



Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

Agenda Item 2 (b) Topics for High Level Commitments – April 30

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Thank you, madame Chair.

I would like to speak in favour of including the ABC of tax transparency as part of the matters that should be addressed through the framework protocol approach. By the ABC of tax transparency, we mean a well-established set of measures designed to tackle corporate and private tax abuse and other forms of corruption. These measures include automatic exchange of information, beneficial ownership registration and public country by country reporting.

Tax-related illicit financial flows, according to the UN's formal statistical definition, include cross-border tax abuse by both multinational companies, through profit shifting, and wealthy individuals hiding assets and income streams offshore. The ABC of tax transparency is the formula for bringing the light of transparency to the opaque world of secrecy, where the rich and powerful corporations operate with impunity, while the rest pay their fair share of taxes.

The multilateral, automatic exchange of information about financial accounts and related asset classes is the central measure to end bank secrecy. A version of multilateral, automatic exchange is already in operation as the OECD Common Reporting Standard (CRS). However, it has serious flaws. On one side, the combination of extreme criteria for confidentiality in recipient states, and of immediate reciprocity, has had the widely predicted effect of ensuring that lower-income countries are not able to participate.

At the same time, the CRS has also been ineffective in ensuring even that all OECD members participate. These members that are among the world's largest financial centres are also the jurisdictions identified as posing the greatest risk of illicit financial flows globally. The apparent inability of the OECD even to criticise its leading members on this regard poses a grave, tangible threat internationally.

The main aspect to be negotiated in a Framework Convention would therefore be the full inclusion of all willing countries. The incorporation in the Framework Convention of the principle of common but differentiated responsibilities, along the lines of the Framework Convention on Climate Change, would allow that lower-income countries which are not themselves responsible for significant cross-border financial services would be able to benefit from access to information before facing any immediate requirement to reciprocate.

This would ideally be coupled with the improvement of the underlying technical standard, which would be an illustrative case of how the Framework Convention must go beyond existing arrangements. This speaks, one more time, of the serious shortfalls of the notions of complementarity and duplication

that the chairman mentioned yesterday. Here we are building a Framework Convention, and that means creating a constitutive instrument to govern current and future tax cooperation schemes under a set of universally shared principles of tax governance, even if they have been addressed by other fora. It is not about what is controversial or not, but about what needs to be done if we are truly committed to an inclusive and effective tax cooperation, and to fix its current failures.

Second, the Framework Convention could end the widespread abuse of anonymous ownership by providing for the transparency of the beneficial owners of companies, trusts, partnerships and other legal vehicles, through public registers. Such registers are already in operation in many countries for companies, and in a growing number for trusts also.

The incorporation of a comprehensive human rights approach in the Convention would mean that considerations related to the right to privacy could not lead to disproportionate restrictions on the public interest in achieving the maximum degree of transparency so that States can mobilise the maximum available resources for the fulfilment of other rights, as enshrined in international human rights treaties. An additional element could be the creation of a global asset registry (GAR), joining up both public and private registers of legal vehicles and high value assets from land to art, and from precious metals to aircraft, boats and racehorses.

Finally, the Framework Convention is a golden opportunity to agree a single, technically robust standard for public, country by country reporting. This would reduce the compliance costs for multinationals currently facing multiple requirements; would create a level playing field among all companies; and would ensure finally that the benefits of public access to the data are obtained worldwide, including through immediate reductions in tax abuse.

To conclude, many country submissions have already indicated support for the proposal of a technical body to work alongside the eventual secretariat for the convention. One important element of the technical work will be the ongoing monitoring of progress and evaluation of proposals, and the administration of the data generated by the ABC. The ToRs could highlight the need to cover this gap, and in later stages this gap can be covered by adopting the proposal envisaged by the UN FACTI Panel of creating a Centre for Monitoring Taxing Rights, a legitimate guardian of this data that can perform the functions mentioned above.