The Tax Chronicle

A special edition of the FfD Chronicle

CIVIL SOCIETY FINANCING FOR DEVELOPMENT 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.

A RECAP OF WEEK 1

After an intense first week of negotiations, which started in a very humid New York and ended with a CSO party in the storm, let's have a look at the progress made and how far we still have to go.

Finally, a zero draft! For the first time, Member States are negotiating a text containing numerous articles covering not only the principles and objectives, but also the commitments and key governance elements of the new international tax system that, little by little, we are collectively trying to build. This is an important step in the process. Looking forward, we urge real text-based, Member State-led negotiations, setting out transparently countries' proposals to be included in the draft in [brackets].

On the substance, civil society, armed with our 'checklist', tried our best to promote the essential elements required in all articles to fulfil the mandate given by the UN General Assembly. We have seen progress on some articles, intense debates on others, and some even that are still missing.

First and foremost, let's remember that we are here to design a robust and effective Convention: more work needs to be done to add substance and avoid the risk of an empty Convention.

On sustainable development, we are left wanting much more, convinced that three lines will never be enough to put into practice all the measures needed to make international taxation a genuine tool for sustainable development.

In the discussion on high-net worth individuals, we saw some much needed ambition, and we praised the debates in our Chronicle already. Keep it up!

A huge gap that hasn't been addressed relates to tax transparency measures such as public country-by-country reporting and a global asset registry, which are, after all, the cornerstone of a fair, equitable and… *transparent* tax system.

On fair allocation of taxing rights, which some may consider one of the most important articles in the negotiations, we hope we are starting to see signs of the discussion progressing. However, we still hope that you, dear delegates, will finally see the need for a dedicated article on equitable taxation of multinational corporations, with a mandate for future work on reforming the global corporate tax system. At the end of the day, unitary taxation with formulary apportionment is the only way out of the current unfair and inefficient corporate tax system.

And finally, we initiated the much awaited discussion about the relationship with other treaties and instruments. The situation is clear: we are not here to co-exist with a system that has proven to be a failure, nor to replicate the fiasco of instruments that have proven to be unfair and ineffective.

The discussion on the relationship with the protocols has shown just how much we are treading on eggshells until we have a clear, substantive, and ambitious Framework Convention text: This week will provide an opportunity to reiterate that the substance of the matter cannot be relegated to additional protocols, which fragment the governance of the international tax system we are trying to build.

WE KNOW WHERE WE'RE GOING, WE KNOW WHERE WE'RE FROM

Let us start this new week by paying tribute to the very exquisite musical taste of the distinguished delegate of Nigeria, and the rich cultural treasures of the beautiful island of Jamaica. Like him, we would like to echo the words of Bob Marley who sings in Exodus: *"We know where we're going, we know where we're from."*

The best way to know where we are going is to put it in black on white. And in that regard, UN treaties offer a beautiful range of tools including a **Preamble and Objectives**. This is precisely one of the important things still lacking in the current drafts which we will be spending the next four days discussing.

Preamble…this word will probably sound familiar to Norway, which last week expressed the extent of its appreciation for adding a Preamble to the Framework Convention. We tried to find the Norwegian translation of Preamble and Objectives, but hit the wall of having to choose between bokmål and nynorsk. In any case, civil society will be rowing with joy on the backseats if we get strong objectives and preambles in both protocols!

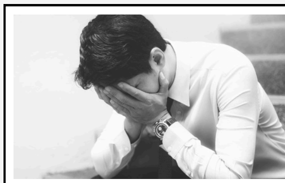
And why is that? Those familiar with UN texts will not need convincing on this point. But for those who are less familiar with them (after all, we are all here to learn) let us inform you that a preamble can provide the full context and the problems to be resolved, and thus gives meaning to the direction this text is intended to take.

As for the direction itself (the objectives), we need not resort to lengthy maritime analogies to remind you that, without clear objectives, our ship risks getting lost in a sea of complexity, failing to respond clearly to the mandate. The Preamble and Objectives will then make sure that we know where we are from, and where we are going - that is towards a fair, equitable, universal, inclusive, efficient international tax system for sustainable development.

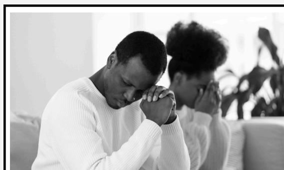
Such a shortcoming would obviously pose a threat to the Framework Convention and two early protocols, which we await and which, barring any complications, are due by the end of 2027.

So, distinguished delegates, all that remains for you to do is to pick up your pens, warm up your fingers, press the button and jostle your way to the front of the queue to take the floor, so that you can fervently call for the inclusion of an 'Objectives' section and a 'Preamble' section in these two protocols. Civil society will certainly remind you of this should you have any doubts as to their importance.

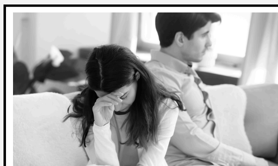
Signs you may be suffering from commitment issues:



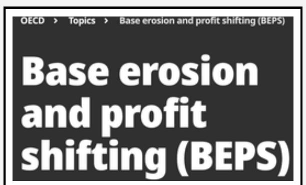
Relationship anxiety



Not opening up



Not communicating properly



Focusing on past relationships

Running away from serious issues

"Can we have reservations?"