Ad Hoc Committee - Meeting 14

6 May 2024

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[00:00:05] Excellencies, Distinguished Delegates and Colleagues. Now we are opening the afternoon session in an informal mood. And this will include our second reading for the TOR skeleton with a focus on some topics And some topics that were discussed last week which we started with, it was a preamble objectives and the principles.

[00:00:36] So now this will be like a second round of reading or discussions on this while being an informal mode of discussions. I will not take more time in introduction. And I prefer to open the floor for the delegates to start hearing from them about what their views for these three areas, which is the preamble, [00:01:00] objectives and principles.

[00:01:02] Now the floor is opened.

[00:01:04] No ask for the floor.

[00:01:06] So just to remind you that the floor is opened. I don't see anyone with any views about the objectives, principles.

[00:01:16] No views about this. very much. Now to the distinguished delegate of the United States.

[00:01:23] Thank you, Chair. I just I'm a little bit confused about what exactly we're supposed to be commenting on. Is there a revised terms of reference skeleton text that we should be talking about? I apologize if I missed it, but I'm not really sure how to respond to the request you made for comments.

[00:01:42] Thank you.

[00:01:43] We have a second reading from the first week. Last week we discussed sub items, and we have this Monday for a second reading. Last Monday we discussed, talked about the general view of the skeleton, how it looks like. [00:02:00] And, then Monday afternoon, we start discussions about about the objectives and principles and preamble objectives and the principles

[00:02:09] in this session, we didn't conclude or sum up anything from the Monday afternoon session and it, which is okay. It's normal because it's first discussion upon these items. That's why it was planned a second reading for this. And now we are in the afternoon. We are having a second reading. To try to like have some takeaways, some to sum up for what can be, or people can see as can be in the preamble or what objectives and principles that should exist under the skeleton in the first section.

[00:02:43] And this was the same discussion on Monday, but It turned out to be upon the decision making and the complementarity at that time and almost we get out with no clear objectives or principles that should be there in the in the TOR. So now we are having the second reading for it [00:03:00] in which we are again elaborating about what can be in the preamble, what should be in the objectives, what should be in the principles.

[00:03:08] I hope this clarify.

[00:03:10] Okay. As it seems that there is no views about what, what can come under objectives and the principles. So maybe we can move this topic again to a later discussion, maybe tomorrow or after tomorrow in some time that we can have in one of the sessions. And accordingly, like I will announce this session as our informal session as closed.

[00:03:32] Thank you.

[00:03:34] Now we have an intervention. From the distinguished delegate of Senegal. Merci. We'll say the president.

[00:03:43] Japan's report. Let them up for them. Does a map card? No. Permit repa. Devon say, Pascal, what is creditable? Confronted. I love him. The post. The best on the panel. [00:04:00] Oh, premieres. You have proposed a plan sketch on which people have formulated various and varied observations. And these first work sciences could be considered as the first reading.

[00:04:14] I would say the first intervention because the first reading would be on the basis of a document already shared and that people would formulate observations on this document. Oh, you're doing on part of the going to let you know. It's a lot pose. Not problematic. Cullen is a real issue. I still live in some matter.

[00:04:39] It can take a period. But listen, I got. The fact that there is not a secretary composed of technical resources. Because when we work on this kind of document, there must be at the base a staff who will take into account the different observations formulated by the different delegates. And it is these observations that will [00:05:00] feed the document where the first intervention that was made and which today is being carried out.

[00:05:07] Solely Mayor's prosecutor to zero two new alone. The resolution.

[00:05:13] Conclusion.

[00:05:15] Thank you, Segal. But I don't think it's about having a scatter behind this work or not because the main purpose of this first session is a scoping and I think that what have been done in all other topics in protocols, we heard everyone opinions and we have a summary of what the same for the substantive elements.

[00:05:34] So I can't come and dictate some objectives or principles for everyone. We need to hear, I think every delegate should have a point of view on how he what objectives need to reach is after we hear from everyone. Then we develop a document, and this is the work of the secretariat at that time, to develop a document that can be presented.

[00:05:54] And I think that's what will happen and that's what will be presented in the second session in which we can [00:06:00] talk. But now to go and prejudge from the chair point of view and the secretariat what can be objectives and the principles, I, we don't think. And we didn't do it for other items, actually. We left the room for all the delegates to express their point of views, and then we deliver it from this.

[00:06:16] And summarize and get some sort of documents. So in the back end there is some work is happening on some documents. While we are summarizing thinking notes after each delegate and all the work is being done in the back end in a certain way. But the purpose here just to talk and here everyone, so whatever document after that will come out, it'll be a sort of reflection for the point of views of their members.

[00:06:43] not a reflection of the point of view of the secretariat. I hope this point is clear for everyone. And again, I said this since last week and I expressed in, in, in many occasions, what is the [00:07:00] purpose of the first session? And I think it's clear for in, in the modalities. And it was cleared by me in, in, in many notes, talking notes that I mentioned at the beginning of my discussions every day.

[00:07:14] So that's why it can't be that we put our point of view and presented it should come from the floor in a certain way. Now to the distinguished delegate of Pakistan.

[00:07:24] Thank you very much. Chair. No, we we share some of the confusion of our colleague from Senegal. We don't expect a document to be on screen because you need to listen to everyone and then come up with a document rather than coming up one on your own. So we fully understand that the procedure we are following.

[00:07:43] Maybe there's a bit of confusion on why we are having the same debate again, but perhaps it's to see if there's been any movement within the last week because I think we had this debate on the first day, but we would then take the opportunity to reiterate what our [00:08:00] delegation had said regarding preamble objectives and principles.

