



**GLOBAL
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**CIVIL SOCIETY
FINANCING FOR
DEVELOPMENT**
Mechanism

Session 4, UN Tax Convention Negotiations | February 2-13 2026

February 9, 2026, Protocol 1 – Nexus. Statement on taxation of Income derived from the provision of cross-border services in an increasingly digitalized and globalized economy.

Intervention by Aloysious Kittengo, SEATINI

Thank you, Mr Chairperson,

I am Aloysious Kittengo from the Southern and Eastern Africa Trade Information and Negotiation Institute (SEATINI), Uganda speaking on behalf of the African Civil Society Working Group on the UN Tax Convention.

It should be noted that when Permanent Establishment (PE) was developed it worked for a brick-and-mortar economy, where physical presence in a building is required, traditional payment methods such as cash, cheques, and credit, were used, face-to-face interaction between the buyer and seller took place, and there was physical delivery of goods. However, in a digital economy where there is no need for physical presence in a country but all is needed is internet, online transfer of funds, no physical interaction where even an email address is sufficient to transact, the concept of PE is outdated. Traditional services such as transport, communication, accommodation, education amongst others can now be provided remotely. This means that by allowing outdated PE rules that require physical presence, we are essentially limiting the taxing rights of source countries. There have been attempts to right this situation by introducing nexus through payments but this has sadly not been enough for instance, the article on taxation of technical services has not been taken up by many existing double taxation agreements which further demonstrated resistance towards transforming nexus rules to allow source country taxing rights. In a study undertaken on 741 DTAs only 29% contained article 12A. This calls for a multilateral harmonised approach in transforming nexus rules cemented within both the Framework Convention within article 5 and leading to the renegotiation of double taxation agreements that currently restrict source country taxing rights.

I thank you for your consideration.