

The FfD Chronicle



**CIVIL SOCIETY
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Mechanism

The CS FfD Mechanism is an open civil society platform including several hundreds of organizations and networks from diverse regions and constituencies around the world. CS FfD Mechanism's core principle is ensuring that civil society can speak with one collective voice.

THE TOP 10 CHECKLIST FOR INC4

Dearest distinguished delegates – we are delighted to see you again. New York has already become a city full of tax history, and it was here – in August 2024 – that the Terms of Reference (ToRs) was written by sunburned delegates in the summer heat. However, since then, the temperature has dropped dramatically, in more sense than one. The current draft UN Tax Convention falls severely short, and in many cases completely fails to deliver, on the mandate – i.e. the ToRs – that it was given by the UN General Assembly. We will thus have our work cut out for us in the coming weeks. But it's definitely not too late to correct course and catch up. As civil society, we are here to help. Here is our “Top 10 to do list” for this New York session:

Process

☐ 1. **We must have a proper process - in line with the ToR and established UN practices**

- ☐ a. No more secret zoom meetings. A UN Convention can only be as legitimate as the process that produced it, and an “inclusive, fair, transparent, efficient, equitable and effective international tax system for sustainable development” cannot emerge from an exclusive group meeting in secrecy on zoom. It's high time to stop the illegitimate practice of secret zoom-negotiations and create a transparent and inclusive process. (See ToRs para 21 (stakeholder participation));
- ☐ b. The negotiation must be Member State-led. We have yet to see a negotiating text that fully reflects and outlines the exact proposals put forward by Member States. Instead, we still have a draft that no Member State has ownership of, and which omits some of the most important issues that have been raised in the negotiations. (See ToRs para 3 (establishment of the INC));
- ☐ c. Effective participation of both countries and civil society. The visa- and funding challenges related to entering the United States and participating in these negotiations have prevented many important colleagues from attending – both from civil society and from governments. This issue must be addressed (See ToRs para 21 (stakeholder participation));

- ☐ 2. **Sustainable development** (See ToRs para 7(c), 9(d), 9(f), 10(c)). The Convention cannot establish an “international tax system for sustainable development” if it fails to flesh out and operationalize the entire concept of sustainable development. As we already stressed at INC3 in Nairobi, it is deeply concerning that the Article on Sustainable Development in the draft Convention is 3 lines long and simply a “copy paste” from the ToRs. It is therefore urgently time to elaborate this Article substantially, including to:

- ☐ a. Ensure a strong link between taxation, fiscal policies and existing UN goals, commitments, obligations, including a standard and review process under the Convention;
- ☐ b. Incorporate progressive environmental taxation, including global mechanism to introduce a polluter pays tax on environmentally destructive businesses;
- ☐ c. Incorporate tax and gender equality. In line with numerous existing UN agreements on women's rights and gender equality, as well as the commitment from the 4th Financing for Development Conference in Sevilla, July 2025, it is high time to “advance discussion on gender responsive taxation” – including by incorporating this issue in the UN Tax Convention.

- ☐ 3. **Ensure a fair allocation of taxing rights**, including effective source country taxation. In reality, the OECD system has allocated a large share of taxing rights to tax havens. It's time to correct this error and create a truly fair system. This includes ensuring that developing countries have the right to tax the income and wealth resulting from economic activity in their countries – both in the current context (corporate profits) and historically (the wealth of the world's ultra rich) (See ToRs para 9(f) and 10(a));

- ☐ 4. **Ensure equitable taxation of multinational enterprises.** This issue, which is so prominent in the ToRs, is one of the most glaring omissions in the draft text. We cannot have an effective international tax system unless we get a strong Article on equitable taxation of MNEs (See ToRs para 10(a));

No to the skeleton Convention – substance matters!

- ☐ 5. **Address taxation of extractive industries.** This sector brings its own collage of tax issues, including related to valuation and polluter pays taxation. The UN Tax Convention must include a strong and clear commitment to address this matter (see proposal by the Africa Group – July 2025);
- ☐ 6. **Ensure effective taxation of high-net worth individuals (HNWI).** Simply “exploring” coordinated approaches will not suffice – in line with the ToRs, the Convention must “ensure” the effective taxation of HNWIs. This will require the Convention to set up a strong global mechanism on this topic, including to introduce effective minimum rates and a fair allocation of taxing rights (See ToRs para 10(b));
- ☐ 7. **Address illicit financial flows, including through information exchange and transparency** (ToR para 10(e and d)). Stopping illicit financial flows will require:
- ☐ a. Full transparency around where multinational corporations do business and how much they pay in tax in each jurisdiction – also known as public country-by-country reporting. Furthermore, beneficial ownership transparency will be essential to prevent anonymous shell companies – together with strong efforts to stop harmful tax practices;
 - ☐ b. The large share of the world’s developing countries is not benefiting from the OECD’s automatic information exchange system. It’s time for the UN Tax Convention to set up an Automatic Exchange Mechanism that works for all, linked to a UN Global Asset Registry;
- ☐ 8. **Principles** (ToR para 9). The principles must be fleshed out and designed to fit with the rest of the Convention. This will, inter alia, entail adding strong language on:
- ☐ a. Common but differentiated responsibilities and respective capabilities, the polluter pays principle, and special and differential treatment for developing countries;
 - ☐ b. A principle that establishes the obligation for states to cooperate, and balances national sovereignty with international responsibilities (ToR para 9(b));
- No false solutions**
- ☐ 9. **No to arbitration and sweetheart deals with multinational corporations.** Existing tax agreements and rules serve as valuable lessons on what NOT to do. This includes binding arbitration, and trying to patch up the failed transfer pricing system with secret “advance pricing agreements” between tax administrations and multinational corporations – also known as “sweetheart deals” (these issues were not mentioned nor mandated in the ToR, but have now crept into Workstream 3);
- Effectiveness**
- ☐ 10. **Ensuring a strong and effective UN Convention** (ToR para 1, 7(a), 7(c), 9(e)). In order to be effective, the UN Tax Convention must not be side-lined or overrun by existing tax agreements developed bilaterally or in non-inclusive forums, not by non-cooperative jurisdictions. This means that:
- ☐ a. Existing agreements that conflict with the Convention must be renegotiated or terminated;
 - ☐ b. The Convention must have solid and effective compliance mechanisms, as well as strong and coordinated responses to non-cooperative jurisdictions (incl. non-signatories to the Convention).

