Third Session, UN Tax Convention Negotiations
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Article 10- Prevention and Resolution

Intervention by June Cynthia Okello from FEMNET

Thank you Chair,

Distinguished state representatives, stakeholders, My name is June Cynthia Okelo, speaking on behalf of the African Women's Development and communications Network (FemNet), the Pan-African Lawyers' Union and the African Civil Society Working Group on the UN tax convention. As we delve into the gist of article 10, it seems the role of this article in relation to article 20 and the 2nd protocol is still unclear. We are cautious of the scope, legal basis and the added value of this article.

When speaking of prevention and resolution of tax disputes, we would like to emphasise that prevention is just as important as resolution, if not more, and so to prevent tax disputes, we should prioritise clarity, transparency, cooperation and most importantly good faith in these negotiations.

Prevention of tax disputes is far more efficient and equitable than resolving them after the fact, especially for developing countries that often lack the resources to engage in long, complex international tax battles. We reiterate the statements that we have made in the past few days as civil society, that effective exchange of information and public country by country reporting is indeed one of the best ways to prevent disputes. Further, resolving information asymmetries and moving away from highly complex international tax principles such as the application of the arm's length principle will help to reduce disputes. Indeed, a look at the OECD statistics on Mutual Agreement Procedure will show that a significant percentage of cross border tax disputes originate from transfer pricing. Clarity, simplicity and balance in international tax rules will help to eliminate ambiguity, which more often than not, breeds dispute.

Overall, during this process, we need to establish 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. I thank you Chair.