[00:08:03] We think, and this is reflected in our written inputs as well, yeah. That we think it should all of these should mirror to a large extent. Resolution 78 slash 230. The ultimate objective we do believe is to promote inclusive and effective international tax corporation. So the objectives we draft should be broad enough to cover all relevant issues of international taxation.

[00:08:25] And then coming and we also think the aspect of Yeah. flexibility and resilience in the international tax system to ensure equitable results should also be reflected in there. And by extension of that, then that the committee should be able to deal with or the Convention eventually should be able to deal with not only all existing issues of tax, but also future issues of tax as and when they arise.

[00:08:52] Coming to principles we'd heard on the first day and we didn't hear any objections. Then the principle of special and differential [00:09:00] treatment should be included. And then also principle of transparency and accountability. And if I had to And for further further detailed proposals, our are reflected in our written inputs, such as sovereign equality of all states that ensuring equitable tax rules to provide all countries with additional resources to contribute to the achievement of the SDGs and then and focusing on such policy options and arrangements that can be effectively implemented by all member states, taking into account the different needs, priorities and capacities off all member states.

[00:09:34] And this is linked again to the principle of special differential treatment. So this is what we had broadly wanted to see reflected in the preamble principles and objectives. But we do concur with our colleague from Since we had the discussion last week maybe we didn't need to have it again.

[00:09:51] And just to reflect again our opposition to the idea of Incorporating any aspect of complementarity [00:10:00] in preamble objectives or principles. We could look at what the distinguished representative of Nigeria said regarding consolidation perhaps could be one way out. But we would not want to see the word complementarity in any of these three aspects.

[00:10:13] Thank you.

[00:10:15] Thanks Pakistan. Maybe before moving to the next delegate, just a clarification also for your point about inputs, because again, this is not the scope for the first session, because if it's just to be reflected from the inputs, I think we can just have the written inputs and reflect the whole TOR.

[00:10:32] The discussions is to elaborate and understand the different point of views before holding the bin and having something written that everyone can look at. Otherwise it will go for the same other sections also to be reflected from the inputs and no need for discussion. Now to the distinguished delegate of Kenya.

[00:10:51] Thank you, chair. We have a proposal under the the topic of principles resolution 78 to 30 has [00:11:00] emphasized that international tax rules must. respond to the needs, priorities and capacities of all countries and appropriately address the ways in which modern markets operate and business is done as part of a major overhaul of international of the international financial architecture.

[00:11:16] I believe, Chair, that this is a recognition by the General Assembly and the resolution that there is a need for an overhaul of the existing international financial architecture and the international tax rules contained therein. Our proposal, therefore, is that the principles should reflect that efforts to make international tax cooperation more inclusive and more effective should appropriately address the ways in which modern markets operate and business is done.

[00:11:43] In accordance with comments that we've made in the previous days, We believe that this will ensure issues such as digitalization of the market. The reduced need for physical presence by multinational enterprises, offshore indirect transfers illicit financial flows are [00:12:00] going to be addressed by the framework convention and the subsequent protocols.

[00:12:04] It'll also address issues of countries being in being restricted or the taxing rates of countries being restricted by century old tax laws that don't reflect the ways in which the current international financial architecture is framed and the ways in which multinational to operate. So we do believe that the convention should reflect the way markets currently operate.

[00:12:26] Thank you Chair. Thanks, Kenya.

[00:12:31] Now the floor to the distinguished delegate. Academia five.

[00:12:35] Thank you, chair. As I, as I stated last week, one of the main reasons for today's situation is the probably century old principle that certain categories of income in certain circumstances can be taxed only by the country of residence and not by the country of source. So I'm proposing a sentence to be included.

[00:12:54] In the maybe in the objective and I'll just read out the sentence. The objective, one of the objectives [00:13:00] could be fair allocation of taxing rights to the source countries and moving away from the principle that only the country of residents can levy tax in certain circumstances.

[00:13:10] Thank you. Thanks. Give me a five now to Nigeria. Distinguish the gate of Nigeria. The floor is yours. Thank you very much and colleagues. I think discussing the preambles, the objectives and the principles we believe one of the major thing that should feature is the fact that we should now have an international tax system that is not fragmented That is not sectionalized.

[00:13:42] And that caters for all. I think that is one of the principles we hope that the convention will cover. And that brings in the issue of consolidating all [00:14:00] the existing Platforms for setting tax standards on rules under the convention on that again speaks to being very broad in scope on and therefore able to cater for every aspect of taxation.

[00:14:22] Another thing that should be of importance that should feature prominently is a process for monitoring implementation of the rules. She ensured that we have transparency and that sanctions are not arbitrarily imposed on countries

[00:14:46] and there should be proper engagements and cause rotations. Where for any reason, any country or jurisdiction is I judged not to have implemented or not to be implementing the rules [00:15:00] that will be agreed. Is important chair

[00:15:05] that this convention take adequate care to ensure that we don't leave. room for doubt.

[00:15:20] What that means is

[00:15:23] is that the outcome, the work of the under the convention should be published in at least the various languages of the United Nations. And that gives clarity to the different countries that speak different languages. And that also ensures that everyone is able to implement the rules in a very standard [00:16:00] dies form and that the rules will not be subject to different interpretations If people have to use thought or thought language to, to understand those rules.

[00:16:14] And chair, we believe in addition to the comments that have been made by Pakistan and Kenya and other colleagues who have spoken we believe that these are issues that should be reflected. Thank you very much. In the preliminaries part of the principles that will guide the preparation of this document.

[00:16:38] Thank you. Thank you, Nigeria. Now to the distinguished delegate of civil society one.

