

Committee of Experts on International Cooperation in Tax Matters: A presentation of its mandate and recent work

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Mr. Chairman

Ladies and Gentlemen,

Let me first thank you for inviting me as a guest speaker to the ICC fiscal commission's meeting.

It is my pleasure, as a president of the UN Committee of experts on international cooperation in tax matters, to give you:

- A brief overview about the Committee;
- Its strengths;
- Its achievements and
- The improvements that can be brought to it.

[BRIEF OVERVIEW](#)

As you may already know, developed and developing countries have long recognized the benefits accruing from international cooperation in tax matters.

For that reason, industrialized countries have addressed their concerns about international tax issues, especially double taxation, under the auspices of the OECD.

As non members, developing countries were not involved when the OECD made major decisions in international tax issues that affect their interests.

Therefore, it became crucial to have a structure which would represent the views of developing countries and safeguard their interests, as source and capital-importing countries.

In response to such a need and following the Monterrey Conference Consensus¹, the Economic and Social Council of the United Nations (ECOSOC) created the Committee of experts on international cooperation in tax matters by resolution 2004/69. It replaced the former United Nations Ad Hoc Group of experts.

THE COMMITTEE'S STRENGTHS

The Committee's strengths are due to its legitimacy, its legal status and its missions.

The legitimacy of the Committee is drawn from:

- The fact that it is affiliated to the United Nations' ECOSOC as a universal organization representing almost 200 nations from all over the world;
- The Committee's membership, since its 25 member experts represent an equitable geographical distribution, various levels of economic development and different tax systems.

The legal status of the Committee did not fundamentally change. However, the ECOSOC's resolution had modified:

- The reporting lines;
- The organizational structure;
- The modalities of work;
- The general political standing; and
- The mandate of the Committee.

These changes have had the potential of enabling developing countries and economies in transition to better voice their concerns which include:

¹ In March 2002, the heads of State and Government of the UN membership gathered in Monterrey, Mexico, to address the challenges of financing for development around the world, particularly in developing countries. The goal was to eradicate poverty, achieve sustained economic growth and promote sustainable development.

- The safeguarding of their taxing rights; and
- The sharing of knowledge and technical assistance.

To this end, the Committee has been entrusted with the following enlarged missions:

- Keeping under review and updating as necessary the United Nations Model Convention and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;
- Providing a framework for dialogue with a view to enhancing and promoting international tax cooperation among national tax authorities;
- Considering how new and emerging issues could affect international cooperation in tax matters and issuing appropriate recommendations; and
- Making proposals on capacity-building and providing technical assistance to developing countries and countries with economies in transition.

THE COMMITTEE'S ACHIEVEMENTS

During its two-year existence, the Committee dealt, among other issues, with the following main substantive items:

- Treaty abuse and treaty shopping;
- Exchange of information;
- International tax arbitration and dispute resolution;
- Mutual assistance in the collection of taxes;
- Permanent establishment definition;
- Taxation of development projects; and
- Revision of the UN Model Convention and its Manual.

To address such issues, subcommittees and working groups were created, in line with the Committee's concern of equitable representation:

- The subcommittee dealing with the mutual assistance in the collection of taxes achieved its work. During its second session, the Committee adopted a new Article 27 of the Model Convention related to "Assistance in the collection of taxes" as well as

its commentaries which will be included in the next version of the UN Model Convention.

- The subcommittee in charge of exchange of information has finalised a draft Article and its related commentaries, based on a large consensus on the importance of widening the scope of the exchange of information in the interests of both developed and developing countries. This draft Article will be discussed during the third session of the Committee in Geneva next week.
- The subcommittees in charge of the other issues are pursuing their works.

THE COMMITTEES' IMPROVEMENTS

Ladies and gentlemen,

In order to fulfil the whole Committee's mandate and meet the expectations of the ECOSOC, there are still some areas which need to be improved, especially:

- The funding issue:

As far as this issue is concerned, the Committee was initially created with disabling limited means. It has to conduct its work within the existing resources and to be serviced by a small technical staff.

In order to show more involvement in achieving the UN Committee's missions, member countries should find ways to raise the necessary funds, either through direct contributions to the trust fund created to this end or by financing some of the Committee's activities, such as training workshops or the subcommittees' works.

One way to overcome the funding constraint could be to hold meetings sponsored by governments or international organizations, such as the one held in Rome on September 2007.

This meeting was funded by the Financing for Development Office, in cooperation with the International Fund for Agricultural Development and with the assistance of the Italian Ministry of Finance.

- The juridical status of the Committee and the member experts:

As it has been recommended by the Rome meeting, the juridical status of the UN Committee of experts could be reconsidered to give it more powers and permanency on the international tax scene.

This might be achieved through a permanent intergovernmental structure within the UN, composed of permanent experts working on behalf of the UN Committee, and especially representing it in all international tax events.

Such a permanency may help preventing the member experts to leave the Committee once they receive more interesting job opportunities.

- The political support:

The Committee of Experts could go further with the active political support and diplomatic backing from the governments of both developed and developing and transition countries, as well as the good will of other international organizations.

Ladies and Gentlemen,

Thank you for your kind attention.