Negotiating Tax at the United Nations

An introductory factsheet from an EU perspective

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TAX JUSTICE NETWORK

What tax negotiations have begun in February 2025 at the UN?

At the United Nations, countries are negotiating a new UN framework convention on international tax cooperation (UNFCITC). The resulting draft Convention will be tabled at the UN General Assembly for approval in 2027. It could bring about historic reform of the global tax system. The terms of reference (TOR) of the Convention were negotiated in August 2024 and are published here.

The Convention will cover the design of standards for international cooperation that encompass national and regional interests on the most critical international taxation issues, including the taxation of multinational companies, allocation of taxing rights and financial transparency measures. It will also establish the framework body for negotiating future international tax reforms (as the equivalent climate convention, the UNFCCC, established the framework body for subsequent negotiations in respect of climate issues). It will also cover two early protocols, one of which will address the taxation of income derived from the provision of cross-border services in an increasingly digitalised and globalised economy and the second was specified during the organisational session in February 2025 (Art. 13 of TOR) to address the issue of prevention and resolution of tax disputes.

Is there a difference between the UN Tax Committee and the UNFCITC?

The convention in the making (the UNFCITC) is distinct from the already established Committee of Experts on International Cooperation in Tax Matters (commonly referred to as 'the UN Tax Committee'). The latter consists of experts who operate without government mandate, provides non-binding technical guidance on tax matters and is a subsidiary body of the UN Economic and Social Council ("ECOSOC").

In contrast, the UNFCITC is a legal instrument that provides the framework for intergovernmental tax governance based on democratic principles of transparency and inclusivity and, under the auspices of the UN, provides an apparatus not only for technical work but for intergovernmental negotiation and international cooperation. While its exact role under the UNFCITC is yet to be determined, it is expected that the UN Tax

Committee will continue to serve its role in the development of technical guidance but now acting in support of the framework body to be established.

When and where are the negotiations happening?

- **3-6 Feb 2025:** Organizational Session (New York).
- **2025-2027:** Three substantive sessions per year. The Sessions will alternate between New York and Nairobi. During these sessions substantive issues such as wealth taxes, illicit financial flows and cross-border services taxes will be negotiated in the commitments set out in the Convention itself and in early protocols. Dates have yet to be confirmed.
- **Sept 2027** (First quarter of the General Assembly's 82nd Session): Submission of final texts to the General Assembly.

Who is negotiating and how does the EU participate?

All UN Member States participate in the Intergovernmental Negotiating Committee and so all EU member states will have a seat at the negotiating table. In addition, the Committee will be guided in its work by a 'bureau' formed of 20 UN Member States, with four from each UN regional grouping. EU member states account for the majority of members in the WEOG (Western European and Others Group), and are therefore expected to hold at least two seats on the bureau (currently Germany and Sweden). While the EU is not a negotiating party, the EU Commission's External Action Service has been attempting to coordinate a common EU position and participated in the preparatory negotiations and is expected to continue participating in the negotiations. EU countries speak sometimes 'on behalf of the EU countries', but never 'on behalf of the EU'. This makes this convention different than international trade agreements where the EU is the negotiating party.

Why do voters in the EU care and why should EU member states engage constructively now?

The unlevel playing field in tax favouring large businesses, wealthy individuals and the countries that accommodate them, is a longstanding and growing concern of voters in the EU. Reforms have not delivered the needed change yet. And under the new Trump administration, the international efforts are grinding to a halt.

While the Biden administration had been unable to deliver on its rhetorical support for the OECD 'two pillar' proposals, the Trump administration has explicitly rejected them. In addition, a 'day one' memorandum from the President has given the Treasury 60 days to identify other countries' tax measures that are 'extraterritorial' or 'disproportionate' in their effect on US multinationals, and to recommend countermeasures. One such measure is the undertaxed profits rule (UTPR), part of the OECD's second pillar and which has been implemented by EU countries under the Minimum Corporate Taxation Directive (2022/2523), with application from financial year 2025.

This evidences the need for the EU to widen its focus beyond the OECD to look for other partners and processes towards reforming international tax rules for fairer outcomes and sustainable economic growth. The threat against countries which seek to apply fairer tax rules to US multinationals highlights the need for collective action.

