

Subcommittees and Mandates

Subcommittee on the Update of the UN Model Tax Convention

Mandate

The Subcommittee is mandated to consider, make recommendations and provide proposed drafting for the next update of the UN Model Double Taxation Tax Convention (the Update) focusing on issues of the most relevance to developing countries.

The Subcommittee will report to the Committee at its sixteenth session in 2018, and at each session thereafter, with a view to finalizing its work no later than the twenty-first session in 2020.

Subcommittee on Extractive Industries Taxation Issues

Mandate

The Subcommittee is mandated to consider, report on and propose draft guidance on extractive industries taxation issues for developing countries in the form of updates to the UN Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries (“the Handbook”). This work shall be conducted on the basis that it shall:

- identify and consider the most pressing issues where further guidance from the Committee may most usefully assist developing countries in this area and initially report to the Committee on such matters at its sixteenth session in 2018;
- provide draft guidance on such issues as are approved by the Committee at its sessions; and propose other updates and improvements to the Handbook for approval.

In undertaking its work, the Subcommittee shall seek to engage with other organizations active in the field. The Subcommittee shall report on its work at each session.

Subcommittee on UN Tax Committee Practices and Procedures

Mandate

The Subcommittee on UN Tax Committee Practices and Procedures is mandated to review the practices and procedures of the Committee with a view to improving the Committee’s ability to meet its mandate whilst preserving sufficient flexibility. The Subcommittee should initially report to the 16th session of the Committee, especially in relation to practices and procedures relating to the formation and operation of subcommittees, the expression of minority opinions and voting procedures.

Subcommittee on Tax Treaty Negotiation

Mandate

The Subcommittee is mandated to propose updates to the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, based on the following principles:

- That it reflects the current version of the UN Model Double Taxation Convention between Developed and Developing Countries and the relevant UN Commentaries as well as ongoing decisions of the Committee leading to changes in them;
- That it pays special attention to the experience of developing countries and reflects their realities and needs at their relevant stages of capacity development;
- That it draws upon and feeds into, as appropriate, the relevant work done in other fora, especially the work on the toolkit on tax treaty negotiation by the Platform for Collaboration on Tax.

The aim of the Subcommittee shall be to present to the Committee an update of the Manual for consideration with a view to adoption to in 2019. Updates on the progress of the work shall be provided to the Committee at each preceding session. The Subcommittee may request the secretariat to develop necessary inputs and provide necessary support within its resources.

Subcommittee on tax issues related to the digitalization of the economy

Mandate

The Subcommittee is mandated to draw upon its own experience as a body widely representative of affected stakeholders and engage with other relevant bodies, and interested parties with a view to:

- analyzing technical, economic and other relevant issues;
- describing difficulties and opportunities especially of interest to the various affected agencies of developing countries;
- monitoring international developments;
- describing possible ways forward; and
- suggesting measures and drafting provisions related to the digitalization of the economy, with regard to:
 - income taxes;
 - double tax treaties;
 - VAT as well as other indirect taxes; and
 - tax administration issues.

The Subcommittee will report on its activities, recommendations and conclusions at each Committee session with an initial response on issues, possible options and working methods for consideration by the 16th session in May 2018.

Subcommittee on environmental taxation issues

Mandate

The Subcommittee is mandated to consider, report on and propose guidance on environmental tax issues and opportunities for developing countries in particular, on the basis that it shall:

- identify and consider the most pressing issues where guidance from the Committee may most usefully assist developing countries in this area and initially report to the Committee on such issues at its sixteenth session in 2018;
- pay particular attention to the application of carbon taxes, and report on current country practices, policy considerations and administrative issues;
- provide draft guidance on such issues as are approved by the Committee at its sessions.

In undertaking its work, the Subcommittee shall consult broadly and seek to engage with others active in the field. The Subcommittee shall report on its work at each session.

