Joint civil society and trade unions response to the Co-Lead's Draft Framework Convention Template, published 24 October 2025

This document is a joint response on behalf of the Global Alliance for Tax Justice (GATJ) and a broad coalition of organizations and trade unions to the Co-Lead's Draft Framework Convention Template, published 24 October 2025. GATJ facilitates the Civil Society Financing for Development 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.

The response includes the following sections:

1. Overall assessment
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1. Overall assessment

1.1 The current draft lacks ambition, substance, and fails to deliver on the mandate as outlined in the Terms of Reference (ToR), including the overall objective of establishing "*an inclusive, fair, transparent, efficient, equitable and effective international tax system for sustainable development, with a view to enhancing the legitimacy, certainty, resilience and fairness of international tax rules, while addressing challenges to strengthening domestic resource mobilization*".

1.2 The draft generally lacks multilateral solutions, and a number of key overall elements are missing, including specific approaches and mechanisms to ensure a fair allocation of taxing rights (ToR para 10(a)), equitable taxation of multinational enterprises (ToR para 10(a)), effective taxation of high-net worth individuals (ToR para 10(b)), and international tax approaches that will contribute to sustainable development (ToR para 10(c)), as well as transparency mechanisms and effective and equitable exchange of information (including automatic information exchange) (ToR para 10(d)), and solutions that can address illicit financial flows (including tax evasion and avoidance) (ToR para 10(e)) and prevent international tax disputes (ToR para 10(f)).

1.3 In line with paragraph 18 of the ToR, **it is now essential to ensure a process which is Member State-led, and allows each Member State to submit specific proposals for text that should go into the Convention**, with the aim of delivering on the ToR. Rather than a summary text, the next negotiating text should provide a compilation of such proposals by Member States, with the aim of allowing them to consider, negotiate and find common solutions on the basis of their own suggestions. **In line with paragraph 21 of the ToR, it is also essential to ensure that civil society and other relevant stakeholders are able to effectively contribute to the work**, including by ensuring full transparency and allowing for observers to present their views and suggestions throughout the negotiations.

2. Summary table

Cross-cutting specific comments on the draft text	
Issue	**Solution**
Legal form	Replace the wording "Parties agree" with "Parties shall".
It is unclear why the draft text uses the term "State Parties", as opposed to "Parties". Furthermore, it's inconsistent with the ToR	Change the term "State Parties" to "Parties" throughout the text.
References to taxation of multinational enterprises (MNEs) are scattered throughout the text	Introduce an Article on Equitable Taxation of Multinational Enterprises (which is the term used in the ToR para 10(a)), to allow the issue of taxation of MNEs to be addressed in a clear and coherent manner. See suggested Article 4 bis.
References to "information exchange" are scattered throughout the text, and yet there is no proposal for multilateral solutions	Introduce specific Articles on key information exchange mechanisms, including a Global Asset Register, Automatic Information Exchange and Beneficial Ownership Transparency. See specific suggestions under Article 6.
The different needs, priorities and capacities of countries, including developing countries, are not reflected in the text	Integrate special and differential treatment of developing countries as a cross-cutting element in the Convention, in line with the ToR para 9(a).
Specific comments on the Articles in the draft text	
Article 2 Principles	
The Principles will need to be further fleshed out	Ensure that the section on principles of the Convention is revisited after the discussion about commitments, recognizing the need for significant strengthening and further detail to be added to the text contained in the ToR.
Article 4 – Fair allocation of Taxing rights	
The issue of fair allocation of taxing rights should not be limited to MNEs	Rather than trying to develop a "one size fits all" solution to fair allocation of taxing rights, the issue should be integrated as a cross-cutting element, including in Article 5 on High-net worth individuals, as well as a new separate Article on Equitable taxation of MNEs (see suggested Article 4 bis). Meanwhile, Article 4 can introduce a basic source country taxing right that applies broadly, "*except as otherwise expressly provided in this Convention and its Protocols*". Article 4 should be broadened to capture all types of taxes with potential transboundary effects. **Specific language suggestions: See Catalogue.**
Article 4 does not actually entail allocation of taxing rights	Add a specific Article on Equitable taxation of multinational enterprises, which introduces a transition to unitary taxation with formulary apportionment. See suggested Article 4 bis.

Article 4 introduces a controversial part of the 2013 G20 approach to corporate taxation, namely "value creation"	The concept of "value creation" should be deleted.
Article 4 introduces an incomplete list of relevant factors to determine fair allocation of taxing rights in relation to multinational enterprises	Article 4 should be kept very general and focus on introducing a basic source country taxing right that applies "*except as otherwise expressly provided in this Convention and its Protocols*". The specific factors for allocation of taxing rights related to MNEs should be developed at a later stage, as a part of formulary apportionment. It is also important to consider the option of introducing different formulas for different types of economic activities. See suggested Article 4 bis.
New Article 4 bis – Equitable Taxation of Multinational Enterprises	
Unitary taxation with formulary apportionment and a minimum effective corporate tax rate	With reference to the ToR para 10(a), introduce an Article on Equitable Taxation of Multinational Enterprises, in which Parties to the Convention decide to transition to unitary taxation with formulary apportionment, supplemented by an ambitious minimum effective corporate tax rate. While the Convention should contain the overall decision, mandate and timeline, the specific rules to operationalize the decision can be developed by the future Conference of the Parties (COP). **Specific language suggestions: See Catalogue.**
Article 5 –High-net worth individuals	
Article 5.1 and 5.2 – tax avoidance and evasion of HNWIs – lack multilateral solutions	Introduce Articles related to the establishment of a Global Asset Registry and Automatic Exchange of Information (see below under Article 6). These Articles should include the points related to covering "additional types of assets and instruments". The element of "structures and techniques by taxpayers, advisors and intermediaries" should also be included, and a specific reference to techniques applied through shell companies could be added.
Article 5.3 – effective taxation of HNWIs – is not operational	Article 5.3 must be further elaborated. This includes outlining a process to identify HNWIs, both within countries (based on nationally specific thresholds), and at the global level. The Global Asset Register (see below under Article 6) will be essential in this context, including by identifying the true – beneficial – owners of assets. Furthermore, in accordance with 10(b) of the ToR, the Convention must operationalize the commitment to ensure "effective taxation" of the identified HNWI, including both approaches to be coordinated between Member States as well as international components, including a global minimum tax. This should include a commitment to delivering progressively higher tax rates for HNWIs, with revenues channeled toward sustainable development. It also includes measures to ensure compliance and effectiveness, including exit taxes and minimum post-departure tax liabilities. The approach to taxing HNWIs should ultimately be anchored in the objective of establishing an "international tax system for sustainable development" (ToR para 7(c)), as outlined by the 2030 Agenda and the principle of common but differentiated responsibilities and respective capabilities, which includes tackling inequalities within and between countries, addressing ecological debt, and mobilizing financing for pressing environmental and social needs, and thereby ensuring that the implementation of a global minimum tax directly contributes to sustainable development outcomes. For the world's wealthiest HNWIs, it should also be recognized that none of their existing wealth stocks originated solely from their country of residence, and the taxing rights to such wealth must include an international component,

