

THE WORLD CHANGED. THE TAX RULES MUST CHANGE WITH IT.

ICRICT statement on the UN Framework Convention on International Tax Cooperation — Bangkok, October 2026



Negotiations on the UN Framework Convention on International Tax Cooperation resume in Nairobi on 30 November.

As multilateralism faces its most severe crisis since World War II, undermined by geopolitical polarization, great-power rivalry and rising nationalist policymaking, what is settled in the coming months will determine the future international tax architecture.

The active participation so far of more than 150 member states and a number of stakeholders, including more than 50 civil society organisations, shows that this negotiation matters.

The stakes are not mere abstractions.

In the face of continuing and emerging shocks, governments face reduced fiscal space even as they need to respond to climate change, face calls to rearm and have fewer resources to provide public services.

The Framework Convention can both create new rules that are fair for all countries and unlock new fiscal space at a time of great need.

Introduction

Negotiations of the Framework Convention and its two early protocols have hit their halfway point.

Countries have entered this negotiation with the clear objective to establish an inclusive, fair, transparent, efficient, equitable and effective international tax system.

The current system of taxing multinationals' global profits based on transfer pricing has proven itself not fit for purpose in the 21st century world.

This system has facilitated systemic tax evasion and avoidance by multinationals, undermining domestic resource mobilization in jurisdictions

where these conglomerates make their profits.

In addition, the past few decades have seen a rapid increase in the number of double taxation treaties signed between countries, which now stands at more than 5,000.

This network of bilateral tax treaties is skewed towards the needs of resident countries (home not only to the ultimate parent entities of multinational companies, but also, their intermediaries often located in low-tax jurisdictions) and as such limits the taxing rights of source jurisdictions (often developing countries) restricting their ability to raise revenues.

Overall, as a commission we believe that taxing rights should be allocated to reflect economic activities and that, relative to that, not enough taxing rights have been allocated to developing countries. This imbalance is further exacerbated by avoidance and evasion opportunities, leading to significant loss of revenues in all countries, but hitting developing countries harder as they rely disproportionately on corporate taxation as a source of revenue.

We also believe that a fair international tax system should offer a right to sustainable development for all countries and, given the historical inequities (including but not restricted to illicit financial

flows and greenhouse gas emissions), when hard balancing judgments have to be made, they should be made in favor of developing countries.

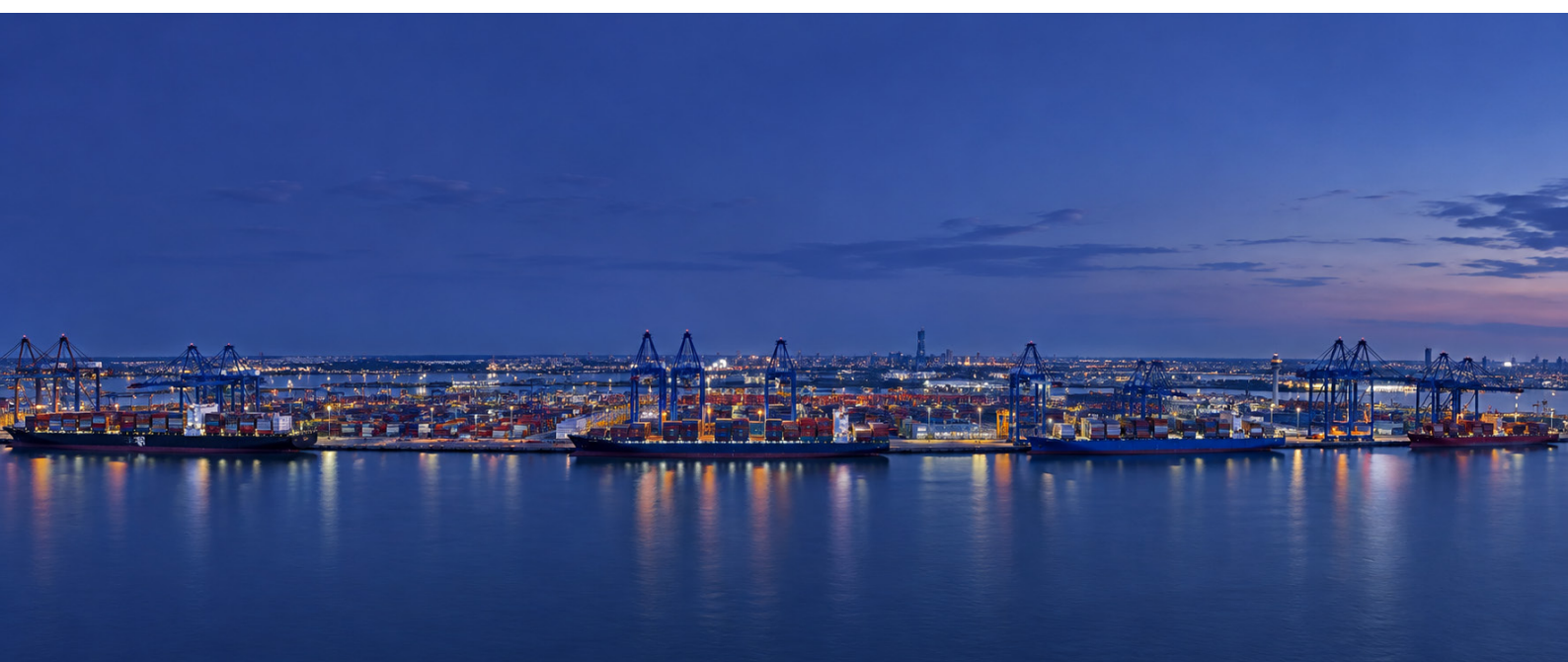
This negotiation can collectively address tax evasion and avoidance, by multinational enterprises and high-net worth individuals, and resolve gaps in global taxation arising from globalization and the digitalization of the economy.

