



Inputs from Chile to the Zero Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation by the Chair of the Ad Hoc Committee

Chile appreciates the work done in preparing this document and welcomes the possibility to provide written inputs to the Zero Draft Terms of Reference in preparation of the Second Session of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation.

In response to the call for input, Chile hopes to contribute with the following remarks:

General Comments

This draft text is an important step towards fulfilling the mandate given to the Ad Hoc Committee by resolution 78/230 of the General Assembly, reflecting the main elements of the discussions undertaken to scope the content of the ToR during the First Session of the Committee.

Chile reaffirms its commitment to the process mandated to this Committee through resolution 78/230 and expresses its willingness to engage constructively to develop a framework for inclusive and effective international cooperation.

The ToR should include broad, holistic and resilient substantive elements to leverage the effectiveness of international tax architecture, in order to allow the Framework Convention to work as a robust instrument to develop policies designed to achieve the highest sustainable economic development and ensure a fair allocation of taxing rights for all members, specially developing countries, informing any simultaneous and future instruments to be developed to deal with an evolving tax system, that should support sustainable development and close its financing gap.

Zero Draft Comments:

Chile supports the draft ToR and is of the opinion that it in general fairly reflects in a balanced way the views of the Members, as expressed in meetings. We would also like to provide some specific comments, as outlined below.

Preamble and Objectives

Paras. 6 and 7. We acknowledge that the relevance of human rights is included in the ToR (paragraph 9); however, the inclusion of fundamental human rights aspects and principles, as enshrined in the Charter of the United Nations, should also be included in the preamble of the text of ToR, as the relevance of human rights is a core UN principle.

For instance, paragraph 7, “... with a view to enhancing the fundamental human rights aspects of taxation, including, legitimacy, certainty, resilience, *progressivity* (proposed by Chile see below) and fairness of international tax rules, (...)”

7. c. *Progressivity* could also be part of the characteristics of an international tax system for sustainable development.

Principles

9. Regarding the first bullet of paragraph 9: the wording of the final phrase should include explicit mentioning to developing countries, in accordance with the concept used in the General Assembly resolutions mentioned in the preamble, and in particular in para. 6 (a) of resolution 78/230, which requests the Committee to “take into account the needs, priorities and capacities of all countries, in particular developing countries”, while elaborating the ToR.

We are pleased that the respect for fundamental rights is specifically mentioned in the last bullet of paragraph 9, but, as expressed above, it should also be enshrined generally as a core fundamental principle of a UN Convention. Promoting and fostering respect for fundamental human rights should be included in the principles with a broader perspective.

Substantive elements of the Framework Convention

10. We support the commitments listed in the Zero draft.

Capacity building

We fully endorse and support paragraphs 11. and 12. highlighting the importance of Capacity building in a broad way and in a wide spectrum. We would also like to propose some early commitments regarding practical implementation where there already may exist a broad consensus such as transparency and exchange of information.

Structural elements of the Framework Convention

13. We support the elements indicated.

In addition, it would be beneficial to create a platform for global governance and coordination on tax matters, bringing together countries from around the world to address common challenges and promote international cooperation. It could provide a forum for dialogue, negotiation, and consensus-building on tax policy issues, helping to build trust and cooperation among countries with diverse interests and priorities with the underlying policy of addressing the imbalances between developed and developing countries.



Specific priority areas to be addressed in early protocols

14. We support the list for early protocols and in particular the development of early protocols on a small number of specific priority areas.

We propose that one of the early protocols to be prioritized is the taxation of high-net worth individuals, for example, through the establishment of a minimum tax on these individuals.

15. We also support the list of topics for future protocols, while also indicating that it is a non-exhaustive list.

Approaches and time frame for negotiation

17. The negotiation of early protocols, while starting at the same time as it begins the negotiation of the Framework Convention, should conclude after the end of the negotiation of the Convention, to make sure that it fully considers the content of the Framework Convention. We believe that completing such negotiations within a certain short time after the conclusion of the negotiation of the Framework Convention is achievable and reasonable.

In some meetings, we have heard issues on the decision-making process being raised, we understand that such issues fall outside the Committee's mandate and therefore are not part of this draft for ToR.

Resources to support the work of the negotiating body

21 and 22. We fully support these paragraphs.