

For the kind attention of:

Mr. Ramy M. Youssef, Chair of the Intergovernmental Negotiating Committee to draft a United Nations Framework Convention on International Tax Cooperation and two early protocols (INC) and Mr. Daniel Nuer, Co-Lead of Workstream I.

Cc: Permanent Representatives and Observers to the UN in New York

11 July 2025

Subject: Joint civil society and trade unions submission regarding the Draft Issue Note of Workstream I of the Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation.

Abstract

Please find below a joint submission on behalf of the **Global Alliance for Tax Justice (GATJ) and over 100 organizations and trade unions**. GATJ facilitates the CS FfD Mechanism's Tax Justice Workstream with the support of one of its members, the European Network on Debt and Development (Eurodad). GATJ is a Southern-led global coalition in the tax justice movement.

We **welcome the approach** that the Workstream has taken, as well as the suggested **timeline**. We also welcome the idea of **stand-alone commitments**.

We provide specific issue-related comments on the future commitments related to the **fair allocation of taxing rights**, including equitable taxation of **multinational enterprises**. In this context, we call for the transfer pricing system to be replaced with a unitary tax system.

As regards the commitment on **sustainable development** we draw attention to the *Compromiso de Sevilla*, including important decisions related to **progressive taxation, gender, human rights** and environment. We also stress the importance of adding a sub-commitment on **progressive environmental taxation in line with the polluter pays principle**.

Furthermore, we submit points related to **differentiation**, as well as future commitments related to taxation of **high-net worth individuals** and **transparency**.

In addition to commitments, we also draw attention to other elements that we believe should be covered by Workstream I, including **principles, preamble, mechanisms, subsidiary bodies** and **compliance measures**.

Lastly, we stress the importance of **full and effective participation** of civil society organizations and trade unions in the work of the committee, including the online meetings of the Workstreams.

Comments on the Draft Issue Note of Workstream I

Overall comments

We welcome the approach that the Workstream has taken, and we find that the suggested **timeline** is appropriate. International tax abuse is costing governments hundreds of billions of dollars in foregone revenues every year, and that there is a deeply pressing need for public resources, including to fulfill the international commitments related to development, human rights and environmental protection. Thus, the timely finalization of the Framework Convention on International Tax Cooperation (FCITC) must be an issue of highest priority and urgency.

While we welcome the opportunity to submit comments, we have **strong concerns regarding the lack of participation of observers in the work of the Workstream**. We have elaborated on this point at the end of this submission.

Commitments

We agree that some commitments can be included as stand-alone actions, without necessarily being an anchor for a future protocol. We would like to highlight that **if the language of a commitment is strong and clear enough, it can be operationalized and implemented through future decisions of the Conference of Parties (COP) – without needing a protocol**. The COP can be empowered to make important decisions after the Convention has entered into force. This approach, which has also been applied in other UN processes, allows for the Convention text to be relatively concise, since the COP can specify the details which operationalize the commitments. COP decisions can also serve an important function for decisions that might need more regular review, since they can be changed by the COP itself without requiring an amendment to the Convention.

Fair allocation of taxing rights, including equitable taxation of MNEs

While we support that the Committee takes a stepwise approach to the commitment-topics outlined in paragraph 10, we stress the importance of considering **solutions that can address several items at once**. We note that strong concerns with the **transfer pricing system** have emerged in all workstreams. This is understandable, since this system is directly linked to problems addressed by the two early protocols, namely unfair allocation of taxing rights and frequent occurrence of disputes. However, the transfer pricing system also causes other problems addressed in paragraph 10, such as large-scale corporate tax avoidance.

We believe the **Convention should include a commitment to replace the failed transfer pricing system by developing and implementing a new international corporate tax system that taxes MNCs as coherent entities, on the basis of their global profit** (also known as unitary taxation with formulary apportionment), supplemented by the introduction of an ambitious minimum effective corporate tax rate. The new system should include a balanced formula that fairly allocates taxing rights to countries on the basis of the level and significance of economic activity that the corporation has in each country. This system should include all corporate profits – also those that are not generated by service provision (i.e. the focus of Workstream II). Thus, it should be addressed in Workstream I (the Convention).

