

**United Nations**

**Committee of Experts on  
International Cooperation in  
Tax Matters**

**Report on the Twenty-second session  
(virtual session - 19 to 28 April 2021)**

**Economic and Social Council  
Official Records, 2021  
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# **Committee of Experts on International Cooperation in Tax Matters**

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(virtual session – 19-28 April 2021)**



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## Chapter I

### **Matters calling for action by the Economic and Social Council or brought to its attention**

#### **Draft decision recommended for adoption by the Economic and Social Council**

1. The Committee of Experts on International Cooperation in Tax Matters recommends that the Economic and Social Council review and adopt the following draft decision:

#### **Provisional agenda for the twenty-third session of the Committee of Experts on International Cooperation in Tax Matters**

The Economic and Social Council:

(a) Taking into account the continued impact of the coronavirus disease (COVID-19) on the working arrangements for the 2021 session of the Council and sessions of its subsidiary bodies, decides that the twenty-third session of the Committee of Experts on International Cooperation in Tax Matters shall be held from 19-22 October 2021, in Geneva, Switzerland, if feasible, and otherwise shall be held in informal meetings in a scaled down format using a virtual platform in October 2021, with final modalities to be decided following consultations with the Members of the Committee, and that decisions of the Committee of Experts shall be adopted through a silence procedure;

(b) Approves the provisional agenda for the twenty-third session of the Committee as proposed by the Committee of Experts and set out below:

#### **Provisional agenda**

1. Opening of the session by the representative of the Secretary-General.
2. Election of the Chair/ Co-Chairs and Vice-Chairs of the Committee.
3. Remarks by the Chair/ Co-Chairs of the Committee.
4. Adoption of the agenda and organization of work.
5. Discussion of issues related to international cooperation in tax matters:
  - (a) Procedural issues for the Committee, including options for Committee consultations;
  - (b) Taxation and the Sustainable Development Goals;
  - (c) Issues related to the United Nations Model Double Taxation Convention between Developed and Developing Countries, including:
    - (i) Article 12 (Royalties): possible amendments in relation to payments related to software and digital products;
    - (ii) List of matters suggested by the previous membership for possible further work;
  - (d) Review and possible update of the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;

- (e) Transfer pricing;
  - (f) Taxation of the extractive industries;
  - (g) Environmental and environmentally-related taxation;
  - (h) Dispute avoidance and resolution;
  - (i) Taxation issues related to the digitalized and globalized economy;
  - (j) Digitalization and other opportunities to improve tax administration;
  - (k) Increasing tax transparency;
  - (l) Taxation and COVID-19: pandemic and post-pandemic issues;
  - (m) Wealth and solidarity taxes;
  - (n) Indirect taxes, including health taxes;
  - (o) The relationship of tax, trade and investment agreements;
  - (p) Capacity building; and
  - (q) Other matters for consideration.
6. Provisional agenda for the twenty-fourth session of the Committee.
  7. Arrangements for adopting the report of the Committee on its twenty-third session.

## Chapter II

### Introduction

2. Pursuant to Economic and Social Council resolutions [2004/69](#) and [2017/2](#) and decision 2021/216, the twenty-second session of the Committee of Experts on International Cooperation in Tax Matters was held virtually, with informal virtual meetings from 19-28 April 2021. The virtual meetings were attended by 24 Committee Members and 387 registered observers.

3. This report summarizes Committee discussions and decisions taken on the items set out in the provisional agenda of the twenty-second session ([E/C.18/2021/1](#)), as adopted by the Committee, as follows.

### Provisional agenda

1. Opening of the session by the Co-Chairs.
2. Adoption of the agenda and organization of work.
3. Discussion of substantive issues related to international cooperation in tax matters:
  - (a) Procedural issues for the Committee;
  - (b) Report of the Subcommittee on Updating the United Nations Model Double Taxation Convention between Developed and Developing Countries;
  - (c) Tax and the Sustainable Development Goals;
  - (d) Update of the United Nations Practical Manual on Transfer Pricing for Developing Countries;
  - (e) Update of the Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries;
  - (f) Dispute avoidance and resolution;
  - (g) Capacity-building;
  - (h) Environmental tax issues;
  - (i) Tax consequences of the digitalized economy – issues of relevance for developing countries;
  - (j) Other matters for consideration.
4. Provisional agenda for the twenty-third session of the Committee.
5. Arrangements for adopting the report of the Committee on its twenty-second session.

## Chapter III

### Organization of the session

#### Opening of the twenty-second session and adoption of the agenda

4. On 19 April 2021, the twenty-second session of the Committee of Experts on International Cooperation in Tax Matters was opened in a virtual informal meeting by the Committee Co-Chairs, Carmel Peters and Eric Mensah.

5. Following the approval of the agenda, the Director of the Financing for Sustainable Development Office (FSDO), Navid Hanif, gave welcoming remarks, focusing on three issues: (i) the completion of the Committee's ambitious four-year work plan; (ii) the importance of the twenty-second session of the Committee; and (iii) the future outlook for international taxation.

6. Mr. Hanif commended the Committee Members for their focus and adaptability, especially during the COVID-19 pandemic, and for delivering excellent products that offer policy and practical guidance sought by developing countries, while benefitting the international tax system as a whole.

7. First, Mr. Hanif underscored the Committee's key achievements in the past four years, among them, the updated Practical Manual on Transfer Pricing; the new Guidelines on Tax Treatment of Government-to-Government Aid projects and the updated Manual for the Negotiation of Bilateral Tax Treaties between developed and developing countries. This Manual serves as the basis for the toolkit on tax treaty negotiations launched by the Platform for Collaboration on Tax in March 2021.

8. The 2021 version of the Practical Manual on Transfer Pricing will be especially beneficial. Developing countries had called for more UN guidance on complex transfer pricing issues, such as treatment of intra-group loans, during DESA's capacity building events. Practical relevance and updates to existing text, including on country practices, will make the Manual relevant for practitioners in developing countries. Mr. Hanif underscored that this is critical as countries work to counter profit shifting and tax base erosion, at a time when domestic resources to invest in public services and public goods are desperately needed.

9. Mr. Hanif reminded participants that the new Guidelines on the Tax Treatment of Government-to-Government aid projects culminated many years of international debate on this issue and marked an important response by the Committee to the call in the Addis Ababa Action Agenda for governments to consider eliminating exemptions on such aid, thus paving the way for more effective development cooperation and policy coherence for sustainable development.

