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THE PRESIDENT OF ECONOMIC AND SOCIAL COUNCIL
H.E. AMBASSADOR MARTIN SAJDIK

ECOSOC Meeting on International Tax Cooperation

Opening remarks by the President of ECOSOC

New York, 22 April 2015

Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

We have concluded our discussions on international cooperation in tax matters, including its contribution to mobilizing domestic financial resources for sustainable development and the institutional arrangements to promote such cooperation.

The stimulating panel discussions, as well as the subsequent debates allowed us to gain further insights into current issues in international taxation. I want to thank you all for your contributions. I think that we accomplished the task of providing a meaningful input to the preparatory process of the Third International Conference on Financing for Development, in the area of domestic resource mobilization.

I want to thank especially the representatives of national tax authorities and the members of the Committee of Experts on International Cooperation in Tax Matters, who participated in this meeting.

Once again this meeting demonstrated that despite the different memberships and mandates, international and regional organizations are keen on further enhancing their cooperation.

Such cooperation is perhaps more relevant now than ever with increasing calls for consultation among different stakeholders in the international tax system. The cooperative spirit that drives our collaboration serves to promote complementarities, while seeking to give all stakeholders a voice, and ensures that there is no duplication of efforts.

Today's meeting focused on areas that are of special importance to developing countries both in protecting their tax base, as well as in enabling them to capture a fair amount of taxing rights for value created in their jurisdictions. I am glad to see that by discussing these topics we were able to make progress in addressing issues raised during the last year's ECOSOC meeting on International Tax Cooperation, as well as in subsequent consultations with developing countries.

We started the day with a presentation by Mr. Armando Lara Yaffar, the Chair of the UN Committee, who provided an overview of the outcome of the 10th session of the Committee. His remarks highlighted the wide range of activities of the Committee and their particular relevance to developing countries. They were followed by a presentation of the report of the Secretary-General on strengthening the work of the UN Committee.

During the panel discussion on the role of international tax cooperation in mobilizing domestic financial resources for development the representatives of the OECD, IMF, World Bank, CIAT and ATAF updated us on the current work of their organizations and shared their ideas on how to further advance international tax cooperation. As the elaboration of a new consensus on Financing for Development is progressing, it becomes clear that tax evasion and avoidance need international solutions. The ideas discussed here will help us during our deliberations leading to the Addis Ababa Conference.

In the afternoon, we focused on tax incentives and tax base protection issues for developing countries. It was stressed that the decision by countries whether to use tax incentives to attract investment should be taken carefully. The effectiveness of tax incentives largely depends on their design and implementation. The representatives of the IMF and the World Bank spoke about the recent work undertaken by those organizations, along with the OECD and the UN, at the request of the G20 Development Working Group. In this context, they stressed that tax incentives needed to be implemented carefully to avoid abusive tax practice. Subsequently, Ms. Jacinto-Henares from the Philippines provided the perspective of a high-level administrator on what the challenges for developing

countries in this area were and presented her country's experience.

We concluded the day with a discussion on the taxation of intellectual property rights and other intangibles with a special focus on issues for developing countries. The debate started with an example that illustrated why the taxation of intellectual property was difficult but crucial in trying to achieve a fair tax system. We heard from a representative of the Italian Revenue Agency on behalf of the Committee's Transfer Pricing Subcommittee, which is currently working on updating its Transfer Pricing Manual. One of its new chapters will aid developing countries in capturing a fair allocation of taxing rights over profits from the creation of intangible assets. I am pleased to hear about the progress that the UN Committee is making on this issue. Furthermore, we heard about some of the issues that private investors could face when investing in developing countries. Let me underline in this regard, that good governance and the rule of law are essential for sustainable development. Finally, we learned about the South African experience regarding the taxation of intellectual property rights from a representative of their revenue agency.

In conclusion, let me say that these special meetings of ECOSOC on international tax cooperation emphasize the central role of the Council in strengthening the work of the Committee and its cooperation with concerned multilateral bodies and relevant regional and sub-regional organizations. These meetings provide a unique opportunity for a global dialogue among all stakeholders in the area of tax and development.

Thank you.