Subcommittee on Dispute Avoidance and Resolution

Mandate

The Subcommittee should consider and report back to the Committee on possible means of dispute avoidance and resolution, on both the domestic and international level. In particular, the Subcommittee will consider the Mutual Agreement Procedure, with a view to improving its effectiveness, building on the work done by the previous subcommittee. Particular attention will be paid to:

- Mechanisms to avoid and resolve disputes arising at the domestic level;
- Ways to ensure that the MAP procedure under Article 25 (in either of its alternatives in the UN Model) functions as effectively and efficiently as possible; and
- Issues associated with arbitration clauses and other means as options to supplement MAP.

Following work on these areas, the Subcommittee will produce the following outcomes:

- A draft UN Handbook on Dispute Resolution and Avoidance;
- A draft updated text of the UN Guide to MAP;
- Drafts of possible changes to the UN Model Convention and/or Commentaries, as appropriate.

The Subcommittee is to focus especially on issues affecting developing economies, possible means of addressing them in a practical manner, and ways to build confidence in dealing with them. It will provide recommendations to the Committee within its agreed mandate, on improvements, if any, for inclusion in the next version of the UN Model. The Subcommittee should work on the UN Handbook on Dispute Resolution and Avoidance and an update to the Guide to MAP as a priority.

Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing

The Subcommittee is mandated to review and update the United Nations Practical Manual on Transfer Pricing for Developing Countries, based on the following principles:

- That it reflects the operation of Article 9 of the United Nations Model Convention, and the Arm's Length Principle embodied in it, and is consistent with relevant Commentaries of the U.N. Model;
- That it reflects the realities for, and the needs of, developing countries, at their relevant stages of capacity development;
- That special attention should be paid to the experience of developing countries, and the issues and options of most practical relevance to them; and
- That it draws upon the work being done in other fora.

The Subcommittee shall give due consideration to the outcome of the OECD/G20 Action Plan on Base Erosion and Profit Shifting as concerns transfer pricing. The manual shall reflect the special situation of least developed economies.

The Subcommittee shall report on its progress at the sessions of the Committee and provide its final updated draft Manual for discussion and adoption no later than the 22nd session in 2021 and preferably in 2020.

Subcommittee on the Tax Treatment of ODA Projects

Mandate

The Subcommittee is mandated to address the issues arising from the tax treatment of ODA projects and, in particular, to update and finalize the 2007 Draft Guidelines on the Tax Treatment of ODA projects that were attached to note E/C.18/2018/CRP.5, taking into account, among other things, the annotations included in that document and the written comments sent by Committee members. In carrying on that work, the Subcommittee shall

Pay special attention to the experience of developing countries and of governmental and inter-governmental donor agencies.

Ensure that its work draws upon and feeds into, as appropriate, the relevant work on the issue done in other fora, especially the Platform for Collaboration on Tax.

The aim of the Subcommittee shall be to present to the Committee a revised version of the 2007 Draft Guidelines for consideration with a view to their adoption at the first meeting of the Committee in 2020. Updates on the progress of the work shall be provided to the Committee at each preceding session. The Subcommittee may request the Secretariat to develop necessary inputs and provide necessary support within its resources.

Advisory Group on Capacity Development

Mandate

The Advisory Group is mandated to provide advice and make recommendations on capacity-building and the provision of technical assistance to developing countries in the area of international taxation.

To this end, the Group will engage with the UN Capacity Development Programme on International Tax Cooperation and, as part of that engagement, may contribute by:

- Assessing the demand in developing countries for relevant capacity development tools;
- Assessing existing tools and resources at the disposal of developing countries;
- Proposing tools to be developed in order to address the needs of developing countries and fill in the existing gaps;
- Recommending experts to be involved in the development of these tools;
- Undertaking a technical review of the produced materials; and
- Assisting in the implementation of capacity development initiatives and the identification of developing country participants from the respective regions who may benefit from participation in these initiatives.

While doing so, the Group will ensure that the activities of the UN Capacity Development Programme on International Tax Cooperation adequately take account of the work of the Committee and the needs and feedback of developing countries, especially the less developed ones, and do not duplicate but effectively complement existing tools and resources at the disposal of developing countries.

The Group will assess and review the progress made in the implementation of the UN Capacity Development Programme on International Tax Cooperation on a biannual basis, on the occasion of the sessions of the Committee.