

Submission by The Kingdom of the Netherlands

We thank the Secretariat of the Ad Hoc Committee for the possibility to express our views on topics that should be addressed by the Ad Hoc Committee (AHC) in its formulation of the Terms of Reference (ToR) for a Framework Convention.

First, we would like to express general principles which are of importance to the Kingdom of the Netherlands and other members of the UN.

By leveraging its broad memberships and strengths, the proposed UN Framework Convention on International Tax Cooperation should aim to catalyse global dialogue and create policy synergy.

In recognition of the call for more inclusive and effective international tax cooperation, the convention should aim to gather countries to exchange effective practices on mobilizing domestic resources through both tax policy formulation and the strengthening of enforcement mechanisms. This effort underscores the pivotal role of the UN in supporting UN member states to mobilize domestic revenues and finance development strategies, aligning closely with the aspirations outlined in General Assembly Resolution 78/230.

Consistency with ongoing work and consensus achieved in the OECD and other international fora (such as the Inclusive Framework on BEPS and the Global Forum on Transparency and Exchange of Information for Tax Purposes) should be a guiding principle, aiming to build on these strengths and engage in effective cooperation to ensure a synergistic approach to global tax challenges. The convention should seek to avoid duplication and fragmentation of work.

This effort should also seek to ensure that they are in line with the Sustainable Development Goals (SDGs), promoting a more equitable and sustainable approach to international tax cooperation. The work should therefore start with a thorough analysis of issues that strengthen the inclusiveness and effectiveness and that support the SDGs and domestic resource mobilization before moving on to drafting specific early protocols.

Second, we urge the AHC to create clarity as soon as possible on the way the Framework Convention is meant to function. The language used in the Secretary General's Report and in the Resolution 78/230 seems to refer to two possible alternatives. For both alternatives we suggest topics to be addressed.

In the first alternative the Framework Convention would include general principles on fair and effective tax policies and tax cooperation that would best support Domestic Resource Mobilization and the SDGs. We are of the opinion that such approach has great merit and that in collaboration with other international organizations (as the UN is currently doing in the Platform on Collaboration on

Tax) and through the exchange of experiences and best practices within the broad membership of the UN this would contribute to the objectives formulated in the Secretary Generals Report and in the Resolution 78/230. Topics addressed in such general principles on fair and effective tax policy and tax cooperation that would best support Domestic Resource Mobilization and the SDGs could be:

- * the optimal tax mix of CIT, VAT, Income tax (including wealth tax) and environmental and Carbon taxes;
- * effective exchange of information and other means to counter illicit financial flows;
- * digitalization of tax administrations.

In the second alternative the Framework Convention could function like the Fast Track Instrument that is currently elaborated in the UN Committee of Experts on International Cooperation in Tax Matters. If that would be the objective we believe that “early protocols” to be developed should focus on issues that offer the best chance on consensus and where parallel work in other international fora would rather create synergy than inefficient duplication and fragmentation of work. In that light we would encourage the AHC to focus on:

- * tax certainty and dispute resolution;
- * taxation of income from natural resources and off shore activities;
- * the relation between tax treaties and trade- and investment agreements;
- * strategies for realizing taxation of HNWI.

We wish the AHC every success in the challenging task lying ahead and will remain dedicated to constructively contribute to its work