Remarks by

His Excellency Mr. Oh Joon
President of the Economic and Social Council

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“Domestic Resource Mobilization: Where to go after Addis?”
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Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

As Ambassador Logar has stressed, domestic resource mobilization is key to financing sustainable development. Taxation represents a stable and predictable source of finance. Complemented by other sources, it is central to financing development needs and providing public goods and services.

We also know that taxation is not about just raising funds. Fiscal policy represents a social contract between the State and society.

The challenge is that many countries are hindered in their efforts to collect their taxes. Business models and value chains have become more international, integrated and dependent on intangibles. They have given rise to a number of loopholes in the area of taxation. As a result, tax evasion and avoidance pose a greater threat to financing sustainable development.
Recent estimates by the OECD show that between four and ten per cent of global corporate income tax revenues are lost annually, which translates to the amount of $100 to $240 billion. The loss of corporate income tax is more strongly felt in developing countries with large needs for investment in development.

A number of recent initiatives by the international organizations active in tax matters, including the OECD, IMF, World Bank and the United Nations, have sought to curb tax evasion and avoidance and our speakers will address that issue.

An effective response to the challenge of combatting tax evasion and avoidance will depend on stronger cooperation among countries. Tax avoiders and evaders thrive on gaps in international cooperation and the lack of information exchange between countries. It is thus in the interest of all governments to work together to effectively counter harmful tax practices in a concerted manner.

The Addis Ababa Action Agenda emphasizes the importance of inclusive cooperation and dialogue among national tax authorities on international tax matters and specifically welcomes the work of the UN Committee of Experts on International Cooperation in Tax Matters.

In Addis, Member States have decided to enhance the resources of the UN Tax Committee, in order to strengthen its effectiveness and operational capacity. To that end, the Tax Committee will meet twice a year and will also increase its
engagement with ECOSOC through the Special Meeting on International Cooperation in Tax Matters.

Today’s meeting gives us a timely opportunity to discuss the current landscape of international tax cooperation, help identify priorities for reform and, most importantly, make concrete suggestions for improved international cooperation.

I wish to close my remarks by stressing the need for continued engagement of all relevant stakeholders. This is the only way to ensure that the responses to international tax challenges can gain sufficient global ownership, and confirm the faith of honest taxpayers in their tax system and their government.

Let me now turn to our speakers. First, I wish to give the floor to Mr. Alexander Trepelkov, Director of the Financing for Development Office of UN-DESA, to make his introductory remarks.

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