[00:16:46] Gracias, señor presidente, distinguidas y distinguidos delegadas y delegados. Me dirijo a ustedes en representación del Centro de Estudios de Derecho, Justicia y Sociedad de Justicia de Colombia. I'm a member of the Human Rights [00:17:00] Initiative in Tax Policy, in which several organizations are dedicated to promoting human rights in Latin America and the Global South.

[00:17:07] For this reason, the focus of my speech is on the importance of establishing principles that allow us to adopt a perspective of human rights in the framework of the Convention. Principles that are essential to guarantee fair and equitable tax cooperation.

[00:17:25] Fundamental.

[00:17:27] Sin embargo, todos los aspectos que se han discutido convergen en un desafío transversal. Contar con los recursos suficientes que permitan hacer frente a las necesidades de los estados y garantizar la realización de los derechos humanos. En ese contexto, señalaré tres aspectos que creemos son críticos y son particularmente importantes en una negociación de cooperación tributaria internacional.

[00:17:49] Primero, las obligaciones extraterritoriales de los estados. Conforme cincuenta y cinco y cincuenta y seis de la Carta de las Naciones Unidas, los estados deben [00:18:00] contribuir al logro de los propósitos de las Naciones Unidas, uno de los cuales es la vigencia en el mundo de los derechos humanos. Además, el Pacto Internacional de Derechos Económicos, Sociales y Culturales establece que, para lograr progresivamente el pleno goce de los derechos sociales, los estados se comprometen a la adopción de medidas, tanto a nivel individual como mediante la asistencia y cooperación internacionales.

[00:18:21] To implement measures that promote equity in the distribution of costs and benefits of climate action.

[00:18:43] In co.

[00:18:45] Gracias.

[00:18:46] Thanks. Now to the distinguished delegate of Belgium.

[00:18:51] Thank you, chair. Belgium would like to align itself with the previous intervention by the distinguished delegate of Senegal. And we [00:19:00] do understand a second reading might be useful, but it is easier if we would have something that we know has been taken into account from the first reading to get to the, to discuss now in the second reading.

[00:19:14] Otherwise, we don't really know what to, what is expected from us. Do we have to repeat everything we said in the first reading or is it just to add extra things on the first reading? It's still not clear to me. I agree with the comments that the distinguished delegate of Senegal gave previously.

[00:19:35] Thanks, Belgium. Okay, I will try to clarify more. In the first reading, it was discussion for preamble objectives and principles. And I think maybe everyone remembers this session in which everyone started taking the floor for about complementarity. That even I said that time let's close the floor about, okay, we understand it, but my list moves for having other list of objectives, but it [00:20:00] kept till the end of the session.

[00:20:01] Everyone is taking the floor for complementarity and we didn't conclude at that time with any objectives or principles. It was just about complementarity and some members just raised the decision making again. So that's why we have the second reading. Which is not reading, like reading a document. It's reading like another second review because tomorrow we'll have also the same in the agenda in the morning.

[00:20:26] It's the second reading for topics that discussion for topics that was not closed yet. And I think also this was the logic behind the house agenda was built is to have a buffer and in time. So whatever is not closed, we can take another round on it in the second session in the same session, like in the first session to make sure that we fulfill all, all what's required for this item or to get a good conclusion about it.

[00:20:52] And as this three items, which is a preamble objectives principles. We didn't get like again, [00:21:00] complementarity or so imagine. So we're going to have it like under objectives, just complementarity under principles, complementarity under preamble. It will not work like this. We need the objectives and and principles.

[00:21:13] So that's why we opened the floor. Again for this second discussion, because actually we can say that the first discussion didn't happen for the objectives and the principles. So hopefully it's clear. So that's why it was the first reading, but it's actually, it's the first discussions, let's say, but it never happened.

[00:21:33] Almost. It was, we just deviated to another topic. And I talked about it at times that we are discussing more than complementarity. It's, we are discussing the principles and objectives. But anyway, the floor went to the direction of talking about certain points. And now we are trying to discuss the game.

[00:21:52] Hopefully this clarified for you. Thank you. Now to the distinguished delegate of Mauritius. [00:22:00] Thank you, Chair. I hear what you say and I will not repeat what Marussia said last week on Monday. However, I'd like to reiterate two points here, talking about preamble objective and principles, but in particular principles, That it is extremely important that in the principles it is flagged out that every member state has a sovereign right to decide on its policies and practices under the domestic tax system.

[00:22:31] It's a fundamental tenet of sovereignty of every country that it makes its own tax policies. That is one point. And the second is. Since we'd be evolving to a new international tax system or tax order, it is extremely important that there is fairness in the allocation of the taxing rights, whether they are the current taxing rights or new taxing rights, and [00:23:00] that those should be allocated in a very fair manner.

[00:23:04] And finally, there must be flexibility in the way the language is used and drafted so that there is resilience there under that new system, bearing in mind that we are evolving in a world where technology is changing by the Jay or not to say by the hour. And this impacts on businesses.

[00:23:29] Thank you. Thanks. Mauritius. Now to the distinguished delegate of Austria.

[00:23:36] I would like to echo what Senegal and Belgium said. I agree that it is difficult to start a second round of discussions when you don't have a lot to start from. And I understand you, Mr Chair, that it is not at the time. It is not time yet for a proper document, but at least some material would still have been [00:24:00] helpful.

[00:24:00] And but thank you for explaining. I think now I hear you. And now I think it is maybe a bit clearer what is expected from us now. And so I give it a try. I think as for the objectives and reflecting on the last discussion we had here, I know that there was a lot about complementarity and that in the room, but I think that there was still a couple of interventions that were going beyond that.

[00:24:25] And I think I heard, or what I at least remember I heard, I don't have a summary, a proper one. It's that domestic resource mobilization was one of the key themes. And I think we all agreed that this could be the overarching high high level commitment also, or something that underpins our high level commitments as well.