This should be in the interest of all countries.

And yet, there is strong resistance to change and there are clear divides between those countries that want change and those that are fighting to keep the status quo.

Led by the African Group, in 2024 countries signed up to deliver a new framework of rules that is fair and that will enable all countries, but in particular developing countries, to raise more revenues.

The status quo won't hold. The world has changed. The economy is more and more digitalized, physical presence is no longer a pre-requisite for economic activity. Today's rules will have to change and a new balance that reflects the interests of all countries (not just the capital exporting ones) and the citizens of those countries (rather than the multinationals) will have to be found.



Meaningful change will require countries to agree to new rules to allocate the profits of multinationals in Article 5 to reflect where all economic activities take place, new measures and cooperation to ensure HNWIs pay their fair share in Article 6, and to commit to revisiting double taxation treaties (that act as a stranglehold on the ability of developing countries to raise revenues) in Article 21 to bring them into line with the Convention.

The fair allocation of taxing rights (Article 5)

This article attempts to revisit the allocation of taxing rights over the profits of corporations. The current rules were developed over a century ago and are simply unfit for purpose. Those that hang on to them, mostly developed countries, do so because, through transfer pricing, the application of the rules ensure limited profits are taxed in developing countries, whilst the lion's share are allocated to developed countries, either in the home countries of multinationals or in conduit jurisdictions (tax havens).

As a commission, we believe rules should be based on economic principles and not on vested interests.

Digitalisation has changed the old world, and the proportion of intragroup-trade has increased; therefore the old rules – transfer pricing, the arm's length principle, the principle of physical presence – have lost relevance. These changes have highlighted the inadequacy of the old (current) system, but the deficiencies are broader; for instance, as we have already noted, the physical presence test makes no sense in today's world.

Rules are needed to allocate the global profits of multinationals, which would not exist without globalisation, and are de facto economic rents (that is, profit made by a business over and above that which would be required to keep it in business).



Multinationals' global profits do not arise in a single country and are to a large extent the result of the joint activities undertaken across all countries.

The Convention should ensure the allocation of taxing rights reflects the participation of countries in the generation of economic rents and establish a concrete process for developing and adopting a fair formula to allocate the profits of multinationals based on both supply (labour, capital, tangible assets) and demand (revenues, users, markets).

Fair allocation of taxing rights must also be supported by corporate tax transparency. The Convention should require public country-by-country reporting by multinational enterprises, enabling tax administrations, policymakers and the public to assess where economic activities, profits and taxes are reported.

