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Progressive, transparent and accountable taxation systems or, more simply stated, tax justice, should be central to any sustainable development strategy.

As stated by the Special Rapporteur on Human Rights and Extreme Poverty, there are also international limits to national-level actions on revenue-raising in the absence of a global tax system: "States are undoubtedly hamstrung in their efforts to enact progressive taxation and combat illicit financial flows that could combat inequality and resource better economic, social and cultural rights realization."

Conservative solid estimates put the annual losses caused by illicit financial flows close to USD 1 trillion,[1] 80% of it coming from to systemic and deliberate minimization of the tax share of multinational companies and wealthy individuals.

If efficient measures are not implemented to stop revenue losses from international tax issues, this will potentially increases the need to consider private finance to be involved in basic public services provisions, with the risk this involved in term of fiscal and development issues.

While the initial BEPS report in 2013 was promising, the current OECD-G20 led corporate tax reform – taking the form of a 2 years Action Plan, suffers from some structural weaknesses particularly linked to the lack of developing countries' involvement and ownership of the process.

Unfortunately, the welcome OECD initiatives of consultation process in 2014, has barely mitigated such weaknesses, in particular since the three majors demands to include issues related to double tax treaty, harmfull tax competition and specificities of extractive sector, have not been taken into account. Recent additional measures to include few middle-income countries does not compensate for the fact that most developing countries, in particular LDCs, are not considered as equal partners in this negotiation process.

The tax transparency reform toward a New Standard of Automatic Exchange of Information, pushed by G20 and OECD countries together with the Global Forum, is neither designed in a way that developing countries can benefit of. In particular, the requirement for an immediate reciprocity in information exchange, with the massive human and financial resources that it implies, will keep away for a while low-income countries from accessing information on their citizens' offshore bank account.

After decades of giving in their tax rights to rich countries through OECD model of double tax treaties, most of developing countries are now excluded from the fight against capital flight that further undermines domestic resource mobilization and development challenges.

Recently, the milestone IMF report on the spill over effects[2] of tax policies in the north on developing countries, offers another solid diagnostic of current ineffective international tax cooperation.

The UN Committee of Expert on Tax Matters has provided a critical work for developing countries on tax rights issues, and more recently on tax transparency, BEPS issues and extractive sector. However, the absence of political mandate and financial means keeps preventing it from being able to significantly influence international tax standards.

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[1] Kar, Dev and Brian LeBlanc 2013. Illicit Financial Flows from Developing Countries 2002-2011. Global Financial Integrity, Washington DC. December.

[2] See IMF report on Spill Over Effect.July 2014. IMF.
www.imf.org/external/np/pp/eng/2014/062514.pdf

Thus, an international forum allowing a truly global negotiation process with a broader mandate for reforms is crucially needed, which will ensure that all countries in the world have an equal say on adopting fairer tax rules to fight non double taxation as well as double no taxation and tax transparency.

As indispensable measures for such purpose, we recommend the third Ffd Conference to adopt in priority the following:

- Strengthen the role of the UN in promoting international cooperation on tax matters, including setting up an intergovernmental tax body, as demanded several times by many developing countries
- Promote a truly multilateral automatic exchange of information that provide a temporary non-reciprocal mechanism for low-income countries, and promote publicly-available registries of disclosure of beneficial ownership of companies;
- Promote country by country reporting for transnational corporation, that is made public and accessible to developing countries' tax administrations and local civil society
- Promote, in addition to inclusive reforms of international tax governance, a cooperation that supports building national capacities for tax policy, collection and enforcement, in particular that what relates to international tax issues
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