[00:24:45] And so what an overarching. Objective of the convention could be is to ensure domestic resource mobilization through international tax corporation. And I think this is [00:25:00] an objective can be quite brief, I think. So this would be my shot for giving a first try to do that. And as for the principles, I think Some of the issues that are listed in the resolution already could be helpful to include as principles.

[00:25:15] So starting with having transparent, inclusive structures, taking into account the needs of all countries, not only developing countries, all countries, but in particular developing countries, make sure that the cooperation is truly global, and Sorry for repeating it, but it's still an important thing.

[00:25:37] Also consider the work that has already been done in other fora. Thank you.

[00:25:43] Thanks, Osteria. Now to the distinguished delegate of Canada.

[00:25:48] Thank you, Mr. Co Chair. Admittedly, I'm a little bit struggling with the process here, but I'll give my best attempt to provide some constructive feedback as if I understand correctly, we've [00:26:00] reopened the session on to be and we're currently discussing. That portion of the agenda.

[00:26:06] I'd like to first agree with the distinguished colleague from Austria that I think an overriding principle here can be to discuss effective domestic resource mobilization while consider considering a number of other things, including fairness, efficiency. Sustainable economic and social development and growth, stability, predictability, resiliency.

[00:26:33] flexibility, inclusiveness, transparency and accountability and robustness towards tax evasion and tax avoidance. I think in general, as we are developing these ideas for the terms of reference it's important to remember that we can't prejudge. What the negotiating body will decide and what they will include [00:27:00] in, in any convention.

[00:27:01] We can only ask the negotiating body to consider some elements that, that we put forward. Similarly I won't go into great detail, but we'll repeat support. For the view that what we develop should be complementary to what is already existing. We do not agree with the views of the Distinguished Delegate from Nigeria that we should be aiming for a consolidation of all existing platforms.

[00:27:27] We think that goes beyond what, what should be before us? With respect to international cooperation, we think we should be targeting gaps in the existing international cooperation system. In addition, we believe that we're setting out a framework, not a system of governance of a tax system.

[00:27:50] And so we think it's premature to be talking about monitoring the implementation of rules. At this stage in general, the framework [00:28:00] convention should just be setting out exactly what it says, a framework for further developing protocols, which then sovereign states would individually decide whether they wanted to implement or not.

[00:28:13] We are not sure that we understand the proposal for referring to the need of countries who are in different or special circumstances and how that relates to tax rules. And we express some certainty with what that would be before we see what is being proposed in that respect.

[00:28:36] And Lastly, we think it's helpful to be setting out that we think any rules that are developed should reflect a proper balance between the desirability of minimizing compliance and administrative costs for both tax administrations and taxpayers, And other policy objectives such as fairness, predictability, [00:29:00] effectiveness, and the need to prevent tax evasion and avoidance taking into account the circumstances member states relevant to these efforts.

[00:29:08] We think that looking at good tax policy requires a proper balance among all of these different views. Those are some. Preliminary thoughts on things that could be included and some thoughts on some of the things that, that we have heard in the room today. Thank you, Mr.

[00:29:26] Chair. Thanks, Canada. Now to the Distinguished delegate of United Kingdom. Thank you chair. We've heard a lot of people say things like transparency, accountability, inclusivity. The UK would definitely join with that and support that. Seems like there is a lot of a lot of agreement around those kind of principles.

[00:29:53] The UK also suggested some principles last week. I think that was just [00:30:00] before the conversation became dominated by complementarity. So there wasn't much debate about the things that we'd put forward. So I just wanted To re log those and to remind people in case they had not heard or forgotten.

[00:30:15] So the principles that we had suggested one was maximizing participation and coverage. The second was comparative advantage. I focusing on the areas where a framework convention can add the most value. And then the third was subsidiarity, which links closer to the point. A few people have made about about sovereignty.

[00:30:40] So I will stop there. Thank you, chair.

[00:30:43] Thanks. Now to distinguish the delegate of Russian Federation

[00:30:48] money is.

[00:30:50] But for us, it is important to keep references to the universal nature [00:31:00] of the Convention without subordinating it to other forms, formats, and platforms on which such principles were developed. for your attention.

[00:31:15] Thank you, Chair, and apologies for coming in again, but hearing other colleagues is helping me in refining our approach to this. So regarding objectives, we heard a comment that domestic resource mobilization should be one of the objectives, but we disagree. Enhancing Inclusive and effective international tax cooperation should be the effect objective, and that will perforce then enable domestic resource mobilization.

[00:31:44] But we shouldn't put it the other way around. So this is not a UN framework convention on domestic resource mobilization or a convention on capacity building alone. It's to enhance the inclusiveness and effectiveness of our international tax cooperation and that will perforce help countries not [00:32:00] only mobilize their domestic resources, but enable them to have enough fiscal space to achieve the SDGs and to increase financing for development in a way.

[00:32:09] So we are not opposed to the reference to domestic resource mobilization, but we don't think it belongs in the objectives. It can be as part of one of the high level commitments, but we cannot say that this is the objective. The objective is to enhance the inclusiveness and effectiveness. And then regarding other objectives we also heard the comment on governance.

[00:32:28] I think the idea is that every framework convention does have its own structure of governance. For example, we do have the conference of parties for the environmental conventions. So we do think that one of the objectives should be to set up some system of governing how this framework convention will, work I think it's a good opportunity for us to proceed.

[00:32:47] Perhaps at this stage, I don't know if we've exchanged enough views on what a structure should be. We've advocated for a conference of party structure, but when so in addition to enhancing inclusive and more [00:33:00] effective international tax cooperation, we do think it should perhaps also make a reference that One of the objectives will be to set up a system of governing this tax corporation which should be capable of responding to existing and future tax challenges.