EU countries have consistently expressed their commitment to fostering more inclusive and effective international tax cooperation. Given the US stance on the OECD agreement, and the longstanding lag of tax policies at the EU due to its unanimity requirement on tax issues at the EU Council, the UN now represents the primary forum for advancing global tax reform through a new coalition, even in the absence of US participation. A notable feature of UN negotiations is that decision-making is typically by consensus where possible, or otherwise by a simple majority or agreed super-majority rules. This prevents any one country from exerting an effective veto, as the US has often done at the OECD, and opens the door to a broad coalition of the willing taking forward meaningful reforms.

Why are UN negotiations better for EU countries than OECD negotiations?

In the last decade, the EU has adopted a large number of directives that shape the cross-border tax rules between EU countries. In reality, many of these new rules find their origins in the work carried on by the OECD and the decisions taken by OECD-related fora like the Inclusive Framework on BEPS (BEPS/IF) or the OECD Global Forum on Tax Transparency (GF). The Anti-Tax Avoidance Directive (ATAD) and the Directive on Administrative Cooperation (DAC) are examples of instruments which coordinate the regional implementation of rules which have essentially developed by the OECD.

OECD-related fora like the BEPS/IF operate under the pretence of quasi-universal country membership. In reality, these fora are skewed towards favouring the influence of a handful for core OECD countries, and lack any formal governance over decision-making. Non-OECD members and increasingly 'non-core' OECD members too, struggle to fend for their own country interests in these fora. This also implies that the 'global' rules imported from these fora by the EU are essentially non-inclusive, and often result in negative spillovers on these same countries. A fully inclusive tax governance model under the UNFCITC could correct these flaws.

How do tax negotiations at the UN differ from international tax governance at OECD-related fora like the BEPS/Inclusive Forum? (Table)

Criteria	United Nations Framework Convention on International Tax Cooperation	OECD/G20 Inclusive Framework
Membership	The United Nations currently has 193 sovereign member states. Participation in the negotiations (and hence in the resulting framework body) is unconditional.	Currently has 130 sovereign member countries plus 17 non-state jurisdiction including British dependencies. Participation is conditional to prior acceptance of the 'BEPS-minimum standards' over which non-members had no say.
Transparency	All sessions are public and livestreamed on UN-WebTV. Documents for consultations and comments on the documents are published on the official website.	Meetings are not public, and documents are shared on a confidential basis (often containing a unique identifier to avoid leaks). Public consultations have been criticized for their limited timeframe for responding.
Participation of Civil Society and other stakeholders	Often labelled the third UN, civil society has formal channels of engagement, contributing both with written inputs and actively participating in in-person negotiations. Equal treatment with other stakeholders, like business sector representatives.	There is no adequate channel of engagement. While some civil society actors have been invited to participate in the Inclusive Framework, their involvement is often limited and selective. Public consultations only on highly technical matters, often only after crucial decision making. Privileging of business sector representatives.

Decision-Making Process	Negotiations over the Terms of Reference of the UNFCITC and upcoming negotiations have followed United General Assembly Rules, ie they are based on seeking consensus and using majority voting where time requires. The organisational session held 3-6 February 2025 agreed that the rules for decision making by the intergovernmental committee will be by simple majority, and decisions related to the early protocols will be made by 2/3 majority.	While decision-making is supposed to be based on consensus, there is no formal governance of decision-making (within the OECD, only members have a vote; while the Inclusive Framework has no voting mechanism at all). Critics argue that the Inclusive Framework is heavily influenced by a few G20 members and OECD countries, creating power imbalances. Consensus often is interpreted in a negative way: silence is taken to mean acceptance, which creates costs for dissensus, and has also been regularly exploited by sending documents overnight and requiring countries to indicate dissent the following day or be considered to acquiesce.
Governance	As agreed in the organizational session of the Intergovernmental Negotiating Committee, the UN Convention work will be divided in three workstreams (framework convention, protocol 1 and protocol 2), with each workstream having sub-task forces. Each workstream is led by two Committee Vice Charis (from developed and developing country). All workstreams are open to all Committee members, with all views represented, including stakeholder engagement and inputs. Final outputs are put to a vote at the Committee plenary.	OECD/G20 Inclusive Framework is led by a 24-country Steering Group and is embodied in the OECD's Committee on Fiscal Affairs (CFA). There are no formal rules on geographical representation in the Steering Group and the composition has been skewed towards OECD member countries. Working groups that are subsidiary bodies of the CFA discuss the technical proposals by the OECD Secretariat.

