



Economic and Social Council
Special meeting on international cooperation in tax matters
(New York, 9 December 2016)

Background

To meet the ambition of the 2030 Agenda for Sustainable Development (2030 Agenda), adequate means of implementation are required. In particular, there is a need for mobilization of significant financial resources to promote sustainable development in all its dimensions. To this end, the Addis Ababa Action Agenda (Addis Agenda) of the Third International Conference on Financing for Development provides a holistic and coherent framework for financing sustainable development, including policy commitments and concrete deliverables on the mobilization and effective use of domestic resources.

Taxation is one of the most important ways in which developing countries can mobilize resources for investment in sustainable development. However, substantial gaps in raising tax revenues persist between developed and developing countries (especially least developed countries), where public revenues are still largely insufficient to meet the Sustainable Development Goals (SDGs). In this respect, the Addis Agenda contains a commitment to “[...] work to improve the fairness, transparency, efficiency and effectiveness of tax systems, including by broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances”¹, and recognizes the critical role to be played by development-oriented tax policies, modernized tax systems and efficient tax collection procedures. Given the globalized nature of business and finance, there are limits on what countries can do on their own through domestic policies, so the Addis Agenda also emphasizes the importance of international tax cooperation and the need to combat illicit financial flows.

Within the United Nations system, the ECOSOC Committee of Experts on International Cooperation in Tax Matters (Committee) is tasked with addressing the issues of taxation paying special attention to developing countries and countries with economies in transition. In the Addis Agenda, Member States welcomed the work of the Committee and decided to strengthen its effectiveness and operational capacity², including by increasing the frequency of its meetings to two sessions per year, with duration of four working days each. It was also decided to increase the engagement of the Committee with ECOSOC through the special meeting on international cooperation in tax matters, with a view to enhancing intergovernmental consideration of tax issues at the United Nations.

¹ A/69/313, annex, paragraph 22.

² A/69/313, annex, paragraph 29.

Pursuant to ECOSOC resolution 2017/2 (doc. E/2017/L.5) and decision 2017/205 (doc. E/2017/L.6), the Council will hold a one-day special meeting to consider international cooperation in tax matters including, as appropriate, its contribution to mobilizing domestic financial resources for development and the institutional arrangements to promote such cooperation, with the participation of representatives of national tax authorities. The meeting will be held immediately following the 13th session of the Committee, to facilitate dialogue between the Committee and the Council and to provide input to intergovernmental consideration of tax issues at the United Nations.

Furthermore, ECOSOC resolution 2017/2 emphasized that the Committee should enhance its collaboration with other international organizations active in the area of international tax cooperation, including the International Monetary Fund (IMF), the World Bank Group (WBG) and the Organization for Economic Cooperation and Development (OECD), and with relevant regional and subregional bodies. Accordingly, representatives of these organizations will be invited to actively participate in the meeting.

Modalities

The meeting will be held in the form of interactive dialogue between the Committee members and UN delegates, with a view to bridging the gap between the technical nature of the work of the Committee and of relevant international organizations and broader policy interests of Governments, particularly national tax authorities and relevant ministries. Effort will be made to “translate” the content of the work of the Subcommittees of the Committee which have completed their mandate, or are close to completion, into a broader policy perspective, with a focus on contributing to the implementation of the 2030 and Addis Agendas through exploring ways and means of effectively mobilising revenues for sustainable development. Following each presentation, time will be allocated for comments and questions from the floor. Similar modalities will be utilized for a dialogue with the relevant international and regional organizations.

Programme

The meeting will be chaired by the President of ECOSOC, H.E. Mr. Frederick Musiiwa Makamure Shava (Zimbabwe). A short opening plenary will feature a keynote address by a senior tax official from a developing country, who will address the challenges that developing countries have faced in developing efficient tax systems and policies, while also highlighting the role of international tax cooperation in overcoming these challenges and attaining the commitments set out in the Addis Agenda. It will be followed by a presentation by the Chairperson of the Committee, who will provide a brief overview of the current work of the Committee.

The opening will be followed by a series of three dialogues featuring presentations by the Members of the Committee, serving as Coordinators of the relevant Subcommittees, who will inform delegations and other stakeholders about thematic issues addressed by the

Committee within the broader tax discourse. The first dialogue will focus on tackling international tax evasion and avoidance, more specifically in the areas of Base Erosion and Profit Shifting (BEPS), transfer pricing and the exchange of information. The second dialogue will focus on the challenges related to broadening the tax base of developing countries, discussing taxation of services and extractive industries. The third dialogue will focus on instruments for implementation developed and promoted by the Committee, with special focus on the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* and capacity building initiatives implemented by the Financing for Development Office of UN-DESA under the oversight of the Committee's Advisory Group on Capacity Development. Each segment will feature interaction between ECOSOC delegations and members of the Committee. Representatives of civil society and the private sector will also be encouraged to participate during the interactive dialogue.

The afternoon session will begin with the discussion of the July 2016 report entitled “*Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*”³, submitted by the inter-agency Platform for Collaboration on Tax (the Platform) to the G20 Finance Ministers. The Platform is a joint initiative by IMF, OECD, UN and WBG, launched earlier this year to intensify their cooperation on tax issues. A central piece of the report is a set of recommendations put forth by the four participating international organizations on the key elements of effective tax capacity-building programmes. This report also benefitted from a public request for feedback on draft recommendations, which attracted responses from governments, businesses and civil society⁴. The afternoon session, therefore, will serve as a further opportunity to discuss the set of recommendations with regional tax organizations, delegations, and other stakeholders. This will be especially timely in view of the request by the G20 Finance Ministers for an update on the progress in the implementation of the report by mid-2017. The meeting will conclude with a general discussion segment and closing remarks by the President of ECOSOC.

³ See IMF/OECD/UN/WBG, *Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*, July 2016, available at http://www.un.org/esa/ffd/wp-content/uploads/2016/07/TC_Enhancing_Effectiveness_External_Support_Building_Tax_Capacity.pdf.

⁴ See request for feedback at <http://www.un.org/esa/ffd/tax-cooperation/discussion-draft-report-capacity-building-tax-matters-developing-countries.html>.