



Economic and Social Council

*Launch of the UN Model Double Taxation Convention
between Developed and Developing Countries:
2011 Update*

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Chair: H.E. Mr. Miloš Koterec, President of ECOSOC

Presentations:

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THE 2011 update of the UN Model Convention, authored by the UN Committee of Experts on International Cooperation in Tax Matters, replaces the 1999 version of the Convention, published in 2001. The updated version aims to provide assistance to negotiation of modern bilateral double-tax treaties, especially by developing countries, reflecting these countries' current circumstances and policy priorities. The main objective of this revision has been to take account of developments in the area of international tax policies in the last decade.

The UN Model Convention has had a profound influence on international tax treaty practice. Together with the OECD Model Convention, it forms the basis for most of the several thousand bilateral tax treaties between countries, which aim at protecting taxpayers against double taxation, with a view to improving the flow of international trade and investment as well as the transfer of technology, while retaining appropriate taxing rights to Governments. The particular aim of the UN Model Convention is to facilitate entering of bilateral tax treaties by developing countries, which would contribute to the furtherance of their development goals.

While many provisions of the UN Model Convention and the OECD Model Convention overlap, the Models diverge in many important areas, clearly reflecting the different memberships and priorities of the two organizations. Such differences relate, in particular, to the issue of to what extent a country should forego, under a bilateral tax treaty, taxing rights that are available to it under domestic law, with a view to avoiding double taxation and encouraging investment. The UN Model Convention generally preserves a greater share of tax revenue to the country where investment or other activity takes place, while the OECD Model Convention preserves more taxing rights to the country of the investor, trader, etc. Thus, the UN Model Convention would normally allow developing countries more taxing rights on income generated by foreign investments in these countries.

The launch of the UN Model Double Taxation Convention between Developed and Developing Countries is scheduled for 15 March 2012. The publication will be available electronically at <http://www.un.org/esa/ffd/> following its launch and in printed version at a later date.