	anchored in the objective of reducing inequalities and promoting sustainable development. **Specific language suggestions: See Catalogue.**
Article 6 – Mutual Administrative Assistance	
Article 6 – Overall – fails to respond effectively to the components related to information exchange and transparency	In line with para 10(d) from the ToR, change the title of the Article to "Mutual Administrative Assistance, Including Transparency and Exchange of Information", and/or introduce additional Articles to capture the key multilateral solutions outlined below, including a Global Asset Register (GAR), Automatic Information Exchange (AIE), Public Beneficial Ownership Registers (BO) and Public Country-by-Country Reporting (CBCR). These key Articles could be designed in a manner that supports the implementation of other tax measures raised in the Convention, including unitary taxation of multinational enterprises and effective taxation of high-net worth individuals.
Global asset register	Introduce an Article in the Convention that establishes a UN Global Asset Register that links all types of assets, companies, and other legal vehicles used to own assets, to their beneficial owners. The GAR should build on domestic implementation of beneficial ownership transparency reforms for legal vehicles and assets, and guarantee automatic exchange of information among all Parties to the Convention (see below). **Specific language suggestions: See Catalogue.**
Automatic information exchange	Add an Article in the Convention that introduces automatic information exchange on the basis of a commonly agreed standard as a part of the UN Global Asset Register. The standard should ensure that all Parties can get access to AIE on an equal footing, and include a transition phase with non-reciprocal information exchange for developing countries with low capacity. **Specific language suggestions: See Catalogue.**
Public beneficial ownership registers of legal vehicles at national level, and connected to the Global Asset Register	Introduce an Article on beneficial ownership transparency, requiring implementation of national beneficial ownership registers of companies and other legal vehicles, adhering to commonly agreed standards so that this information can be incorporated into the UN Global Asset Register. **Specific language suggestions: See Catalogue.**
Article 6.3 explicitly rules out public transparency for all information related to Articles 5 and 6, and introduces a right for supplying Parties to introduce restrictions related to the information provided	Introduce specific Articles on key transparency mechanisms, including Public Country-by-Country Reporting, a Global Asset Register, Automatic Information Exchange and Beneficial Ownership Transparency based on commonly agreed standards and multilateral solutions. For non-public information, information exchange should be based on a joint standard to be developed by the COP, and takes into account the needs and realities of all countries.
Public Country-by-Country Reporting	Introduce an Article on "Public Country-by-Country reporting", which includes a central public database for CBC reports and is specific enough to be fully operational shortly after the entry into force of the Convention. **Specific language suggestions: See Catalogue.**
Article 7 – Illicit Financial Flows, Tax Avoidance and Tax Evasion	
Article 7a) lacks real operational solutions	Introduce key multilateral solutions that can provide effective solutions to IFFs. See also above under Article 4 bis (Equitable taxation of multinational

	enterprises), Article 5 (High-net worth individuals) and Article 6 (transparency).
Article 7(b) on structures and techniques used by taxpayers to avoid and evade taxes partially overlaps with Article 5.2 and lacks a multilateral solution	Integrate exchange of information related to "structures and techniques developed and used by taxpayers, advisors and intermediaries" into separate Articles on a Global Asset Register and Automatic Information Exchange, and ensure that this exchange includes both individuals and multinational enterprises.
Article 8 – Harmful Tax Practices	
Article 8.1 places special emphasis on harmful tax practices (HTPs) related to multinational enterprises	Expand the scope of Article 8.1 to cover all types of actors that can engage in international tax abuse, as well as all types of taxes with potential transboundary effects. **Specific language suggestions: See Catalogue.**
Article 8.2 addresses tax incentives, but leaves out the issue of public transparency	Expand the scope of Article 8.2 to cover all types of tax incentives and introduce public transparency.
Article 8.3 (a) introduces language that could indicate Public Country-by-Country reporting, but in a form that is very vague	Introduce a specific Article on Public Country-by-Country reporting as suggested under Article 6 above.
Article 8.3 (b) introduces measures against harmful tax practices, including the option of minimum taxes on multinational enterprises, but in a very vague and unclear way	The Convention should include a comprehensive definition of harmful tax practices that emphasizes the extraterritorial responsibilities and duty of all States to prevent harms that their own policies and practices can create on the effectiveness and fairness of the tax systems of other States. Furthermore, the Convention should include a commitment by Parties to remove harmful tax practices (not limited to multinational corporations), as well as a clear process for identifying such practices – to be implemented by the Conference of the Parties (COP). The Convention should also include provisions for responding to non-cooperative jurisdictions (including those that do not join, or fail to comply with, the Convention) and related sanctions. Lastly, a minimum effective corporate tax rate should be introduced together with unitary taxation with formulary apportionment (above under Article 4 bis (Equitable Taxation of Multinational Enterprises).
Article 9 – Sustainable Development	
Rather than proposing precise and operational commitments, actions and mechanisms for delivery, Article 9 simply restates the top-line text contained in the ToR	Introduce Articles to ensure a strong link between taxation and sustainable development, as suggested below.
The link between taxation and sustainable development is missing	The Convention should include a commitment to ensure that fiscal systems are fully in line with the UN Member States' obligations to progressively realize human rights to the maximum of their available resources, inequality reduction and sustainable development, including the achievement of relevant UN goals, obligations and commitments.