10. Second, Mr. Hanif highlighted some of the other key items in the work plan of the Committee, including completion of the text, with a view to approving inclusion in the UN Model Double Tax Convention, of Article 12B on taxation of income from automated digital services and its Commentary, as well as the Handbook on Dispute Avoidance and Resolution. Furthermore, the work of the Committee on the new Handbook on Carbon Taxation and the updated Handbook on Selected Issues for Taxation of the Extractive Industries were emphasized. The important strides in capacity development despite recent adverse circumstances were also noted. The Committee and its Subcommittees were instrumental in ensuring quality guidance products that formed the basis for UNDESA capacity development for developing countries and the Committee's guidance role also helped focus that programme.

11. Third, addressing the outlook for international taxation, Mr. Hanif noted that the global economy was still strongly affected by the continuing pandemic. This situation had re-emphasized the need to look for ways to achieve an equitable, sustainable and resilient response and recovery, including through improving tax collection, and equitably expanding the tax base to increase revenues.

12. Finally, Mr. Hanif thanked once again the Committee for their outstanding contribution to the UN tax work, and noted with appreciation the generous Norwegian financial contribution to activities in this area, as well as contributions from India and the European Commission that had assisted the Committee to successfully take on a heavy and ambitious workplan.

13. Ms. Peters thanked the Director of FSDO and, on behalf of the Committee, expressed gratitude for the Secretariat's support and for the increase in resources to help ensure the work of the Committee was as effective as possible.



## Chapter IV

### **Discussion and conclusions on substantive issues related to international cooperation in tax matters**

#### **A. Procedural issues for the Committee (agenda item 3(a))**

14. In a closed meeting, the Committee agreed to revise paragraph 23 of the Introduction to the UN Model Convention to clarify the use of the terms “a single Member”, “a small minority of Members”, “a medium-sized minority of Members” and “a large minority of Members” in the Commentaries, going forward. In the open meeting it was announced that the Committee had agreed that which of these terms should apply to a particular minority position should depend on the proportion of those present and participating in the relevant decision. The formulation would be as follows:

- A single Member (when the view is held by only one Member);
- A small minority of Members (when the view is held by 2 to 4 Members or by more than 1 Member but less than 15% of the Members present and voting);
- A medium-sized minority of Members (when the view is held by 5 to 9 Members or by 15% or more but less than 35% of the Members present and voting); and
- A large minority of Members (when the view is held by 10 to 12 Members or by 35% or more but less than 50% of the Members present and voting).

15. The Subcommittee having concluded its work, appreciation was expressed for its efforts and that of the Coordinator. It was noted how this work would speed and give greater predictability to Committee proceedings in future. The Practices and Working Procedures developed by the Subcommittee and approved by the Committee (as amended in October 2020) were particularly important in streamlining and expediting the Committee’s work. It was noted by the Secretariat that the Practices and Working Procedures had been given higher profile on the Committee website and would be included in relevant papers for future sessions of the Committee.

#### **B. Issues related to the update of the UN Model Double Taxation Convention between Developed and Developing Countries (agenda item 3(b))**

16. Eric Mensah, Committee Co-Chair, welcomed Carmel Peters, in her capacity as Coordinator of the Subcommittee on the Update of the UN Model. Ms. Peters then reminded Members of the Committee that many changes to the UN Model had already been approved during earlier sessions of this Membership. She also informed the Committee of the process for finalizing the 2021 version of the UN Model – the Secretariat was in the process of integrating those changes, including those agreed during the twenty-second session, and would be sending the revisions to the Committee Members in batches over the coming weeks so that the entire Model, including its Commentaries, should be available by the end of June 2021.

*Inclusion of software payments in the definition of royalties*

17. Ms. Peters then turned to the one remaining open issue under this item, presented in [E/C.18/2021/CRP.9](#), the issue of whether the definition of royalties in Article 12 of the UN Model should be revised to refer explicitly to payments for computer software. Such an addition would expand the scope of Article 12 beyond payments relating to the use of a copyright in the computer software. She invited the Secretariat to summarize the work that had been done by the Subcommittee on the Update on the UN Model since the twenty-first session of the Committee, including three separate meetings and the release of a public discussion draft in February 2021.

18. Ms. Peters asked the Committee to consider first the threshold question of whether it could agree to include the proposed change to the treaty text and the proposed Commentary set out in Section 2 of the paper. While some Members of the Committee expressed their view that the technical work in the proposed Commentary was sufficiently advanced to be included in the 2021 UN Model, other Members believed that more work was necessary, especially regarding the treatment of software embedded with other goods and services and the interaction of the proposed change to Article 12 with Articles 12A and 12B. Observers who intervened in the discussion similarly expressed views on either side of the issue.

19. With no majority of the Committee in favour of making the change to the definition of royalties, no change was made. Ms. Peters then turned to the second issue, that of a minority view to the Commentary on Article 12 expressing support for the modification of the definition of royalties to include payments for computer software, as described in Section 3 of the note. After discussion, it was agreed that the new paragraph would be included with minor modifications and the Commentary would state that it was supported by a large minority of the Committee. The Committee also agreed on the wording of an elaboration on the existing minority view included in current paragraph 12 of the Commentary on Article 12 of the UN Model.

20. Finally, the Committee supported a recommendation to the next membership of the Committee that it continues working on the issue - on the basis of the technical work reflected in [E/C.18/2021/CRP.9](#).

*The 2021 Update to the UN Model*

21. Ms. Peters also asked the Secretariat to remind the Members of the Committee of the changes to the Model that had been agreed during earlier sessions. The Secretariat listed them all, including changes to the treaty text and Commentaries dealing with CIVs, pension funds and REITs, offshore indirect transfers, permanent establishments and a number of technical issues that were approved in connection with consideration of [E/C.18/2020/CRP.37](#) at the twenty-first session of the Committee. Changes reflecting decisions made at the twenty-second session include the addition of Article 12B and consequential changes approved in [E/C.18/2021/CRP.15](#), a new paragraph in the Commentary on Article 25 to refer to the United Nations Handbook on the Avoidance and Resolution of Tax Disputes, and changes to the Introduction to the UN Model that explain how minority views are presented in the UN Model, including when not all Members of the Committee are in attendance. That last item is further outlined above in the context of Procedural issues for the Committee (agenda item 3(a)).

