Session 1, UN Tax Convention Negotiations
August 5, 2025 – Source Taxation
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Distinguished chairman, distinguished delegates,

A fair allocation of tax rights necessarily involves reforming the current international tax system and the principles that currently exist and are applied and the rules that currently underpin the international tax system are unfair as they do not take into account where the income is generated. This system currently has allowed multinational companies to erode the tax base in all countries, both developed and developing countries. This has only boosted their profits but has been unfair to many countries. Given that countries in the global South are more dependent on tax receipts, this has only exacerbated inequality between countries and it has prevented countries in the global South from achieving sustainable development.

The current rules are also unfair because multinationals are at an advantage in comparison with smaller national companies. Entities operating throughout the world are able to benefit from the current rules, which are fundamentally unfair. Tax administrations are not able to collect resources adequately.

Therefore, we need to have a reform of the current system and we need to understand ultimately that multinational companies are highly integrated and have one group of owners, and that is where we need to move beyond the current way in which we perceive multinationals and ensure that they are appropriately taxed at a fair level. The principle of that exists at the moment allows multinational companies to play the system and prevents them from being fairly taxed at source. This is something that is to the detriment particularly of countries in the global south. The concept of a physical presence being required is something that we need to move beyond because it clearly doesn't apply in the current highly digitalized economy that we now live in. Companies can operate in a country without necessarily being physically present there. That is the reality today and that is what we need to bear in mind. in adopting the current rules and that is why the future convention must ensure the equitable taxation of multinational companies bearing these clear facts in mind looking at real economic activity and real profits that are being generated this is how we should move forward.

Thank you.