

Position paper of Luxembourg for the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

15 March 2024

Luxembourg recognises the important role played by the United Nations and is ready to engage constructively and in a transparent manner in the coming months in the work of the Ad Hoc Committee mandated to draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation (hereinafter “the UN Framework Convention”).

As a strong and longstanding advocate for multilateralism and international cooperation to address global challenges, Luxembourg supports the objectives of inclusive, fair and effective international tax cooperation that guarantees the level playing field and thereby ensures an inclusive involvement and broad participation of all Members and interested parties. **By leveraging its broad memberships and strengths, the work on the proposed draft Terms of Reference for a future UN Framework Convention should aim to catalyse global dialogue and create policy synergy.**

It is essential that the work to be conducted at the United Nations builds on the progress already achieved on international tax matters in other international fora. **Thus, consistency with ongoing work and consensus achieved in the Organisation for Economic Co-operation and Development (OECD) and other international fora, such as the Inclusive Framework on base erosion and profit shifting (BEPS) and the Global Forum on Transparency and Exchange of Information for Tax Purposes, should be a guiding principle. The aim should be to build on these achievements and engage in effective cooperation to ensure a synergistic approach to global tax challenges. A future UN Framework Convention should seek to avoid duplication of work and extra budgetary claims.** The solutions developed in tax matters at the level of the OECD should not be put into question.

The decision-making process should be based on consensus. A consensus-oriented decision-making modality all along the process leading up to a future UN Framework Convention is necessary to ensure its legitimacy and viability.

It is also important to seek to ensure that the endeavours at the United Nations level are in line with the Sustainable Development Goals (SDGs), promoting a more equitable and sustainable approach to international tax cooperation. The work on a future UN Framework Convention should therefore start with a thorough analysis of issues that strengthen the inclusiveness and effectiveness of the process and that support the Sustainable Development Goals and domestic resource mobilisation.

In regards to the question raised by the Chair of the Ad Hoc Committee concerning specific problems that could be addressed by a future UN Framework Convention, we believe that it is - at this point in time - too early to discuss substantial elements. The procedural aspects of this new process eventually leading to a future UN Framework Convention have not been clearly determined yet. This should be a priority at this stage. The main focus of the current discussions lies on the drafting of the Terms of Reference for a future UN Framework Convention. Discussing substantial elements now might be detrimental to the drafting of the Terms of Reference. Moreover, the future discussions on the substantial elements of a future UN Framework Convention should focus on areas that do not already benefit from global solutions, such as those that have been or continue to be developed at the level of the OECD. It is in this respect important to ensure that the process leading to the drafting of the Terms of Reference and of a future UN Framework Convention is as transparent and as comprehensive as possible. All Member States should be in a position to take informed and well considered decisions.

In recognition of the call for more inclusive and effective international tax cooperation, a future UN Framework Convention should aim to gather countries to exchange on effective practices regarding mobilizing domestic resources through both tax policy formulation and the strengthening of enforcement mechanisms.

Finally, given the complexity of the topic and the technical specificities, Luxembourg would like to reiterate the importance of putting in place adequate working methods that allow for hybrid participation so that all tax experts are able to provide their technical input and policy advice.