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SENATE

P.S.R. No. 315

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INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

URGING THE EXECUTIVE DEPARTMENT, THROUGH THE DEPARTMENT OF FOREIGN AFFAIRS AND THE DEPARTMENT OF FINANCE, TO SUPPORT THE PROPOSAL OF THE AFRICA GROUP AT THE UNITED NATIONS TO BEGIN INTERGOVERNMENTAL DISCUSSIONS IN NEW YORK AT UN HEADQUARTERS ON WAYS TO STRENGTHEN THE INCLUSIVENESS AND EFFECTIVENESS OF INTERNATIONAL TAX COOPERATION THROUGH THE EVALUATION OF ADDITIONAL OPTIONS INCLUDING THE POSSIBILITY OF DEVELOPING AN INTERNATIONAL TAX COOPERATION FRAMEWORK OR INSTRUMENT THAT IS DEVELOPED AND AGREED UPON THROUGH A UNITED NATIONS INTERGOVERNMENTAL PROCESS, TAKING INTO FULL CONSIDERATION EXISTING INTERNATIONAL AND MULTILATERAL ARRANGEMENTS

WHEREAS, the literally 100-year old international tax legal framework has not kept up with the massive changes in the global economy and the nature of commercial relations, much less with respect to the digital economy and eCommerce.

WHEREAS, loopholes in the tax systems of practically all countries and in the international tax legal framework allow corporations and rich individuals to use "tax planning techniques" and schemes in order to avoid and even evade taxes.

WHEREAS, all nations, especially developing countries like the Philippines, are in dire need of additional government revenues during the Covid pandemic.

WHEREAS, even before the pandemic, our country could benefit from additional government revenues, which we could dedicate towards health and education.

WHEREAS, there are ongoing discussions at the Second Committee of the United Nations General Assembly as regards:

1. draft resolutions put forward by the Group of 77 (G77) and China to upgrade the current UN expert committee on tax to an intergovernmental body (draft resolution on the promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development, document A/C.2/77/L.8, paragraph 25); and
2. a proposal by Africa Group to negotiate a UN Convention on International Tax Cooperation (draft resolution on UN Convention on International tax cooperation, document A/C.2/77/L.11)

WHEREAS, addressing international tax dodging has never been more urgent, especially as the current multiple crises exacerbate inequalities both within and between countries.

WHEREAS, international tax cooperation and reform of the global tax system are vitally important for addressing these global challenges and for the achievement of the Sustainable Development Goals (SDGs) as well as compliance with human rights and gender equality obligations.

WHEREAS, an intergovernmental UN tax negotiation process is essential for ensuring that all countries can participate on an equal footing in the decision-making on global tax matters, as well as for scaling up the fight against international tax abuse, both by multinational corporations and by wealthy elites.

WHEREAS, for almost two (2) decades, the UN Member States have discussed the idea of establishing an intergovernmental UN tax body¹.

WHEREAS, the OECD-led international negotiations on taxation and the digitalized economy, more known as OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, has been rejected by practically all CSOs for being led by rich countries and for failing to consider the concerns of developing countries, even as the said inclusive process excludes a number of important countries, including the Philippines.

WHEREAS, the process at the OECD/G20 IF on BEP and its recommendations have once again illustrated that the only international forum on taxation where all countries can participate on a truly equal footing is the United Nations.

WHEREAS, the Philippines would be able to participate fully on tax discussions for the reform of the international tax system at the United Nations if and when the UN Expert Committee on Tax, where the members work solely in their personal capacity and do not represent any government, is upgraded to an intergovernmental body;

WHEREAS, similarly, the Philippines would be able to participate meaningfully at the United Nations if the proposal by Africa Group to negotiate a UN Convention on International Tax Cooperation (draft resolution on UN Convention on International tax cooperation, document A/C.2/77/L.11) is voted upon favorably by the United Nations General Assembly;

WHEREAS, the Africa Group decided to table the revised resolution, which is scheduled to be adopted by the UN General Assembly on 23rd November, Wednesday at 10:00am NY and will be live streamed here: <https://media.un.org/en/webtv>.

¹ (i) In 2019, this proposal was supplemented by a proposal to develop a new global UN Tax Convention, as first suggested by the Africa Group. (ii) In February 2021, they were also endorsed by the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (the FACTI Panel), which had been set up by the Presidents of the UN General Assembly (at the time Nigeria) and the President of the UN Economic and Social Council (at the time Norway). (iii) In May 2022, the Conference of African Ministers of Finance, Planning and Economic Development reiterated the call for a UN tax convention at their 54th session in Dakar.

WHEREAS, the key operative paragraph of the resolution provides:

2. Decides to begin intergovernmental discussions in New York at United Nations Headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process, taking into full consideration existing international and multilateral arrangements (A/C.2/77/L.11/REV.1)

NOW THEREFORE, BE IT RESOLVED, that the Senate of the Philippines express its support for the adoption of the proposal of the Africa Group at the UN to begin intergovernmental discussions in New York at United Nations Headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process, taking into full consideration existing international and multilateral arrangements.

BE IT FINALLY RESOLVED that the Senate of the Republic of the Philippines **URGENTLY and EARNESTLY** recommend to the Executive Department to vote on **November 23, 2022 at 10:00 am in the morning** in favor of the above proposal of the African Group at the United Nations.

Adopted,


RISA HONTIVEROS
Senator