

For the kind attention of:

António Guterres, Secretary General of the United Nations

Cc:

Permanent Representatives and Observers to the United Nations in New York

17 March 2023

Subject: Implementation of UN General Assembly resolution 77/244 – written inputs to the Tax Report 2023 on *Promotion of inclusive and effective tax cooperation at the United Nations*

Your Excellency,

We, the undersigned civil society organisations and trade unions, strongly support and welcome the UNGA Resolution 77/244 on promotion of inclusive and effective international tax cooperation at the UN. Furthermore, we welcome the opportunity to submit inputs to the process, including the 2023 Tax Report.

We would like to submit the following:

The importance of UNGA resolution 77/244

In the 2015 Addis Ababa Action Agenda (AAAA), the UN Member States made it clear that they “*commit to scaling up international tax cooperation*” and stressed that “*efforts in international tax cooperation should be universal in approach and scope and should fully take into account the different needs and capacities of all countries, in particular least developed countries, landlocked developing countries, small island developing States and African countries.*”

Despite these commitments, the decision-making on global tax rules has been left to non-inclusive forums wherein especially developing countries have not been able to participate on an equal footing. This injustice is at the heart of the failure of the international tax system, which has continued to be characterised by inefficiency, incoherence, and beggar-thy-neighbor policies, which contribute to the alarming growth of global inequality. All countries have paid a high price for this failure, but the impacts on developing countries have been particularly hard and have undermined public spending on social infrastructure such as healthcare, education, water and social protection.

The urgency of this matter cannot be overstated. The Covid-19 pandemic was not only a health but also, for example, an education crisis, and brought to the fore the urgency of universal social security, which is not possible without stable domestic tax revenue income. In light of this as well as the “cost of living crisis” and regressive austerity policies being implemented, especially in the Global South, the fight to increase domestic resource mobilisation and combat illicit financial flows has never been more vital. In 2021, the State of Tax Justice report estimated that countries around the world are losing up to US\$450 billion per year due to international tax dodging and abuse by multinational corporations and wealthy individuals.¹ Faced with the challenges of financing the achievement of the Sustainable Development Goals, social protection, halting the trends in growing inequality, and combatting the global environmental crises, it is clear that the international community must take urgent action to strengthen international tax cooperation and stop the immense bleeding of public resources.

The UN remains the only universal body where all countries participate as equals, and the consensus adoption of Resolution 77/244 marks a historic turning point in international tax cooperation. For the first time, all UN Member States have agreed to “*begin intergovernmental discussions in New York at United Nations Headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options, including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process*”.

We commend the Africa Group for its excellent leadership on this issue and for finally ensuring implementation of the long-standing demand of developing countries for a UN intergovernmental negotiation process on international tax². We now urge all actors to maintain and reinforce the spirit of international cooperation that resulted in the adoption by consensus of this historic resolution. Furthermore, we call for strong implementation of the resolution.

Promotion of effective tax cooperation - the need for a UN Framework Convention on Tax

While there is broad recognition of the need for inclusive, universal global tax cooperation, the world still lacks a global framework for such cooperation. Basic decision-making and governance structures are missing, and key elements such as objectives and principles for international tax cooperation have never been clearly spelled out in a globally endorsed instrument.

With this in mind, we attach great importance to the fact that resolution 77/244 mandates a process to consider a UN “*tax cooperation framework or instrument*”. Furthermore, we believe that the right instrument to provide the global framework for international tax cooperation is a UN Framework Convention on Tax. This would be consistent with other UN instruments to address illicit financial flows related to corruption and crime i.e UN Convention Against Corruption (UNCAC) and UN Convention against Transnational Organized Crime (UNTOC).

¹ Tax Justice Network, Public Services International and the Global Alliance for Tax Justice, ‘State of Tax Justice 2021’, 16 November 2021, <https://taxjustice.net/reports/the-state-of-tax-justice-2021/>

² Database of governments supporting an intergovernmental UN tax process: <https://csoforffd.org/2021/10/27/database-governments-supporting-an-intergovernmental-un-tax-body-and-or-un-tax-convention/>

Addressing tax-related illicit financial flows should be through a UN Tax Convention as first tabled by the Africa Group at the UN General Assembly in October 2022³. We also note with appreciation that a call for a UN Tax Convention has been put forward by the African Ministers of Finance, Planning and Economic Development in May 2022.⁴

We, the undersigned civil society organisations and trade unions, have detailed inputs to give on the discussion of what such a convention could look like. This includes the Proposal for a UN Convention on Tax, which was published by the Global Alliance for Tax Justice and the European Network on Debt and Development in March 2022.⁵ We welcome the fact that Resolution 77/244 emphasises the importance of stakeholder participation and look forward to being a key part of the process going forward.

