



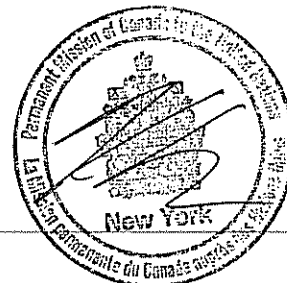
No. 0019

The Permanent Mission of Canada to the United Nations presents its compliments to the Secretariat of the United Nations and has the honour to refer to Diplomatic Note DESA-10/3508 of 1 December 2010.

The Permanent Mission of Canada to the UN has the honour to submit the attached views of the Government of Canada as an input into the report of the Secretary-General to be prepared by March 2011 on "examining the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in Tax Matters".

The Permanent Mission of Canada to the United Nations avails itself of this opportunity to renew to the Secretary General the assurances of its highest consideration.

NEW YORK, January 31, 2011



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Canada

Report of the UN Secretary-General on “examining the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in Tax Matters”

Input from the Government of Canada

Canada is grateful for this opportunity to provide its views regarding Resolution 2010/33 of the United Nations Economic and Social Council (“ECOSOC”) of July 23, 2010, which requested that the UN Secretary-General prepare a report by March 2011 “examining the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in Tax Matters”.

Canada is supportive of efforts to strengthen international cooperation in tax matters, including by improving collaboration and cooperation among existing bodies. However, for the reasons explained below, Canada does not support changing the status of the UN Committee of Experts on International Cooperation in Tax Matters (the “UN Committee”).

The current mandate of the UN Committee involves the United Nations Model Convention, international tax cooperation, new and emerging issues in taxation, technical assistance, and a special attention to developing countries. The UN Committee currently has a number of subcommittees and a working group working on, inter alia, the tax treatment of services, the negotiation of tax treaties, dispute resolution, transfer pricing, and capacity building. It is unclear how a change in status would allow the UN Committee to more efficiently meet its mandate.

In considering the strengthening of institutional arrangements, it is important to fully assess the cost and added value of any new or upgraded bodies, and to avoid creating redundancies and duplication of work. Upgrading the UN Committee to an intergovernmental body would require from participating governments a substantial investment from a financial and human resources standpoint, both to fund an expanded secretariat and to ensure Member State participation in the work of the new body. Canada would welcome clarification as to what elements of the UN Committee’s mandate cannot be met due to its current structure. Without such information from proponents of reforming the UN Committee of Experts, Canada believes that it would not be reasonable to request countries to commit to the deployment of additional financial and human resources, especially in the current economic climate.

Canada is also concerned that the work to be performed by an enhanced UN Committee is in fact already substantially undertaken by other organizations. In particular, the Organisation for Economic Co-operation and Development (“OECD”) plays a key role in developing international standards in tax policy and tax administration. The OECD has been a leader in promoting transparency and exchange of tax information, updating the model tax treaty, and developing transfer pricing standards. Although the OECD has direct input from its 34 member countries, over time the OECD’s focus has broadened to include extensive contacts with non-member economies and it now maintains co-operative relations with more than 70 other countries.

Canada supports this broader participation of developing countries in existing international fora on tax matters, including the OECD. Several relevant examples of this enhanced dialogue and cooperation are as follows:

- According to the report of the UN Subcommittee on Capacity Building, the OECD Center for Tax Policy and Administration organizes, in partnership with developing and emerging economies, a global discussion on multiple international tax issues (including tax treaties, transfer pricing, international tax avoidance and evasion, exchange of tax information, consumption taxes, financial innovations and institutions, and tax administration). Its objective is to share expertise and collective experiences on these issues and to identify and develop international “best practices” in dealing with global taxation problems.
- The OECD’s Global Relations programme includes a comprehensive series of dialogue events with developing and emerging economies in Africa, Asia and Latin America, which is aimed at building countries’ capacity for tax administration, protecting their tax bases, promoting a consensual view on international tax issues and developing a clear and transparent tax system to attract foreign direct investment. The programme reflects a wide development agenda, which focuses on tax administration as well as tax policy. It is delivered in partnership with regional organizations, such as the African Tax Administration Forum (ATAF) and the Inter-American Center of Tax Administrations (CIAT), where possible, and is aligned with regional priorities and objectives. Cooperation with the informal Task Force on Tax and Development, launched in 2010, will further align the OECD’s capacity building programme, and that of other agencies, with that wide development agenda in taxation issues.
- The Global Forum on Transparency and Exchange of Information for Tax Purposes plays a key role in building countries’ capacity in exchange of tax information. The Global Forum has nearly 100 members on an equal footing, including all G20 members, OECD countries, and major financial centres.

In Canada’s view, it would be preferable to instead seek to enhance the cooperation between the UN Committee and other international organizations involved in similar projects, and in particular with the OECD. Canada firmly believes that such cooperation can be done efficiently within the current status of the UN Committee, making efficient use of the Secretariat’s existing resources while ensuring the adequate participation of developing countries and emerging economies. The OECD Secretary General wrote to UN Secretary General Ban Ki-moon on September 13, 2010 to propose a more active engagement of the UN in the OECD’s work and to define how to further exploit the synergies that would arise from closer cooperation. Together with ECOSOC resolution 2010/33, this affords an opportunity which should be seized. The Secretariat should work in partnership with these organizations in order to ensure that the particular needs of developing countries and emerging economies are fully addressed. Canada looks forward to continue working with other members to achieve these objectives.