

The Economic and Social Council held, on 15 March 2012, a one-day special meeting to consider the question of international cooperation in tax matters, including institutional arrangements to promote such cooperation. The President of ECOSOC invited representatives of national tax authorities to participate in the meeting. Accordingly, Ms. Allen Kagina, Commissioner-General of the Uganda Revenue Authority, delivered a keynote address on "Current Challenges, Priorities and Experiences of Developing Countries in Tax Matters".

The central feature of the meeting was an official launch of the United Nations Model Double Taxation Convention between Developed and Developing Countries, 2011 Update.

The meeting also featured a panel discussion on "The Role of Multilateral Bodies in Strengthening International Cooperation in Tax Matters" with the participation of major international organizations active in the tax area.

The ECOSOC official meeting was preceded by an expert group meeting on "Transfer Pricing and Capacity Development in Tax Matters" organized jointly, on 14 March 2012, by FfDO/DESA and the Friedrich-Ebert-Stiftung (FES) New York Office.

The launch of the UN Model Convention was preceded by a press conference, which garnered considerable interest from UN journalists. Mr. Alexander Trepelkov, Director, FfDO/DESA, Mr. Armando Lara Yáñez, Chair, UN Committee of Experts, and Mr. Michael Lennard, Chief, International Tax Cooperation Unit, FfDO/DESA, briefed journalists on the scope and content of the revised UN Model and answered questions. They emphasised the value-added of the UN Model for developing countries in furthering their development goals when negotiating double tax treaties with developed countries. The press conference resulted in numerous press reports, especially by news agencies of developing countries.

Press articles across the world reported on the key role of the UN Model in encouraging international investment and promoting sustainable development, as well as in combating tax evasion. For instance, *One* daily's headline read "UN updates convention on double taxation to spur investment in developing nations". Quoting Alexander Trepelkov, it continued that the UN Model

moted inclusiveness, encouraged good governance, reflected society's views on fair income and wealth distribution and promoted social justice. Despite significant progress in this area, weak capacity of tax administrations, corruption and the missing reciprocal link between tax and public and social expenditures remained as main challenges in many developing countries.

Panel discussion on *"The Role of Multilateral Bodies in Strengthening International Cooperation in Tax Matters"*

The panel discussion featured presentations by high-level officials of major international organizations active in the tax area.

Following the opening remarks by the President of ECOSOC, H.E. Mr. Miloš Koterec (Slovakia), Director of FfDO/DESA, Mr. Alexander Trepelko, introduced the report of the Secretary-General on the Role and Work of the Committee of Experts on International Cooperation in Tax Matters (E/CN.4/S.2/2012/8), prepared in consultation with the Committee members and relevant international organizations. The report identified some deficiencies and gaps in international tax cooperation and suggested ways of addressing them, with particular reference to the perceived strengths and weaknesses in the Committee's working methods and outputs.

Overall, the report concluded that the Committee was well placed to make a distinctive, practical and enduring contribution to improving international tax cooperation, and explored opportunities for creating greater synergies between the UN policy-development and capacity-building work and that of other international organizations and regional bodies. The report was well received by all delegations. There was a widespread agreement among the Committee members and beyond that additional resources were urgently needed to support its work and to enable it to fulfil its mandate.

Ms. Allen Kagina, Commissioner-General of the Uganda Revenue Authority, delivered a keynote address on "Current Challenges, Priorities and Experiences of Developing Countries in Tax Matters". According to the speaker, strengthening domestic resource mobilization in developing countries was not only a question of raising revenue, but also that of designing a tax system that pro-

Mr. Pascal Saint-Amant, Director, Center for Tax Policy and Administration, OECD, provided an overview of his organization's activities, which reached out beyond the OECD membership. He emphasized the importance of avoiding double standards in the provision of technical advice, as long as different levels of development of countries were duly taken into account. The speaker called for enhanced involvement of the UN Secretariat in the work of OECD, including UN participation as an observer in the OECD Committee on Fiscal Affairs. An official letter to that effect from the Secretary-General of OECD was received on 13 March 2012.

Mr. Michael Keen, Deputy Director, Fiscal Affairs Department, IMF, focused on his organization's capacity development activities in the tax area. He emphasized that in addition to in-

creasing tax revenue, measured by tax/GDP ratios, was important to build more efficient and transparent tax systems in developing countries. He stressed that technical advice to developing countries should focus not only on the revenue but also on the expenditure side, in order to provide a more integrated view of tax and development. Mr. Keen called for the UN participation in the International Tax Dialogue, which he perceived as an optimal framework for dialogue between various partners.



Mr. Richard Stern, Global Product Specialist for Business Taxation, World Bank Group, provided an overview of relevant capacity development activities undertaken by the World Bank. He emphasized that technical

advice to developing countries must be demand driven and that the real needs of those countries should be identified in consultation with their tax administrations. According to the speaker, the overall goal of this work should be to let tax systems evolve in a way that facilitates economic growth and development.

Mr. Márcio Verdi, Executive Secretary, Inter-American Centre of Tax Administrations (CIAT), outlined CIAT's activities aimed at enhancing cooperation, including through exchange of experiences and best practices among its 40 member countries, with a view to strengthening their tax administrations. He also reported on CIAT's cooperation with other multilateral organizations and recent joint initiatives that resulted in an effective coordination of efforts. Mr. Verdi stressed that such coordination required additional efforts to optimize the use of resources and minimize the costs. The speaker called on the UN Committee to involve, to a greater extent, regional tax organizations in its work.

Mr. Logan Wort, Acting Executive Secretary, African Tax-Administration Forum (ATAF), shared the experience of establishing his new organization (founded in 2009). It was important that ATAF was able to demonstrate immediate value-added and impact by providing its member countries with a series of capacity development programmes. He acknowledged that ATAF had benefited from the support of other multilateral organizations and civil society but found it challenging to navigate the complex multilateral landscape. The speaker empha

size the capacity gaps in African countries, limiting their ability to benefit from international cooperation in tax matters.

General discussion

During the general discussion, all countries agreed on the need to strengthen international cooperation in tax matters and on the important role of the UN work in this area. However, the discussion revealed the continued divide between

tries. He also expressed the view that UN was uniquely positioned to reflect interests of developing countries, especially those of the Least Developed Countries.

H.E. Mr. Manjeev Singh Puri, Deputy Permanent Representative of India, confirmed India's position that it was extremely important to bring the UN work on international tax matters into the intergovernmental process by upgrading the Committee of Experts to an intergovernmental commission. He was of the view that the OECD Transfer Pricing Guidelines should not have been endorsed by the UN Model and the UN Committee as they had been agreed upon only by the OECD Member States. Instead, an alternative set of guidelines should be developed by a UN intergovernmental body on the basis of consensus amongst all UN Member States.

As a next step, the Council will take up the issue of international cooperation in tax matters during the general segment of its substantive session in July 2012.

Expert group meeting on "Transfer Pricing and Capacity Development in Tax Matters"

On 14 March 2012, the Financing for Development Office (FfDO) of DESA and the Friedrich-Ebert-Stiftung (FES) New York Office jointly organized an

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