*Possible Issues for Future Updates of the UN Model*

22. The Secretariat reminded the Committee that it had agreed at its twenty-first session to invite the next membership of the Committee to consider the technical issues found in Section 2 of [E/C.18/2020/CRP.37](#), which the current membership had not had time to address. The issues identified in that document are:

- Article 5(6) of the UN Model Permanent establishment with respect to insurance activities, including the treatment of reinsurance;
- Article 3 – Reference to MAP for interpretation of undefined terms;
- Commentary on Articles 7, 9 and 25 – Self-initiated adjustments;
- Time limits for profit adjustments under Articles 7 and 9;
- Changes to Article 25 (Mutual Agreement Procedure);
- Amendments to the Commentary on Article 15 related to payments made upon termination of employment;
- Clarifications on the application of Article 17 (Artists and Sportspersons);
- Tax treaty issues relating to emissions permits/credits;
- Possible issues related to Article 1(2) dealing with transparent entities;
- Application of the UN Model to sovereign wealth funds;
- Treatment of accrued interest in the Commentary on Article 11;
- Tax treaty provisions related to the exploration and extraction of natural resources;
- To what extent a tax treaty can result in increased taxation;
- Whether MAP should deal with issues that have already been decided by the courts of one of the States (i.e. [E/C.18/2020/CRP.37](#) notes that while the Commentary on Article 25 already indicates that the competent authorities of a Contracting State may be constrained by a court decision rendered in that State, it suggests that access to MAP cannot be denied in that case without directly addressing the situation of the other competent authority. It has been suggested that this question should be examined);
- Whether Article 8 should be fundamentally revised, including as to treatment of shipping income from international traffic; and
- Interaction between Article 21(3) and the source rule of Article 18 Alternative B.

23. In addition to those issues, the Committee recommended to the next membership that it continues working on the treatment of computer software under Article 12. The Committee also was not able to finalize a re-draft of Article 13(6) which was prompted by the consideration of transfers of shareholdings by transparent entities, as discussed in [E/C.18/2020/CRP.33](#), and this was another issue that might be considered by the next membership.

24. Ms. Peters then asked for the input of the Committee Members with respect to other issues that might be recommended to the next membership of the Committee for consideration. One additional substantive topic, a fresh look at the attribution of profits under Article 7 with a view to simplification and reducing disputes, was suggested by a Committee Member.

25. An observer suggested that the Committee work on the development of a UN multilateral instrument to implement changes to the UN Model, particularly the addition of Article 12B, but there was no support from the Committee for that suggestion.

26. For the purposes of Agenda item 5(ii)(c) of the proposed provisional agenda at paragraph 1 of this Report, the items at paragraph 22 to 24 above are regarded as comprising the list of matters suggested by this membership for possible further work by the next membership. That membership will, of course, make its own decisions on its work programme.

27. There was also a general discussion regarding methods for receiving input from developing countries regarding issues that are of most importance to them, to help inform discussion of the next membership on its work programme. One Member suggested that inputs can perhaps be invited from developing countries in advance of the first session of the next membership. Some other Members and observers supported this. The Secretariat would explore how to engage broadly to assist the next membership in setting its work programme. Some Members were concerned that the Committee Membership may not be in a position to make decisions about chairing, for example, very early in the twenty-third session. The Secretariat indicated that it is usual for a Committee to have its new Chair(s) in place as soon as possible in a session, to help resolve such issues as may arise and assist the discussions, but the Secretariat will explore options to have the Members meet each other as far as possible before that session to form views as to issues for decision including the chairmanship. In the session itself the Committee has some ability to defer a decision on this or other issues if it considers that necessary, and the ordering of the Agenda should not be taken as preventing this.

### **C. Tax and the Sustainable Development Goals: Follow-up Report (agenda item 3(c))**

28. The Director of the Financing for Sustainable Development Office, Mr. Hanif, delivered a presentation on taxation and the Sustainable Development Goals (SDGs) workstream to provide the Committee with a framework of priority areas that have emerged from recent UN work and intergovernmental discussions, such as the Financing for Development (FfD) Forum in April. He called on the Committee to continue guiding UN work in shaping tax policy that supports the SDGs as well as COVID-19 response and recovery efforts.

29. Mr. Hanif emphasized the long-standing role of tax policy in achieving the SDGs but particularly in dealing with the ongoing crisis, which has heightened the risk of divergence from progress on these goals and the risk of a lost decade of sustainable development. Mr. Hanif pointed to pandemic recovery as an opportunity to take decisive action on SDG-oriented fiscal policies and reforms to reduce risk and build resilience. He described efforts to build back better as dependent on a fiscal policy framework that guides how much revenue is collected and how it is raised and spent, which can take a variety of approaches. He affirmed, therefore, the role of international tax cooperation in coping with the current multidimensional crisis that has had social, economic and environmental impacts.

30. Mr. Hanif demonstrated key linkages between the SDGs and fiscal policies in the form of recommendations through the UN's Three-Point Comprehensive Response to COVID-19. First, a health response in support of SDG 3 (good health and well-being) requires health taxes (sugar, tobacco and alcohol) and expenditure policies that expand health coverage and go well beyond the current infectious disease response. Second, safeguarding lives and livelihoods in support of SDGs 1 (no poverty), 2 (zero hunger), 8 (decent work and economic growth) and 10 (reduced inequalities) requires fiscal policies that reduce inequality, lessen tax evasion, provide social protection, boost the economy and restore fiscal sustainability, especially in developing countries. Third, a better post-pandemic world in support of the SDGs means fiscal policies and capacity-building efforts that protect the environment, increase preparedness and build resilience.

31. Mr. Hanif reiterated key issues identified by the twenty-first session of the Committee as a source of action for the current framework of priority areas in the taxation and SDGs workstream. He listed corporate and taxation of high net-worth individuals, formalization of the informal sector, climate-focused tax policies,

expenditure policies favouring redistribution, and ending harmful tax incentives and subsidies.

32. Mr. Hanif further introduced the outcome document of the FfD Forum as a second frame of reference and presented three main areas of focus: (a) inequality, which countries can combat through transparent fiscal systems, taxation of the digital economy and reduced illicit financial flows (IFFs); (b) climate action and environmental protection measures, such as phase-out of inefficient fossil fuel subsidies, that can generate co-benefits on growth and job creation; and (c) universal health coverage. As a third reference point for current tax and SDG priorities, Mr. Hanif echoed calls made by the UN Secretary-General related to all three focus areas, including the consideration of a solidarity or wealth tax on those who have profited during the pandemic and the shifting of the tax burden from taxpayers to polluters.

