Third Session, UN Tax Convention Negotiations
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Article 7 - Illicit Financial Flows, Tax Avoidance and Tax Evasion

Intervention by Gift Nyambe from Transparency International

Thank you chair, my name is Gift Nyambe, I speak on behalf of Transparency International Zambia, Zambian Civil Society Organisations and the African CSO working group on the UN Tax Convention.

We commend the inclusion of Article 7 on Illicit Financial Flows, Tax Avoidance and Tax Evasion in the draft UN Tax Convention. However we note;

- That Article 7a lacks real operational solutions, The paragraph mentions tools and international cooperation to address Illicit Financial Flows including 'transparency reporting standards' but does not provide enough information to be operational and does not provide any real multilateral solutions.

- That the article uses vague terms such as "agree to cooperate" and "as necessary," which dilute accountability. True transparency and accountability must be mandatory and comprehensive.

- Detection tools alone are inadequate without public registers of beneficial ownership, essential for tracing illicit flows and shell companies.

- There is no mention of Automatic Exchange of Information (AEOI). Effective cooperation requires automatic not discretionary exchange of tax information under common reporting standards.

Recommendations for Strengthening Article 7

- Replace "agree to cooperate" with "shall undertake binding measures" to combat tax-related illicit financial flows.

- 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.

- 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 take into account the needs and realities of all countries.

- Establish a global enforcement framework with sanctions for non-cooperative jurisdictions and entities.

- Create a whistleblower protection mechanism to encourage reporting of tax evasion without fear of retaliation.

Member states must recognize that while tax evasion is a global problem, its consequences are felt most acutely in the Global South. We need to be reminded that suspected tax evasion contributes to billions in lost revenue, threatening the achievement of the Sustainable Development Goals (SDGs).

The UN Tax Convention must be a tool for justice not just cooperation. We thus call on all States Parties to adopt binding, transparent, and enforceable measures to end tax evasion and restore integrity to the global tax system.

I thank you all.