

# The UN Secretary-General releases early Report on promotion of inclusive and effective international tax cooperation

9 August 2023

## In brief

On 8 August 2023, the UN Secretary-General published an advance unedited version of a [report](#) ('Report') analysing options/next steps around UN international tax cooperation. The Report follows the [approval](#) and [adoption](#) of the [draft](#) resolution from certain African countries in late 2022. The official version will be released before the next session of the UN General Assembly in September, during and after which discussions will occur on what parts of the Report to adopt. The options – which are not mutually exclusive – are: (1) a multilateral convention on tax, (2) a framework convention on international tax cooperation, and (3) a framework for international tax cooperation.

**Observation:** Given the apparent fracturing of international tax multilateralism, and the wishes of the Global South and civil society to promote the UN, the UN's agenda on tax matters cannot be ignored. Whatever the views of the G7 and other large economies, the possibility of a larger role in international tax for the UN, as indicated by the Report's options, must be taken seriously.

## In detail

With [input](#) from Member States and relevant stakeholders, including from business and civil society, the Secretary-General prepared the Report to analyze the current status of international cooperation and to offer alternatives to increase inclusion and effective participation, especially by developing countries.

Certain shortcomings of the existing international tax architecture—notably barriers to engagement in the OECD's process for Pillars One and Two—were identified in substantive and procedural terms:

- Substantively, the Report acknowledges the high technical quality of the guidance documents produced by the OECD, but notes limited adoption by developing countries because it would draw resources away from their more "immediate needs and priorities";

- Procedurally, the Report cites issues related to agenda-setting and decision-making (agreement unless an objection is raised), as well as the existence of pre-conditions (commitment to minimum standards and payment of annual fees) to participate in the process.

Against this backdrop—and considering existing multilateral and international arrangements—the Report finds that the UN’s role in shaping tax norms and setting tax rules can be enhanced to make international tax cooperation “fully inclusive and more effective.” The plan would be to build on the cooperation between the UN and the OECD without duplicating existing processes.

This ambitious objective is proposed to be achieved via the following three options:

1. Multilateral convention on tax (Option 1). This would be a legally binding option covering a broad spectrum of regulatory tax issues (e.g., information exchange, modification of taxing rights), with provisions similar to those in bilateral tax treaties. While there are expected to be some challenges in terms of viability, this option would aim to impose obligations “essential for appropriate domestic resource mobilization.” This option would also include dispute resolution procedures in case parties fail to adhere to their commitments.
2. Framework convention on international tax cooperation (Option 2). This option would aspire to be legally binding but be much more flexible and broad in scope than Option 1. The aim of this option would be to establish an overall system of international tax governance and the core elements of future international tax cooperation. The system could be developed further via additional protocols, with more detailed commitments and with the ability for countries to opt-in or out.
3. Framework for international tax cooperation (Option 3). The last option would be similar to Option 2 in establishing core principles of international tax cooperation without being legally binding. Its function would be to set a multilateral agenda for coordinated actions at various levels (international, national, regional and bilateral) on improving tax norms and capacity. If certain problems were deemed to require legally binding commitments on a global level, the UN General Assembly could decide to put forward an agenda to implement a relevant legal instrument in line with one of the previously described options.

## The takeaway

The international tax landscape is changing rapidly and potentially dramatically, with new players from Africa and Latin America forming regional groupings, and the UN reorganizing its tax work. Large cross-border businesses need to take these developments very seriously.

## Let's talk

For a deeper discussion of how the Report might affect your business, please contact:

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