33. Mr. Hanif outlined examples of capacity-building activities from FSDO to implement the workplan on tax and the SDGs. He specifically mentioned multipurpose integration of the goals in tax policy to foster all types of development progress, from gender equality to resilient health systems; dissemination of Committee's work to reduce inequality in developed and developing countries; dissemination of handbooks on carbon taxation and taxation of extractive industries; and the Integrated National Financing Frameworks platform that has drawn over 70 countries to support consistent and coherent implementation of the Addis Ababa Action Agenda.

34. Mr. Hanif noted the Platform for Collaboration on Tax (PCT) as another means to coordinate tax work relating to the areas of gender, the environment and SDG 17 on the global partnership for sustainable development. He then mapped out the programme of the Special Meeting of the Economic and Social Council on International Cooperation in Tax Matters, which would take place on 29 April 2021 and aimed to identify concrete tax policy and administration options in support of more resilient, inclusive and sustainable societies. He highlighted the issues of an increasingly digitalized economy as well as COVID-19 recovery that cuts across all three panel conversations on tax work relating to inequality, the environment and health. He remarked that, while the political economy of environmental taxation poses many challenges, the pandemic has opened space for countries to reimagine and take the lead in a sustainable economic recovery, aligned with the 2030 Agenda and commitments in the Paris Agreement on Climate Change.

35. Mr. Hanif concluded his presentation on tax and the SDGs by posing a question to the Committee on how countries can make use of tax policy and administration to tackle challenges in the context of COVID-19 response and recovery. He also sought their input and proposals on what other emerging areas in this workstream need policy dialogue and guidance, as well as what the priority areas for technical assistance and/or capacity building are.

36. Committee Members and observers expressed thanks to Mr. Hanif for the presentation and invited further discussion and work to link technical deliberations on international tax with concrete, coordinated actions that foster sustainable development within countries. One Committee Member backed the effectiveness of taxes on sugar, tobacco and alcohol intake as an instrument for generating revenue but more importantly for combatting health issues and gender inequality. A question was raised about whether such health taxes could be looked at more closely by the Committee and in other fora.

37. Another Committee Member expressed developing country concerns of implementing tax policies and fiscal stimulus plans, including incentives, without eroding the tax base and of setting an optimal income tax threshold when formalizing the informal economy, given that many people in the informal sector fall below the current level. Committee Members shared their ideas for the work of the next membership, including greater norm-shaping and capacity-building for international

tax policy, particularly on taxation of cross-border transactions; data-driven policymaking that addresses the spread of revenues and expenditures, in particular across vulnerable groups in society; economic analysis of tax implications to include opportunity costs; and taxation of the digital economy as well as benefitting from the opportunities of digitalization.

38. Mr. Hanif welcomed the comments and questions from Committee Members and responded with three key points: (a) contextualizing the tax work can advance certain proposals like health taxes that previously could not gain traction; (b) the imposition of tax policies should minimize the risk of harming any segments of society and should demonstrate transparency and tangible benefits to the population; (c) the political economy of taxation must intently follow the contours of the 2030 Agenda and the Paris Agreement, among other supporting frameworks, which in turn requires high levels of sustained international cooperation.

39. Mr. Hanif concluded the discussion by thanking all Committee Members for their useful feedback and continued leadership and guidance that has bolstered FSDO work on effective, inclusive tax policy and administration for achieving the SDGs.

#### **D. Update of the UN Practical Manual on Transfer Pricing for Developing Countries (agenda item 3(d))**

40. Ingela Willfors and Stig Sollund, Co-Coordiators of the relevant Subcommittee, were invited to present this agenda item. They noted that the last parts of the third edition of the UN Practical Manual on Transfer Pricing for Developing Countries had been approved by the Committee at the twenty-first session and that editorial work had continued since then. They thanked the Subcommittee members, those who had commented on drafts, those involved in the editorial work and the Secretariat for their contribution to meeting the workplan within deadlines. The Hosts of the various subcommittee meetings were especially thanked. The Co-Coordiators noted the importance of the Manual in addressing complex and important issues in a way that responded to the realities and priorities of developing countries, referring in particular to the Financial Transactions Chapter, which had grown out of feedback from developing countries in capacity building events, and would now feed into such events. in the future.

41. The [new edition of the Manual](#) was officially launched and was welcomed with appreciative comments. Committee Members commended the Subcommittee and the Co-Coordiators for their leadership on technical issues and for successfully completing the project, and thanked all involved for the timely update of the UN Transfer Pricing Manual.

#### **E. Update of the handbook on extractive industries taxation issues for developing countries (agenda item 3(e))**

42. Introducing the topic, Eric Mensah, the Co-Coordinator of the Subcommittee on the Handbook on Selected Issues, informed the Committee that [E/C.18/2021/CRP.14](#) is a brief on the Subcommittee’s work. The Subcommittee had, since the twenty-first session, held three formal meetings: 7-9 December 2020; 1-2 March 2021; and on 19 March 2021. He also indicated that besides the three formal meetings, the drafting groups of various chapters of the Handbook had convened a series of technical meetings.

43. The Committee heard that following its guidance during the twenty-first session, the Subcommittee had prepared the following documents which were presented for discussion and approval:

- [E/C.18/2021/CRP.10](#), titled, “Overview chapter”;

- [E/C.18/2021/CRP.11](#), titled, “The tax treatment of decommissioning”;
- [E/C.18/2021/CRP.12](#), titled, “Issues and best practices in auditing oil, gas and mining activities”; and
- [E/C.18/2021/CRP.13](#), titled, “Transfer pricing issues”.

44. Ignatius Mvula, Co-Coordinator of the Subcommittee, gave an outline presentation of the four papers. The changes to the **overview chapter** are a consequence of the effect of the COVID-19 pandemic on the global economy which made it necessary to update the data and forecasts contained in the chapter. The Overview also took into account the newly added chapters.

45. The chapter on **issues and best practices in auditing** oil, gas and mining activities discussed the audit process in the following phases: preparation; planning; execution; and finalization. It includes a review of the intricacies of auditing the extractives industry. The Committee was advised that given the complex nature of the extractives industry, the issues discussed in this chapter are at a general level and not intended to be exhaustive; as such, they require detailed and extensive analysis in practice.

46. The aim of the chapter was to provide developing countries with an overview of typical issues encountered during the planning and execution of tax audits in the extractive industry. Though it predominantly focused on domestic audit practices, the Chapter recognized the growing application of joint and simultaneous audits and therefore included a description of some multilateral and bilateral audit approaches. In one of its sections, the chapter also describes audit capacity building programmes which are available for developing countries. Finally, as the Committee decided at its twenty-first session, the chapter includes a section on trade mispricing.

