

For the kind attention of:

Mr. Ramy M. Youssef, Chair of the Intergovernmental Negotiating Committee to draft a United Nations Framework Convention on International Tax Cooperation and two early protocols (INC), Ms. Marlene Nembhard Parker and Mr. Michael Braun, Co-Leads of Workstream III

27 February 2026

Subject: Joint civil society and trade unions submission regarding Workstream III (Dispute prevention and resolution)

Abstract

Please find below a joint submission on behalf of the Global Alliance for Tax Justice (GATJ) and 123 organizations and trade unions. GATJ is a Southern-led global coalition in the tax justice movement and facilitates the coordination of joint-submissions together with its members, Tax Justice Network Africa (TJNA) and the European Network on Debt and Development (Eurodad). We underline that any Protocol must be fully grounded in the provisions and mandate of the Framework Convention. The Protocol on dispute prevention and resolution should derive from, and remain consistent with, the global tax rules established under the Convention. As dispute prevention and resolution cannot be meaningfully addressed without tackling the systemic causes of tax disputes, in particular the current corporate tax system based on transfer pricing, we reiterate our call for its replacement with a unitary system.

We caution about the optionality approach that is inconsistent with UN treaty practice and risk undermining coherence. We also raise concerns about the continued centrality of bilateral tax treaties and the proposed non-superseding effect of the Protocol.

Furthermore, we address advance pricing agreements and tax rulings, arbitration, and reliance on transfer pricing databases. Finally, we stress that while capacity building is essential, it cannot substitute for comprehensive systemic reform.

Comments on Workstream III

General comments

We welcome the opportunity to share our perspectives on the developments under Workstream III. Regarding the potential approaches for the draft protocol, we want to underline several overarching concerns about the direction proposed. **We believe that this Protocol should be fully grounded in the provisions of the Framework Convention.** The Convention's mandate is to create a fair, transparent, effective and equitable international tax system for sustainable development. The design of a Protocol on dispute prevention and resolution should therefore derive from, and remain consistent with the new global tax rules established under the Convention. **We want to caution against developing a Protocol**

operating as a standalone text, without clearly referring to the shared substantive legal framework that the Framework Convention should establish.

Furthermore, we want to reiterate that dispute prevention and resolution cannot be meaningfully addressed without tackling the underlying systemic issues, and we are concerned that the discussion continues to overlook the central factors which generate tax disputes in the first place. The Concept Note maps out mechanisms and institutional options, yet it largely sidesteps the underlying legal and structural causes of disputes. As recognized in the Workstream III Issues Overview from last July, the vast majority of cross-border tax disputes involve multinational corporations and arise directly from the design and application of international corporate tax rules. In this context, Workstream I will be essential in addressing the fundamental problems. In our view, **this should mean replacing the transfer pricing system with a unitary approach with formulary apportionment and a fair allocation of taxing rights.** The Protocol should be conceived as an instrument to support, implement and operationalize a fundamentally reformed system, not as a mechanism to manage the dysfunctions of the existing one.

On optionality

The Concept note indicates that optionality would be a design feature of the Protocol, with core mechanisms available in principle to all parties.

We want to highlight that this feature is inconsistent with UN treaty practice, and risks undermining one of the core functions of the Framework Convention: to build a broad common agreement and to create a consistent international tax system. Having multiple options in the same protocol risks reproducing the very fragmentation and inconsistency in the international tax system that the UN Tax Convention should seek to overcome.

In light of the aim to create a globally coherent and equitable system, we believe the approach of optionality should be discarded. We also wish to caution against the use of optionality to introduce contentious mechanisms, such as arbitration, where some countries may face political, institutional or economic pressure to later opt into arrangements they would otherwise reject.

It is essential that the Framework Convention itself includes provisions on dispute resolution, to lay the basis of a coherent dispute system. As long as they do not go against the agreements in the Convention and its Protocols, smaller groups of Parties will definitely be free to adopt additional mechanisms between them if they so wish, but the elements in the Protocol should reflect the issues upon which the Parties have agreed.

We also note that the relationship between the Framework Convention and existing bilateral and multilateral tax agreements has not yet been discussed and agreed upon within Workstream I. In this context, **the proposed approach where measures developed under this Protocol would not have a superseding effect over existing treaties would set, as a matter of principle, a very problematic precedent.** This is not to say that we support all the mechanisms developed under this protocol, but this approach is in contradiction with this whole process.