[00:33:14] And lastly Again, one of the aims could be to establish such a system to help sustainable development and to address challenges in generating financing for development. That's how we can see the link with domestic resource mobilization can be made. It is through enhancing your international tax cooperation that you will help in mobilizing domestic resources.

[00:33:36] Then regarding principles we would not agree with the proposal to have subsidiarity. I think there was one more comparative advantage. I think these are all different ways of saying the same thing. Complementarity. As we said, we can go with what Nigeria said. Consolidation. We are also flexible to not have any of this reflected in the T.

[00:33:55] O. R. S. Right now, and the exact relationship with existing agreements can be left [00:34:00] to the convention itself to decide how it will relate to existing agreements and frameworks, but to say it should be subsidiary to existing forums, which are You know, not universal, not inclusive is something we cannot.

[00:34:12] So no matter how we phrase it comparative advantage, subsidiarity, complementarity, however it's phrased, would not work for us. Consolidation is something that is interesting. But even if even that does not work, we would not be in a position to perhaps it would be better to not have anything at all regarding that.

[00:34:32] And then In addition to the aspects we mentioned in our initial interventions other principles we think could be being universal in approach and scope. I think, again, 78 slash 230 has a lot of language which can be utilized for this. In addition, and then Also, one more aspect we would like to add is ensuring fairness and allocation of taxing rights under the international tax system.

[00:34:56] Thank you.

[00:34:57] Thanks, Pakistan. Now to the distinguished [00:35:00] delegate of Netherlands.

[00:35:02] Thank you, Mr. Chair. The Kingdom of the Netherlands would like to echo support for the intervention of Senegal, Belgium, Austria, Canada, and the UK. And we would like to refer back to the statement that we made here on last Monday. We believe that the international dialogue at the United Nations can effectively contribute to the exchange of effective practices on mobilizing domestic resources through policy formulation and through the strengthening of enforcement mechanisms.

[00:35:32] As for the question on the table right now, on the preamble, objective and principles, as shared last week, we Find the clarification decision making process very important and this needs a place in the terms of reference Furthermore principles in the resolution should be adequately reflected in the tour that we are drafting in particular We would like to draw attention to point 6d in a resolution.

[00:35:57] Thank you. Mr. Chair.

[00:35:59] Thanks [00:36:00] Netherlands now to the distinguished delegate of Kenya Thank you, Chair. We are opposed to the comment that the Framework Convention should target gaps in the existing framework or that it should be complementary to the existing framework. I'd also like to refer members to Resolution 78 to 30 that emphasizes that a United Nations intergovernmental process for tax norm shaping and rule setting with full consideration of existing multilateral and international arrangements is required.

[00:36:32] would leverage existing strengths and address gaps and weaknesses in current international tax cooperation efforts and arrangements. By making this reference shared, just like to guide members that the resolution, the General Assembly has not placed any restrictions on this committee to only focus on gaps in the existing international framework.

[00:36:54] It has given flexibility in the consideration of existing frameworks and has not created any such restrictions, and neither [00:37:00] should we. We'd also just like to repeat that the existing frameworks are not inclusive in their development and did not address the specific needs and priorities of all countries.

[00:37:10] And it would therefore even be an impossible exercise to determine what would be defined as a gap. Thank you, Chair.

[00:37:16] Thanks, Kenya. Now to the distinguished delegate off Czech Republic.

[00:37:20] Thank you. Thank you, Chair, for giving me the floor. The Czech Republic would like to align with what the distinguished delegate of Austria said about principles. We would like to see in terms of reference, the principles of inclusivity and the principle of the consideration of the needs, priorities, and capacities of all countries, as mentioned by the resolution 78 to 30.

[00:37:42] Thank you.

[00:37:43] Thanks. Czech Republic. Now to the distinguished delegate of Germany.

[00:37:47] Thank you, chair. And I understand that this second reading is also about getting a bit the feeling within this room but I also don't want to take too much time or repeat [00:38:00] too many things already set. And therefore I can also be very quick and just can say that I agree and support the input already made by the distinguished delegates of Austria, Canada, UK, the Netherlands Czech Republic.

[00:38:16] And as I already said in many times that for me, the important thing is really being effective, efficient, and that there will be a valuable outcome. Thank you.

[00:38:31] Thanks Germany. Now to the distinguished delegate of India.

[00:38:34] Thank you. Thank you, chair. Objectives of the TOR we believe should be designed in a manner as enshrined in the resolution itself, including generating finances for development and promoting financial integrity for sustainable development, and also ensuring that the taxes are paid to the government of countries where economic activity occurs, [00:39:00] values created, and from where revenues are generated.

[00:39:05] We broadly agree with the substantive elements proposed to be included in the terms of reference in the form of preamble objectives and principles, as well as identification of possible topics for high level commitments. The terms of reference should outline the objectives and principles for the Framework Convention, so as to provide clarity on key substantive elements.

[00:39:28] And the most important substantive element of the terms of reference would be the principles, which would form the bedrock of all future negotiations in international tax cooperation. Whether in the form of framework convention or through simultaneous or subsequent protocols. Some of the principles which we recommend for consideration are the principles which lay the foundation of a more equitable, efficient, and sustainable international tax framework, which involve inclusivity, [00:40:00] sovereignty of taxing rights, tax transparency, and ease of compliance, fair and equitable distribution of taxable rights, and capacity building considering the waiting needs and priorities of countries.

[00:40:16] Thank you, Chair.

[00:40:17] Thanks, India. Now to the distinguished delegate of United Kingdom.