Sustainable development

The ToR specifies the objective of establishing “***an international tax system for sustainable development***”. Furthermore, the recently adopted Outcome Document of the Fourth Financing for Development Conference – the ***Compromiso de Sevilla*** – also includes decisions that are highly relevant to this, including:

- “*We will promote progressivity and efficiency across fiscal systems to **address inequality** and increase revenue. We will **promote progressive tax systems** in countries, where applicable, and enhance efforts to **address tax evasion and avoidance by high-net-worth individuals and ensure their effective taxation, supported by international cooperation**, while respecting national sovereignty. We will also **promote effective and equitable government spending**.*” (paragraph 27(e));
- “*We encourage effective taxation of **natural resources**...*” (paragraph 27(f));
- “*We will (...) advance discussions on **gender responsive taxation**.*” (paragraph 27(g));
- “*We will promote the consideration of the **environment, biodiversity, climate (...) in fiscal programming** in line with national circumstances, sustainable development priorities, and poverty eradication strategies. While respecting national sovereignty, options may include (...) **taxes on environmental contamination and pollution**.*” (paragraph 27(h));
- “*We encourage countries to integrate financing of **social protection systems and policies, including floors**...*” (paragraph 27(i));
- “*We further reaffirm that the pursuit and enjoyment of **human rights** and fundamental freedoms for all, encompassing **civil, political, economic, social and cultural rights, which includes the right to development**, must be respected, protected and promoted, without distinction or discrimination of any kind.*” (paragraph 3)

With this in mind, the Convention should include a **commitment to ensure that fiscal systems are fully in line with the progressive realization of human rights, inequality reduction and sustainable development**, including the achievement of relevant UN goals, obligations and commitments. This should include specific mentions of the goal of reducing inequality within and among countries; environmental protection; gender equality; and the promotion of progressive tax systems.

Furthermore, we want to highlight **environmental taxation and tax cooperation on environmental challenges**, which are issues that are gaining a lot of international traction. **The Convention has a very important role to play on this**, both as a contribution towards tackling global environmental crises and to ensure that international initiatives are considered in an inclusive forum where all countries can participate on an equal footing. Including these issues as a commitment under the Convention can also ensure that the principles outlined in the ToR are applied to environmental taxation, including when it comes to taking “*a holistic, sustainable development perspective that covers in a balanced and integrated manner economic, social and environmental policy aspects*”.

We therefore strongly encourage the Committee to add a **sub-commitment on progressive environmental taxation, in line with the polluter pays principle**, under the overall commitment on tax and sustainable development.

Differentiation

We stress the importance of incorporating the principles related to **common but differentiated responsibilities and respective capabilities (CBDRC)**, as well as **special and differential treatment** of developing countries into the commitments. For example, future global standards on automatic information exchange should incorporate a transition period in which developing countries can receive information on a non-reciprocal basis. Similarly, commitments related to progressive environmental tax should fully reflect CBDRC.

Disputes

As regards the issue of **disputes**, we refer to our submission to Workstream III.

High-net worth individuals

Regarding paragraph 18 of the Note (on future work of the Workstream), please note that paragraph 10 of the ToR does not only mention tax evasion and avoidance by **high-net worth individuals**, but also ensuring their effective taxation. We stress the importance of including the full wording of this sentence going forward.

Effective taxation of HNWI will require unlocking global wealth transparency to address financial opacity, illicit financial flows and offshore hidden wealth. Commitments for the taxation of high-net worth individuals should have the objective of tackling inequalities within and between countries, addressing ecological debt, and mobilizing financing for pressing environmental and social needs.

Transparency

We also want to highlight some key elements that we believe should be covered under the transparency commitments mentioned in paragraph 10 of the ToR. These include the “ABC of transparency”, namely:

- **Automatic information exchange**;
- **Beneficial ownership registers**, including public access to key information about ownership of legal vehicles;
- **Country by country reporting (CBCR)**, including publication of individual CBC reports.

We also refer to the point about “differentiation” (above) and “mechanisms” (below).

Furthermore, transparency around **tax incentives**, as well as the role of **enablers** of international tax abuse, should be covered.

The transparency provisions should be operationalized as a matter of urgency, not least to provide information for the decision-making on tax matters under the Convention.

Other elements

In addition to the commitments, we believe there are a number of other important components that the Workstream should address. This includes:

Principles and preamble

While we find that the section on **Objectives** is well-covered by the ToR, we believe it is important to revisit the section on **principles**. For example, we believe it is vital to add a principle on progressiveness and ensure that the principle on national sovereignty is balanced with international cooperation (paragraph 9(b) of the ToR). Further needs for revisions are likely to emerge during the negotiation of commitments. It is also vital that the objectives and principles already mentioned in the ToR are fully reflected in the ongoing work of all Workstreams.

The **Preamble** of the ToR is very short, and we believe a number of references to key UN decisions should be added. In addition to the Compromiso de Sevilla, this includes key UN agreements on human rights, environmental protection, gender equality, and health. The discussions about commitments are also likely to provide further clarity on elements that should be added to the preamble.