	The Article on Sustainable Development should create an obligation on each Party to report regularly on its performance in relation to commitments under the Article, in accordance with the different needs, priorities and capacities of Parties (ToR para 9(a)). The reports should include a specific section on potential negative spillover effects of the Party's tax system on the capabilities of other Parties to deliver sustainable development, either through domestic resource mobilization or harmful incentives. The future Conference of the Parties should also perform an overall review of the implementation of this Article as a standing agenda item during each meeting. The Convention should require Parties to take a broad approach to the concept of sustainable development. This includes assuring the realization of human rights and addressing discrimination and inequalities in all its forms, both between and within countries, including in relation to economic, gender, racial, work and descent, inter-generational and other relevant inequalities, as well as inequalities stemming from historical injustices, including colonialism and enslavement. It also includes addressing intersectionalities between such inequalities. **Specific language suggestions: See Catalogue.**
Progressive environmental taxation is missing	The Convention should include a specific Article that requires Parties to deliver – both nationally and internationally – progressive environmental taxation, in line with the polluter pays principle and Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), with a special focus on actors that have an excessively large ecological footprint, including polluting industries like multinational fossil fuel corporations and HNWIs. This Connected to this, an international polluter pays mechanism for multinational enterprises should be established. This should introduce an internationally applied polluter pays tax on the global profits of polluting and environmentally damaging industries, including but not limited to international oil and gas corporations, and the revenues should be allocated to promoting sustainable development, including related to the costs of loss and damage, adaptation and a just socio-ecological transition in developing countries. Details concerning the operationalization and implementation of this mechanism should be agreed through future decisions of the Conference of Parties (COP), achieving operationalization of the mechanism no later than the end of 2028. **Specific language suggestions: See Catalogue.**
Gender-responsive taxation is missing	Add an Article to ensure a rights-based approach to taxation that operationalizes the concept of gender-responsive taxation, including by promoting the collection and analysis of gender-disaggregated tax data. The Parties should be required to assess the gender-responsiveness of the Convention and its Protocols, as a contribution towards the fulfillment of existing UN obligations, commitments and targets, and to ensure the full realization of the rights of women and girls and gender minorities, while addressing their intersectional inequalities. For this purpose, and while bearing in mind the different needs, priorities and capacities of Parties, including developing countries, the Conference of the Parties should develop a standard, including specific gender transformative methodologies and tools for designing, monitoring and evaluating the Convention and its Protocols. Furthermore, the standard should be accompanied by a roadmap for implementation and regular reviews by the Conference of the Parties, beginning no later than 2030. **Specific language suggestions: See Catalogue.**

New Article – Extractive industries	
A specific commitment on taxation of extractive industries is missing	Add an Article with a specific commitment on taxation of extractive industries to reflect the special circumstances related to this sector, and ensure effective taxation of extractive industries in source countries. This commitment should also include a reference to enabling diversification and the reduction of raw mineral exports in line with climate commitments. **Specific language suggestions: See Catalogue.**
Article 10 - Prevention and Resolution of Tax Disputes	
Article 10 entails potential overlaps with Article 20 as well as Protocol 2, and it is unclear which disputes the Article relates to, and why special attention is given to "investment and cross-border trade"	Clarify the role of Article 10 in relation to Article 20 and the 2nd Protocol. Avoid introducing dispute resolution obligations without clarifying the legal basis and the scope, including the issue of "disputes between whom" and "about what". Generally, the focus and mandate of the UN Tax Convention would be to resolve disputes arising under the Convention itself, which will be addressed under Article 20. Thus, the added value of Article 10 is questionable.

3. Cross-cutting specific comments on the draft text

Legal form – "agree" vs. "shall": The draft text of 24 October predominantly uses the expression "Parties agree". The standard formulation in legally binding documents is "Parties shall".

Solution – Legal form
Replace the wording "Parties agree" with "Parties shall".

It is unclear why the draft text uses the term "State Parties", as opposed to "Parties". Especially since some UN Conventions allow for Parties that are not States, it can have unforeseen consequences if the provisions of the Convention only apply to State Parties". Furthermore, in general, the added value of the word "State" is very unclear. The term "State Parties" also deviates from the language of the ToR which uses the term "Parties" (see ToR para 13).

Solution – "Parties" vs. "State Parties"
Change the term "State Parties" to "Parties" throughout the text.

References to taxation of multinational enterprises (MNEs) are scattered throughout the text. The issue of taxation of MNEs currently seems to be addressed in Articles 4, 6.1, 7(a), 8 and 10, and in some cases, it is unclear whether the text refers to taxation of MNEs and/or other actors.

Solution – References to MNE taxation
Introduce an Article on Equitable Taxation of Multinational Enterprises (which is the term used in the ToR para 10(a)), to allow the issue of taxation of MNEs to be addressed in a clear and coherent manner.

References to "information exchange" are scattered throughout the text, and yet there is no proposal for multilateral solutions. In the current draft, information exchange is mentioned in Articles 5.1, 5.2, 6.1, 6.2, 7(b), 8.3(a) and 15, but none of these Articles contain any proposal for real multilateral solutions to the current challenges, including the fact that many Member States lack access to Automatic Information Exchange.

