

BACKGROUND

- The Committee of Experts on International Cooperation in Tax Matters (UN Tax Committee) is a subsidiary body of the United Nations Economic and Social Council, globally recognized for its work in norm and policy shaping and provision of practical guidance in international tax cooperation, which is heavily drawn upon in building country capacities in tax policy and administration for sustainable development. Members of the Committee are experts in international tax representing a diversity of tax systems, nominated by Member States yet serving in a personal capacity.
- The UN Tax Committee develops practical guidance for countries to help address vulnerabilities in their tax policy and administration that create the greatest risks to their revenue mobilization efforts. That guidance, complemented by UNDESA's capacity building work and tailored technical assistance to countries, goes a long way in providing the needed support. Such support helps in building trust and solidarity among stakeholders in tax systems – the two essential ingredients for finding common ground, setting shared norms, and taking decisive steps forward for sustainable recovery that leaves no one behind.
- The UN Tax Committee provides a multi-dimensional and integrated approach to identifying vulnerabilities and opportunities to improve the fairness, transparency, efficiency, and effectiveness of tax systems and improving domestic capacity for tax and other revenue collection. It does this through, in particular, promoting the inclusiveness and open dialogue that is necessary to meeting these targets. Its work encompasses the role of taxes in guiding behaviours (such as environmental or health-related behaviours) aligned with the Sustainable Development Goals (SDGs), as well as in domestic resource mobilisation for short- and long-term investments.
- Fair and inclusive tax systems will strengthen developing countries' SDG-aligned financial and fiscal policies, while also supporting the whole-of-government responses necessary to meet the SDGs and respond to today's challenges. Cognizant of its heightened importance in advancing SDG implementation, strengthening international tax cooperation, and providing guidance on tax policy and administration for sustainable development, the Committee has aligned its work with and prioritized its agenda in terms of concrete contributions to achieving the SDGs

COMMITTEE'S SUPPORT TO COUNTRIES IN MEETING THEIR SDGs

- In the wake of the Covid-19 pandemic, the Committee adopted virtual working methods to meet its mandate. This has seen the Committee hold two sessions of its membership fully virtually, and two other sessions adopted a hybrid format with in-person meetings incorporating virtual participation, which is now the preferred model. By adopting virtual working methods, the Committee has seen a sharp and sustained increase in the number of Subcommittee meetings held to advance its mandate, allowing a great number of participants from developing countries who would otherwise be unable to participate in in-person meetings, to contribute to the Committee's work in generating guidance.
- It is vital that Governments strengthen public revenues through domestic revenue mobilization (DRM) and SDG-aligned fiscal policies. The Committee supports these efforts through its guidance and publications. It has worked on updating its signature products (e.g. the UN Model Double Taxation Convention, UN Transfer Pricing Manual, and Handbook on Extractive Industries Taxation), as well as developed new publications (e.g. new UN handbooks on tax dispute avoidance and resolution and on carbon taxation. It has also produced guidance on the tax treatment of government-to-government aid projects.
- These guidance products have a significant practical relevance for country efforts to achieve the SDGs, including the following additional examples:
 - the Handbook on Carbon Taxation contributes to environmental-related goals, which are particularly salient for developing countries.

- the Guidelines on the Tax Treatment of Government-to-Government Aid and the work on the taxation of the digitalized economy help developing countries in raising revenues necessary for sustainable development.
- the Handbook on Taxation of the Extractive Industries supports countries in making informed decisions that help form more responsible consumption and production patterns, as well as in meeting environmental goals.
- The Committee has issued guidance on taxation of the digitalized and globalized economy. The UN Model Tax Convention articles on taxation of fees for technical services and on automated digital services provide thought leadership and practical guidance on a key issue of international discussion. This is an issue that has gained global prominence in the wake of the COVID-19 pandemic as more and more companies focus on digitalized models and countries explore various channels of domestic revenue mobilization, to assist in their recovery efforts and climate action. Many seek a model that does not favour digital service providers over “bricks and mortar” operations.
- The Committee contributes directly to the achievement of SDG 17 (partnerships for the goals) through the promotion of international tax cooperation and the support to developing countries to achieve an integrated approach to strengthening DRM capacity and capacity to attract and sustain foreign direct investment (FDI) owing to their approach which aims to involve multiple stakeholders, and to balancing the interests of all stakeholders in tax systems. This quest for an integrated approach is supported by the Committee’s workstream on tax, trade investment which seeks to address overlaps between non-tax agreements and tax agreements.
- The Committee has work underway to address taxation from the sustainable development perspective, tackling multiple and high-priority themes for developing countries that can help rescue and advance the achievement of the SDGs. This is evident, for example, in the Committee’s workstreams on environmental taxation, health taxation, and wealth and solidarity taxes.
- Further, the Committee is reflecting on (1) how to ensure that guidance coming out of those workstreams enhances the achievement of gender-responsive policies, (2) how it can advance its work to further aid developing countries in identifying vulnerabilities and opportunities to deploying tax effectively as a policy lever for achieving the SDGs and (3) the next steps in terms of integrating SDG thinking into the work of the Committee and its guidance products.

KEY AREAS WHERE SUPPORT IS MOST URGENTLY NEEDED

- Regular resourcing to support the UN tax function. For effective support to developing countries, it is vital that the UN tax function is well and regularly resourced to enable the Committee to fulfil its mandate. Both the policy work and the capacity development function of the Financing for Sustainable Development Office require sufficient resources in staffing as well as financial support to deliver high quality, well researched and relevant support to the Committee in the development and dissemination of its guidance.

KEY MESSAGES FOR INCLUSION INTO THE POLITICAL DECLARATION OF THE SEPTEMBER 2023 SDG SUMMIT.

- Emphasize the urgent need for regular resourcing to support the UN tax function, with its distinctive integrated approach to tax policy support and capacity building.
- Highlight the need for multilateralism and collective action to ensure that the SDG targets are met.
- Reiterate the Committee’s commitment towards promoting inclusive and effective international tax cooperation at the United Nations and promoting the mainstreaming of tax issues into the wider work of the ECOSOC, while integrating SDG thinking into the work of the Committee and its guidance products.