



Bogotá, 21 June 2017

António Guterres
Secretary-General
United Nations
UN Headquarters
New York NY 10017
USA

Dear Mr. Secretary-General,

On behalf of the Independent Commission for Reform of International Corporate Taxation (ICRICT), I am writing to you on a matter of global economic concern:

The definition of illicit financial flows as part of Sustainable Development Goal 16

Target 16.4 in the UN Sustainable Development Goals commits all governments for the first time to significantly reduce illicit financial flows, as part of a universal agenda to eradicate extreme poverty from the face of the earth by 2030, and deliver on the promise of sustainable development.

The inclusion of illicit financial flows in the global agreement is underpinned by the 2015 Report of the High Level Panel on Illicit Financial Flows from Africa, in which aggressive tax avoidance with a view to minimise tax payments and tax abuse by multinational corporations is recognised as a key source of tax-motivated illicit financial flows:

“The various means by which IFFs take place in Africa include abusive transfer pricing, trade mispricing, misinvoicing of services and intangibles and using unequal contracts, all for purposes of tax evasion, aggressive tax avoidance and illegal export of foreign exchange.” (2015 Report of the High Level Panel on Illicit Financial Flows from Africa, p.24)”.

Tax abuse by multinational corporations aids and abets tax evasion by individual shareholders, asset holders, agents and senior executives through the use of offshore tax havens, often through contrived and artificial transactions that serve little or no purpose other than to produce a tax advantage and which involves operating within the letter, but not the spirit, of the law.

This increases the tax burden on other taxpayers, violates the corporations’ civic obligations and robs states of critical resources to fight poverty and fund public services.

In addition, such illegitimate corporate tax avoidance thwarts a significant component of the direct taxation which can otherwise make a major contribution to achieving SDGs. As such, avoidance represents a significant threat to the progressive realisation of human rights - including those of women, who are typically over-represented among lower income groups.

We understand that some actors within the UN system are lobbying for a redefinition of the term 'illicit financial flows' in order retrospectively to exclude tax avoidance by multinational companies from the definition.

Such a course of action represents a clear threat to the SDG contribution of domestic resource mobilization, and will also undermine confidence in the UN's ability to deliver honestly on what member states have previously agreed upon.

We trust that your leadership will seek to stand up for lower-income countries against the lobbying of special interests in what we consider is a critical element of the global commitment towards eradicating poverty and transforming economies through sustainable development.

We look forward to receiving your support in this crucial matter and we remain at your full disposition should you have any question or need any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'José Antonio Ocampo', with a horizontal line underneath.

José Antonio Ocampo
ICRICT Chair

[The Independent Commission for the Reform of International Corporate Taxation](#) aims to promote the international corporate tax reform debate through a wider and more inclusive discussion of international tax rules and to consider reforms from a perspective of public interest. This Commission has published specific recommendations for the reform of the rules and institutions governing the international corporate tax system, which can be found [here](#). Details of ICRICT's commissioners can be found [here](#).

Cc:

Ms. Amina Mohamed, Deputy Secretary-General, UN

Mr. Wu Hongbo, United Nations Under-Secretary for Economic and Social Affairs

Mr. Yury Fedotov, Executive Director, United Nations Office on Drugs and Crime

Ms. Alicia Bárcena, Executive Secretary, Economic Commission for Latin America and the Caribbean

Dr. Mukhisa Kituyi, Secretary-General, United Nations Conference on Trade and Development

Dr. Shamshad Akhtar, Executive Secretary, Economic and Social Commission for Asia and the Pacific

Dr Abdallah Hamdok, Executive Secretary, United Nations Economic Commission for Africa

Mr. Mohamed Ali Alhakim, Executive Secretary, Economic and Social Commission for Western Asia

Mr. Christian Friis Bach, Executive Secretary, United Nations Economic Commission for Europe

Mr. Enrique Ordaz, Chair, Inter-Agency and Expert Group on the Sustainable Development Goal Indicators

Mr. Stefan Schweinest, Director, UN Statistics Division

Ms. Francesca Perucci, Chief, Statistical Services Branch Mr. Enrico Bisogno, Chief, Statistics and Surveys Section, UNODC

Ms. Brigitte Strobel-Shaw, Chief, Conference Support Section, Corruption and Economic Crime Branch, UNODC

Ms. Melissa Tullis, Senior Policy Support at the Office of the Director for Division of Policy Analysis and Public Affairs, UNODC