

Dear Secretary General,

Dear Secretariat,

I would like to thank you for the opportunity to submit views on the Report to be written after adoption of the General Assembly Resolution on "Promotion of inclusive and effective tax cooperation at the United Nations" (here-in-after "the Resolution").

The Resolution is aimed to strengthen international tax cooperation in a more inclusive intergovernmental forum to make it fully inclusive and more effective.

The G20/OECD Base Erosion and Profit Shifting Project began in 2013 with the highly important goals for the benefit of all the States. The project set up an international framework to combat base erosion and profit shifting, increase transparency by developing the information exchange system.

However, far from obvious purposes reflected in initial BEPS reports and documents are becoming more obvious nowadays.

First stage of a practical implementation of BEPS project was marked by maintaining the automatic exchange of information process. Due to this process MNEs income data became available. Such information availability has resulted in developments of the new taxing rules to achieve more fair level of taxation of the profit of such MNEs, underlying the issue of improper tax level as well as of inconsistency with the existing tax principles on a tax presence (nexus rules).

Such goals and objectives could definitely fail to be supported by the international community. As a result, the Inclusive Framework was established in 2016 and was supported by 142 countries and jurisdictions.

Nevertheless, being a part of the international tax project countries and jurisdictions would expect to be heard in a decision-making process to retain their

right in the implementation their own tax policy aimed at ensuring the sustainable development.

For that reason, countries and jurisdictions are entitled to preserve its own tax incentives, which stimulate certain industries, attract investments for the economy development, along with this providing the maintenance of a minimum taxation level.

At the same time, the source countries and jurisdictions or market jurisdictions should have the right to tax windfall profits from digital services and automated digital services at a fair level.

It is necessary to mention that during the tax right distribution a country waives its tax rights intending to encourage investments and engagement in economic life, which could result in development that should finally lead to the increase of corporate income tax base in the recipient state. In case it does not happen, the country is entitled to preserve its national tax base by withholding taxes.

Given the above-mentioned I would like to support the necessity of the establishment of a *Member State-led intergovernmental committee to recommend actions on the options for strengthening the inclusiveness and effectiveness of international tax cooperation* with effective equal footing participation for every member-state.

I believe that the Report should definitely contain certain provisions which would help to develop international tax rules and instruments, enabling especially developing countries to exercise their taxing rights, for example in:

- **developing and sharing the best tax administration practices and policies and pilot project proposals for their implementation in countries concerned,**
- **creating the UN knowledge sharing platform on tax administration to share a common view on components of digital transformation of tax administration and design an overview of best practices in Digital transformation,**

- **creating an alternative tax framework for Automatic Exchange of Information (AEOI) with establishing UN-based transmission system for AEOI where the UN would be a depositary,**
- **creating a global tax residence data base to improve international tax compliance,**
- **developing of flexible international multilateral conventions reflecting the UN Model concept that can be adhered by all interested countries.**

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*This opinion is submitted in my personal capacity and is not intended to, nor necessarily needs to reflect the opinions or positions of the mentioned bodies and organizations.*