



## **1. Background**

Tax treaties play a key role in the context of international cooperation in tax matters. On the one hand, they encourage international investment and, consequently, global economic growth, by reducing or eliminating international double taxation over cross-border income. On the other hand, they enhance cooperation among tax administrations, especially in tackling international tax evasion.

Many developing countries, and especially least developed ones, still lack adequate knowledge and experience to efficiently negotiate tax treaties. This may lead to difficult, time-consuming and, in the worst case scenario, unsuccessful negotiation (or re-negotiation) of tax treaties. Moreover, existing skills gaps may jeopardize developing countries' capacity to be effective treaty partners, especially as it relates to cooperation in combating international tax evasion.

Capacity building initiatives targeted to strengthen skills of developing countries in the above area will contribute to further develop their role in supporting the global efforts aimed at improving the investment climate and effectively curbing international tax evasion.

## **2. Joint Project of FfDO/UN-DESA and ITC**

The Financing for Development Office (FfDO) of UN-DESA and the International Tax Compact (ITC) are working on a joint project aimed at strengthening the capacity of Ministries of Finance (MoFs) or other competent authorities in developing countries to effectively identify and assess their needs in the area of tax treaty negotiation.

d, FfDO and ITC will jointly organize a Group Meeting with a view to  
and advancing the relevant work programme for the purposes of the above-

### **3. Group Meeting**

#### Objective

The Group Meeting will aim to: (1) identify the needs of developing countries in the area of tax treaty negotiation and take stock of the available capacity development tools at the disposal of developing countries; and (2) determine the actual skills gaps and challenges faced by developing countries in negotiating their tax treaties.

#### Participants

Up to twelve representatives from MoFs or other competent authorities in developing countries will be invited to participate in the meeting. FfDO and ITC will jointly select participants, in consultation, where appropriate, with the Inter-American Center of Tax Administrations (CIAT), the African Tax Administration Forum (ATAF) and other relevant organizations. Equitable geographic distribution will be ensured by selecting: 3-4 participants from Africa and the Middle East, 3-4 participants from Asia; 3-4 participants from Latin America and the Caribbean; and 1-2 participants from Europe and CIS. Selection of participants will be based on the agreed terms of reference, including, inter alia, requirement to have a significant practical experience in the field of tax treaty negotiation gained through several years of active work in this area and fluency in the English language. Selection will be subject to the fulfilment of the relevant formalities necessary to travel.

Each participant is expected to: (1) participate in an interactive discussion, including reporting on the current situation in his/her country with respect to the negotiation of tax treaties; (2) share his/her practical experiences in this field, including an analysis of the main knowledge gaps and problems that are frequently encountered by relevant authorities in developing countries; (3) contribute to identifying the most needed in developing countries capacity development initiatives and/or tools and the most suitable strategy for their implementation.

#### Modalities

Three world-renowned experts with several years of experience in the area of negotiation of tax treaties, including member(s) of the UN Committee of Experts on International Cooperation in Tax Matters, will be invited to chair the meeting sessions and lead the discussions, with a view to contributing to the systematic analysis of the issues and to the identification and definition of suitable modalities to address them. Moreover, representatives of regional organizations of tax administrators, including CIAT and ATAF, may be asked to provide inputs, as applicable, with respect to the negotiation of tax treaties in their respective regions and member countries, either in preparation for or during the meeting, as well as in the context of the follow-up activities.

#### Outcome

A report of the meeting will summarize the main findings of the meeting with regard to the existing skills gaps and problems faced by developing countries in negotiating their tax treaties and detail priority areas for the purposes of developing relevant capacity building activities and tools to address these issues.