


EUROPEAN UNION

DELEGATION TO THE UNITED NATIONS

New York, 24 January 2011

The Delegation of the European Union 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 send attached the response of the European Union and its Member States 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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EUROPEAN UNION AND ITS MEMBERS STATES POSITION ON STRENGTHENING OF INSTITUTIONAL ARRANGEMENTS TO PROMOTE INTERNATIONAL COOPERATION IN TAX MATTERS, INCLUDING THE COMMITTEE OF EXPERTS ON INTERNATIONAL COOPERATION IN TAX MATTERS

New York, 25 January 2011

1. As underlined in Monterrey and Doha, as well as in the Millennium Development Goals (MDGs) Outcome Document, **domestic resource mobilization and enhancing fiscal capacity** are essential for financing the attainment of the MDGs. In this regard, the EU fully acknowledges the need to further promote international cooperation in tax matters.
2. **Supporting developing countries in designing efficient and cooperative tax systems is a priority of the EU's development policy.** The EU is fully engaged internally and internationally on efforts to improve cooperation in tax matters. The EU and its Member States participate actively in the important work carried out in international fora, such as the OECD, including through the OECD informal taskforce on tax and development, and engages in extensive dialogue with developing countries through instruments such as the Global Forum on Transparency and Exchange of Information and the Global Forum on development.
3. Enhancing the involvement of developing countries in relevant international fora on tax dialogue and cooperation contributes to their efforts to effectively tackle tax evasion and other harmful practices. **The EU supports broader participation of developing countries in existing structures, and enhanced cooperation between the OECD, the UN Committee of Experts, the International Tax Dialogue, and the International Tax Compact,** taking into account the specific needs and capacities of developing countries.
4. In this context, the EU recognizes the important role of the UN, through its Committee of Experts, in international cooperation in tax matters, and the need to ensure that the Committee maintains its effectiveness. In October 2009 the Committee of Experts decided to create 9 Sub-committees in order to address new developments on international tax cooperation, thus responding to the Doha mandate to examine the strengthening of UN institutional arrangements on tax matters. **The EU firmly believes that, before considering options for setting-up new intergovernmental bodies or upgrading the existing structures, every effort should be made to ensure that the existing Committee and sub-committees function in the most effective way.** This should include a comprehensive evaluation and prioritisation of the work performed under the existing Committee and the recently created Sub-committees. In this regard, the EU is ready to look into ways to broaden and enhance cooperation with the 9 sub-committees, via sharing information, studies and best practices, in order to increase the impact and relevance of their work

5. In addition, there are already a number of international fora pursuing similar objectives (ie the OECD Global Forum and joint task-force on tax and development, the UN Committee of experts, the International Tax Compact and the International Tax Dialogue). **Strengthening institutional arrangements should not lead to the creation of competing fora. Rather, the focus of the Secretary General's report should be on improving cooperation among these bodies.**
6. In particular, the priority should be to **create synergies with on-going OECD activities.** For example, progress in the implementation of international tax standards made through the Global Forum on Transparency and Exchange of Information has been steady. 95 countries, including emerging and developing countries are now part of the Global Forum, which conducts peer-reviews to assess progress in the implementation of the standards. Effective cooperation of the UN Committee of Tax Experts with OECD fora should aim at reinforcing this type of processes.
7. In addition, also **increased dialogue and cooperation with regional fora** such as the African Tax Administration Forum and the Inter-American Centre of Tax Administrations, IMF regional technical centres, and with related initiatives such as the Extractive Industries Transparency Initiative (EITI), could be further explored.
8. EU Member States are concerned at the increased resource commitments that would be inherent in any suggestion to upgrade or expand the mandate of the UN Committee of Tax experts, and urge the Secretary General to take account of this in his report.