How do tax negotiations at the UN work in practice?

- **The United Nations Department of Economic and Social Affairs (DESA)** works with governments around the world to support and promote the United Nation's development agenda. In particular, the Financing for Sustainable Development Office (FSDO) works with governments to finance and implement sustainable development.

- The **Economic and Social Council (ECOSOC)** is a United Nations (UN) body that coordinates the UN's economic, social, and related work.
- **The 'Bureau'** of the UN Framework Convention on International Tax Cooperation is made up of 20 members of the Ad Hoc Intergovernmental Committee. The Bureau consists of a chair, vice-chairs, and a rapporteur. Members of the Bureau are elected on the basis of balanced geographical representation and taking into account gender balance, with each of the five regional groups equally represented. At its Organizational Session (3-6 February 2025), the Committee elected its Chair, 18 Vice-Chairs and Rapporteur. Members of the Bureau can change at different stages of the Committee's work, or as members resign. The current Bureau is comprised of:
    - Chair: Ramy Youssef (Egypt);
    - Vice-Chairs: Leo Ryan Pinder (Bahamas), Qiaolang Li (China), Juanita Villaveces (Colombia), Lukáš Hrdlička (Czechia), Helen Pahapill (Estonia), Michael Braun (Germany), Daniel Atwere Nuer (Ghana), Bhaskar Goswami (India), Anna Wanjiru Kiarie (Kenya), Mathew Gbonjubola (Nigeria), Trude Steinnes Sønvisen (Norway), Cezary Krysiak (Poland), Alexander Smirnov (Russian Federation), Garth Wilkin (Saint Kitts and Nevis), Wassal Al Malki (Saudi Arabia), Yah Fang Chiam (Singapore), Ingela Willfors (Sweden); and Rapporteur: Liselott Kana (Chile).
- **The Intergovernmental Committee's relationship with UN General Assembly (UNGA)**: The Intergovernmental Committee was formed following a resolution (77/244) which was passed in December 2022 at the UN General Assembly. Nigeria, on behalf of the African Group, put forward the resolution entitled "Promotion of Inclusive and Effective Tax Cooperation". This resolution committed countries to begin intergovernmental discussions on ways to strengthen the inclusiveness and effectiveness of international tax. The Intergovernmental Committee will submit the final text of the framework convention and of the two early protocols to the General Assembly for its consideration in its eighty-second session (2027).
- **Plenary** session: during a plenary session member states contribute written or oral statements and collectively make decisions. Other stakeholders including the private sector, federation bodies and civil society may submit written statements and may have the opportunity to make an oral contribution.

- **Informal sessions** enable members of the intergovernmental committee to discuss and resolve issues in order to progress the formal work. Informal sessions are not recorded.
- **Formal Sessions** follow an agenda, discussion of substantive and procedural issues, including statements from member states, and may include prepared oral from other stakeholders.
- **The Fifth Committee** considers 2025 Programme Budget Implications of Draft Resolutions.

FAQs:

- **Why, how and when could the UN tax convention increase public revenues for EU member states?**

  The lack of effective and inclusive international tax cooperation harms all nations. Despite differing views on the desirable distribution of costs and benefits of cooperation on tax matters, all countries and their citizens would benefit more from full cooperation than from limited cooperative arrangements or from none. States have opted for cooperation on tax issues because, in today's global economy, enforcing their own sovereign decisions on how to tax cross-border activity necessitates collaboration with other countries. The advantages of such cooperation would be significantly amplified if a multilateral tax treaty fit for present and future challenges were ratified by all United Nations member states, a feat not yet accomplished by any other fora. The challenge lies in crafting an international agreement that is acceptable to as many parties as possible, thereby maximizing the overall benefits of cooperation.

  Within the EU, EU Member Countries operate at high standards of tax cooperation, be it in the form of streamlined dispute resolution or extensive mutual administrative assistance. In relation to third countries, tax cooperation often functions below par, harming both EU countries and third countries in efficiently enforcing their tax laws. EU countries could collaborate with nations from different regions to push forward tax cooperation on a global level through the UNFCITC.

- **Can I support both the OECD tax work and engage UN framework tax convention? Will the UN Convention simply duplicate the work done by the Global Forum?**

  As the crisis over the implementation of the OECD's Two Pillar agreement deepens, the objection of non-duplication becomes increasingly baseless. In fact, the UN Framework Convention on International Tax Cooperation (UNFICTC) is emerging as a potent multilateral instrument to fulfil the original mandate given to the OECD by the G20, which initially led to the Two Pillars.

