

17th Session of the Committee of Experts on International Cooperation in Tax Matters
(Geneva, 16 October 2018)

Statement by Mr. Navid Hanif

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Co-Chairs,

Distinguished Members of the Committee,

Distinguished Observers,

Ladies and Gentlemen,

On behalf of the UN Department of Economic and Social Affairs, I have the honour to welcome you to the 17th session of the Committee of Experts on International Cooperation in Tax Matters.

I would like to focus first on substance and then a few administrative matters. At this juncture, let me take a moment to introduce Ms. Caroline Lombardo, recently appointed Acting Chief of the International Tax and Development Cooperation Branch. She brings to the post wide-ranging experience, sound professional and managerial skills. I am confident that she will provide outstanding support to your work.

I will address three substantive aspects: (i) the wider context of the Committee's work, (ii) expected outcomes of this session, and (iii) a look to your work ahead.

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First, the context. The Tax Committee has a special responsibility to frame its work programme and outputs in the wider context of sustainable development, especially the 2030 Agenda.

The Addis Ababa Action Agenda guides all the work on financing for sustainable development. It recognizes the critical role to be played by development-oriented tax policies, modernized and progressive tax systems, and more efficient tax collection procedures.

The conference room paper (19) seeks to further elaborate the key role of taxation in effectively raising domestic resources for governments to finance achievement of the Sustainable Development Goals. It also looks beyond financing, to how tax policies oriented to sustainable development can positively influence behaviour and choices. This has implications for human development, inequality, health outcomes, gender equality and the environment.

Cooperation on tax features prominently in the new strategy launched by the Secretary-General, just a few weeks ago, for Financing the 2030 Agenda for Sustainable Development (2018-2021). The strategy aims to intensify efforts and accelerate progress over the next three years, coinciding with your tenure as Committee members.

The strategy puts a strong focus on strengthening the effectiveness and efficiency of tax systems, including through capacity development, to generate the domestic resources needed for funding the SDGs. And it seeks to build on the work of the United Nations, in collaboration with other actors and stakeholders, in helping developing countries address challenges in international taxation that complicate their domestic resource mobilization efforts: dealing with illicit financial flows, tax evasion, tax transparency and base erosion, and profit shifting.

This context presents exciting opportunities to advance international cooperation on tax. We are keen to hear your ideas on how to better connect your important technical work with some of these wider currents in sustainable development thinking and action.

Let me give just one, more specific example, that is the UN Development Cooperation Forum. The Forum provides a global, multi-stakeholder platform for moving forward four avenues of development cooperation: financial flows, technical know-how, cooperative actions to build capacities and also collective actions for policy change. Each of these has tax dimensions. With the DCF Secretariat now part of the Financing for Sustainable Development Office, there is opportunity to further explore cross-cutting linkages with your mandate and work.

I would also like to mention here that 2019 is a special year for advancing the implementation of the Addis Agenda and the 2030 Agenda. There will be UN General Assembly high level dialogue on financing for development and the summit level High Level Political Forum. I urge the Committee to propose actions that can be endorsed by the world leaders on taxation for the SDGs.

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Second, I would like to highlight some of the opportunities and expected outcomes of this 17th Session of the Tax Committee.

The Subcommittee work on taxation of the **digitalised economy** begins in earnest this session. The Committee can take an important step in deciding how best to engage with those leading current debates, and those affected by the potential outcomes.

The ***UN Model Tax Convention between Developed and Developing Countries*** represents a central part of your mandate and key element of the UN program on tax capacity building. This session will produce decisions on which issues need further guidance in preparing the next update of the Model.

The 2017 update of the Model brings high priority to updating accordingly the ***Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries***. This session will discuss the draft manual, with a view to finalizing it at the Committee's session next April in New York.

The work on the **tax treatment of Official Development Assistance projects** provides a clear example of how the Committee's work can contribute to achieving the 2030 Agenda. This session can give priority to this work, with a view to finalizing the revised Draft Guidelines on this topic in 2019.