Mechanisms and subsidiary bodies

Framework Conventions frequently include mechanisms and subsidiary bodies, and we believe the same should be the case for the FCITC.

We want to highlight that the above-mentioned *Compromiso de Sevilla* includes some important decisions of high relevance to the Convention, namely:

- “*We will work to strengthen country-by-country reporting of multinational enterprises, when applicable, including further evaluating the creation of a **central public database for country-by-country reports**.*” (paragraph 28(f));
- “*(...) We will implement effective domestic beneficial ownership registries with high quality and standardized information, consistent with international standards (...) and **consider the feasibility and utility of a global beneficial ownership registry**.*” (paragraph 28(g)).

We believe the consideration of a **central public database for CBC reports** should take place in the Committee, and **call for such a database to be incorporated into the FCITC**. Furthermore, we believe that a global beneficial ownership registry covering legal vehicles and assets is both very feasible and of high utility, and we call for it to be established under the Convention as part of a larger **Global Asset Register**.

The **Convention should also include the option of developing global financing mechanisms in the form of international tax approaches**, for example within the areas of financial transactions. Building on the above-mentioned sub-commitment on progressive environmental tax, we also believe the Committee should consider mechanisms such as a polluter pays surtax on the global profits of fossil fuel companies and other highly polluting sectors, as well as on income from polluting assets, with the revenues to be channeled towards global environmental and sustainable development mechanisms under existing UN agreements. . This work could

build on previous examples, such as the Share of Proceeds in the UNFCCC or the Cali-fund in the CBD.

Furthermore, the existing UN Expert Committee on International Cooperation in Tax Matters should be incorporated as a **subsidiary body** under the Convention.

Compliance

The Convention must include **strong compliance mechanisms**, both to address non-compliance by Parties to the Convention, as well as possibilities for responding to non-cooperative jurisdictions that refrain from signing the Convention.

Observer participation

Paragraph 21 of the ToR states that “*civil society and other relevant stakeholders are encouraged to contribute to the work of the intergovernmental negotiating committee in accordance with established practices.*” We are very committed to responding to this invitation and as a global network of civil society organizations and trade unions, we bring extensive knowledge on taxation and finance, including from the national and regional levels, and from our consistent engagement in a broad range of UN processes.

However, **our contribution can only be meaningful if it is well-informed and timely**. We find it deeply concerning that observers have not been invited to participate in the online meetings of the Workstreams, since this leaves us with a limited understanding of the specific discussions Member States have had, and significantly reduces our ability to feed into and respond to the debate.

Regarding the **established practice**, we note that in particular as regards “informal-informals” it is inconsistent, but that observer participation in such meetings is by no means uncommon - it occurs within a wide range of UN processes, and it has also already occurred within the UN Tax Convention processes. There are also precedents for observer participation in online meetings – for example from the work of the UN Expert Committee on Tax. We stress the importance of allowing for full and effective participation of civil society and trade unions in all meetings of the committee going forward.

Signatories

1	11.11.11	Belgium
2	Initiatives for Dialogue and Empowerment Through Alternative Legal Services (IDEALS)	The Philippines
3	ABED - Associação Brasileira de Economistas pela Democracia	Brazil
4	ACT Alliance	International
5	ActionAid International	International
6	Active Citizenship Foundation, Inc. (ACF)	The Philippines
7	Alliance for Development	Ghana
8	Alliance Sud	Switzerland