Solution – References to information exchange
Introduce specific Articles on key information exchange mechanisms, including a Global Asset Register, Automatic Information Exchange and Beneficial Ownership Transparency. See specific suggestions under Article 6 below.

The different needs, priorities and capacities of countries, including developing countries, are not reflected in the text.
While paragraph 9(a) of the ToR stresses that the Convention "*should fully consider the different needs, priorities, and capacities of all countries, including developing countries, in particular countries in special situations*", there is no reflection of this in the current draft. This principle must be reflected across the Convention, including through special and differential treatment of developing countries.

Solution – Different needs, priorities and capacities of countries
Integrate special and differential treatment of developing countries as a cross-cutting element in the Convention, in line with the ToR para 9(a).

4. Specific comments on the Articles in the draft text

Article 2 – Principles

The Principles will need to be further fleshed out. The current draft indicates that Article 2 on Principles will be copied from the ToR. However, we believe that work is needed to flesh out the principles outlined in the ToR to a form that is suitable for the Convention. 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). The text relating to paragraph 9(b) should also be strengthened by recognizing the principle of prevention which establishes a State's responsibility to ensure that the activities within its jurisdiction or control do not cause damage to, or reduce the rights of, other States. Additionally, while paragraph 9(f) of ToR references the contribution to sustainable development, it should also integrate the polluter pays principle which is broadly recognized in environmental law, in the Rio Declaration on Environment and Development (principle 16), and national laws and regulations. In addition, the principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR – RC) on the protection of the environment should also be incorporated, acknowledging the different capabilities and differing responsibilities of individual countries in addressing environmental challenges.
Further needs for revisions are likely to emerge during the negotiation of commitments.

Solution (Article 2) – Principles
Ensure that the section on principles of the Convention is revisited after the discussion about commitments, recognizing the need for significant strengthening and further detail to be added to the text contained in the ToR.

Article 4 – Fair Allocation of Taxing Rights

The issue of fair allocation of taxing rights should not be limited to MNEs. Paragraph 10 of the ToR is written in a way whereby the aim to ensure a fair allocation of taxing rights includes, but is not limited to, multinational enterprises (MNE). Article 4 seems focused on MNEs, and therefore misses out on other elements such as allocation of taxing rights in relation to, for example, high-net worth individuals and digital nomads.

Solution (Article 4) – Scope and fair allocation of taxing rights
Rather than trying to develop a "one size fits all" solution to fair allocation of taxing rights, the issue should be integrated as a cross-cutting element, including in Article 5 on High-net worth individuals, as well as a new separate Article on Equitable taxation of MNEs. Meanwhile, Article 4 can introduce a basic source country taxing right that applies broadly, "*except as otherwise expressly provided in this Convention and its Protocols*". Article 4 should be broadened to capture all types of taxes with potential transboundary effects.

Article 4 does not actually entail allocation of taxing rights. Article 4 introduces a right for source countries to tax income from business activities in their countries. While this is important, it is not the same as actually allocating taxing rights, and it also does not amount to "equitable taxation of

multinational enterprises" as foreseen in paragraph 10(a) of the ToR. It is also worth noting that Article 4 does not protect against double-non-taxation. The only system that would be able to deliver on the elements in para 10(a) is formulary apportionment. For more detail, see above below under Article 4 bis (Equitable Taxation of Multinational Enterprises).

Solution (Article 4) – Ensuring real allocation of taxing rights
Add a specific Article on Equitable taxation of multinational enterprises, which introduces a transition to unitary taxation with formulary apportionment. See suggested Article 4 bis.

Article 4 introduces a controversial part of the 2013 G20 approach to corporate taxation, namely "value creation", and provides an incomplete list of relevant factors to determine fair allocation of taxing rights in relation to multinational enterprises.

Value creation

As noted in the June Issue Note for Workstream II: "*some participants argued that "value creation" has no independent economic meaning, but was a concept developed during the OECD/G20 BEPS project to reflect both nexus and income allocation; as such, they argued that it may not be helpful in establishing new nexus rules*". We agree, and we believe it is unhelpful to endorse this term in the Convention.

Solution (Article 4) – The term "value creation"
The concept of "value creation" should be deleted.

Incomplete and unclear list of factors

The term "business activities" is unclear – the usual term is "economic activities". While factors such as "markets" and "revenues" seem highly relevant, it is unclear whether these would be the only important factors in relation to ensuring a fair allocation of taxing rights for MNEs. For example, in relation to extractive industries, we believe that other factors (such as assets) could be relevant. In general, while Article 4 in the draft can serve to allow source-country gross taxation, it will not work as the basis for a genuine allocation of taxing rights through formulary apportionment.

Solution (Article 4) – Factors for allocation of taxing rights
Article 4 should be kept very general and focus on introducing a basic source country taxing right that applies "*except as otherwise expressly provided in this Convention and its Protocols*". The specific factors for allocation of taxing rights related to MNEs should be developed at a later stage, as a part of formulary apportionment. It is also important to consider the option of introducing different formulas for different types of economic activities. See suggested Article 4 bis.

New Article (4bis) Equitable Taxation of Multinational Enterprises

This proposed new Article relates to equitable taxation of multinational enterprises and fair allocation of taxing rights (ToR para 10(a)), but is also relevant for transparency (ToR para 10(d)), addressing tax-related illicit financial flows, including tax avoidance, as well as harmful tax practices (ToR para 10(e)), and effective prevention and resolution of tax disputes (ToR para 10(f)).

Unitary taxation with formulary apportionment and a minimum effective corporate tax rate: The only effective way to ensure a fair allocation of taxing rights related to multinational enterprises (MNEs), as well as to combat tax-related illicit financial flows (including tax avoidance) and harmful tax practices, is to replace the failed transfer pricing system. Instead of the current system, the Convention should mandate the development and implementation of a new international corporate tax system that taxes an MNE and its subsidiaries and related entities as a single entity, 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 – including 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).