47. The **transfer pricing issues chapter** was being presented for the first time. The update was necessary because of ongoing changes to the United Nations Practical Manual on Transfer Pricing for Developing Countries, as the Manual is referenced throughout the Chapter. The update also includes new topics on financial transactions with new practical cases.

48. The **decommissioning chapter** was updated and addresses many aspects of decommissioning that must be considered such as legal and topical environmental issues. It also pinpoints different schemes of decommissioning that are applied in different countries for the accounting accrual of the cost on decommissioning such as cash payments at the end of the project or cash payments during the project. The Committee was informed that the chapter also reviews broader issues that may arise in the taxation of extractives, e.g. offsetting the decommissioning costs against a different project in the same country and ring-fencing.

49. The introduction of each chapter by Mr. Mvula was followed by detailed presentations by each drafting group. The Committee was also informed of the Global Round Table on extractive industries as an engine for recovery, expected to be chaired by the Secretary General on 10 May 2021. The overview chapter will mention the Roundtable and provide a link to its outcomes.

50. After explanations on matters raised by the Committee, the four chapters were approved, and the Subcommittee and the Secretariat were commended for the work done which had successfully concluded the update of the Handbook subject, as usual, to any necessary editorial work to be supervised by the Co-Coordination.

## **F. Dispute avoidance and resolution (agenda item 3(f))**

51. George Omondi Obell, Co-Coordinator of the Subcommittee on Dispute Avoidance and Resolution, summarized the work done by the Subcommittee on the United Nations Handbook on Dispute Avoidance and Resolution and the chapters approved in the previous sessions. He also presented briefly the six chapters of the Handbook. Mr. Obell mentioned that some of the contents of the Handbook have already been used in capacity-building workshops and organizers of such events will find the complete version of the Handbook especially helpful for that purpose.

52. Cezary Krysiak, the other Co-Coordinator of the Subcommittee, then presented note [E/C.18/2021/CRP.2](#) and mentioned that the Preface and Chapter 1 of the Handbook included in the note follow very closely the outline that was discussed by the Committee at its twenty-first session last October. He highlighted that the Preface explains the link between the Handbook and the United Nations' overall work on domestic resource mobilization and the 2030 agenda. Mr. Krysiak then presented the four parts of Chapter 1 and invited the Committee to approve the contents of the note.

53. There were no interventions on the contents of the Preface and Chapter 1, which the Committee approved as drafted. Members of the Committee and observers highlighted the importance of the Handbook for capacity building for developing countries.

54. A Member suggested that it might be helpful to refer to the Handbook in the Commentary to Article 25 (Mutual Agreement Procedure) of the UN Model Tax Convention. There was general support for this suggestion, which was incorporated into [E/C.18/2021/CRP.16](#). The Committee subsequently approved the changes to the Commentary on Article 25 included in that document.

## **G. Capacity-building (agenda item 3(g))**

55. Eric Mensah invited the Secretariat to give a presentation on its capacity development programme. Caroline Lombardo and Michael Lennard updated the Committee on capacity-building efforts and other related activities implemented by DESA's Financing for Development Office (FSDO) since the twenty-first session.

56. Ms. Lombardo informed that the Department continued disseminating guidance by the UN Tax Committee, especially to developing countries, through a comprehensive capacity development programme that includes workshops and more recently webinars at the global, regional and national level. Online courses and technical advisory services upon Member States request are an important part of this programme. International and especially regional partners play a critical role in disseminating the products of the Committee. Regional partners can be very instrumental in identifying emerging issues in tax of concern for developing countries.

57. In her briefing, Ms. Lombardo mentioned the first UN virtual workshop on Carbon Taxation held on 30 November -1 December 2020, which discussed relevant chapters of the draft Handbook on Carbon Taxation for developing countries. Renowned experts and members of the Subcommittee on Environmental Taxation Issues delivered key messages and practical tools included in the handbook for an audience comprised of over 110 government officials from more than 30 developing countries. There are plans for a follow-up virtual workshop on carbon taxes and the use of revenues generated by such taxes later this year.

58. In March 2021, DESA conducted two virtual webinars on transfer pricing which responded to suggestions made by Committee Members at the twenty-first session.



At that time, transfer pricing was identified as a topic for which there is a need for additional training. The webinars were very well received, and they attracted over a thousand registrations, among them: government officials, international and regional organizations, civil society, private sector and academia. The panellists analyzed and discussed subjects such as comparability in COVID-19 pandemic times, issues of accurate delineation of transactions, treatment of intra-group loans and relevance of credit ratings. Presentations were followed by a very interactive Q&A session with strong participation from developing countries.

59. The Secretariat also briefed the Committee on the work carried out in the context of the Platform for Collaboration on Tax, a joint initiative of the secretariats of the IMF, OECD, the United Nations and the World Bank. In that respect, Mr. Lennard informed of the launch of two toolkits by the PCT: (i) transfer pricing documentation in February 2021; and (ii) tax treaty negotiations in March 2021. The toolkit on transfer pricing documentation gathers existing guidance in implementing and providing efficient and effective transfer pricing documentation regimes. The toolkit on tax treaty negotiation is based primarily on the UN Manual for the Negotiation of Tax Treaties between Developed and Developing Countries, which provides practical guidance on issues faced by developing countries in deciding whether and how to conduct tax treaty negotiations. The toolkits are good examples of the PCT, which has contributed to avoiding duplication of efforts and sending a consistent message from secretariats (whenever possible) on various tax issues.

60. Participants in this session also learned about a new initiative spearheaded by DESA: the UN Tax Talks, a free pre-recorded capacity development event by high-level experts. The two initial Tax Talks address the future of tax incentives and where LDCs stand on the digital debate. Challenges in using corporate taxes to attract and maintain investments, the global minimum tax and its impact on tax incentives, and how LDCs can be best represented in the discussions on the taxation of the digitalized economy are analyzed by renowned experts.

61. Ms. Lombardo then briefed the Committee on the upcoming events. Online courses on transfer pricing and tax treaties are being updated and their content streamlined on the basis of the new materials of the Committee's upcoming publications. Translations of the MAP online course in French and Spanish are underway. A general public celebration / launch event of the Committee's publications would be organized for later in June 2021, when some of the publications would already be available, including some in French and Spanish versions. These activities as well as other capacity development activities, she added, have been made possible by the generous contribution of the Norwegian Development Cooperation Agency (Norad).