On the scope of the Protocol

The matter of the scope of the Protocol raises central questions about the direction of the discussions of Workstream III. **We believe that the scope of this protocol should be directly defined by the Framework Convention itself, and thus it relates to the work of Workstream I.** Disputes should

indeed relate to the application of a shared common legal ground, and we believe the Framework Convention should provide the shared legal basis under which disputes may arise. As disputes depend on the interpretation of legal rules, the definition of the shared agreed common rules should be the starting point for discussing the scope and design of the Protocol. As regards resolution of the many issues causing disputes today, we also believe that the Framework Convention has a key role to play in creating more clear and coherent rules. In particular, the provisions relating to fair allocation of taxing rights and taxation of multinational enterprises will be central. We want to highlight that the Protocol on disputes, as any other protocol under this process, should derive from the Framework Convention, and serve to implement it. **Furthermore, we strongly caution against maintaining the centrality of bilateral tax treaties within this new framework.**

On dispute prevention

We agree that dispute prevention should be a key feature, and we would argue that dispute prevention should be the priority area of work on disputes.

As the Issues note of July 2025 noted, most tax disputes today relate to multinational corporations and the current international tax rules. In light of this reality, **we believe the UN Tax Convention should aim to replace the transfer pricing system with a unitary system with formulary apportionment. Such a system has the potential to prevent many of the issues currently causing disputes in the current system.** Workstream I, and specifically the articles of the Convention on fair allocation of taxing rights and equitable taxation of multinational corporations, should ensure the replacement of the current international corporate tax system, and subsequently provide the basis for dispute prevention. We want to underline, as it was mentioned in previous notes from July and October, that exchange of information is a key element of dispute prevention. **We believe that transparency measures in the Convention, and not least public country-by-country reporting (pCbCR), are essential in providing full transparency on where multinational corporations do business and how much taxes they pay in each country.** This would be an essential element of a viable and fair corporate tax system and an essential part of dispute prevention.

On Advance Pricing Agreements (APAs) and Advance rulings not related to transfer pricing

The direction suggested under Workstream III for dispute prevention is to provide a legal basis for cross-border administrative cooperation. Amongst the preventive mechanisms, bilateral and multilateral APAs (even in the absence of a tax treaty), and advance rulings not related to transfer pricing are being envisaged.

We would like to express our strong concerns about using this approach. The core problem with transfer pricing is that the rules are ill-defined and unclear. APAs and tax rulings are tools to negotiate agreements between individual multinational corporations and tax administrations about how these unclear rules will be interpreted and applied, often with the aim to guarantee advance certainty for the corporation. However, they pose significant risks for tax administrations.

These tools are agreed in “advance” and usually binding for the administrations. If the administrations later discover that the corporation is engaged in large-scale tax avoidance, the advance agreement can limit the administration’s chances of intervening. These agreements are usually requested by individual corporations and issued specifically to them : this introduces the risk of special treatment for powerful

and influential corporations. And despite the fact that these agreements contain important information about the realities of the corporate tax system, they are usually secret to the public.

After the LuxLeaks scandal in 2014, APAs quickly became known as “Sweetheart Deals”. A number of APAs became the subject of several state aid cases initiated by the European Commission. In 2024, the most famous of these cases – the so-called “Apple case” – ended with two APAs being struck down by the European Court of Justice, and the court ordered Ireland to reclaim approximately €13 billion in unpaid taxes from Apple. With this in mind, we would challenge the view that APAs guarantee tax certainty.

We believe the uncertainties of the corporate tax system should be addressed through a fundamental reform of the system, rather than through secret agreements between multinational corporations and tax administrations.

On dispute resolution and arbitration

We reiterate that dispute resolution mechanisms should be designed in relation to the articles and provisions of the Framework Convention, and that further development under Workstream I is needed to make progress on these issues.

We note that the Concept Note presents arbitration as a possible optional mechanism under the Protocol, and **we want to reiterate our strong concern with arbitration as a form of dispute resolution**. Many countries have clearly expressed their disagreement with including arbitration in the Protocol, based on their negative experiences with investor-state dispute settlement (ISDS), constitutional constraints, and the risks of power imbalances. This mechanism shifts decisions on tax matters away from public institutions and into the hands of arbitrators whose reasoning may not align with domestic policy objectives, democratic accountability, or development priorities. Arbitration is often costly, complex and difficult for many states to access, and tends to favour well-resourced countries. **We would therefore argue that arbitration should not be an “optional” mechanism of this Protocol, as it could expose some countries to political or economic pressure to opt-in to it.**

On capacity building as a key element to facilitate implementation

We believe that capacity building provisions should be a part of the Framework Convention, as mandated by the Terms of Reference.