[00:40:21] Thank you, Chair. Sorry to come in again. I just wanted to come back on the point about subsidiarity. Because as the distinguished delegate from Pakistan noted that Comparative advantage would be a related concept to complementarity and I agree with that. I don't think it's the same. I think there's a, there's some differences, but clearly it's a related concept and we know that there's a disagreement about that space of ideas for principles that we'll have to come back to.

[00:40:52] Subsidiarity don't see as a related concept. Instead what I mean by that, and it's helpful to have [00:41:00] this informal discussion so that we can understand and address these sorts of differences of understanding. By subsidiarity, a concept much more related to national sovereignty. So the idea of a principle of subsidiarity would be to say that A framework convention will focus on those things that cannot be effectively addressed at national level.

[00:41:25] So you're maintaining national sovereignty to the greatest extent possible and focusing your international cooperation on those things where international cooperation is needed in order to be effective as a way of balancing the importance of national sovereignty with the inclusive international tax cooperation.

[00:41:44] So just to explain what I mean by subsidiarity. Okay. Thank you, Chad.

[00:41:49] Thanks for the clarification. Down to the distinguished delegate of Ghana.

[00:41:54] Thank you, chair. Sure, we I want to basically [00:42:00] align with my colleagues and indicate that we recognize that there's already some arrangements that exist that have come out with quite some stellar results in international corporate task operation. But the current agenda. That's not always work in favor of most of the countries.

[00:42:19] It works in favor of some of them. And at the end of the day, it creates a handicap that deprives those states of some revenue or much needed revenue. And also these situations where we have quite a number of entities who don't pay taxes anywhere in any jurisdiction whatsoever. So in our opinion, tax equity should not only apply to taxpayers, but In terms of international cooperation, there should be some level of tax equity, and so unfair practices that skew these rights create problems.

[00:42:52] And if I may borrow from paragraph two of the report of the Secretary General, and if I may emphasize what it [00:43:00] was on, the report on promotion of inclusive and effective international tax practice, a tax cooperation, at the United Nations. And in looking at it, the idea is to have the tax cooperation at the United Nations.

[00:43:15] Not elsewhere. Not within any regional group. And the idea that it should be very inclusive. If we are sitting at a table, we all may be at the table. But if my dietary needs are not provided for, and I'm at the table, all I can drink is water. Everything else may be a very sumptuous meal, but I cannot partake.

[00:43:39] We are saying that let's bring a table where everybody's needs are provided for. And so the objective we are talking about should be one that should include integration and consolidation of all existing arrangements into one overarching UN framework that is inclusive and fair. Thank you Chairman.[00:44:00]

[00:44:01] Thanks Ghana. Now to the distinguished delegate of France. Mr. President. First of all, I would like to echo the views of Senegal, Belgium, Austria and Canada, in particular in what would have been much more useful, perhaps, to make this second reading on the basis of a written version of our first discussions.

[00:44:18] And this is the reason why I would like to reiterate the words I said last week.

[00:44:25] I would like to say that among the objectives and principles that should, in my opinion, be included in the terms of reference, complementarity is indeed a subject that must be included, as well as the mobilization of domestic resources in coordination with the efforts of cooperation and capacity building.

[00:44:45] Mr. President.

[00:44:47] Thanks, France. Now to the distinguished representative of Italy.

[00:44:51] Thank you. Sorry not to intervene. I had a problem. I returned with the translation and I didn't understand it was Italy. Sorry for that. For us, it's also very [00:45:00] important that among the objectives of this convention, complementarity is reached. So we would like to make reference, as we said before, on our position on the 0.

[00:45:12] 6 d of the resolution. Otherwise, we can't really commit if other commitment had already been taken, and it's something that should be taken into account. I would like to raise the presentation issue for the agenda. We talk about second reading, but again, it's a second discussion. We are basically repeating our positions and you should have been reading if you could have read a text basically, which is basically something that other delegates are calling for.

[00:45:45] So again please take this position into account. Thank you. Thanks Italy. Now to the distinguished delegate of Botswana.

[00:45:57] Thank you. Thank you chairperson for [00:46:00] give me the floor. I would like to echo my, our position. Regarding what has been presented initially, I think last week Monday, by the Global Alliance for Tax Justice, as well as some elements that have been presented by the distinguished delegate from the United Kingdom, as well as Ghana.

[00:46:25] And this is in regard Mr. Chairman, with two important Point as far as we are concerned as Botswana the first of which is on the need for global cooperation as we might be aware a person globalization of production and international inter nationalization of trade has called for within the tech space, the need for in.

[00:46:49] connectivity between national tax systems and in that regard, our perspective is that no country should weigh its interest at the expense of other countries. [00:47:00] And we also feel in this vein that there's also need to throw in some element of exchange of information as it plays a critical role in international tax cooperation.

[00:47:13] The second point, Mr. Chairman, is on the need for broader or global justice. The need to address issues of injustices mainly affect developing countries. In this regard, we are calling for the need for fair allocation of taxing rights to all members of the UN system. Thank you. As currently, there's a unfair location of the very, of various tax rights to some jurisdictions that affect developing countries.

[00:47:47] And I think here the issue of global transparency can play a very critical role and needs to be, needs not be underestimated. I submit Jefferson.

[00:47:59] Thanks, [00:48:00] Botswana. Now to the Distinguished Delegate of Senegal.

[00:48:03] Version first.

[00:48:06] C'est dans cette perspective qu'il faudrait comprendre notre intervention pour que les choses puissent aller de la meilleure des manières. Concernant les questions qui ont été soulevées, je me fais l'écho des points développés par le Nigeria au nom du groupe africain. Et ces points doivent être articulés autour de la recherche de l'inclusivité, de la transparence, d'une attribution des droits de l'imposition basée sur la substance réelle des activités.