New Article 4 bis – Equitable taxation of multinational enterprises
With reference to the ToR para 10(a), introduce an Article on Equitable Taxation of Multinational Enterprises, in which Parties to the Convention decide to transition to unitary taxation with formulary apportionment, supplemented by an ambitious minimum effective corporate tax rate. While the Convention should contain the overall decision, mandate and timeline, the specific rules to operationalize the decision can be developed by the future Conference of the Parties (COP)[1]. This includes the specific formula for allocating taxing rights, which should be informed by Public Country-by-Country reporting (see below under Article 6) and agreed with a clause subjecting it to regular reviews.

Article 5 – High-net worth individuals

Article 5 – Overall: This component is vital for reducing inequalities within and between countries, strengthening the social contract and the fairness of tax systems, addressing the excessively large ecological footprints of HNWIs, and mobilizing revenue for sustainable development. However, the draft text lacks specific multilateral solutions to combat international tax abuse by HNWIs, including a Global Asset Registry and Automatic Exchange of Information (see also below under Article 6).

Moreover, the draft text does not develop the second objective – ensuring effective taxation of HNWIs. While it foresees the adoption of "coordinated approaches", it does not provide any specific solutions, neither national nor global, and does not contain any provisions related to the fair allocation of taxing rights between countries. The text also does not include any international mechanisms, such as a minimum tax on HNWI.

Article 5.1 and 5.2 – tax avoidance and evasion of HNWIs – lack multilateral solutions: Both of these paragraphs relate to collection and exchange of information with the aim of combating tax abuse by HNWIs. However, as noted below (under Article 6), the draft text fails to introduce truly

[1] With a clear mandate from the Convention, it is fully possible for the COP to make important decisions, such as regarding the formula for apportionment. However, if there is a broadly held view among Member States that the formula should be adopted through a ratifiable agreement, there is also the option of either a protocol or an amendment to the Convention (for example in the form of an Annex to the Convention). Compared to COP decisions, ratifiable agreements require a significantly longer and more demanding process, and such decisions would therefore also be less flexible and more difficult to update regularly.

multilateral solutions to the current challenges related to exchange of information – including the fact that many Member States do not have access to automatic information exchange.
It is positive that the draft notes the importance of including information on "additional types of assets and instruments", but it is unclear what is meant by "as such exchange becomes feasible".
It is also positive that the draft covers "structures and techniques by taxpayers, advisors and intermediaries". However, this wording overlaps somewhat with the wording suggested in 7b) (on Illicit financial flows). Furthermore, it is not related to any multilateral mechanism that would ensure that such information exchange becomes effective and automatic.

Solution (Article 5) – Tax evasion and avoidance by HNWIs
Introduce Articles related to the establishment of a Global Asset Registry and Automatic Exchange of Information (see below under Article 6). These Articles should include the points related to covering "additional types of assets and instruments". The element of "structures and techniques by taxpayers, advisors and intermediaries" should also be included, and a specific reference to techniques applied through shell companies could be added. The current overlaps between Article 5 and 7 should be resolved in a way that ensures that the Convention addresses "structures and techniques" used by both HNWIs and multinational enterprises.

Article 5.3 – effective taxation of HNWIs – is not operational: It is positive that this article foresees the adoption of "coordinated approaches to ensuring effective taxation" of HNWIs. However, for this article to become operational, much more substance would be needed. Furthermore, the issue of fair allocation of taxing rights between countries must be addressed, and in addition to coordinated national approaches, a multilateral mechanism related to taxation of HNWIs must also be included. This is vital for reducing inequalities within and between countries, strengthening the social contract and the fairness of tax systems, addressing the excessively large ecological footprints of HNWIs, their ecological debt, and mobilizing revenue for sustainable development.
Lastly, the draft fails to mention key tools such as exit taxes and minimum post-departure tax liabilities.

Solution (Article 5) – Effective taxation of HNWIs
Article 5.3 must be further elaborated. This includes outlining a process to identify HNWIs, both within countries (based on nationally specific thresholds), and at the global level. The Global Asset Register (see below under Article 6) will be essential in this context, including by identifying the true – beneficial – owners of assets. Furthermore, in accordance with 10(b) of the ToR, the Convention must operationalize the commitment to ensure "effective taxation" of the identified HNWI, including both approaches to be coordinated between Member States as well as international components, including a global minimum tax. This should include a commitment to delivering progressively higher tax rates for HNWIs, with revenues channeled toward sustainable development. It also includes measures to ensure compliance and effectiveness, including exit taxes and minimum post-departure tax liabilities. The approach to taxing HNWIs should ultimately be anchored in the objective of establishing an "international tax system for sustainable development" (ToR para 7(c)), as outlined by the 2030 Agenda and the principle of common but differentiated responsibilities and respective capabilities, which includes tackling inequalities within and between countries, addressing ecological debt, and

mobilizing financing for pressing environmental and social needs, and thereby ensuring that the implementation of a global minimum tax directly contributes to sustainable development outcomes.

For the world's wealthiest HNWIs, it should also be recognized that none of their existing wealth stocks originated solely from their country of residence, and the taxing rights to such wealth must include an international component, anchored in the objective of reducing inequalities and promoting sustainable development.

Article 6 – Mutual Administrative Assistance

Article 6 – Overall – fails to respond effectively to the components related to information exchange and transparency:

- This Article relates to para 10(d) of the ToR, but fails to respond effectively to the components related to information exchange and transparency, which are both explicitly mentioned in the para.
- The element of "transparency" is very important the for success of the UN Tax Convention and in addition to the commitment in para 10(d), the terms is also clearly included in the ToR Objective (para 7(c)). However, the draft text is now limited to a brief and vague mention of the Parties agreeing to "identify and eliminate administrative barriers", and Article 6.3 explicitly rules out public transparency for a broad range of information. Furthermore, the Article introduces a right for supplying Parties to introduce restrictions related to the information provided, which is highly problematic.
- Furthermore, both in relation to information exchange and transparency, there are no proposals for multilateral solutions.