We note with concern that, to date, there has been too much emphasis on the risk of double taxation. The issue is less double than zero taxation.

There is no concern about double taxation on economic rents in competitive markets, as there are no rents, and any “excess tax” will either limit supply, or be borne by the countries imposing the tax (in the form of higher prices). National sovereignty gives the country the right to make such decisions: there is no external cost borne (shifted) on to others. The case for a double-taxation treaty arises only in a world of monopoly profits. And the problem today is that those profits are not being taxed at all, or are taxed at very low rates, because they are so easily shifted to low tax jurisdictions.

What should be negotiated is the formula for allocating global profits — not the preservation of rules designed to avoid a problem already addressed by competitive markets.

Taxation of high-net-worth individuals (Article 6)

We call on UN Member States to restore and strengthen the binding nature of Article 6, requiring States Parties to develop and implement measures to detect, deter and prevent tax avoidance and evasion by HNWIs, and to adopt coordinated approaches to ensure their effective taxation, including through the development of minimum taxes, to address the regressive features of contemporary tax systems, where HNWIs pay effective tax rates far lower than ordinary workers. Member states cannot continue to turn a blind eye to this fiscal reality.

Article 6 of the Framework Convention must also enable the establishment of mechanisms to detect and deter tax avoidance by HNWIs, extending automatic exchange of information to more asset classes, and working towards a [global asset registry](#).

We note with concern how the principle of tax sovereignty is bandied around by some countries to prevent any language that will commit to future cooperation.

Tax sovereignty should not become a shield for protecting the fiscal privileges of the super-rich. Wealth taxation is not merely a matter of fairness; it aligns with the Convention’s overarching goal of establishing an “[international tax system for sustainable development](#).”

Relationship with existing treaties (Article 21)

It is important to recognise that the existing treaty network was built under a clear imbalance of power: rules written largely by the EU and the US, and then applied to developing countries. The UN, as a multilateral framework, can provide countries with a place where power relations are more balanced.

There must be a presumption that prevailing rules need to be re-examined rather than a presumption that those rules are right. As such, existing agreements should be brought into conformity with the new Convention.

We expect the lobby of multinationals and the wealthy individuals who benefit from today’s rules to promote coercive measures to prevent countries from implementing the Convention, thus the final text should include language to enable collective retaliatory measures against those initiatives.

This negotiation is laying down the foundations for tomorrow’s global fiscal architecture.

We call on all countries to engage in good faith. The very existence of these negotiations is an admission that the status quo is not fair and should be changed.

THE COMMISSION



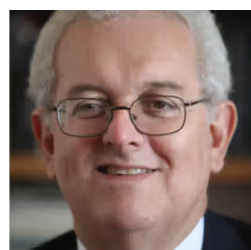
Jayati Ghosh

Co-Chair, Development economist and Professor at the University of Massachusetts Amherst.



Joseph Stiglitz

Co-Chair, Nobel Laureate in Economics, Professor at Columbia University.



José Antonio Ocampo

Professor at Columbia School of International and Public Affairs, former finance minister of Colombia



Eva Joly

Former French magistrate and Member of the European Parliament.



Thomas Piketty

Director of the World Inequality Lab and Professor at the Paris School of Economics.



Gabriel Zucman

Director of International Tax Observatory (ITO) and Professor at the Paris School of Economics and the University of California, Berkeley.



Magdalena Sepúlveda

Director of the United Nations Research Institute for Social Development (UNRISD).



Irene Ovonji-Odida

Lawyer and former member of the African Union's High-Level Panel on Illicit Financial Flows.



Wayne Swan

National President of the Australian Labor Party; former Australian Treasurer and Deputy Prime Minister.



Martín Guzmán

Professor, Columbia University School of International and Public Affairs.



Kim Jacinto Henares

Former Commissioner of the Philippine Bureau of Internal Revenue.



Ricardo Martner

Economist and former official at the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).



Edmund Valpy Fitzgerald

Economist and Professor Emeritus at the University of Oxford.



Léonce Ndikumana

Economist and Professor at the University of Massachusetts Amherst, specializing in development economics and capital flight.