[00:48:39] Cease day car set resolution.

[00:48:46] The

[00:48:47] competence a complement.

[00:48:49] International rational local science is only disposition. Like resolution like kill, objective, [00:49:00] ation, kill.

[00:49:01] Thanks Segal. It'll be good. Again, to clarify the point that from the first reading or discussion, we were not able to get out with something that we can write. That's why today was having nothing to read it because it was to have a document with two words, decision making, the complementarity, which are like, then what to agree and what to discuss.

[00:49:26] And even these two topics were discussed across the week. So that's why we are having, and again, thanks you for your inputs. Thank you.

[00:49:37] Now to the distinguished delegate of Belgium. Thank you, Chair, and thank you for the clarification. I also agree with the previous intervention of Senegal on the part that it would be easier to work with something on a text already or some basis to work further on. But, okay, I understand [00:50:00] the considerations you gave, Mr.

[00:50:02] Chair. On the, we, you have asked to give input on the introductory elements of preamble, the objectives the principles, I would think why not add a section on definitions, because clearly there is a lot of confusion even among us, or there is a lot of discussion concerning complementarity subsidiarity, consolidation, so we could add, a part on clarifying what is meant.

[00:50:29] If some people keep asking for the consolidation, what exactly is meant by this concerning the objectives, there could be also an addition on the fact that establishing, The establishment of a system of governance for international tax cooperation capable of responding to existing and future tax and tax related challenges on an ongoing basis, while respecting the tax sovereignty of each member state should also respect the available human, [00:51:00] human resources of each member states.

[00:51:02] That would be for small member states, for instance, also an an important part of the objectives. Thank you. Thanks, Bilge. Now to the United States, the distinguished delegate of the United States. Thank you, Chair for giving me the floor. I just wanted to first firstly agree with the comments from the distinguished delegate from Senegal on the procedural matters in this committee.

[00:51:29] We also find it difficult to move forward with these discussions without text, but we do hear the chair's explanation and we appreciate that he does not have an easy job. But looking back at my notes from last Monday, I do believe that there were other principles and objectives mentioned that could be noted.

[00:51:49] And so in order to be constructive at this point I think that we would simply. Align ourselves with the comments that have been made and the objectives and principles that have been proposed today [00:52:00] by Austria, Canada, Netherlands and Czech Republic, UK, France and many others. Thank you, Chair.

[00:52:08] Thanks United States. And actually, this session is, for me, is working more positive. Because we are getting to the last session. It's recorded in the website, so someone can just look at it and you will get what I want to say that we were not able to get something to write. At least this time I have in my side paper, something to write and we can sum up with it and we can move forward.

[00:52:33] I think our second trial succeed to get some points that can be mentioned as objectives again from all the interventions that a bit mix between objectives and then the principles. But I'm okay with this. And we can sort this in while we are drafting and and come as a proposal and everyone can comment and see, this move from objective to principles.

[00:52:53] But if I think if you want to go and look at the video Monday, you will find like you can come up with [00:53:00] two words only, as I mentioned. But this time I think it's working good because almost we have some points that we can, and some ideas that we can put in in the objectives of our work and the principles that can guide us.

[00:53:12] So thank you United States. Now to it's a distinguished delegate of Algeria. Mr. President. First of all, I would like to echo the words of colleagues from Nigeria, India, Botswana, Senegal,

[00:53:29] Kenya and Pakistan. This Framework Convention is an opportunity to address all issues related to international taxation with an assurance of high levels of inclusivity. These are substantive elements related to the objectives of the Framework Convention and its principles. The key principles are those of inclusion and transparency.

[00:53:53] The objectives are the mobilization of domestic resources through effective international fiscal cooperation, transparent, with rules of allocation of [00:54:00] equitable imposition rights, while fighting against evasion and fiscal fraud. In addition, it is important to point out that what is sought through this Convention,

[00:54:10] reintroducing them, but among the existing standards, some are unfair and imposed on developing countries. It would therefore be appropriate to reconsider, in order to set up a fair, inclusive and equitable system, as is the case for the distribution of rights of imposition for income driven activities of trans frontal services.

[00:54:29] Indeed, countries should have the right to tax digital companies or trans border services that have a significant economic presence within their borders and that they have or do not have a physical presence. Mr. President. Algeria. Now to the distinguished delegate of Jamaica. Very much, Chair. Nothing profound to add other than to support

[00:54:51] the intervention from Belgium and I myself am now confused about the distinction between complementarity and [00:55:00] consolidation. And I think that we need to get clarity on some of these terms that we're using. It just seems that we're just repeating the same. Interventions that have been made previously.

[00:55:12] Just wondering at what point at what point we will be able to approach anything like, and I use this word very guardedly, approach consensus in its widest definition. It's a little frustrating, to be honest, Chair.

[00:55:29] Thanks, Jamaica. Now, to the distinguished representative of Korea. Thank you, Chair. Thank you, Chair. I would like to also echo the Senate guys the suggestion to have text draft for the second reading in order to have a constructive negotiation. Although there might be very few words to take to take away from our choice perspective such as complementarity.

[00:55:56] That is the starting point for the second discussions. [00:56:00] And we also had a substantial discussion regarding subject to matters for the Framework Convention as well as protocol topics. We had a tremendous discussion in the last week. In that case, we have some fruitful language for the second discussion.

[00:56:15] For that purpose, I would like to propose to have text for the tomorrow's discussion. That approach would be very helpful in going forward when we give written inputs to the general draft. We are going to make general draft for the second sessions. Since this committee is a member of the discussion, the negotiation, therefore members really want to know what's going on.