Solution (Article 6) – Overall
In line with para 10(d) from the ToR, change the title of the Article to "Mutual Administrative Assistance, Including Transparency and Exchange of Information", and/or introduce additional Articles to capture the key multilateral solutions outlined below, including a Global Asset Register (GAR), Automatic Information Exchange (AIE), Public Beneficial Ownership Registers (BO) and Public Country-by-Country Reporting (CBCR). These key Articles could be designed in a manner that supports the implementation of other tax measures raised in the Convention, including unitary taxation of multinational enterprises and effective taxation of high-net worth individuals.

Global asset register: A global asset register (GAR), which includes beneficial ownership information, is vital for effective taxation of international actors, including high-net worth individuals. It is also an essential tool in the fight against illicit financial flows, including tax evasion and avoidance. A comprehensive GAR should be established under the Convention and include both publicly-accessible sections, as well as non-public sections with confidential information that is only accessible to relevant authorities such as tax authorities.
The GAR should be defined therein as a comprehensive global register that links all types of assets (physical and financial), companies, and other legal vehicles used to own assets, to their beneficial owners. The GAR should also introduce a mechanism for consolidating and verifying asset-ownership information, and provide the basis for identifying high-net worth individuals – both on a country specific basis and at the international level. Furthermore, the GAR should ensure Automatic Information Exchange between the Parties to the Convention.

To ensure the GAR is both feasible and of high utility, Parties should commit to effective implementation of beneficial ownership reforms domestically (see below). Minimum standards of implementation should be established to ensure domestic registers serve as a reliable source of information for GAR.

Solution (Article 6) – Global asset register
Introduce an Article in the Convention that establishes a UN Global Asset Register that links all types of assets, companies, and other legal vehicles used to own assets, to their beneficial owners. The GAR should build on domestic implementation of beneficial ownership transparency reforms for legal vehicles and assets, and guarantee automatic exchange of information among all Parties to the Convention (see below).

Automatic information exchange: While it is broadly recognized that automatic information exchange (AIE) is essential for an effective domestic tax system, many countries do not currently have access to AIE, and this issue is currently completely absent from the draft text. The Convention must introduce an AIE system that ensures that all signatories to the Convention provide automatic information exchange to all other Parties on an equal footing - as long as the receiving Party complies with data protection requirements to be agreed under the Convention. The AIE system should ensure real time access to information that is exchanged, as opposed to the current AIE system under which information is only exchanged periodically.

Furthermore, recognizing that some developing countries currently lack the capacity to collect and provide information to other countries, the Convention must include a transition period during which those countries can receive information on a non-reciprocal basis. Lastly, the Convention should include a commitment to transfer of technology from developed to developing countries, including relevant data protection systems.

The beneficial ownership information which not covered by the publicly accessible sections of the GAR (see above and below) should be exchanged automatically between Parties through the GAR and, where possible, rely on the interconnection of existing information that can be drawn from national and subnational registers of legal vehicles and assets.

Solution (Article 6) – Automatic information exchange
Add an Article in the Convention that introduces automatic information exchange on the basis of a commonly agreed standard as a part of the UN Global Asset Register. The standard should ensure that all Parties can get access to AIE on an equal footing, and include a transition phase with non-reciprocal information exchange for developing countries with low capacity.

Public beneficial ownership registers of legal vehicles at national level, and connected to the Global Asset Register: Anonymous companies, trusts and similar structures constitute a key challenge in the fight against illicit financial flows, including tax evasion and avoidance, as well as in relation to effective taxation of international actors, including high-net worth individuals. The solution to this is to provide transparency around the real – beneficial – owners of such structures.

In the outcome document from the 4th Financing for Development Conference – the Compromiso de Sevilla – the UN Member States stated that: *"(...) 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))

Understanding the ownership of companies and other legal vehicles such as trusts is essential to enable effective taxation, and domestic beneficial ownership registers of companies and other legal vehicles are a key solution. The Convention should include a commitment to introduce such registers based on commonly agreed standards, as well as for the information to be shared and interconnected transnationally as part of the larger Global Asset Register. In line with the recognition of the different needs, priorities and capacities of countries, including developing countries (ToR para 9(a)), the standard should include different requirements and implementation timelines for developing countries.

The public should have access to key data allowing for the identification of the beneficial owners of companies, trusts and similar structures, while sensitive data (such as tax identification numbers) should be kept confidential, but accessible to all relevant competent authorities.

Solution (Article 6) – Public beneficial ownership registers
Introduce an Article on beneficial ownership transparency, requiring implementation of national beneficial ownership registers of companies and other legal vehicles, adhering to commonly agreed standards so that this information can be incorporated into the UN Global Asset Register.

Article 6.3 explicitly rules out public transparency for all information related to Articles 5 and 6, and **introduces a right for supplying Parties to introduce restrictions related to the information provided**. This is highly problematic, and results in an information exchange regime that is substantially less ambitious than existing systems introduced over a decade ago, which entail "automatic" information exchange based on a commonly agreed standard (as opposed to restrictions determined by the supplying jurisdiction). As explained above and below, it is also important that transparency includes information that is available to the public – including in relation to CBC reports and information about the true – beneficial – owners of companies and similar structures.

Solution (Article 6) – Public transparency and supplier country restrictions
Introduce specific Articles on key transparency mechanisms, including Public Country-by-Country Reporting, a Global Asset Register, Automatic Information Exchange and Beneficial Ownership Transparency based on commonly agreed standards and multilateral solutions. For non-public information, information exchange should be based on a joint standard to be developed by the COP, and takes into account the needs and realities of all countries.

Public Country-by-Country Reporting:

Public Country-by-Country reporting (CBCR), including publication of individual CBC reports, is essential for ensuring fairness in allocation of taxing rights, combating illicit financial flows and promoting transparency. Providing full public transparency around where multinational corporations do business and how much they pay in taxes in each country is also vital for enhancing the legitimacy, certainty and fairness of international tax rules – in line with the objective outlined in the ToR (para 7(c)).