The concept note proposes to emphasize the importance of the capacity building provisions under the Framework Convention as a key element to facilitate implementation of the dispute prevention mechanisms, and to anchor a provision to enable the United Nations to provide technical assistance and capacity building to support the design and use of dispute resolution mechanisms. However, we want to stress that capacity building and technical assistance cannot resolve rules that are unclear, inconsistent, or structurally flawed – which is the case for the current international tax system based on transfer pricing. **Without systemic reform, capacity-building efforts framed in this regard risk entrenching existing problems rather than solving them.**

On Access to information: transfer pricing databases

We welcome the broad recognition that information asymmetry is a fundamental challenge, and of the importance of improving access to information. However, we believe that the Concept note places disproportionate emphasis on transfer-pricing databases as an answer to these issues.

We believe that information asymmetries in the current system are not simply an issue of lack of access to proprietary datasets, but due to the structural inadequacy of the arm's-length system itself. This is not least true as regards the digital economy where innovations in products and services are quite frequent, and where the global value chains differ from one group of companies to another, for which reason comparable uncontrolled transactions that may otherwise provide a semblance of fairness to transfer pricing methods may be inexistent or extremely unreliable. We would argue that no amount of expanded access to commercial comparables can compensate for this structural flaw, nor can it offer an equitable solution.

In that regard, we reiterate a point we already raised: the most effective, fair and sustainable way to address information gaps, and thus prevent disputes, is through public country-by-country reporting. Such transparency would significantly reduce information asymmetries and prevent many disputes before they arise.

Signatories

1	11.11.11	Belgium
2	ADEM ASOCIACIÓN POR LOS DERECHOS DE LAS MUJERES	Argentina
3	African Women's Development and Communications Network (FEMNET)	Kenya
4	Akina Mama wa Afrika (AMwA)	Uganda
5	Alliance Sud	Switzerland
6	Alternative Information & Development Centre	South Africa
7	Amnesty International	International
8	Asia Development Alliance	Pakistan
9	Asian Peoples' Movement on Debt and Development (APMDD)	Asia
10	Asociación Transformar Perú	Perú
11	Association Centrafricaine pour le Bien Etre Familial (ACABEF)	République Centrafricaine
12	Association de Développement Agricole Éducatif et Sanitaire de Manono	République Démocratique du Congo
13	Association For Promotion Sustainable Development	India
14	Association pour l'Amelioration de l'Alimentation de la Mère et de l'Enfant au Sud Kivu (AMEKI-RDC)	République Démocratique du Congo

15	Bangladesh Krishok Federation	Bangladesh
16	Barwaqa Relief Organization	Kenya
17	Biozid Climate Institute	Bangladesh
18	Budget Advocacy Network (BAN)	Sierra Leone
19	Cadire Cameroon Association	Cameroun
20	Candid Concepts Development	Bahamas
21	CCFD-Terre Solidaire	France
22	CDES	Ecuador
23	Center for Economic and Social Rights (CESR)	International
24	Center for Grassroots Community Education and Development	Nigeria
25	Centre for Economic Governance (CEG)	Kenya
26	Civil Society for Poverty Reduction (CSPR)	Zambia
27	CNCD-11.11.11	Belgium
28	Comisión Nacional de Enlace (CNE)	Costa Rica
29	Copperbelt Health Education Project (CHEP)	Zambia
30	CRASH - Coalition for Research and Action for Social Justice and Human Dignity	Finland
31	Centre for Reproductive Health and Education (CRHE)	Zambia
32	CSPEEDA	Mali
33	Daayyaa Generation Network	Ethiopia
34	Dellasale Community Development Organization	Ethiopia
35	Disability Peoples Forum Uganda	Uganda
36	Don Amolo Memorial Kids' Ark (DAMKA)	Kenya
37	Dukingire Isi Yacu (DIY)	Burundi
38	Echoes of Women in Africa Initiative	Nigeria
39	Economic Justice Network of FOCCISA	South Africa
40	Equal Right	United Kingdom
41	EquityBD	Bangladesh
42	Espace Associatif	Maroc

