

UN kicks off negotiations on international tax cooperation; US withdraws

12 February 2025

In brief

What happened?

From 3-6 February 2025, the UN intergovernmental negotiating committee (Committee) held an [organizational session](#) to draft a UN Framework Convention on International Tax Cooperation (Convention). Key decisions included the composition of the Committee's bureau, choosing "prevention and resolution of tax disputes" as the topic for the Convention's second early protocol, and adopting a simple majority decision-making process for the Convention negotiations with a two-thirds majority required for protocols. On the first day, the United States withdrew from the negotiation, stating that it would oppose any resulting outcomes. The UN is seeking to conclude negotiations by 2027.

Why is it relevant?

This was the Committee's first meeting since the UN General Assembly approved the initiative in December 2024 (see this [Tax Policy Alert](#) for background). The initiative is led by the Africa Group and other developing and emerging countries. Majority-based decision-making ensures that the interests of these countries, which represent the voting majority, are considered. The significant differences in opinions expressed during the negotiations suggest that it will be difficult to reach agreement on some issues. Even without agreement, the initiative might influence countries' domestic legislation on international tax issues. Substantive discussions are expected to commence shortly.

Actions to consider

The larger role in international tax for the UN must be taken seriously. There will be opportunities for stakeholders to contribute to the Committee's work, and companies should monitor developments and engage when possible.

In detail

Composition of the Bureau

On day one of the organizational session, the Committee elected Ramy Youssef from Egypt as Chair (he also chaired the previous committee), Liselott Kana from Chile as Rapporteur, and 17 individuals as Vice-Chairs. The officers are collectively referred to as the “Bureau.” The composition of the Bureau, is summarized below:

African States	Asia-Pacific States	Eastern Europe States	Latin-American & Caribbean States	Western & Other States
Ghana	China	Estonia	Bahamas	Germany
Kenya	India	Poland	Colombia	Sweden
Nigeria	Singapore	Czechia	Saint Kitts & Nevis	Norway
Egypt	Saudi Arabia	Russia	Chile	

Subject of the second early protocol

The Committee chose “prevention and resolution of tax disputes” from four priority topics in the [Terms of Reference](#) (ToR) as the subject of an early protocol to be negotiated simultaneously with the Convention. The other priority topics include:

- Taxation of the digitalized economy;
- Measures against tax-related illicit financial flows; and
- Addressing tax evasion and avoidance by high-net-worth individuals and ensuring their effective taxation in the relevant Member States.

The ToR designated the “taxation of income derived from the provision of cross-border services in an increasingly digitalized and globalized economy” as the other early protocol.

Governments agreed that other priority topics will be added to the list of protocols identified for consideration post 2027. That list already includes tax cooperation on environmental challenges, exchange of information for tax purposes, mutual administrative assistance on tax matters, and harmful tax practices.

Observation: Dispute prevention and resolution was selected as the least contentious of the priority topics. It had the support of many countries that previously abstained or voted against the UN initiative. Colombia, Brazil, and Chile preferred an early protocol on taxing high-net-worth individuals, while Kenya, Zambia, Philippines, and Fiji supported a protocol on illicit financial flows. While an ostensible “win” for tax certainty, it represents a concession by the majority backing the initiative and does not mean easy resolution of the numerous disagreements that have plagued previous tax certainty efforts, such as mandatory binding arbitration. Shifting the conversations to the UN alone will not resolve those agreements and could even lead to less support for arbitration, given the position of

many developing countries. Switzerland suggested limiting the scope of the early protocol to disputes that may arise under the Convention and its protocols.

Decision making

By majority vote, the Committee decided to use good faith efforts to reach consensus and to have simple majority decision-making as the fallback rule for negotiating the Convention, following the standard voting procedures of the UN General Assembly. Decisions on substantive matters related to protocols will be made by a two-thirds majority vote. Questions about whether a matter is substantive will be resolved by a simple majority vote.

Observation: The decision-making process was the most contentious issue during the four-day organizational session, with developed countries favoring consensus and developing and emerging countries preferring a simple majority. A final attempt by France, the UK, Italy, Malta, and Czechia to adopt consensus decision-making failed with 98 votes against, 42 in favor, and 10 abstentions. With 193 UN Member States, the two-thirds majority vote for protocols will generally leave developed countries outvoted.

United States and other opposing country positions

The United States withdrew from the negotiations following the election of the Committee's officers, stating that it would oppose any resulting outcomes, and welcomed others to join in opposition. The [US statement](#) (as delivered) cites tax sovereignty and the use of simple majority voting as the primary reasons for its withdrawal.

Observation: US opposition to the UN initiative has been consistent since its inception. On 4 February, President Trump signed an executive order calling for a general review of US funding and involvement in the UN and other international organizations. This follows an executive order rejecting the OECD's global tax deal (i.e., Pillars One and Two) and calling for the development of protective measures against laws of other countries that have extraterritorial or discriminatory effect (see this [Tax Policy Alert](#) for background).

No country answered the United States' call to withdraw from negotiations, but Japan and Israel said they must "disassociate" themselves from the decisions made during the organizational session, citing reservations about the outcomes of the meetings, particularly on the decision-making process. Japan also said it will "reassess its engagement" in this initiative.

Representing the European Union's 27 Member States, Poland, currently holding the rotating Presidency, criticized the outcomes of the session and the lack of clarity regarding the organization of work. Switzerland pointed out that a fragmented tax framework could emerge without sufficient support for proposals and joined calls from Canada, New Zealand, Australia, the United Kingdom, Singapore, South Korea, Liechtenstein, and the European Union for consensus to be the norm rather than the exception in the negotiation process. However, countries expressing reservations also committed (at least for now) to stay engaged and continue advocating for changes as negotiations progress.

Next steps

The Committee agreed to hold three substantive meetings each year and to conclude negotiations on the Convention and the two early protocols by late 2027. There are no details on stakeholder engagement nor on organizational matters, such as dates for substantive negotiations and procedures for executing technical work.

Negotiators will need to keep in mind that the Convention and related protocols must be ratified by a significant majority of countries, including developed countries, to achieve the stated objective of making international tax cooperation not only more inclusive but also more effective. Business engagement at the beginning of substantive discussions can help inform the process and the design of sound multilateral tax measures.

Let's talk

For a deeper discussion of how the negotiations on the UN Framework Convention might affect your business, please contact:

Tax policy leadership

Will Morris, United States
+1 (202) 213 2372
william.h.morris@pwc.com

Edwin Visser, Netherlands
+31 (0) 88 7923 611
edwin.visser@pwc.com

Tax policy contributors

Akhilesh Ranjan, India
+91 995 38 60482
akhilesh.ranjan@pwc.com

Stewart Brant, United States
+1 (415) 328 7455
stewart.brant@pwc.com

Chloe Fox, Ireland
+353 (0) 87 7211 577
chloe.fox@pwc.com

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