The road ahead – implementation of resolution 77/244

The implementation process for resolution 77/244 must fully reflect the importance and urgency of the matter, and be designed to ensure an ambitious outcome.

Tax Report 2023

When assessing options for strengthening international tax cooperation, we find it important that the Tax Report 2023 includes consideration of multilateral instruments beyond the relatively narrow sphere of trade, finance and economic issues. The UN possesses extensive expertise and experience when it comes to global governance and consensus building, and important examples of successful intergovernmental cooperation can be found in the broader spectrum of areas that the UN is currently working on. For example, the GATJ/Eurodad Proposal for a UN Convention on Tax draws on examples of governance structures, institutions and principles from the UN Rio Conventions, the UN Human Rights instruments and the WHO Framework Convention on Tobacco Control, to name a few.⁶

Design of the intergovernmental discussions on ways to strengthen the inclusiveness and effectiveness of international tax cooperation

The design of the intergovernmental discussion, as mandated by Resolution 77/244, will be a vital step towards strengthening international tax cooperation. In particular, we would like to stress the importance of ensuring sufficient time, resources, results-oriented negotiations, equitable country participation, transparency and meaningful civil society engagement. Most specifically, we call for:

³ UNGA Second Committee Resolution A/C.2/77/L.11 - Africa Group Draft Resolution on UN Convention on International Tax Cooperation: <https://undocs.org/A/C.2/77/L.11>

⁴ Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development, Fifty-fourth session, Consideration of recommendations and adoption of resolutions Report on the meeting of the Committee of Experts, E/ECA/CM/54/4/Rev.1, 23 June 2022, <https://papersmart.uneca.org/download/4666>

⁵ Global Alliance for Tax Justice and the European Network on Debt and Development, Proposal for a United Nations Convention on Tax, March 2022, https://www.eurodad.org/un_tax_convention

⁶ Global Alliance for Tax Justice and the European Network on Debt and Development, Proposal for a United Nations Convention on Tax, March 2022, https://www.eurodad.org/un_tax_convention

- Member States to be given sufficient time to give full consideration to the problems with the current international tax system and evaluate all options for strengthening international tax cooperation. In particular, the process must allow space to consider the option of developing a UN Framework Convention on Tax. Keeping in mind the importance and complexity of the issue, as well as the time needed for governments to engage in negotiations and build consensus, we believe that the required meeting time for the intergovernmental discussion should be a question of number of weeks, rather than number of days.
- The process to be designed to result in a negotiated outcome that paves the way towards a tax cooperation framework of instrument. As the consensus adoption of resolution 77/244 illustrates, there is a growing momentum for finding truly global solutions on international tax cooperation, and governments are willing to shift their positions to find consensus. The intergovernmental discussion resulting from resolution 77/244 must be designed to continue this spirit of cooperation. Building on the specific wording of Resolution 77/244, this must include the roadmap towards the negotiation of a “*tax cooperation framework or instrument*” through a “*Member State-led, open-ended ad hoc intergovernmental committee*”. Furthermore, as mentioned above, we believe that the suitable instrument to solve the challenges with international tax cooperation would be a UN Framework Convention on Tax.
- The membership to be universal and for all countries to be able to participate on a truly equal footing. We believe that the membership of the intergovernmental process must be open-ended to allow all UN Member States to participate. Furthermore, we call for specific resources to be allocated with the purpose of ensuring that developing countries, and in particular least developed countries, are able to bring experts and decision-makers from their capitals to attend the intergovernmental discussions.
- The process to be adequately resourced. We believe it is important that the intergovernmental process is supported by adequate secretariat capacity and resources to operate effectively.
- The process to be transparent and include strong and meaningful participation of observers, including civil society and trade unions. We, the undersigned civil society organisations and trade unions, bring in-depth knowledge from all regions of the world about the devastating impacts of the failure of international tax cooperation, including the continued bleeding of public resources in the form of illicit financial flows. We also bring concrete and specific proposals for solutions. We welcome the fact that Resolution 77/244 acknowledges the value of our inputs and participation and would like to stress the importance of ensuring that this participation includes the upcoming intergovernmental discussion. As is also the case in other UN-led intergovernmental processes, we look forward to a process in which civil society organisations and trade unions are able to observe the negotiations as well as submit inputs, including through statements during the intergovernmental meetings.

