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The Permanent Mission of Switzerland to the United Nations presents its compliments to the Secretariat of the United Nations and has the honor to refer to the latter's Note DESA-10/3508, dated 1 December 2010. The Secretariat in New York invited the Permanent Mission of Switzerland to provide the views of its government concerning Economic and Social Council resolution 2010/33 of 23 July 2010 on the Committee of Experts on International Cooperation in Tax Matters.

In paragraph 1 of this resolution, the Economic and Social Council "requests the Secretary-General, taking into account the views of Member States and taking into consideration the work done on tax matters in other international forums, to submit to the Council by March 2011 a report examining the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee of Experts on International Cooperation in Tax Matters".

In this paper, Switzerland presents its views on the matter, particularly with regard to the issue of upgrading the present Committee of Experts to the level of an intergovernmental body.

1. Assessment of the work of the Committee of Experts on International Cooperation in Tax Matters

The Committee of Experts provides support to developing countries and economies in transition in the areas of international tax cooperation, capacity-building and technical assistance. Within the framework of its comprehensive mandate, the Committee of Experts has, among others, made progress in further elaborating the United Nations Model Double Taxation Convention which it is expected to complete within its current four year tenure.

The Committee of Experts benefits not just from the contributions of its members, it also functions as an international forum of developing and developed economies alike. In addition, the work of the Committee of Experts is supported by intergovernmental organizations and other entities. This forum provides an opportunity for developing countries to actively participate and express their needs and expectations. It appears to Switzerland that many countries could make better use of the existing possibilities and participate more actively in the work of the Committee as it stands.

Although the Committee has already made some progress, there are several areas which still need to be further elaborated, such as, for example dispute resolution, transfer pricing, the treatment of services and capacity building.

Switzerland is of the view that an upgrading of the Committee would not result in a more efficient organization of work and does not provide any solution to the problems raised by the G77. Increasing the resources of the Secretariat on the other hand may lead to better results.

2. The role of international organizations supporting developing countries in tax matters

In addition to the achievements of the Committee of Experts, Switzerland also recognizes the great benefit that numerous other international organizations are providing to developing countries in the area of taxation. The support offered by international organizations, such as

- Organisation for Economic Co-operation and Development (OECD)
- International Monetary Fund (IMF)

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- United Nations Development Program (UNDP)
- European Commission
- International Finance Corporation (IFC)
- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Inter-American Development Bank (IDB)
- African Tax Administration Forum (ATAF)
- Association of Tax Authorities of Islamic Countries (ATAIC)
- Commonwealth Association of Tax Administrators (CATA)
- Inter-American Center of Tax Administrations (CIAT)
- Centre de Rencontres et d'Études des Dirigeants des Administrations Fiscales (CREDAF)
- Intra-European Organization of Tax Administrations (IOTA)
- Pacific Islands Tax Administrators Association (PITAA)

help countries to achieve sustained growth through the development of their tax systems and integration in international tax cooperation.

In addition, a number of bilateral aid agencies operated by governments are actively supporting developing economies in the area of taxation. This includes in our case work done by the State Secretariat for Economic Affairs (SECO, Economic Development Cooperation Division) and the Swiss Agency for Development and Cooperation (SDC).

The international organizations mentioned in the above non-exhaustive list are in the position to provide active and efficient support to economies in need of development in the area of taxation. Changing the function of the Committee of Experts into a further intergovernmental body would increase already existing duplications in the areas covered by the work of the existing organizations. It does not seem to be in the interest of efficiency and effectiveness to devote further energies to a project in which the possible repetition of the output of other organizations is inherent.

3. Recent developments in the area of international cooperation in tax matters

Restructured in 2009, the new Global Forum on Transparency and Exchange of Information for Tax Purposes has proven to be a progressive and effective multilateral framework for the exchange of information, enhancing national tax systems including those of developing countries through promoting the exchange of information and enabling them to fully participate as members.

Recognizing the increasing necessity for articulating the needs of developing countries, the OECD has achieved significant progress in its support to developing countries, through outreach work carried out by the Development Co-operation Directorate (DAC) and the Committee of Fiscal Affairs (CFA). The joint DAC and CFA Tax Development Programme approved by the two Committees on 26 January 2011 is a new initiative aimed at providing an enhanced enabling environment for developing countries to collect appropriate and adequate tax revenues and to build effective states. The Programme will be supported by a multi stakeholder Task Force, comprised not just of OECD economies, but also of developing countries enabling their active participation and the consideration of their views and needs.

Recognizing the importance for all countries, including developing states, to implement effective tax systems, Switzerland is in favour of allocating resources to the already existing initiatives, the effectiveness of which is already proven. Switzerland is convinced that the fragmentation of efforts and the repetition of output would be to the detriment of developing countries and that the existing international framework adequately meets the needs of developing countries also in terms of allowing them to participate actively.

Switzerland actively supports the efforts of the Task Force Tax and Development and the Global Forum in favour of developing countries and is calling for the consideration of the results achieved by the World Bank, the IMF and the United Nations. The UN has been asked to participate. Cooperation with the OECD and the Global Forum would be beneficial for both sides. Besides, participation in the Global Forum is open to all jurisdictions.

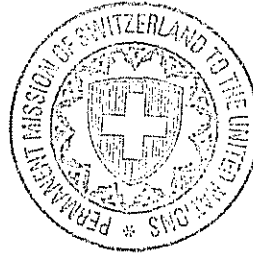
Conclusions

Switzerland is appreciative of the work that the Committee has done so far. However, due to the reasons mentioned above, Switzerland explicitly objects to the upgrading of the Committee of Experts into an inter-governmental organization

Looking ahead, Switzerland is convinced that the Committee can add special value to the efficiency and growth of the economies concerned by concentrating on the needs and areas not dealt with by other organizations such as the OECD and the Global Forum. Switzerland is of the view that enhanced cooperation on the part of the Committee with the Task Force Tax and Development and the Advisory Panel of the Global Forum on Transparency and Exchange of Information for Tax Matters would be especially beneficial. In order to provide an efficient representation for the Committee in these organizations, several solutions could be considered, such as capacity building in the Secretariat or the delegation of an expert from a developing country.

The Permanent Mission of Switzerland avails itself of this opportunity to renew to the Secretariat of the United Nations the assurances of its highest consideration. *M*

New York, 31 January 2011



To the Secretariat
of the United Nations

New York, N.Y. 10017
