

**Special Meeting of ECOSOC on International Cooperation in Tax Matters**  
**(New York, 7 April 2017)**

**Executive summary**

ECOSOC held, on 7 April 2017, its one-day annual meeting to consider international cooperation in tax matters including, as appropriate, its contribution to mobilizing domestic financial resources for development and the institutional arrangements to promote such cooperation. Forty-seven representatives from national tax authorities, representing 37 countries<sup>1</sup>, including 23 developing countries, participated in the meeting. The meeting was held immediately following the 14th session of the Committee of Experts on International Cooperation in Tax Matters (Committee) with the objective to facilitate a dialogue between the Committee and the Council and to provide input to the intergovernmental consideration of tax matters at the United Nations, as mandated in the Addis Ababa Action Agenda. This year's special meeting served as an important opportunity to highlight the major accomplishments of the current membership of the Committee, given that its term expires in June 2017. The meeting also discussed, with relevant stakeholders, broader thematic issues in international tax cooperation and combatting illicit financial flows.

Following the opening segment, featuring a statement by the President of ECOSOC, a statement by the Under-Secretary-General for Economic and Social Affairs, Mr. Wu Hongbo, and a keynote address by the Commissioner of Legal Services and Board Affairs of Uganda, the morning session was organized as a series of interactive dialogues between the Committee members, representatives from national tax authorities and UN delegates.

The first interactive dialogue focused on the most relevant changes to the Articles and Commentaries of the 2011 *United Nations Model Double Taxation Convention between Developed and Developing Countries*, which will be reflected in its forthcoming 2017 edition. Such changes include a new article on fees for technical services and revisions to existing articles to address treaty abuse and the expansion of taxing rights where the income is earned.

The second interactive dialogue focused on the 2017 updated publication of the *United Nations Practical Manual on Transfer Pricing for Developing Countries*, including additional chapters on services, intangibles, cost sharing agreements and business restructuring that took into account the outputs of the G20/OECD Project on Base Erosion and Profit Shifting (BEPS). Particular attention was paid to how these updates would better assist developing countries in addressing their transfer pricing challenges.

The third interactive dialogue provided an overview of the new *Handbook on the Taxation of Extractive Industries in Developing Countries*, scheduled to be released in October 2017. Presentations focused on how guidance provided by the Committee can support Member States in improving fiscal regimes that effectively tax income derived from the highly profitable business of non-renewable resource extraction.

The afternoon session began with a panel discussion on international cooperation to combat illicit financial flows (IFFs), in order to foster sustainable development. Presentations focused on policy experiences at the national level aimed at curbing IFFs, as well as on international measures that can complement these domestic actions. Discussants underlined the need for concerted efforts to combat IFFs by combating tax evasion and corruption through strengthened national regulation and increased

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<sup>1</sup> Angola, Azerbaijan, Bahamas, Brazil (3), Chile, China, Czech Republic, Denmark, Ecuador, Gabon, Germany, Ghana, Haiti (4), India, Ireland, Italy, Japan, Kenya, Madagascar (2), Malaysia, Mexico (3), Morocco, Netherlands, New Zealand, Norway, Paraguay, Poland, Senegal, South Africa, Sweden (2), Switzerland, Tonga (2), Uganda, United Kingdom, Uruguay, United States, and Zambia.

international cooperation, as mandated by the Addis Ababa Action Agenda. Calls were made for a more coherent policy approach to combat IFFs at all levels.

The second panel in the afternoon focused on the work of the inter-agency Platform for Collaboration on Tax (Platform), a joint initiative of the IMF, OECD, UN and the World Bank Group. Panellists outlined the next steps for the Platform's work, including the preparation of capacity-development toolkits for developing countries. Of particular interest to Member States was the proposed 1<sup>st</sup> Global Conference, to be organized by the Platform at UN Headquarters in New York in February 2018, which will focus on the role of taxation in achieving the Sustainable Development Goals (SDGs). During the ensuing discussion, delegations expressed keen interest in and general support for the activities of the Platform.

During the general discussion, several delegations took the floor. There was a convergence of views that the ECOSOC Special Meeting provided an important opportunity to consider international cooperation in tax matters, in particular the work of the Committee. The Group of 77 and China stressed the need to further scale up international efforts to strengthen tax cooperation and to combat IFFs. The Group highlighted the lack of a single global inclusive forum for international tax cooperation at the intergovernmental level and urged Member States to consider the upgrading of the Committee of Experts to an intergovernmental subsidiary body of ECOSOC. Developed countries, including the European Union, emphasised their firm understanding that the expert nature of the Committee should not be changed and that the discussions on implementing the agreement contained in paragraph 29 of the Addis Agenda had been concluded. In this connection, the importance of the OECD in promoting tax cooperation, in particular through the Global Forum on Transparency and Exchange of Information for Tax Purposes, was also highlighted.

The meeting concluded with closing remarks by the President of ECOSOC summarizing the key points of the discussion and highlighting the importance of the Special Meeting for building momentum around national, regional and international efforts to enhance tax cooperation and curb illicit financial flows.