GLOBAL ALLIANCE FOR TAX JUSTICE

CIVIL SOCIETY FINANCING FOR DEVELOPMENT Mechanism

Fifth Session, UN Tax Convention Negotiations
August 11, 2026

Protocol 1 - Article 8

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Dear Madam Co-Lead,

Thank you for the floor. I'd like to make a brief remark on the exclusion of income from international transport from the scope of the protocol.

We have concerns about carving out shipping and air transport from the protocol's scope.

The Framework Convention's commitment to a fair allocation of taxing rights, under Article 5, applies across all sectors, and we see no reason why transport should be treated differently.

Further, this protocol is broadly modeled on the UN Tax Committee's approach to services taxation, and the 2025 UN Model itself moved in a similar direction — reinforcing source taxation of international transport, including air transport, through a redrafted Article 8. We struggle to see why the protocol should follow the Committee's approach to cross-border services generally, but depart from it specifically on transport. We also noted that during the debates at the UN Tax Committee, the airline industry lamented the fact that they were confronted with source taxation in all kinds of forms and shapes in the many countries without a tax treaty in place. We note that excluding transport services from the protocol also eliminates the opportunity to streamline and coordinate source taxation in non-treaty countries, which, in itself, would benefit the industry.

Finally, we would highlight that international transport, by its global nature, lends itself particularly well to fractional apportionment of net income. Indeed, industry itself — through IATA's own advocacy for the "maritime formula" — has acknowledged that allocating profits by each country's share of gross revenue is a workable fallback where exclusive residence taxation is not politically feasible. We find it telling that this is exactly the type of approach already contemplated in the net alternative under Article 9(1), second sentence — drawn, ironically, from the very sector the protocol proposes to exclude.

For these reasons, we would ask that the scope exclusion for international transport be reconsidered.

I thank you, Madam Co-Lead.