

**Opening statement by Alexander Trepelkov,  
Director, Financing for Development Office, UN-DESA, at the  
7th session of the Committee of Experts on International Cooperation in Tax Matters**

**Geneva, 24 October 2011**

Distinguished Members of the Committee,  
Distinguished Observers,  
Ladies and gentlemen,

It is my great honor and pleasure to welcome all of you to the seventh session of the UN Committee of Experts on International Cooperation in Tax Matters. The central issue on the agenda of this session is **the Update of the United Nations Model Double Taxation Convention between Developed and Developing Countries**. It culminates the work of this Committee over the past 10 years, since the last update of the UN Model in 2001, and 2 years of intense hands-on work by the **Subcommittee on the UN Model Tax Convention Update**.

I wish to thank the Committee for its hard work on this important matter and its commitment to finalizing the revised UN Model as scheduled. This update is long-awaited by all users of the UN Model, especially by developing countries which seek assistance in the negotiation of modern bilateral double-tax treaties reflecting their current circumstances and priorities. Expectations from all concerned are very high.

To support the work of the Committee on the update of the UN Model, FfDO/DESA organized, in June 2011, an **Ad Hoc Expert Group Meeting**, which brought together several Committee Members and other key participants with relevant expertise. As a result of the meeting of experts and subsequent work by the relevant Subcommittee, a draft update of the UN Model has been submitted for further consideration by the Committee here in Geneva. It is imperative that the Committee seek to complete its task without delay, so that the 2011 Update of the UN Model can be issued before the end of this year or in early 2012.

Another timely issue on the agenda of this session is the **Practical Manual on Transfer Pricing for Developing Countries**. This useful tool will provide much needed assistance to developing countries in practical application of the arm's length principle reflected in both the UN Model Tax Convention and the OECD Model Tax Convention.

Substantial work on the Manual has been done since the 6th session of the Committee. In addition to extensive drafting of the chapters of the Manual undertaken by the Members of the **Subcommittee on Transfer Pricing**, there were three in-person meetings: (1) a second meeting of the Subcommittee in New Delhi, India, in February 2011; (2) an Informal Meeting on Practical Transfer Pricing Issues for Developing Countries, organized by FfDO/DESA in cooperation with three CSOs – the Friedrich-Ebert-Stiftung; Center of



- Ø A global multi-stakeholder event on **illicit financial flows from developing countries** will be organized in early 2012 by UN-DESA in collaboration with the Government of Norway and UNDP.

Now let me turn to the UN intergovernmental process and brief you on some relevant developments. During its substantive session last July, the **UN Economic and Social Council** (ECOSOC), in its resolution 2011/23, took note of the report of this Committee on its 6th session, welcomed the Committee's work to implement its mandate and encouraged the Committee to continue its efforts in this regard.

While recognizing the need for continued consultations to explore options with regard to the strengthening of institutional arrangements to promote international cooperation in tax matters, including the conversion of this Committee into an intergovernmental body, ECOSOC shifted its focus to ways of **strengthening of the work of the Committee in its current format**. To this end, it requested the Secretary-General to submit to the Council "*a report on the role and work of the Committee in promoting international cooperation in tax matters, including further options on strengthening the work of the Committee and its cooperation with concerned multilateral bodies and relevant regional and subregional organizations*". ECOSOC also decided to hold *a one-day meeting in 2012* in conjunction with its special high-level meeting with the Bretton Woods institutions, the WTO and UNCTAD, held in March, *to consider international cooperation in tax matters, including institutional arrangements to promote such cooperation*, with participation of national tax authorities.

The Committee Members have naturally the best understanding of the role and work of the Committee in promoting international tax cooperation. In order to capture the wealth of in-depth knowledge of current practices as well as new ideas on options for strengthening the work of the Committee, we intend to seek your inputs to the Secretariat report in early 2012.

One apparent way to strengthen the work of the Committee would be to address the **resource gap in supporting the Committee's working methods**, which has been stressed in the ECOSOC resolution. As you know, the Committee has relied heavily on its subcommittees and the working groups, especially in relation to updating the UN Model Tax Convention, revision of the Manual for the Negotiation of Bilateral Tax Treaties, drafting a Practical Transfer Pricing Manual for Developing Countries and on capacity building.

On average, each subcommittee should meet at least once a year for two working days. Such meetings should be funded from the **Trust Fund for International Cooperation in Tax Matters**. However, despite frequent calls for contributions, no funds have been received to date. Due to the lack of budgetary and extra-budgetary resources, the subcommittee members had to fund their own participation or rely on their employers' financial support. As a result, only a fraction of the required meetings took place, with a low level of participation by experts from developing countries.

In the same resolution, ECOSOC emphasized the importance for the Committee to *enhance its collaboration with other international organizations active in the area of international tax cooperation, including the IMF, the World Bank and OECD*. The need for promoting coherence, coordination and cooperation in tax matters is growing due to the increased recognition of the relationship between taxation and development, in particular domestic resource mobilization, as well as the emergence of new institutions and initiatives.

