

JOINT STATEMENT

18 November 2025

Delivered at the Third Session of the Inter-governmental Negotiating Committee of the UN tax Framework Convention negotiations as a response to the Co-Leads' Concept Note on Ideas for potential solutions under the protocol on "prevention and resolution of tax disputes"

Thank you Chair. I speak on behalf of the Initiative for Social and Economic Rights, and as part of the Global Alliance for Tax Justice and the African Civil Society working group on the UN Tax Convention.

Distinguished delegates, we are deeply concerned by the current direction, which focuses on developing mechanisms to manage disputes within the existing transfer pricing system.

This approach addresses the symptoms, not the cause; and it amounts to making the problem a solution.

The transfer pricing system itself, based on the flawed arm's length principle, is a key cause of the very disputes we seek to resolve. It is a system that has generated a complex web of inconsistencies, resulting in an unmanageable number of disputes that drain public resources, particularly for developing countries.

The 'problem' of finding 'comparables' is a perfect example. This is not a simple information-sharing issue; it is a 'false assumption' that comparable transactions even exist for the complex internal dealings of multinational corporations.

Likewise, investing resources in tools like Advance Pricing Agreements (APAs) is a dangerous distraction.



APAs are secret, non-transparent agreements and are highly controversial, becoming known as "sweetheart deals" during the LuxLeaks scandal.

They do not even guarantee tax certainty, as the 2024 'Apple case' in Europe demonstrated.

Worse, they risk creating "special treatment" for powerful corporations and can tie the hands of tax administrations that later discover tax avoidance.

We should be moving away from secret deals, not entrenching them in a new UN convention.

The focus of this Workstream should not be on resolution, but on fundamental prevention. We cannot fix a broken system with more complex patches.

We urge this committee to heed our call to replace the transfer pricing system entirely

The most effective and, indeed, the only sustainable way to prevent these disputes is to embark on a transition to a unitary system of taxation with formulary apportionment. This is the real solution.

This approach is simpler, fairer, and more transparent. It treats multinational corporations as the coherent global entities they are and taxes them based on their real economic activity.

We therefore urge this Committee to be ambitious and seize this historic opportunity for genuine reform

I thank you.