43	European Network on Debt and Development (Eurodad)	Europe
44	Financial Justice Ireland	Ireland
45	Financial Transparency Coalition	International
46	Finnish Development NGOs - Fingo	Finland
47	Finnwatch	Finland
48	Free Trade Union Development Centre	Sri Lanka
49	Freedom from Debt Coalition - Philippines	Philippines
50	Fundar, Centro de Análisis e Investigación	Mexico
51	Futuros Mejores	Argentina
52	Global Alliance for Tax Justice	International
53	Global Call to Action Against Poverty (GCAP)	International
54	Global Campaign for Education (GCE)	International
55	Global Initiative for Economic, Social and Cultural Rights (GI-ESCR)	International
56	Global Participe	Congo Brazzaville
57	Global Policy Forum Europe	Germany
58	Global Redistribution Advocates	International
59	Global Witness	International
60	Good Health Community Programmes	Kenya
61	Green Tax Youth Africa	Ghana
62	Greenpeace International	International
63	Grupo de Financiamiento Climático para América Latina y el Caribe (GFLAC)	America Latina y El Caribe
64	Health and Rights Education Programme (HREP)	Malawi
65	HUNDEE - Oromo Grassroots Development Initiative	Ethiopia
66	INESC - Instituto de Estudos Socioeconômicos	Brazil
67	Initiative for Social and Economic Rights (ISER)	Uganda
68	Initiatives for Safe Migration and Social Justice	Nigeria
69	Instituto Centroamericano de Estudios Fiscales (Icefi)	Centroamérica
70	Instituto Popular de Capacitación (IPC)	Colombia

71	Jeunesse Sédhiou Conscient	Sénégal
72	Kenya Human Rights Commission	Kenya
73	Kenya Medical Practitioners Pharmacists and Dentists Union	Kenya
74	Red Latinoamericana y del Caribe por Justicia Economica, Social y Ambiental (Latindadd)	America Latina y El Caribe
75	LDC Watch	Nepal
76	Liberia Network of persons living with HIV (LibNeP+)	Liberia
77	McGill Youth Advisory Delegation	Canada
78	Mines minerals & People	India
79	Monitoring Sustainability of Globalisation	Malaysia
80	Nadi Ghati Morcha - India	India
81	National Campaign for Sustainable Development Nepal	Nepal
82	Nigerian Women Agro Allied Farmers Association	Nigeria
83	Norwegian Church Aid	Norway
84	NRDS	Bangladesh
85	Observatorio de Finanzas y Clima (OFC)	America Latina y El Caribe
86	ONG Action 237-Suisse	Suisse
87	ONG Femme et Résilience pour les droits humains	Mauritanie
88	ONG Femmes-Initiatives "FEMI"	République Centrafricaine
89	Organization of African Youth	Africa
90	Pakistan Fisherfolk Forum	Pakistan
91	Pakistan Kissan Rabita Committee	Pakistan
92	Partners In Health	US/International
93	Polifa	Finland/Kenya
94	Portuguese Platform of Development NGOs	Portugal
95	Positive Money	United Kingdom
96	Pwani Youth Network	Kenya
97	Rede Brasileira pela Integração dos Povos (REBRIP)	Brazil
98	Recherche Sans Frontières/Research without Borders	République Démocratique du Congo

99	Red de Justicia Fiscal de America Latina y El Caribe (RJFLAC)	America Latina y El Caribe
100	Réseau de Développement des Femmes Pauvres (RDFP)	Rwanda
101	Réseau FIRD asbl, Fédération Integre pour la Reconstruction et le Développement	République Démocratique du Congo
102	ROTAB	Niger
103	SCODA Development Community Based Organization	Kenya
104	SEATINI-Uganda	Uganda
105	SERAC-Bangladesh	Bangladesh
106	Sindicato Nacional de Impuestos y Aduanas Colombia	Colombia
107	Society for International Development (SID)	International
108	SOMO	The Netherlands
109	South Asia Alliance for Poverty Eradication (SAAPE)	South Asia
110	Syndicat Chrétien des Travailleurs du Congo	République Démocratique du Congo
111	Tanzania Young Feminist Movement	Tanzania
112	Tax and Fiscal Justice Alliance Nepal (TAFJA Nepal)	Nepal
113	Tax and Fiscal Justice-Asia (TAFJA)	Asia
114	Tax Justice Network Africa (TNJA) and the African Civil Society Working Group on the UN Tax Convention	Africa
115	Tax Justice UK	United Kingdom
116	Tinada Youth Action Africa	Kenya
117	Union des Amis Socio Culturels d'Action en Developpement (UNASCAD)	Haiti
118	United Trades Union Congress (UTUC)	India
119	VIDC	Austria
120	Village Farmers Initiative (VFI)	Nigeria
121	War on Want	UK
122	Wemos	The Netherlands
123	Youth Advocates Ghana (YAG)	Ghana
124	Youth for Tax Justice Network	Uganda