

The FfD Chronicle

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A TRULY HISTORIC DAY FOR DEMOCRATIC, INCLUSIVE GLOBAL TAX GOVERNANCE



AS CIVIL SOCIETY ORGANIZATIONS, IT IS OFTEN our role to challenge governments to increase ambition, change positions, stop blocking and speed up. But celebrating progress when it actually happens is also an important – and very heart-warming – part of our duties. On this historic day, we would therefore like to open The FfD Chronicle by saying that we are absolutely delighted to see you all here – at the opening of the new intergovernmental UN Tax Process. If only we had a (tax) dollar for every time we were told that this day would never come.

But after decades of intense debates, discussions, delays, disruptions and deeply distressing disappointments, it is finally happening. We once again express our heartfelt appreciation and immense admiration for the leadership, determination and tireless efforts that the Africa Group has put into making this historic breakthrough happen.

This baby has already had many names: the Global Tax Body, IGBOT (Inter-Governmental Body on Tax,) the UN Tax Commission, or simply “the UN Tax Thing”. With the UN’s usual flair for creating tongue-bending titles, this process has finally seen the light of day under the headline “Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation” (AHCNTRUNFCITC???) While this name is perhaps not the easiest to pronounce, it carries an important reminder that this process was created with a very important mission, namely to draft the Terms of Reference for a new UN Framework Convention on Tax. In this context, we want to express our appreciation and thanks

to the 125 governments – an overwhelming majority of the un Member States – who pressed the green button when this important issue came up for a vote in the 2nd committee of the un General Assembly last November.

And to those governments who tried to block progress and delete the word “Convention”, we want to issue a strong reminder of the words from the Addis Ababa Action Agenda, which you all signed up to in 2015. You said: “We commit to scaling up international tax cooperation” and “We stress that efforts in international tax cooperation should be universal in approach and scope”. With its near-universal membership, the UN is the only forum where you can – at long last - deliver on that promise. Furthermore, we note with great concern that the governments which wanted to delete the word “Convention” from the UN text last November are at the same time advocating for tax conventions to be negotiated in other – much less democratic and inclusive – fora.

Now is the moment for all governments to stop blocking progress and engage constructively in the negotiation of the new UN Framework Convention on Tax. We are finally seeing the end of the era where “global” tax standards were negotiated behind closed doors in non-inclusive forums that did not allow countries to participate as equals. With the proposal to negotiate a UN Framework Convention on International Tax Cooperation, the Africa Group has stretched out a hand and invited the world’s governments to sit down, build bridges and find common solutions to the problems that undermine the effectiveness and fairness of tax systems all around the world.

AND NOW, LET'S GET TO WORK !

THE FAILURE OF INTERNATIONAL TAX COOPERATION is costing governments hundreds of billions of dollars in lost tax income every year. As loopholes, harmful practices and tax havens are allowing the world's wealthiest individuals and corporations to continue to dodge taxes, global inequalities, whether between or within countries, keep escalating. The devastating impacts of illicit financial flows are hardest felt in Global South countries, but the crisis in the global tax system is causing an ongoing bleeding of public resources in countries all around the world. This money is desperately needed to fund vital public services such as health care and education, as well as ensure that commitments on achieving sustainable development, gender equality and ecological integrity are met.

The new UN Tax Process has been given the mission to deliver draft terms of reference for a new UN Framework Convention on International Tax Cooperation by the end of August 2024 – less than seven months from now. It is time for governments to move forward with the urgency, efficiency and spirit of cooperation that this issue deserves. Distinguished delegates, as of now every day counts, we have no time to lose!

QUICK REMINDER WHY WE NEED A UN CONVENTION ON TAX

The new UN Framework Convention on International Tax Cooperation will be the world's first truly global tax agreement. With this in mind, it is clear that there is no risk of duplication, and in fact, there are a number of important gaps that this new Convention needs to fill. For example, it should:

CREATE AN INCLUSIVE GLOBAL DECISION-MAKING BODY ON TAX. In the form of a Conference of the Parties, the Convention should create a global tax governance structure where all countries can participate on an equal footing.

DEFINE OBJECTIVES AND KEY PRINCIPLES FOR INTERNATIONAL TAX COOPERATION. Despite the fact that international tax cooperation has been discussed among governments for over a century, we still do not have a global framework that defines the key objectives and principles.

STRENGTHEN THE GLOBAL FIGHT AGAINST TAX-RELATED ILLICIT FINANCIAL FLOWS. The Convention will be a key tool to scale up the global fight against international tax abuse.

PROMOTE FAIRNESS TOWARDS DEVELOPING COUNTRIES. The new Convention should replace existing tax standards and rules that are biased in favor of richer and larger countries. Instead, it should introduce a system that is fair and balanced, and fully includes the interests, concerns and needs of developing countries.

CREATE STRONG LINKS TO DEVELOPMENT, HUMAN RIGHTS, EQUALITY, AND ECOLOGICAL INTEGRITY. Through the Addis Ababa Action Agenda, governments committed to “enhancing revenue administration through modernized, progressive tax systems.” The Convention will be a key tool to implement this commitment, as well as other key governmental obligations, including those relating to human rights, the UN Sustainable Development Goals, reducing inequalities, including gender inequalities, and ensuring ecological integrity.

CREATE GLOBAL COHERENCE AND REDUCE COMPLEXITY. The Convention should gradually replace the incoherent and highly complex network of bilateral and multilateral tax treaties and agreements, which make up the current global tax system. The aim should be to introduce one coherent overall global framework, and thereby increase the effectiveness of the global tax system and remove opportunities for international tax dodging.

INCREASE GOVERNMENT ACCOUNTABILITY AND PUBLIC PARTICIPATION. The Convention should ensure that international decision-making on tax is transparent, participatory and allows citizens to hold their governments to account.

INTRODUCE A FRAMEWORK WITH A STEPWISE APPROACH TOWARDS MORE DETAILED INTERGOVERNMENTAL AGREEMENTS. As a Framework Convention, it should introduce the basic structures, commitments and agreements, and then allow for more detailed elements to be developed over time, including in the form of protocols to the convention.



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