In the outcome document from the 4th Financing for Development Conference – the Compromiso de Sevilla – the UN Member States stated that: "*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)). The UN Tax Convention

is the key place to deliver on that promise and establish a central public database for CBC reports. Furthermore, since the information from CBC reports will be central for informing the decision-making on corporate tax matters under the Convention (including the formula for formulary apportionment), public CBCR must be included in the Convention in a way that allows the provisions to be operational immediately after the Convention enters into force.

Solution (Article 6) – Public Country-by-Country reporting
Introduce an Article on "Public Country-by-Country reporting", which includes a central public database for CBC reports and is specific enough to be fully operational shortly after the entry into force of the Convention.

Article 7 – Illicit Financial Flows, Tax Avoidance and Tax Evasion

Article 7a) lacks real operational solutions. The paragraph mentions tools and international cooperation to address illicit financial flows (IFFs), including "transparent reporting standards", but does not provide enough information to be operational, and does not provide any real multilateral solutions.

Solution (Article 7) – Illicit financial flows
Introduce key multilateral solutions that can provide effective solutions to IFFs. See also above under Article 4 bis (Equitable taxation of multinational enterprises), Article 5 (High-net worth individuals) and Article 6 (transparency).

Article 7(b) on structures and techniques used by taxpayers to avoid and evade taxes partially overlaps with Article 5.2 and lacks a multilateral solution. For HNWIs (but not for multinational enterprises), this paragraph would overlap with Article 5.2, which includes a more specific wording - namely "structures and techniques by taxpayers, advisors and intermediaries". Rather than having two duplicative paragraphs, it would make more sense to create one commitment to ensuring information exchange about structures and techniques developed and used by taxpayers, advisors and intermediaries. As noted in the comment to Article 5.2, it is also important to ensure that such information exchange is linked to a multilateral solution – not least to ensure that the information exchange becomes effective and automatic.

Solution (Article 7) – Structures and techniques used for tax abuse
Integrate exchange of information related to "structures and techniques developed and used by taxpayers, advisors and intermediaries" into separate Articles on a Global Asset Register and Automatic Information Exchange, and ensure that this exchange includes both individuals and multinational enterprises.

Article 8 – Harmful Tax Practices

Article 8.1 places special emphasis on harmful tax practices (HTPs) related to multinational enterprises. However, HTPs are highly relevant in relation to other types of taxpayers too, including HNWIs.

Solution (Article 8) – Scope of Article 8 on harmful tax practices
Expand the scope of Article 8.1 to cover all types of actors that can engage in international tax abuse, as well as all types of taxes with potential transboundary effects.

Article 8.2 addresses tax incentives, but leaves out the issue of public transparency. The scope of the Article should also be expanded to include all types of tax incentives, and should include a commitment by Parties to publish information on tax incentives and the related costs to society in terms of foregone revenue.

Solution (Article 8) – Tax incentives
Expand the scope of Article 8.2 to cover all types of tax incentives and introduce public transparency.

Article 8.3 (a) introduces language that could indicate Public Country-by-Country reporting, but in a form that is very vague, unclear, not public and not linked to a multilateral standard or mechanism.

Solution (Article 8) – References to country-by-country reporting
Introduce a specific Article on Public Country-by-Country reporting as suggested under Article 6 above.

Article 8.3 (b) introduces measures against harmful tax practices, including the option of minimum taxes on multinational enterprises, but in a very vague and unclear way. The language on measures against HTPs, including minimum taxes on multinational enterprises, is very vague, unclear, and only limited to "jurisdictions with harmful tax practices". It is also very unclear what the criteria for "harmful tax practices" would be, and how it would be determined whether a jurisdiction has such practices.

Solution (Article 8) – Measures against harmful tax practices
The Convention should include a comprehensive definition of harmful tax practices that emphasizes the extraterritorial responsibilities and duty of all States to prevent harms that their own policies and practices can create on the effectiveness and fairness of the tax systems of other States. Furthermore, the Convention should include a commitment by Parties to remove harmful tax practices (not limited to multinational corporations), as well as a clear process for identifying such practices – to be implemented by the Conference of the Parties (COP). The Convention should also include provisions for responding to non-cooperative jurisdictions (including those that do not join, or fail to comply with, the Convention) and related sanctions. Lastly, a minimum effective corporate tax rate should be introduced together with unitary taxation with formulary apportionment (above under Article 4 bis (Equitable Taxation of Multinational Enterprises).

Article 9 – Sustainable Development

Rather than proposing precise and operational commitments, actions and mechanisms for delivery, Article 9 simply restates the top-line text contained in the ToR. Despite the fact that the ToR specifies the objective of establishing "an international tax system for sustainable development", the current Article on Sustainable Development in the draft text includes nothing but the top-line commitment outlined in the ToR. However, this issue is vital for a successful outcome of the UN Tax Convention negotiations. The Convention has a vital potential to unlock public revenues for social and environmental action, reduce inequalities, and hold corporate and wealthy polluters to account for their environmental damages, but the language in this Article needs to be much stronger and more specific to seize this opportunity.

Solution (Article 9)– Sustainable development
Introduce Articles to ensure a strong link between taxation and sustainable development, as suggested below.

The link between taxation and sustainable development is missing. The importance of linking taxation and sustainable development was underlined in the Outcome Document of the 4th Financing for Development Conference – the Compromiso de Sevilla – in which the Member States among other things stressed that:

➢ "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." (para 27(e));

➢ "We encourage effective taxation of **natural resources**...". (para 27(f));

➢ "We will (...) advance discussions on **gender responsive taxation**." (para 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.**" (para 27(h));

➢ "We encourage countries to integrate financing of **social protection systems and policies, including floors**..." (para 27(i)).

