Consequently, this input will be collected and regrouped.

The members of the committee will also need to update the relevant represented regions.

The agenda for the first substantive session taking place from the 29th of April to the 5th of May will be shared by the 15th of April.

Stakeholders and international organizations are invited to provide oral interventions during the substantive sessions.

ADDITIONAL CLARIFICATIONS STATEMENTS FROM MEMBERS STATES

TURKEY:

For them consensus is extremely important. They asked for reports from the bureau to be prepared and shared with regional groups.

They would like to have UN secretariat to prepare these reports for transparency.

They also would like to underscore the importance of complementarity with existing processes in the area of international taxation.

Response from the Chair: The bureau will meet to agree on the best procedure to ensure full transparency and efficiency.

Should you have any questions or would like to have further information, do not hesitate to contact Luisa Scarcella (ICC Global Policy Lead – Taxation) by email at luisa.scarcella@iccwbo.org.

About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