We remain at your disposal if you would like to receive more information, or would be very happy to meet to discuss this issue further.

Yours sincerely,

Civil Society Financing for Development Mechanism (www.csoforffd.org)

Signatories

11.11.11

AbibiNsroma Foundation

ActionAid

Action for integral and inclusive developement

Activist Uganda

ADII (Action pour le Développement Intégral et Inclusif)

AJEMALEBU SELF HELP (AJESH)

Alliance Sud

APIT

Arab NGO Network for Development (ANND)

Asian Peoples' Movement on Debt and Development (APMDD)

Association For Promotion Sustainable Development

Attac Norway

Canadians for Tax Fairness

CCFD-Terre Solidaire

Center for Good Governance and Peace

Changemaker Norway

CNCD-11.11.11

Commonwealth Disabled People's Forum

Congregation of Our Lady of Charity of the Good Shepherd

CRASH - Coalition for Research and Action for Social Justice and Human Dignity

Creatura Think & Do Tank ry

CROSOL - Croatian Platform for International Citizen Solidarity

ECA, EQUIPO PUEBLO

Drustvo Bodi svetloba

DUKINGIRE ISI YACU (DIY)

Equidad de Género: Ciudadanía, Trabajo y Familia

European Network on Debt and Development (Eurodad)

Feminist Legal Studies Queen's

Financial Justice Ireland

Finnish Development NGOs Fingo

Finnwatch

For equality Africa

Force Juvénile pour un Avenir Rassurant (FOJAR)

Fundacion SES

GCAP Ghana

GCAP Rwanda Coalition

Gestos (soropositividade, comunicação, gênero)

Global Alliance for Tax Justice

Global Call to Action Against Poverty (GCAP)

Global Initiative for Economic, Social and Cultural Rights

Global Music Centre
Global Policy Forum
Grupo Nacional de Presupuesto Público
Halley Movement Coalition
Initiative citoyenne pour l'environnement et le développement durable (ICED)
Institute for Economic Justice
Istituto RIA
Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS)
INTERNATIONAL WOMEN'S RIGHTS ACTION WATCH ASIA PACIFIC
KOTHOWAIN (vulnerable peoples dev org)
L'ONG Femmes et enfants pour une Contribution au Développement
Latvian Platform for Development Cooperation
Lokichoggio PWDs Development Organization
LUNACOP/GCAP-RDC
Magyar Természetvédők Szövetsége - Friends of the Earth Hungary
Make Mothers Matter (MMM)
Misère Option Zéro
Movimiento Tzuk Kim-pop
National Campaign for Sustainable Development Nepal
Netzwerk Steuergerechtigkeit
Noakhali Rural Development Society (NRDS)
Norwegian Church Aid
Norwegian Forum for Development and Environment
ONG-ASHAD
OXFAM
Red de Justicia Fiscal de América Latina y El Caribe
Red Latinoamericana por Justicia Económica y Social - LATINDADD
ReFocus Consulting
Religious of the Sacred Heart of Mary NGO
RENICC- GCAP
Rural Area Development Programme (RADP)
SAHRiNGON Tanzania Chapter
Save the Children International
Shirakat- Partnership for Development
Society for International Development (SID)
Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) Uganda
TaxEd Alliance
Tax Justice Network
Tax Justice Network Africa
Tax Justice Netherlands
Tax Justice Norway
The African Women Development and Communication Network
The African Women's Development and Communications Network
The Noakhali Christian Association Limited
The PRAKARSA
Transparency International Zimbabwe
VIVAT International
Wemos
Women Against Violence and Exploitation WAVE Foundation
Women Engage for a Common Future (WECF)
World Economy, Ecology and Development - WEED