62. Ms. Lombardo spoke briefly about DESA's commitment to capacity development. The Under-Secretary-General of DESA has recently announced that the Department had increased its budget for the Regular Programme Technical Cooperation (RPTC) with the intention of making effective use of those resources to strengthen the impact of DESA's capacity development work.

63. Finally, Ms Lombardo explained about the importance of the capacity building on infrastructure asset management project and activities in the space of domestic resource mobilization. This project, she pointed out, intends to help bolster local revenues.

64. Committee Members commended UN DESA for not only maintaining its capacity-building work but also expanding and deepening its offerings, with a view to disseminating guidance and recommendations produced by the Committee through workshops, webinars, and online courses. One Member noted that the work should continue to help developing countries mobilize domestic resources and make tax policy makers aware of existing capacity building tools that will help these countries address challenges posed by the current crisis and reduce poverty and inequality.

65. Members intervening cited the transfer pricing webinars and the workshop on the Handbook on Carbon Taxation as good examples of DESA's capacity building work. They suggested expanding communications and outreach of all the new and updated publications of the Committee. Moreover, comprehensive courses on specific topics of the publications, for example, on dispute avoidance and resolution, could be of great use and value for developing countries.

66. The Secretariat thanked the Members of the Committee and observers who had participated in the capacity-building activities over the past year and asked for their continuing support going forward.

## H. Environmental tax issues (agenda item 3(h))

67. The Coordinator of the Subcommittee on Environmental Taxation Issues, Natalia Aristizábal Mora, provided an overview of the structure of the Handbook on Carbon Taxation for Developing Countries, before proceeding to discussion on individual chapters. The Handbook would be comprised of a foreword, seven chapters, and an annex, as follows:

- a) **Foreword** by the Director of the Financing for Sustainable Development Office (FSDO), including considerations on how COVID-19 might impact the adoption of carbon taxation, and of climate change policy in general, around the world;
- b) **Chapter 1:** Introduction to the Handbook. Submitted as [E/C.18/2021/CRP4](#) for discussion and approval at the twenty-second session of the Committee;
- c) **Chapter 2:** An Introduction for Policymakers. Approved at the twenty-first session of the Committee, as [E/C.18/2020/CRP.45](#);
- d) **Chapter 3** (former Chapter XX): Public Acceptability of carbon taxes. Conceptual model and policy implications. Submitted as [E/C.18/2021/CRP5](#) for discussion and approval at the twenty-second session of the Committee;
- e) **Chapter 4** (former Chapter 3): Designing a Carbon Tax. Approved at twentieth session of the Committee as [E/C.18/2020/CRP.17](#); however, its section 4A, 5.5.2 on International Maritime Transport was submitted for discussion and approval, as [E/C.18/2021/CRP6](#), at the twenty-second session of the Committee, following edits to reflect the most updated work of the United Nations International Maritime Organization (IMO);
- f) **Chapter 5** (former Chapter 4): From Design to Administration: Practical Application of a Carbon Tax. Approved at the twenty-first session of the Committee, as [E/C.18/2020/CRP.44](#);
- g) **Chapter 6** (former Chapter 5): Revenue Use. Submitted as [E/C.18/2021/CRP7](#) for discussion and approval at the twenty-second session of the Committee;
- h) **Chapter 7** (former Chapter 6): Carbon Taxation: Interaction with other instruments. Submitted as [E/C.18/2021/CRP8](#) for discussion and approval at the twenty-second session of the Committee; and
- i) **Annex 1:** Carbon Taxation in the Context of the United Nations. Approved at the twenty-first session of the Committee, as [E/C.18/2020/CRP.45](#).

68. Ms. Aristizábal Mora provided a brief overview of Chapter 1: Introduction to the Handbook ([E/C.18/2021/CRP4](#)), an editorial chapter summarizing the content of each chapter of the Handbook. The Committee approved Chapter 1.

69. Sverker C. Jagers, lead drafter of Chapter 3: Public Acceptability of carbon taxes (E/C.18/2021/CRP5), provided an overview of the contents of the chapter. He highlighted that the feasibility of a carbon tax is a function of its effectiveness, cost-efficiency, and acceptability; the latter (which is at the centre of the chapter) enables decision-making and implementation of the tax, and facilitates compliance. Mr. Jagers highlighted the importance of contextual factors, such as political and institutional trust, and outlined some ways in which governments can increase the public acceptability of a carbon tax, for example by having trial periods and introducing the carbon tax as part of a policy package. Finally, he concluded by stressing that the Handbook advises each country to identify the factors constituting the most prominent obstacles in their specific national context. The Committee approved Chapter 3, subject to an edit (that was finalized during the session) to the last sentence of para. 21 of Chapter 3, which would read as follows:

*Finally, it is important to note that many of the countries that have introduced carbon taxes suffer from relatively low corruption according to the metrics of the Corruption Perceptions Index (Transparency International, 2017). In a situation where countries and governments experience low political trust, it is important to introduce the carbon tax in a way that would not further lower institutional trust (Klenert et al. 2018).*

70. Ms. Aristizábal Mora provided an overview of the edits to Chapter 4 - section 4A, 5.5.2 on International Maritime Transport (E/C.18/2021/CRP6), which was updated following edits to reflect the most updated work of the United Nations International Maritime Organization (IMO), including the Initial IMO Strategy on Reduction of GHG Emissions from Ships of 2018. The Committee approved the edits to Chapter 4 - section 4A, 5.5.2.

71. Eike Meyer, lead drafter of Chapter 6: Revenue Use (E/C.18/2021/CRP7) provided an overview of the contents of the chapter. He highlighted that, currently, carbon taxes around the world have limited coverage and low rates, however there is significant potential for increasing revenues by setting carbon prices in line with climate commitments - even though those revenues would structurally decline over decades, as behaviours become less carbon-intensive. He then provided an overview of the potential uses of revenues discussed in the chapter; since carbon taxes can pose competitiveness and/or distributional concerns, governments can choose to compensate affected industries and households. Additionally, governments can boost the decarbonization effect of such a tax, by directing revenues towards environmental spending; or improve the overall efficiency of the tax system, through tax shifts. Mr. Meyer concluded by highlighting that the choice of revenue use depends on country circumstances, and that, in making this choice, governments can aim to maximize economic, social and environmental benefits, and to improve public support. The Committee approved Chapter 6.