  For the coherence of the governance system created by UNFCITC, it is necessary that the standards adopted are compatible with the framework that is agreed in an inclusive manner in the context of a truly universal forum. This alignment is crucial to prevent fragmentation. While this approach does not dismiss the progress made in specific areas to date, it does mean that negotiations aren't starting anew. Instead, countries should evaluate which standards best fit within the new framework, taking elements from other fora which can be validated through a truly inclusive and effective universal system.

  Some states have voiced concerns about starting from the scratch in a new negotiation forum, especially when discussions on similar issues within the OECD have been ongoing for years. However, paragraph 22 of the Terms of Reference addresses these concerns by mandating that the intergovernmental negotiating committee should consider work from other forums, explore synergies, and leverage existing tools, expertise, and strengths from various international, regional, and local tax cooperation entities. This inclusion in the final text of the Terms of Reference demonstrates a commitment to inclusivity and transparency in the process.

- **Is the UN Convention a power grab by the Global South to the detriment of the EU, and why is there not a requirement for unanimity?**

  The UNFCITC is often viewed as advantageous for countries in the Global South, but it presents substantial opportunities for all nations genuinely committed to a fully inclusive and effective international tax cooperation. For example, Australia, with its recently adopted world-leading standard for public country-by-country reporting, could leverage the UNFCITC to push for global adoption of these practices, despite its opposition to the UN resolutions that opened the door for the negotiation of this instrument.

- **Do the negotiations bind EU countries in any way?**

  The negotiations themselves do not bind EU countries as the ultimate decision to sign and ratify a new convention belongs to national governments and parliaments. However, the current negotiations will result in the submission of the Framework Convention to the UN General Assembly in 2027. The General Assembly vote will be final vote on the outlook of the UNFCITC, which will then be opened for signature by individual countries. One of the purposes of the UNFCITC is allowing for broader agreement while giving countries the option to opt out of specific protocols.

- **Are the protocols binding to countries that have signed the convention?**

  No, protocols must be signed and ratified separately from the convention. Protocols are separate legally binding instruments, under the framework convention, to implement or elaborate on a specific topic under the framework convention. Each party to the framework convention should have the option whether or not to become party to a protocol on any substantive tax issues, either at the time they become party to the framework convention or later. (*TOR, Para 14*.)

- **Will the UN tax convention propose Digital Service Taxes (DST)?**

  No. However, the Ad Hoc Committee's TOR determined that the first early protocol should address the taxation of income derived from the provision of cross-border services in an increasingly digitalized and globalized economy. This also includes services typically targeted by a DST. The focus lays on the treatment of those services for income tax purposes. A DST is not an income tax. Moreover, the general topic of taxation of the digitalized economy was also included in a list of specific priority issues provided in the TOR (Para. 16). During the organisational session, the Intergovernmental Negotiating Committee agreed upon prevention and resolution of tax disputes as the subject of the second early protocol.

Further reading

Why do we need a UN Tax Convention?
Global Alliance for Tax Justice, 2024
https://globaltaxjustice.org/news/why-do-we-need-a-un-tax-convention/

Proposal for a United Nations Convention on Tax
Eurodad, 2022
https://www.eurodad.org/un_tax_convention

Towards a UN Protocol for Taxing Cross-Border Services in a Digitalized Economy
The South Centre, 2024
https://www.southcentre.int/tax-cooperation-policy-brief-no-40-19-december-2024/

Litany of failure: the OECD's stewardship of international taxation
Tax Justice Network, 2024
https://taxjustice.net/reports/litany-of-failure-the-oecds-stewardship-of-international-taxation/

World losing half a trillion to tax abuse, largely due to 8 countries blocking UN tax reform
Tax Justice Network, 2024
https://taxjustice.net/press/world-losing-half-a-trillion-to-tax-abuse-largely-due-to-8-countries-blocking-un-tax-reform-annual-report-finds/

The unique opportunity of the UN Framework Convention on International Tax Cooperation
In-depth analysis of reporting trends using the GRI Tax Standard
GRI, 2025
https://www.globalreporting.org/media/ynynhzvn/analysis-of-gri-207-tax-reporting-2025-final.pdf