

Press Release:

200+ Civil Society Organisations and Trade Unions Submit Joint Comments on the Zero Draft Terms of Reference for the UN Tax Convention

8 July 2024 – The Global Alliance for Tax Justice (GATJ) submitted joint comments to the UN Ad Hoc Committee on the zero draft Terms of Reference (ToR) for a United Nations Framework Convention on International Tax Cooperation (UN Tax Convention). The comments were submitted through the Civil Society Finance for Development (CS FfD) Mechanism Tax Justice Workstream which is facilitated by GATJ and Eurodad, a member of GATJ. The joint submission, signed by over 200 civil society organisations and trade unions, highlights the role of international tax cooperation in providing public resources, particularly to fulfil the international commitments related to development, human rights, and environmental protection.

The comments are submitted ahead of the second session of negotiations on a draft ToR, which takes place July 29th - August 16th. The draft ToR, which is to then be finalised by the end of August, represents a key step forward in the rewriting of global tax rules. The present global tax rules were developed under the OECD without the participation of all states and excluded the participation of civil society. The failure of the current global tax architecture causes governments around the world to lose over USD \$1 billion in tax income every day to multinational corporations and wealthy individuals. The current tax architecture also fails to reduce inequalities, both within and between countries. For these reasons, GATJ has long championed the need for a global tax body at the UN.

In reaction, Dereje Alemayehu, Executive Coordinator of the Global Alliance for Tax Justice (GATJ), said:

“The zero draft terms of reference (ToR) for the UN Tax Convention is another step in the right direction to enable countries to “build their homes on their own pillars.” The draft ToR covers the main objectives, principles, commitments and the overall components necessary to deliver the fair, ambitious and efficient UN Framework Convention on International Tax Cooperation, as stipulated by the UN Resolution 78/230. Profit shifting and illicit financial flows exist and can be done with impunity because there is no international cooperation and governance architecture to prevent or sanction them. Although the Global South is more heavily impacted, all UN member states are losers in the prevailing status quo. Winners are multinational companies and the ultra-wealthy individuals which are benefiting from the “hospitality” of some jurisdictions to stash their ill gotten assets and untaxed income. Building international cooperation on tax matters on the principle that “the tax policy and practice of a country should not undermine the tax revenue of another country” will pave the way to minimise tax dodging and IFF. The UN Tax Convention ToR is a good start to finally allow countries, particularly from the Global South, to defend their tax base and realise their taxing rights to adequately tax companies and wealthy individuals on incomes generated in their economies.”

Tove Maria Ryding, Tax Coordinator at Eurodad, and member of the Coordination Committee of GATJ said:

“The zero draft negotiating text is a helpful first draft, and it includes most of the objectives and principles which are needed to deliver tax justice. Crucially, it includes taxation of multinationals, taxation of the ultra-wealthy, and addressing environmental challenges, which is very positive. But there are also specific areas where the text needs to be strengthened. For example, we need to see references to the links between tax and gender equality. We’re also calling for improved wording when it comes to tax and human rights. In terms of the road ahead, we welcome the suggested timeline of finishing negotiations by 2026 because developing fair, effective and progressive global tax rules is an urgent issue. It is by rewriting the global tax rules that countries will have the resources to deliver quality public services including healthcare and schools.”

Chenai Mukumba, Executive Director of Tax Justice Network Africa (TJNA), and member of the Coordination Committee of GATJ said:

“The ToR provides a strong basis as we enter the next round of negotiations. One of the benefits of a tax convention at the UN is the ability to make explicit linkages between tax and other existing UN work including, for example, the Sustainable Development Goals (SDGs), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the UN Framework Convention on Climate Change (UNFCCC). Tax is critical to finance these areas and the strength of developing global tax rules at the UN is to be able to connect it with such pre-existing work.”

Luis Moreno, Representative of Red de Justicia Fiscal de América Latina y el Caribe (RJFALC) and Chair of the Coordination Committee of the Global Alliance for Tax Justice (GATJ), said:

“The zero draft ToR for the UN Tax Convention is promising but we must continue to mobilise during the next round of negotiations. One key piece that must be added in the next round of negotiations is the elimination of inequalities, both between and within countries. Latin America is a region with the highest level of inequality, and reforming the global tax rules is a path to address this. A UN Tax Convention is needed for equity and transparency to serve not just a small group of countries but all countries.”

Jeannie Manipon, Coordinator of the Tax and Fiscal Justice Asia (TAFJA) and member of the Coordination Committee of GATJ said:

“The UN Tax Convention is important to harmonise the global tax system. The tax incentives which govern the extractive industry are not cohesive and hurt our people and our planet. The draft ToR for a UN Tax Convention includes important considerations of environmental and climate challenges but it must also include a specific mention of the extractive industry.

The UN Tax Convention is needed to fix the current global tax rules which are a product of colonisation. Many of our countries which have been colonised are in unjust, unfair tax treaties, replicating the same past colonial dynamics. We need a UN Tax Convention to create an intergovernmental mechanism that is transparent, accountable and where all countries can stand on equal footing.”

ENDS

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Notes to the Editors

The second session of negotiations from July 29th – August 16th will be live-streamed on UN Web TV. Information on the second session, including the zero draft terms of reference, can be [found here](#).

All submissions on the zero draft ToR can be [found here](#). GATJ’s submission can also be [found here](#).

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About the Global Alliance for Tax Justice

The [Global Alliance for Tax Justice \(GATJ\)](#) is a South-led global coalition in the tax justice movement. Together we work for a world where progressive and redistributive tax policies counteract inequalities within and between countries, and generate the public funding needed to ensure essential services and human rights.

Created in 2013, GATJ comprises regional tax justice networks in Asia (Tax & Fiscal Justice Asia), Africa (Tax Justice Network Africa), Latin America (Red de Justicia Fiscal de América Latina y el Caribe), Europe (Tax Justice-Europe) and North America (Canadians for Tax Fairness & FACT Coalition), collectively representing hundreds of organisations.