[00:56:46] What the draft General Draft would contain, how much they it does it reflect our comments. That is very important. In order to smoothly manage our discussion, I think as a Senegal, or as a [00:57:00] Other members suggested it's very useful to have draft general draft reflecting what we made comments for the political discussions.

[00:57:11] Thank you. Thanks. Now to the delegate of Japan.

[00:57:17] Thank you, Mr. Chair. Listening explanation. I just wanted to give you the, our summary of our intervention last week. Yes we support enhancing domestic resource mobilization as the objective. And regarding the principle we raised three key points. First, respecting the sovereignty of each member states on taxation area.

[00:57:42] Second coherence and consistency with existing tax architecture. Third Collaborating with other international organizations, including regional organizations. Thank you, Mr. Chair.

[00:57:55] Thanks, Jovan. Now to the distinguished delegate of ATAF. [00:58:00] Thank you, Chair, for giving ATAF the floor. Chair, we want to reiterate our calls for the committee to be guided by Resolution 78230, because we see that resolution as the basis of the current work. Having said that, Chair, we withdraw from that resolution to say that the objective of the Framework Convention is already set in the resolution itself.

[00:58:27] The resolution calls for promotion of inclusive and effective international task cooperation at the United Nations. That is enough to be the sole objective of the Framework Convention. But if they prefer to elaborate, it could possibly include things like establishment of governance structure to further that primary objective.

[00:58:50] Chair, we make bold to say that effective and inclusive international tax cooperation is broader by far in scope than domestic revenue [00:59:00] mobilization. And we call members to note that our primary objective in this committee is to implement that resolution and not to Query it or remove from it. I believe said that if we confine the object objective of the framework to the mercy resource mobilization will be cutting off a whole lot from the mandate which will be given on principle.

[00:59:26] Say we do not support the principles of complementarity the way it's reframed in this context chair. seems to be attempting to subject the work of a fully global organization and the platform of UN to regional, to rules developed by regional organizations that in context we are not inclusive. To practicalize that in stature, 27 of our members have never been part of this platform.

[00:59:56] And we believe that subjecting the rules of this framework that will be [01:00:00] developed to the rules already made by the regional platform We amount to the case of the tail wagging the dog. So we will, in addition to this comment, we want to suggest that the principle should include those principle like special and differential treatment, which is just an alias to the phrase that is adopted by the resolution itself to say in the rule development and also process and procedure of the framework, they should consider The capacities, priorities and situations of the economic situation and realities of different countries is another way of saying that one rule fits or should not actually be the case.

[01:00:41] We have seen the element of this principle showing even in the development of the existing rules like Pillar 1 and Monterey, among others. Chair, we will also call for the principles of equality. These principles will allow our members to participate. on equal footing real [01:01:00] and genuine equal footing this time where all members we have a say chair we look at also the principle of equity and fairness that we ensure that the rules to be developed we have to balance the taxing right of both the source and resident jurisdiction as against what is currently obtainable we support the principle of sovereignty as well the principle of sovereignty in our own understanding will ensure that states have have powers to make a decision regarding their own domestic tax rules.

[01:01:34] But sovereignty also entails that when such states have made a call to be part of a multilateral process, that they should comply with rules and standards that have come out of those multilateral process. Chair, in summary, we are saying that we should not also consider the principle of subsidiarity.

[01:01:56] And why do we have this stance? Our stance is [01:02:00] informed by the fact that as we stand here, it will be very hard for anyone to determine what is best handled by nationals and regional organizations as compared to what is best handled by a universal organization as the one we seek to create. To that extent, Chair, we, we emphasize that international tax rules are in such nature that it impacts nations across the world.

[01:02:27] We have had instances where regional organizations are making rules that have severe impact across the world, including at far end of the world, irrespect of some of our members whose taxing rights have been eroded. We thank you, Chair, for giving us opportunity to air our view about these issues.

[01:02:45] Thank you.

[01:02:47] Thanks at now to the Distinguished delegate of Morocco.

[01:02:50] Trans frontal service imposition is of particular importance. Morocco considers that the protocols should focus more on attributing the [01:03:00] rights of imposition according to the localization of economic activity. Real, mainly because of globalization and digitization, and this in order to fight against tax abuses, and to ensure that countries can support the mobilization of their financial resources.

[01:03:18] Mr. President. Thanks, Morocco.

[01:03:21] So before we close, I think just

[01:03:25] the floor to the distinguished delegate of Belgium. Thank you. Thank you, Chair, for letting me come in again. I forgot in my previous intervention to echo the countries, Canada Austria, UK, the Netherlands, Czechia and Germany, France and Italy, whom we would like to align with. Thank you.

[01:03:45] Thank you, Belgium.

[01:03:46] So before we close, like we can say that the takeaways from this discussion is that almost our objectives and maybe also the principles will be coming and the leverage is from 78 to 30, running [01:04:00] transparency, fairness, effectiveness, efficiency, quality, and inclusiveness. That's how we should work it.

[01:04:08] In addition to some items that was raised regarding justice, which is reflection of the fair allocation of taxing rights. So it's a concept of justice, of course having a universal international tax system governance for the international cooperation and respecting the sovereignty of each country.

[01:04:31] So this is very quick sum up of the discussion and the main highlights of this discussion. Thank you all for your interventions and looking forward to see you tomorrow at 10 a. m. Same room? On the same room, conference one. Thank you. And good evening.

[01:04:51] To, to the peer members. To the peer members the lunch break meeting with the peer. It was proposed to continue our discussion after the [01:05:00] session, but now we canceled this meeting for today and we will meet tomorrow in the lunch break. So no meeting, no peer meeting. After the session, no be meeting now, it's already closed.