The work on the proposed **Handbook on Dispute Avoidance and Resolution** currently focuses on the chapter on the Mutual Agreement Procedure and integrating the eponymous Guide into that chapter. In its work in this area, the Committee has opportunity in this session to further advance a balanced and long-term approach to sustainable development, and another major basis for UN capacity building on tax.

The Committee will consider the additional topics proposed for the next update of the **Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries**. With the vital importance of extractive industries for sustainable development, this brings opportunity to further increase the practicality and relevance of the Committee's guidance for country-level efforts.

This session will also yield guidance for the Committee's vital work on **environmental taxation issues** and on how to make it as practically helpful as possible, amid calls for urgent and accelerated actions by countries to combat climate change and protect the environment.

The ongoing work of the Committee on **Practices and Procedures** is already bringing order, predictability, transparency and greater effectiveness to the way the Committee conducts its business. At this session, we should seek to settle key elements of these practices and procedures, perhaps especially as they affect Subcommittees.

You will have a briefing during the session on the work plan of the **UN Capacity Program in Taxation**. This program has derived its strategic direction and special authenticity through its heavy reliance on the guidance formulated or settled by the Committee, such as on treaties and transfer pricing.

The Committee's work has also been influential in shaping some of the guidance for the **Platform for Collaboration on Tax**, a joint initiative of the IMF, OECD, United Nations and World Bank Group to increase cooperation in tax matters. This shows in the areas of transfer pricing and offshore indirect asset transfers and should do the same in future "toolkits", such as on tax treaty negotiation. You will hear more about the platform's workplan later this week.

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Third is to look ahead. How should we shape the Committee's work for the next two to three years?

Expectations are high, including for inclusivity and legitimacy of the international tax norm setting. The Ministerial statement from the July 2018 High-level Political Forum, stressed, for example, that: "[e]fforts in international tax cooperation should be universal in approach and scope and fully take into account the needs and capacities of all countries, in particular least developed countries, landlocked developing countries, small island developing States and African countries."

We are keen to hear your views on how to move toward a more inclusive, strategic and effective approach in addressing tax-related issues in support of the 2030 Agenda, with greater impact at country level.

One idea which I would like you to consider this week is whether you see value in developing a more comprehensive workplan for the rest of your tenure. This exercise could also try to establish clearly which work should be prioritized and which work could be better managed by a staggered approach. This would enable the Committee and Secretariat to better deploy the limited resources for the achievement of outcomes, from now through 2021.

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Let me know focus on some administrative matters.

The phrase “limited resources” inevitably arises in considering the Committee’ work. The Committee’s impressive achievements within this constraint are a tribute to the goodwill and expertise of Committee Members and Observers. Nonetheless, we have to address the resources constraint head-on before we can unlock the Committee’s full potential and respond properly to its crucial role in shaping tax norms.

Given its new mandates and global outreach and unique stature, there is no doubt that the Committee will need significantly stepped up staff and financial support. This will enable it to produce its main deliverables and help member States significantly accelerate progress on the 2030 Agenda over the next, critical few years.

In this context, we are currently preparing a proposal for Multi-donor funding to:

- provide strengthened substantive and logistical support to the Committee, including its Subcommittees (helping to lift quality of inputs to its work);
- support more inclusive and broad-based country engagement in international tax discussions and institutions; and
- enhance and strengthen the impact of capacity development efforts aimed at disseminating and operationalizing the Committee’s work at country level

We will discuss some of the elements of this proposal later in the week, and will seek your support and advocacy for the proposal.

More targeted workplans, with better financing and human resources, have the potential to improve the responsiveness, relevance and reach of the Committee’s work. This would also expand opportunities to effectively integrate your concrete and very practical actions more closely into:

- (i) SDG-related intergovernmental discussions and platforms within the United Nations; and
- (ii) ongoing reform of the UN development system and support to efforts at global, regional, national and subnational levels.

We look forward to working closely with you to help you make that extra contribution and lasting impact.

I wish you a highly successful session.

Thank you.

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