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HUMAN RIGHTS COUNCIL

Statement by the Independent Expert on the promotion of a democratic and equitable international order and the Independent Expert on the effects of foreign debt and other related international financial obligations and human rights ahead of the intergovernmental negotiations on a UN Framework Convention on International Tax Cooperation

GENEVA (29 January 2026)- We are concerned by proposals to reform the international tax framework through a two-tier approach, also referred to as a "side-by-side package". Such an approach, promoted by members of the OECD/G20, would introduce differentiated implementation tracks and parallel regimes of tax coordination. These proposals risk entrenching structural inequality between States and undermining fiscal sovereignty, rather than advancing a genuinely inclusive and coherent international tax system.

These concerns have been widely expressed by civil society organizations and by a number of States, particularly from the Global South. A two-tier system is incompatible with the principle of sovereign equality, as it entrenches unequal obligations shaped by a small group of powerful economies and limits the ability of other States to influence rules that directly affect their fiscal capacity.

Far from being neutral or transitional, a two-tier approach risks pre-empting genuine multilateralism. It would lock in fragmentation and perpetuate existing asymmetries in the global tax system.

We are further concerned that key elements of the approach promoted by OECD/G20 members are designed primarily to accommodate the domestic tax systems of major economies and to shield their multinational corporations from effective enforcement. Under a two-tier system, tax revenues generated by the world's largest multinational enterprises would continue to accrue primarily to wealthy economies, while developing countries are left to administer complex rules over which they exercise little real influence.

A democratic and equitable international order cannot be built on arrangements negotiated in restricted settings and subsequently presented as global solutions. The UN Framework Convention on International Tax Cooperation, unlike the OECD process, is transparent and grounded in the principle of "one country, one vote," reflecting the equal dignity and participation of all States. The upcoming UN negotiations therefore represent a critical opportunity to chart a different course, towards an inclusive and effective international tax cooperation, rooted in genuine multilateralism and sovereign equality.

International taxation is inseparable from human rights, particularly the right to development and economic, social and cultural rights. Revenue losses linked to residence-centred tax models—estimated in the hundreds of billions of dollars each

year—directly constrain States' ability to invest in health care, education, climate adaptation and social protection.

The Convention's initial protocols, including those addressing the taxation of cross-border and digital services, must confront long-standing systemic biases in favour of residence-based taxation. These biases continue to privilege jurisdictions hosting multinational headquarters over source countries where real economic activity and value creation occur. For many developing States, correcting this imbalance is essential to securing their legitimate right to tax digital services and cross-border transactions that currently escape effective source-based taxation.

When multinational corporations fail to pay their fair share of tax, the consequences are borne by societies as a whole. Tax injustice deprives children of schools, patients of hospitals, and communities of the infrastructure necessary for a dignified life.

The pursuit of fiscal justice by developing countries aligns with the interests of the global majority, in both the Global South and the Global North. The UN Framework Convention on International Tax Cooperation must become the authoritative reference point for a fair and equitable international tax order—one that treats tax justice as inseparable from social justice and affirms that no nation's right to development may be subordinated to the revenue interests of multinational corporations and the ultra-wealthy.

The experts:

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