72. Anna Theeuwes, lead drafter of Chapter 7: Carbon Taxation: Interaction with other instruments (E/C.18/2021/CRP8) provided an overview of the contents of the chapter. She discussed how carbon taxes are not implemented in a policy vacuum, and governments should focus on the intended objectives of the carbon tax (decarbonization, revenue generation, etc) to consider whether other instruments are complementary, overlapping or countervailing in the achievement of these goals. For these reasons, the current policy setting might need adjustments in order to avoid undesired effects. Ensuring the effectiveness of a carbon tax may require amending the design of the carbon tax or other instruments, adding complementary (or hybrid) policies, or removing existing harmful incentives (for example, fossil fuel subsidies). Mr. Rodrigo Pizarro (a member of the drafting group) contextualized the discussion by providing some examples of complementary, overlapping and countervailing interactions between the carbon tax and the energy sector in Chile, e.g. the renewable

energy laws and regulations that were introduced to reaffirm the country's commitment to fighting climate change, and to support the objectives of the carbon tax. The Committee approved Chapter 7.

73. With the approval of Chapter 7, the whole Handbook on Carbon Taxation for Developing Countries has been approved by the Committee. Ms. Aristizábal Mora provided an update on next steps – namely, the Secretariat would work with an editor, in close cooperation with the Subcommittee members, to finalize the Handbook for publication (no substantive changes to the contents would be made following each chapter's approval).

74. Several Members of the Committee congratulated the Subcommittee on the finalization of the Handbook, given the approval of all its chapters. The Committee commended the Coordinator and the Subcommittee for their work over the past four years, when the Subcommittee was established for the first time, and for the relevance of their work amidst increasing global concern over climate change and a sustainable recovery from the COVID-19 pandemic. Several Members also recommended that the Secretariat draft a note for the next Membership of the Committee (with inputs from Subcommittee members) to highlight topics in the area of environmental and environmentally-related taxation that are especially prominent in international discussions, and where developing countries have expressed a need for further guidance.

75. Ms. Aristizábal Mora concluded by thanking the Subcommittee's members for their work, the Committee for their guidance, and the UN Secretariat for their support, in developing the Handbook on Carbon Taxation for Developing Countries.

## **I. Tax consequences of the digitalized economy — issues of relevance for developing countries (agenda item 3(i))**

### ***Article 12B***

76. The Co-Chair, Carmel Peters gave an update on the status of the work by the Subcommittee so far. She introduced the papers relevant to this work noting that [E/C.18/2021/CRP.1](#) proposed the insertion of Article 12B into the United Nations Model Double Tax Convention whereas [E/C.18/2021/CRP.15](#) deals with the consequential changes to the Model on the insertion of this Article. She pointed out that the Committee agreed during the twenty-first session in principle on the inclusion of Article 12B in the UN Model, and the Subcommittee subsequently addressed the technical issues with drafting of the Article and Commentary and developed the text of a minority view for inclusion in the Commentary.

77. William Fowler, Co-Coordinator of the Subcommittee on Tax Consequences of the Digitalized Economy thanked all members of the Subcommittee who had worked on this issue and recognized the work done by various organizations on taxation of the digitalized economy. He noted that the COVID-19 pandemic had turned many businesses digital and without effective taxation there was a likelihood of great reductions in tax revenues. A simplified solution was therefore vital as it brought developing countries closer to earning revenues from profits made in the digitalised economy. Mr. Fowler thanked Committee Members for a collegial atmosphere despite strongly held views, in arriving at Article 12B.

78. The other Co-Coordinator, Aart Roelofsen observed that this had been a challenging assignment, but the result was one to be proud of. He thanked his Co-Coordinator and noted that this Committee term was the first time Subcommittees had Co-Coordinators and while this was new, it was an excellent working model which enhanced teamwork. Mr. Roelofsen thanked the drafting group, which did immense work to prepare the first draft, and also non-members of this group who contributed to building up this Article and Commentary. Since the last session, several

meetings had been held resulting in changes to the draft including: improvement to paragraphs 1 and 10 by introducing the concept of underlying payments, providing clarity and examples in paragraphs 5 and 6, providing clarity on the interaction of Articles 12B with articles 12 and 12A in Paragraph 7 and, importantly, the inclusion of a minority view in the Commentary.

79. Rajat Bansal, one of the drafting group leaders, provided an overview on the Article highlighting the changes introduced to the Article since the twenty-first session in October 2020. Mr. Bansal highlighted that the Article now had 11 paragraphs up from the previous 8. Changes introduced included: enhancement of Paragraph 3 to deal with instances where information required was not available, introduction of a new paragraph 4 which defined the term “multinational enterprise group” drawing from the BEPS work on country-by-country reporting, paragraph 6, which was introduced to include a listing of some potential automated digital services, but not in a self-standing fashion; and paragraph 7, which was now a stand-alone paragraph. The concept of underlying payments had also been introduced to this article.

80. Carlos Protto, also a leader of the drafting group, made general remarks on the article. Mr. Protto observed that this was a tax treaty solution to what is considered a tax treaty problem, that is, the lack of taxing rights where a permanent establishment does not exist but where significant economic activity is taking place. Digitalization assisted business to effectively engage in substantial business activities in a country without meeting the threshold for permanent establishment as set by tax treaty rules. He pointed out that Article 12B did not preclude any multilateral solution acknowledging the ongoing work by other organizations like the OECD to find a multilateral solution, and that the Committee may in future choose to extend this work to explore other possible multilateral solutions. This Article was, Mr. Protto further noted, not incompatible with ongoing global efforts to find a multilateral solution.

81. A Member observed that finding a solution for taxing the digitalized economy was a challenge to all involved in this quest, not just this Committee. The Member expressed support for the minority views contained in paragraphs 8 to 17 of the Commentary, citing concerns that a bilaterally negotiated solution may not necessarily be the best option for developing countries. Further, allocation of taxing rights to a market jurisdiction on the basis of only sales was not necessarily a sound tax policy move. This being a bilateral solution, bilateral negotiations to incorporate this provision may be slow. The scope of the provision was also said to be rather narrow as it looked at payment only without considering the “user”. The Member also highlighted potential administrative challenges and uncertainty in applying the provision. These views were included in the Commentary, as were the counterviews.

82. Observers commended the Subcommittee on a job well done. An observer inquired whether this was a recommendation by the United Nations for countries to introduce the provisions of the Article in their domestic law or as part of their tax policy. On this observation, the Co-Chair noted that the Model was one agreed to by the Committee. The Secretariat elaborated that the Article was not purporting to be the position of the United Nations Membership as a whole but was rather a text drafted by a Committee mandated to provide guidance to countries in negotiations and implementation. That guidance included the Article and its perceived pros and cons.

