**CONCEPT NOTE**

**Peer Exchange on Digital Economy Taxation**

**27 April 2019, New York**

**Context**

The rise of the digital economy creates new challenges for tax policy and administration, spawning many debates but little consensus on the taxation of digital transactions and the use of data. Developing countries are addressing the issue in their own ways, and introducing new mechanisms for digital economy taxation, going beyond the physical nexus requirements.

At the present time, a major forum where the standards and norms in international tax cooperation are decided in an intergovernmental modality is the OECD. Even though the OECD secretariat has convened and funded many and extensive consultations on tax cooperation issues with non-members through its Global Forum on Transparency and Exchange of Information, the secretariat is unable to entertain and process proposals on the Agenda and tax cooperation standards without the approval of OECD member states.

Reflecting the residence taxation priorities of developed countries, OECD norm setting work has exhibited a strong tendency to ignore and disregard developing countries’ experiences and innovations in tax policy and administration. Developing country tax authorities often find themselves having to contend with domestic tax objectives and contexts different from those in developed countries, and as a result have implemented their own innovations and approaches. The OECD seeks to reach consensus among countries on the taxation of the digital economy by 2020. In furtherance of this, the Inclusive Framework on BEPS has issued a Policy Note on ‘Addressing the Tax Challenges of the Digitalisation of the Economy’ on 23 January 2019, which will be the benchmark for the Task Force on the Digital Economy (TFDE) final report to be issued in 2020.

In its Sixteenth Session, the UN Committee of Experts on International Cooperation in Tax Matters commence work on the taxation of the digital economy with the focus on issues of interest to developing countries. This peer exchange would therefore be held as a Side Event to the Eighteenth Session of the UN Tax Committee in New York to have discussions and peer exchanges among the participants on the consequences arising from the OECD’s work and how to support the work of the UN sub-committee to address developing countries’ interests in the allocation of taxing rights in the digital economy.

**Concept**

The event is conceptualized as a 1 day expert-level peer exchange organized by the South Centre to be attended by:

1. Developing Country Members of the UN Committee of Experts on International Cooperation in Tax Matters;
2. Member States of the Group of 77 and China (G77) in New York;
3. Members of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G24) Working Group on Tax Policy and International Tax Cooperation;
4. Officials from developing countries who are attending the meetings of the OECD Committee on Fiscal Affairs and the BEPS Inclusive Framework;
5. Experts or developing country officials nominated by the South Centre.

The objective of this peer exchange is to generate a thorough discussion among UN Tax Committee members, G77 members, G24 members, developing country experts and tax officials on addressing the taxation challenges for developing countries arising out of the digitalisation of the economy.

The output for the peer exchange would be a report that would highlight the key points of the discussion. Any papers or presentations made by the speakers could also be compiled and formatted into a publication containing the proceedings of the peer exchange.

The proposed date for the peer exchange is 27 April 2019, with the venue to be in New York, United States of America.