

**16<sup>th</sup> Session of the Committee of Experts on International Cooperation in Tax  
Matters  
(New York, 14 May 2018)**

**Opening statement by Mr. Navid Hanif  
Director, Financing for Sustainable Development Office, UN-DESA**

Co-Chairs,

Distinguished Members of the Committee,

Distinguished Observers,

Ladies and Gentlemen,

On behalf of the UN Department of Economic and Social Affairs, I am pleased to welcome you to the 16<sup>th</sup> session of the Committee of Experts on International Cooperation in Tax Matters.

It is a pleasure for me to be here as the new Director of the UN Financing for Sustainable Development Office.

Today, I would like to focus on three aspects of the Committee's work.

1. The key role of taxation in the implementation of the 2030 Agenda for Sustainable Development;
2. Strengthening international cooperation in tax matters, including through the work of this Committee;
3. Building capacity for more effective and efficient tax systems and administrations.

Implementation of the 2030 Agenda is the utmost priority for all. This is the best way of ensuring that no one is left behind.

Financing is key in the timely realization of the Agenda and the Addis Ababa Action Agenda provides a global framework for financing the 2030 Agenda. It aligns all financing flows and international and domestic policies with the priorities of the 2030 Agenda.

It also recognises that Domestic resource mobilization and its effective use are critical to achieving sustainable development. We know that improved tax policies and administration will help realize more efficient and effective domestic resource mobilization.

This Committee has a critical role in providing guidance to countries on how to achieve such tax systems.

Countries need to reach the right balance between encouraging investment and ensuring sufficient tax revenue to finance public expenditure.

One clear example of where such balance needs to be achieved is in taxation of extractive industries by developing countries.

This Committee provided advice to countries in its *Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries*, which will be launched during this session. I am confident that the *Handbook* will assist countries endowed in natural resources, in exploiting those resources to increase revenue to finance sustainable development.

I also appreciate this Committee's resolve to take this work further, for an update of the Handbook, by including other relevant topics.

The work of this Committee also makes a major contribution to advancing international cooperation in tax matters.

In the increasingly open and interconnected global economy, the Committee's role has gained even more importance. It is evident by the expanding scope of your works in relevant sub-committees. This session will also focus on digitalised economy, in the context of two key questions that need to be addressed.

First, what is the sufficient "nexus" between a digital activity and a particular jurisdiction where that activity occurs to justify taxation of that activity?

Second, if such a threshold is met, how and who should tax the relevant profits?

The OECD and the European Union have recently given us some useful insights on these issues.

The Committee has an important role in ensuring that developing countries participate fully in our search for a consensus on these issues.

Ladies and Gentlemen,

Let me also share with you the progress made in the work of the Platform for Collaboration on Tax, a joint initiative of the IMF, OECD, UN and the World Bank.

The Platform has been working on a number of toolkits aimed at supporting developing countries in addressing tax evasion and avoidance, as well as protecting their tax base.

These include work on tax treaties, transfer pricing, tax incentives and other issues related to the protection of the tax base.

The Platform has also started to assist developing countries in implementing nationally-owned medium-term revenue strategies (MTRSs).

These are meant to support country-led reforms to tax policy and administrations aimed at increasing the potential for domestic resource mobilization.

Last February the Platform convened its first global conference on the theme “Taxation and the Sustainable Development Goals” at UN headquarters in New York.

The conference provided an inclusive framework to discuss two main issues:

- 1) the role of taxation in mobilizing domestic revenue to finance the SDGs; and
- 2) the challenges and opportunities in using tax systems in support of sustainable development.

The Platform partners issued a Closing Statement that identifies 14 action points that the Platform agreed to pursue. These include work on a multi-year *Tax and SDGs Program*, which will include components on health, education, gender, inequality, environment and infrastructure.

Later this week, we will have another round of intergovernmental discussions at the special meeting of ECOSOC on international cooperation in tax matters. The meeting will focus on two issues, namely:

- (i) the challenges and opportunities and to tax systems by the digitalisation of the economy.
- (ii) Challenges arising from exemptions requested by donor countries and international organisations when they fund projects through ODA.

As these two topics are also on your agenda for this session, the ECOSOC special meeting will be a timely opportunity to report on your deliberations, as you will hold an interactive dialogue with the Council on these issues.

Ladies and Gentlemen,

Capacity development is critical to support countries in implementing domestic tax reforms, as well as measures aimed at address international tax evasion and avoidance.

In addition to the work done in the context of the Platform for Collaboration on Tax, FSDO has continued the implementation of its capacity-building programme.

I would like to highlight some of the recent achievements.

A publication was released, both in English and in Spanish, which deals with the design and assessment of tax incentives in developing countries.

Progress was also made in implementing country-level technical cooperation projects in the area of double tax treaties and tax base protection.

Two projects were completed in Angola and Paraguay. New projects were launched and activities started in the Dominican Republic, Mongolia and Trinidad and Tobago.

Finally, two workshops were held in Africa, in Ethiopia and in Swaziland. These were attended by tax officials from 35 countries in the region and focused on tax base protection and transfer pricing respectively.

Later this week, my colleagues will report extensively on capacity development activities since the last session of the Committee.

Ladies and Gentlemen,

I am really encouraged by the Committee's resolve to expand its work and make higher impact.

I would like to assure you that the Secretariat will make every effort to support you in this ambitious work plan. In fact, we have already taken modest steps to enhance our support to you.

I am pleased to announce that we have established an International Tax and Development Cooperation Branch. It will bring closer together the work of the Secretariat of the Committee and the work of the Capacity Development Unit.

I am also deploying one full time professional to the team supporting the Committee.

This will ensure more effective dissemination of the Committee guidelines to developing countries.

It will also use the input received from developing countries feedback during training activities into the work of the Committee.

I look forward to meeting all members of the Committee to discuss how we can better assist you in your tasks.

I would greatly appreciate your candid and constructive feedback. This will allow us to quickly understand your needs, as there is no time to lose in advancing your important work.

My special thanks to the Secretary of the Committee and my esteemed colleague Mr. Michael Lennard for his hard work and dedication in supporting your work.

I wish you a productive meeting.

Thank you.