9	Alternative Information & Development Centre	South Africa
10	Amnesty International	International
11	Arab NGO Network for Development (ANND)	Lebanon
12	Asia Development Alliance	Asia
13	Asian Peoples' Movement on Debt and Development (APMDD)	Asia
14	Association For Promotion Sustainable Development	India
15	Attac Österreich	Austria
16	Attac Deutschland	Germany
17	AwazCDS-Pakistan	Pakistan
18	Botswana Council of Churches	Botswana
19	Brazilian Campaign for the Right to Education	Brazil
20	Bretton Woods Project	United Kingdom
21	CADIRE CAMEROON ASSOCIATION	Cameroon
22	CCAP Blantyre Synod (AACC Champion for Malawi)	Malawi
23	Center for Economic and Social Rights	International
24	Centre for Citizens Conserving Environment & Management (CECIC)	Uganda
25	Changemaker	Norway
26	Christian Aid	International
27	Club Unesco du Centred'Action Femme et Enfant en sigle ONG CUCAFE	République Démocratique du Congo
28	CNCD-11.11.11	Belgium
29	COAST Foundation	Bangladesh
30	Comité Catholique contre la Faim et pour le Développement - Terre Solidaire	France
31	Connected Advocacy	Nigeria
32	COUNCIL OF CHURCHES IN ZAMBIA	Zambia
33	Daayyaa Generation Network (DGN)	Ethiopia
34	Dejusticia - Centro de Estudios de Derecho, Justicia y Sociedad	Colombia
35	DISABILITY PEOPLES FORUM UGANDA	Uganda
36	DMUN Foundation	Republic of Korea
37	DUKINGIRE ISI YACU (DIY)	Burundi
38	Echoes of Women in Africa Initiatives	Nigeria
39	EcoEquity	United States of America
40	Economic Justice Network of FOCCISA	South Africa
41	Equidad de Género: Ciudadanía, Trabajo y Familia	México
42	European Network on Debt and Development (Eurodad)	Europe
43	FASE - Solidariedade e Educação	Brazil
44	Financial Justice Ireland	Ireland
45	Financial Transparency Coalition	International
46	Finnish development NGOs Fingo	Finland
47	Finnwatch	Finland
48	Free Trade Union Development Center	Sri Lanka
49	Freedom from Debt Coalition	The Philippines
50	Fundar, Centro de Análisis e Investigación	México
51	Futuros Mejores	Argentina
52	Global Alliance for Tax Justice	International
53	Global Call to Action Against Poverty (GCAP)	International
54	Global Initiative for Economic, Social and Cultural Rights (GI-ESCR)	International
55	Global Policy Forum Europe	Europe

56	Global Redistribution Advocates	International
57	Global Witness	United Kingdom
58	Greenpeace International	International
59	Inesc - Institute for Socioeconomic Studies	Brazil
60	Initiative for Social and Economic Rights (ISER)	Uganda
61	Kanisa la Mennonite Tanzania	Tanzania
62	Labor Education and Research Network (LEARN)	The Philippines
63	Latin American Campaign for the Right to Education	Latin America
64	Lutheran World Federation (LWF)	International
65	MenaFem Movement for Economic, Development And Ecological Justice	Mena/Egypt/Morocco
66	Mothers Rise Up	United Kingdom
67	National Campaign for Sustainable Development Nepal	Nepal
68	Netzwerk Steuergerechtigkeit	Germany
69	Norwegian Church Aid	Norway
70	Norwegian Church Aid	United Republic of Tanzania
71	Norwegian Church Aid	Malawi
72	OLABODE YOUTH AND WOMEN INITIATIVES (OYAWIN)	Nigeria
73	Open Ownership (Global Impact)	International
74	Oxfam	International
75	Pakistan Development Alliance	Pakistan
76	People's Alternative Studies Center for Research and Education in Social Development (PASCRES)	The Philippines
77	Plataforma Portuguesa das ONGD (Portuguese Platform of Development NGOs)	Portugal
78	Positive Money	United Kingdom
79	Quest For Growth and Development Foundation	Nigeria
80	REBRIP - Rede Brasileira pela Integração dos Povos	Brazil
81	Red de Justicia Fiscal de América Latina y El Caribe - RJF ALC	América Latina y El Caribe
82	Red Latinoamericana y del Caribe por Justicia Económica, Social y Climática (LATINDADD)	América Latina y El Caribe
83	Rural Area Development Programme (RADP)	Nepal
84	SENTRO	The Philippines
85	Sinatsisa Lubombo Women and girls empowerment Organsiation	Eswatini
86	Sindicato Nacional Empleados Impuestos y Aduanas Colombia	Colombia
87	SOMO	Netherlands
88	Southern and Eastern Africa Trade Information Negotiations Institute	Uganda
89	SPELL-Sustainability and Participation through Education and Lifelong Learning	The Philippines
90	Synergie SOECDD/RDC	République Démocratique du Congo
91	Tax Justice Aotearoa New Zealand	New Zealand
92	Tax Justice Network	International
93	Tax Justice Network Africa	Africa
94	Tax Justice Norway	Norway
95	Tax Justice UK	United Kingdom
96	taxmenow - Initiative für Steuergerechtigkeit e.V.	Germany / Austria / Switzerland
97	The African Youth Cafe	Africa
98	The Latin American and Caribbean Network for Economic, Social, and Climate Justice (LATINDADD)	Latin America and the Caribbean
99	Third World Network	International
100	Trade Justice Pilipinas	The Philippines

101	Vienna Institute for International Dialogue and Cooperation (VIDC)	Austria
102	VIVAT International	International
103	Wemos	Netherlands
104	Women's Environment and Development Organization (WEDO)	International
105	Working Group on Intellectual Property (GTPI)	Brazil
106	World Young Women's Christian Association	International
107	Youth For Tax Justice Network	Uganda
108	Zimbabwe Council of Churches	Zimbabwe