Solution (Article 9) – Links between taxation and sustainable development
The Convention should include a commitment to ensure that fiscal systems are fully in line with the UN Member States' obligations to progressively realize human rights to the maximum of their available resources, inequality reduction and sustainable development, including the achievement of relevant UN goals, obligations and commitments. The Article on Sustainable Development should create an obligation on each Party to report regularly on its performance in relation to commitments under the Article, in accordance with the different needs, priorities and capacities of Parties (ToR para 9(a)). The reports should include a specific section on potential negative spillover effects of the Party's tax system on the capabilities of other Parties to deliver sustainable development, either through domestic resource mobilization or harmful incentives. The future Conference of the Parties should also perform an overall review of the implementation of this Article as a standing agenda item during each meeting. The Convention should require Parties to take a broad approach to the concept of sustainable development. This includes assuring the realization of human rights and addressing discrimination

and inequalities in all its forms, both between and within countries, including in relation to economic, gender, racial, work and descent, inter-generational and other relevant inequalities, as well as inequalities stemming from historical injustices, including colonialism and enslavement. It also includes addressing intersectionalities between such inequalities.

Progressive environmental taxation is missing: Furthermore, the Convention has a very important role to play on environmental taxation and tax cooperation, 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". The Convention should also incorporate key existing principles related to international environmental law, including common but differentiated responsibilities and respective capabilities, the polluter pays principle and the precautionary approach. The principle of progressivity should also be imbedded, whereby corporations and individuals who are wealthier should have a greater tax burden than those who are less wealthy.

Solution (Article 9) – Progressive environmental taxation
The Convention should include a specific Article that requires Parties to deliver – both nationally and internationally – progressive environmental taxation, in line with the polluter pays principle and Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), with a special focus on actors that have an excessively large ecological footprint, including polluting industries like multinational fossil fuel corporations and HNWIs. Connected to this, an international polluter pays mechanism for multinational enterprises should be established. This should introduce an internationally applied polluter pays tax on the global profits of polluting and environmentally damaging industries, including but not limited to international oil and gas corporations, and the revenues should be allocated to promoting sustainable development, including related to the costs of loss and damage, adaptation and a just socio-ecological transition in developing countries. Details concerning the operationalization and implementation of this mechanism should be agreed through future decisions of the Conference of Parties (COP), achieving operationalization of the mechanism no later than the end of 2028.

Gender-responsive taxation is missing: As mentioned above, the Outcome Document of the 4th Financing for Development Conference – the Compromiso de Sevilla – included a commitment to "advance discussions on gender responsive taxation." (para 27(g)). The UN Tax Convention must follow up on this, including by adding a specific Article on this issue.

Solution (Article 9) – Gender responsive taxation
Add an Article to ensure a rights-based approach to taxation that operationalizes the concept of gender-responsive taxation, including by promoting the collection and analysis of gender-disaggregated tax data. The Parties should be required to assess the gender-responsiveness of the Convention and its Protocols, as a contribution towards the fulfillment of existing UN obligations, commitments and targets, and to ensure the full realization of the rights of women and girls and gender minorities, while addressing their intersectional inequalities. For this purpose, and while bearing in mind the different needs, priorities and capacities of Parties, including developing countries, the Conference of the Parties should develop a standard, including specific gender transformative methodologies

and tools for designing, monitoring and evaluating the Convention and its Protocols. Furthermore, the standard should be accompanied by a roadmap for implementation and regular reviews by the Conference of the Parties, beginning no later than 2030.

New Article – Extractive industries

A specific commitment on taxation of extractive industries is missing: The Africa Group has put forward to proposal to add a specific commitment on taxation of extractives, but this is not currently reflected in the draft. The taxation of extractive industries is a particularly important point for many developing countries due to their economic importance, their high risk of illicit financial flows, the difficulties related to valuation, and their unique impacts. Unlike most other economic activities, extractive industries lead to a permanent loss of countries' non-renewable resources, unavoidable environmental degradation, and tend to crowd out other economic sectors (a phenomenon known as the "Dutch Disease" or "Resource Curse"). The pursuit of decarbonization in response to the climate emergency is expected to lead to significant increases in the demand, extraction and processing of various transition minerals as well as natural gas. It is important that the Convention recognizes this in alignment with both the Sevilla outcome document (para 27(f) and para 27 (h)) and the UNFCCC, and ensures mechanisms for the effective taxation of extractive industries in source countries, where these impacts are experienced.

Solution New Article – Specific commitment on extractive industries
Add an Article with a specific commitment on taxation of extractive industries to reflect the special circumstances related to this sector, and ensure effective taxation of extractive industries in source countries. This commitment should also include a reference to enabling diversification and the reduction of raw mineral exports in line with climate commitments.

Article 10 – Prevention and Resolution of Tax Disputes

Article 10 entails potential overlaps with Article 20 as well as Protocol 2, and it is unclear which disputes the Article relates to, and why special attention is given to "investment and cross-border trade". A key aim of the Convention overall should be to prevent international tax disputes between Member States from arising in the first place by promoting international tax cooperation. Furthermore, it is clear that the UN Tax Convention should include provisions to resolve disputes arising under the Convention, but this is the focus of Article 20, and thus, it is unclear what the purpose of Article 10 is.
While Article 10 brings in the term "effective measures", it fails to clarify whom the "disputes" would be between, and about what, including what the legal basis should be for resolving such disputes. It is also very unclear why special attention should be given to "cross-border investment and cross-border trade".

Solution (Article 10) – Tax disputes and Article 10
Clarify the role of Article 10 in relation to Article 20 and the 2nd Protocol. Avoid introducing dispute resolution obligations without clarifying the legal basis and the scope, including the issue of "disputes between whom" and "about what". Generally, the focus and mandate of the UN Tax

Convention would be to resolve disputes arising under the Convention itself, which will be addressed under Article 20. Thus, the added value of Article 10 is questionable.