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By email

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The Permanent Mission of the United Kingdom to the United Nations presents its compliments to the United Nations Secretariat (Department of Economic and Social Affairs – Financing for Development Office) and has the honour to submit the attached response to the Secretariat's note DESA 10/3508 on the 'Strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in tax matters'

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UNITED KINGDOM POSITION ON 'STRENGTHENING INSTITUTIONAL ARRANGEMENTS TO PROMOTE INTERNATIONAL COOPERATION IN TAX MATTERS, INCLUDING THE COMMITTEE OF EXPERTS ON INTERNATIONAL COOPERATION IN TAX MATTERS'

1. The United Kingdom aligns itself with the submission of the European Union on this topic. We fully support the EU input, and wish to further elaborate on the advantages we see in the current arrangements of the UN Committee of Experts on International Cooperation in Tax Matters, offer some suggestions for improvements and indicate the UK's views on the status of the Committee.

Advantages of current arrangements

2. A great advantage of the current arrangements of the Committee is the flexibility of representation and attendance at meetings. The ability of non-members to attend and speak enables the Committee to ensure broad participation in its work, and ensure that it represents the interests of as many countries as possible. This is particularly important as representation in a tax body needs to reflect the variety of tax systems across the globe in order to encourage best practice and enable peer learning. Therefore we think the current representation on the Committee and the important role given to country observers already ensures broad participation.
3. The Committee should be commended for the important work it has taken forward, in particular the updating of the UN Model Tax Convention by agreeing an article on exchange of information requirements. In doing this the Committee has made a significant contribution to the global fight against tax evasion. It is important that the Committee is able to take advantage of synergies between its work and that of other international organisations such as the OECD.
4. Maximising these synergies is a clear priority for effective international cooperation in tax matters that avoids duplication while ensuring optimum representation. The Committee has been successful in this respect, with the OECD secretariat making a marked contribution to the work of the Committee, and a wide range of UN member countries and the UN secretariat participating in OECD events, not least the annual OECD tax treaties conference each September, which attracts delegates from a large number of countries. We believe that it is important that these organisations continue to work cooperatively, and involve other international bodies such as the International Tax Dialogue, the Global Forum on Tax Transparency and Information Exchange and the International Tax Compact. It is critical to the continued success of this cooperation that competing and duplicative bodies are not created.

Improvements that might be made

5. The UK shares the view put forward in the EU submission that, before increasing the resources of the Committee, an evaluation of its work and a possible re-assessment of its priorities should be

conducted. This would ensure the effective allocation of existing resources at a time when pressure in national budgets may prevent an increase in the Committee's resources. We must ensure that the prioritisation of the work of the Committee fully represents its members' interests: it is questionable, for example, whether the amount of effort devoted to the negotiations manual has been a good use of the committee's time.

6. In addition, practical changes might improve the Committee's work and its ability to involve the widest range of participants. For example, the committee could consider holding meetings in venues other than Geneva to encourage maximum participation. In order to improve the pace of the Committee's work, more use could be made of new technologies (e.g. videoconferencing) to maintain more frequent communication among Committee members between meetings, more effective use could be made of the sub-committees and additional work could be conducted through written procedure.

Status of the Committee

7. The UK could not at this time support a recommendation to upgrade the Committee to an intergovernmental body. Firstly, we believe that such a body would be unnecessarily duplicative of existing international tax institutional arrangements. We have set out above how the existing Committee is an important aspect of these arrangements, and how its role and performance could be improved. However, an intergovernmental body would require a new structure of representation and a new work programme which, by creating a duplicative and competing structure, would remove many of the benefits of the existing arrangements, most notably the flexibility of representation and the ability of the Committee to maximise the synergies between its work and that of similar organisations.
8. Secondly, the UK is concerned that the decisions of an intergovernmental body could potentially affect tax sovereignty and subsidiarity. The UK is of the view that tax policy is a matter for national governments. Therefore we could not support the creation of a body that had the ability to constrain the flexibility of the UK in setting its own tax policy.
9. Finally, as we have set out we believe that there are other ways in which international cooperation on tax matters could be enhanced. Given that upgrading the Tax Committee to an intergovernmental body would likely incur increased resource commitments, it would be more sensible to examine these other possibilities, at a time when national governments are consolidating their fiscal position.

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