



**STATEMENT ON BEHALF OF GROUP OF 77 AND CHINA BY MR. SAMEH ELKHISHIN, FIRST SECRETARY OF THE PERMANENT MISSION OF EGYPT TO THE UNITED NATIONS, AT THE ECOSOC SPECIAL MEETING ON INTERNATIONAL COOPERATION IN TAX MATTERS (New York, 18 May 2018)**

Mr. Vice-President, Excellences, Distinguished delegates and participants,

I have the honor to deliver this statement on behalf of the Group of 77 and China.

The Group is delighted to engage on this important question of international cooperation in tax matters, which finds its expression in the Addis Ababa Action Agenda, Area of Domestic Public Resources. We believe that in order for meaningful progress to be achieved on this Action area, there is a need to properly contextualize this matter in a transparent manner, with the United Nations, playing a critical normative and convening role for intergovernmental deliberations, while at the same time respecting member countries' policy space in their quest to achieve economic growth.

The Group expresses its appreciation for the update on the work of the Committee of Experts on International Cooperation in Tax Matters provided by the co-chairpersons of the Committee. We welcome the appointment of the members of the Committee with the increased representation of experts from developing countries. In this regards, we urge the Committee and its subcommittees to fulfill its mandate considering new and emerging issues, including illicit financial flows, tax avoidance, tax evasion and corruption, with a view to eventually eliminating them. We also encourage the Committee to continue examine the issue of taxation and digitalization of the economy thoroughly.

We would like to express our appreciation to the Government of India for its contribution to the Trust Fund for International Cooperation in Tax Matters. We continue to urge Member States to support the Committee and its subsidiary bodies through contributing to this Fund, in order to enable the Committee to fulfil its mandate, including by supporting the increased participation of developing country experts at subcommittee meetings.

We express our deep concern that there is still no single global inclusive forum for international tax cooperation at the intergovernmental level. The lack of a global, transparent process on setting the norms and standards of international tax regime continues to be problematic with the agenda and design of the ongoing tax reforms are conducted in forums outside the UN. In that regard, we reaffirm the urgent need to fully upgrade the Committee of Experts in Tax Matters to an intergovernmental body with experts representing their respective governments. We reiterate that this issue is still a priority for the Group and we are committed to push forward this proposal in all relevant fora.

We stress the importance of eliminating safe havens that create incentives for the transfer abroad of stolen assets and illicit financial flows. We emphasize the need to strengthen regulatory frameworks at all levels to further increase transparency and the accountability of financial institutions, the corporate sector and public administrations. We reaffirm the need to strengthen international cooperation as well as national institutions to combat money-laundering and financing of terrorism.

Mr. President,

As to taxation and digitalization of the economy, the rapid expansion and sectoral spread of the digital methods presents serious challenges to the tax systems of all countries, both developing and developed. The digital economy is upending traditional concepts such as "permanent establishment" and profit-based taxation. Standard indicators of economic activity such as the sales of tangible goods are disappearing along the tax bases that they made possible. It is true that, as the sophistication of the digital economy develops, tax methods have to be continually adjusted to a changing situation. In this situation of upheaval of basic concepts and policies, the international community genuinely requires a just and universal arrangement for setting out international tax approaches and for updating these standards.

While the establishment of the inter-Agency Platform for Collaboration on Tax (PCT) reflects an urge to strengthen coherence, coordination and consensus building in international tax matters, we need to bear in mind that such an effort must be conducted through intergovernmental cooperation and negotiations. Again, the establishment of a universal, intergovernmental UN tax body would be the appropriate way forward on these issues.

Thank You