

17 March 2023

Dear Secretary General,

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Thank you for the opportunity to submit input on the possible content of the Report mandated by the General Assembly in the resolution "Promotion of inclusive and effective tax cooperation at the United Nations" (A/RES/77/244).

First, I believe that the Report should take a broad and comprehensive perspective in the analysis of the current tax framework and include **indirect taxes**. It seems like many developing countries, in particular low-capacity jurisdictions, are very dependent on income from direct taxation. That makes them very vulnerable for Base Erosion and Profit Shifting (BEPS), and a lot of resources are spent on upholding a system based on direct taxation. Many indirect taxes are less sensitive to BEPS and easier to administer than direct taxes. Taking into consideration the importance that indirect taxes could have for developing countries in the future, the Report should encompass such taxes.

Strengthening inclusiveness and effectiveness of tax cooperation is crucial. But what does inclusive tax cooperation really mean? Is that just having a seat at the table? In my view the most important issue that would really enhance inclusiveness is linked to **capacity building**. To really understand the complex tax issues being discussed in different international fora and then being able to influence the process. Therefore, I think that the Report should mainly focus on how capacity building can be strengthened. The OECD, the UN, the World Bank, the IMF, the EU, and different regional organizations have devoted a lot of resources on capacity building tax measures for developing countries in recent years. However, such processes can be further elaborated. The Report should focus on how capacity building can be improved, what the most important areas are for developing countries and how different organizations can cooperate more. It has been very rewarding to participate in UN capacity building events regarding transfer pricing; to link the theoretical tools (the UN Manual on Transfer Pricing and the OECD Transfer Pricing Guidelines) to practical realities. Such events have also been very much appreciated by developing countries. I am convinced that developing countries with a better understanding of the theoretical framework would feel more included in the tax issues being discussed in different fora, for example regarding the current work at the OECD/IF.

Another very important issue that I believe should be analyzed in the Report is if developing countries have necessary **access to relevant taxpayer information**. Tax administrations without access to such information are likely to face BEPS. International cooperation can indeed play an important role and a lot of helpful tools

in this area, such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the Global Forum on Tax Transparency (GFTT), the Multilateral Competent Authorities Agreements (MCCA) on Common Reporting Standards and the Country-by-Country Reporting, already exist. However, it still seems to be the case that many developing countries in practice often lack necessary information, for example information to be able to make a valid transfer pricing assessment. One reason for this might be that there are not IT-systems available in many developing countries to be able to receive or use the information exchanged. The Report should examine existing tools and whether such tools are used effectively and if not, the reasons for that. Further, analyzing how the situation can be improved and if international cooperation can assist in this area.

It should be recognized how much valuable input the **UN Committee of Experts on International Cooperation in Tax Matters** (Tax Committee) has produced, with focus on developing countries. Not only regarding direct taxation, such as elaborating the UN Model for Income Tax Treaties or the UN Manual on Transfer Pricing, but also regarding rather unique guidance on topics on indirect taxation for example the Handbook on Carbon Taxation or more recently also on tax issues related to alcohol and tobacco. Topics closely linked to the SDGs and where this type of guidance does not exist today. In my view the progress made during my more than 10 years as an expert in the Tax Committee are great; the result is, in my view, high-quality products meeting the needs of developing countries. I am convinced that such progress would not have been made if the Tax Committee would have had another structure. The current structure with only 25 experts serving in their own personal capacity facilitates constructive discussions and decision making and thus makes the work very efficient. The composition of the Committee is built on regional representation ensuring the interest of developing countries. The work programme is set out in a transparent process, the meetings of the Tax Committee are open, the documents produced are being published and public input is sought. The subcommittees have different compositions depending on the need for expertise. While some subcommittees include only members of the Committee, it should also be recognized that other subcommittees have an international unique inclusive composition with representation from governments, international and regional organisations, tax authorities, academia, and business. It should however be considered if there are different ways to devote more resources to the Tax Committee, including its subcommittees and its secretariat to further strengthen the significance of the work and promote inclusiveness.

Although it is very important to strengthen institutional arrangements, it should not lead to the creation of competing fora. That would potentially jeopardise the progress already made. A new governmental body including all states would risk losing the efficiency that the Tax Committee currently has. Risk of duplication of work is evident. Low-capacity countries risk to be underrepresented due to resources constraints. Furthermore, decisions by majority runs the risk of the minority not

implementing the measures. Before looking at next steps I believe that every effort should be made to ensure that all the existing structures function as efficient as possible, without creating redundancies. A prerequisite is that the different **international organizations cooperate** in an effective way. In this regard it should be analyzed how the Platform for Collaboration on Tax Matters can improve such cooperation.

To summarize, in my view, the Report should take a broad perspective taking all taxes into consideration and focus on how to strengthen capacity building, how to improve access to taxpayer information, how to strengthen the UN Tax Committee, how to improve coordination between already existing structures and how to enhance inclusiveness in these structures.

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