83. The issue arose of whether a fresh vote on the Article was needed and the Secretariat reminded participants that the Committee had at the twenty-first session approved by vote the inclusion of Article 12B and Commentary in the Model along the lines then proposed, and what was up for approval now was the latest text of the Article and Commentary.

84. The Secretariat noted that such an approval and adoption did not by any means suggest that every Member of the Committee agreed with the inclusion of Article 12B

in the Model - there were strongly held views opposing the inclusion which formed a large minority, as indicated in the Commentary. Therefore, the issue for the session had effectively been whether Members were satisfied that their views were adequately reflected in the Commentary. A consensus approval, when arrived at, would therefore not be unanimously favouring Article 12B but would rather recognize the majority view (with options and alternatives) in favour and agreeing that the text adequately reflected the differences on that point, as well as the reasoning behind the different views. With this clarification, the Committee approved [E/C.18/2021/CRP.1](#). Some minor, essentially editorial changes as outlined in [E/C.18/2021/CRP.17](#) and [E/C.18/2021/CRP.17 Rev.1](#) were also approved at the meeting.

### ***Consequential Amendments***

85. The Co-Chair, Eric Mensah, gave a brief background of the document up for discussion, ([E/C.18/2021/CRP.15](#)) which deals with the consequential changes to the Model on the insertion of this Article. Patricia Brown of the Secretariat took participants through this paper. Several issues were raised during the review of the paper most of which were editorial comments. There were also issues raised on overlap in the provisions. Members agreed that these issues would be reviewed and addressed by the Secretariat and subject to other comments that may arise, the paper would be approved when it came up for discussion later in the session meetings, having taken into consideration all comments received.

86. When the consequential amendments as a result of the inclusion of Article 12B came up for further consideration Mr. Mensah invited the Secretariat to present [E/C.18/2021/CRP.15 Rev.1](#) which had been prepared to take into account comments received in the earlier discussions, to the Tax Committee. Ms. Brown presented possible changes to the text of the UN Model Double Tax Convention – both the Article and the Commentary – that may arise as a consequence of the adoption of Article 12B into the UN Model. These consequential changes are based on Article 12B in its most current form, i.e. after editorial changes as introduced by CRP 17 were adopted by the Committee.

87. During the discussion, one Member suggested that the reference to the new Article 12B that would be inserted into Article 23A (Exemption Method) should make reference specifically to paragraph 2 of Article 12B leading to the application of the credit method only in cases in which gross taxes are applied as doing so would be consistent with the application of the exemption method in the UN Model to date. Some Members did not agree with the specific reference to paragraph 2 of Article 12B and preferred to include a reference to 12B without such a level of specificity. After some discussion of the correct approach to Article 23A, particularly as it relates to paragraph 3 of Article 12B, Mr. Mensah requested that a small group should discuss this topic and develop a proposal for consideration by the Committee.

88. On the following day, the Co-Chair, Mr. Mensah, invited the Secretariat to present [E/C.18/2021/CRP.19](#), which contained the outcome of the smaller group discussions on the drafting of Article 23A and its Commentaries. The proposed draft makes explicit that the residence country has to provide a tax credit for the income that has been subject to reduced taxation in the source country (under paragraphs 2 or 3 of Article 12B) in case of disagreement regarding the characterization of the income. This was agreed by the Committee.

89. As a consequence, the Committee decided that a reference to the new Article 12B would be included in Article 23A, Article 24 ensuring non-discrimination; and Article 29 to broaden the definition of those that may seek benefits from a tax treaty. The UN Tax Committee also agreed that several changes to the Commentary of the UN Model would be made to account for the new Article 12B. These changes address, for example, the overlap between provisions such as Article 12A and 14 with the new Article 12B. Other changes in the Commentary are the result of changes to Article 23A, 24 and 29. Changes to the Commentary of Article 12 are dealt with separately

under agenda item 3(b) on the Update of the UN Model Double Taxation Convention between Developed and Developing Countries as contained in CRP 18.

90. Mr. Mensah thanked the Secretariat and relevant Members for their work on the consequential changes that result from the inclusion of Article 12B in the Model.

**J. Other matters for consideration (agenda item 3(j)) – including Launch of the Guidelines on the Tax Treatment of Government-to-Government Aid Projects.**

91. The Co-Chair, Ms. Peters, invited the Coordinator of the Subcommittee on the Tax Treatment of ODA Projects, Marlene Patricia Nembhard-Parker, to present this agenda item.

92. Ms. Nembhard-Parker gave a presentation providing background information on the work of the Subcommittee and presenting the results achieved since its inception in 2017. Ms. Nembhard-Parker explained that work on the Guidelines on the Tax Treatment of Government-to-Government Aid Projects (the Guidelines) started in 2005 but was never finalized. The topic gained traction as it featured in the Addis Ababa Action Agenda and a new Subcommittee was founded in 2017. Next to Tax Committee Members, the Subcommittee included academics as well as representatives from ATAF, the IMF, the OECD and the World Bank Group.

93. Ms. Nembhard-Parker outlined the work process of the Subcommittee that met twice in person and once virtually, thanking the hosts of the meetings as well as the European Commission for travel funding provided. The Guidelines were discussed during four meetings of the Tax Committee to capture its feedback and was officially approved by Committee during its twenty-first session in October 2020. At the same time, the Committee adopted a Recommendation on the Public Disclosure of Provisions Concerning the Tax Treatment of Government-to-Government Aid Projects. Both the Guidelines and the Recommendation reflect the link between the work of the Tax Committee and domestic resource mobilization, which is central to achieving the Sustainable Development Goals.

94. Ms. Nembhard-Parker proceeded to officially launch the Guidelines for Government-to-Government Aid and thanked the Members of the Subcommittee as well as the Secretariat for their efforts.

95. A Committee Member expressed her gratitude in participating in the important work of the Subcommittee. Ms. Peters thanked the Subcommittee for their excellent work and concluded the agenda item.

96. Continuing with this agenda item on other matters, the Co-Chair, Ms. Peters, noted that the Subcommittees had all performed with distinction and were now, with their work done, officially dissolved. The Coordinators of Subcommittees would continue to have a role in the editorial work of the publications, consulting as they considered necessary (including with participants in the former Subcommittees as they deemed appropriate). The next Membership of the Committee would determine its subcommittees in the context of the workplan it adopted.