

## **CONCEPT NOTE AND AGENDA**

### **STUDY LAUNCH**

#### **THE UNITED NATIONS AND OECD SUBJECT TO TAX RULE: COUNTRY LEVEL REVENUE ESTIMATES FOR G-24 AND SOUTH CENTRE MEMBER STATES**

**23 July 2025 (1500 – 1630 CET) - Virtual Public Event**

International tax rules play a critical role in shaping how much revenue countries derive from cross-border economic activities. Under a tax treaty, source jurisdictions, which are mostly developing countries, generally restrict their right to tax some items of income arising in their jurisdictions on the understanding that the income would be taxed appropriately in the residence jurisdiction, which are usually developed countries. It has been observed that some residence jurisdictions have a policy of imposing limited taxation or totally exempting items of income from taxation, thereby resulting into double non-taxation.

In order to address this trend, the UN and the OECD have developed a Subject to Tax Rule (STTR) to allow source jurisdictions to “tax back” an item of income where a residence jurisdiction does not exercise its primary taxing rights. The UN and the OECD STTR vary significantly in their design and building blocks. Hence, the two versions would certainly not have the same revenue implications for developing countries. For instance, the OECD STTR applies only to related party transactions and provides for materiality thresholds depending on the size of the GDP of the source jurisdiction. In contrast, the UN STTR is broader in scope and more flexible, as the minimum rate of tax to be imposed on an item of income by a residence jurisdiction can be agreed to by both parties during treaty negotiations.

To assist their 65 combined Member States in making informed decisions on which version of the STTR to choose, the Intergovernmental Group of Twenty-Four (G-24) and the South Centre in 2024 commissioned the preparation of studies that would provide country-level revenue estimates of the two STTRs.

The G-24 and the South Centre on 23 July will launch two joint publications on the revenue effects of the UN and OECD STTR. The first study is titled **“Comparison of tax revenue effects of United Nations and OECD Subject to Tax Rule”** and the second is titled **“Analyzing the impact of Subject to Tax Rule”**.

The studies are aimed at assisting the 65 combined Member States of G-24 and the South Centre with estimated revenues from UN and OECD STTR, to make informed decisions on which of the versions to include in their tax treaties.

The studies provide data on double tax agreements that can be improved by the UN and OECD STTR and on how much revenue they will get from the two versions. The studies also provide a methodology, one of which is prepared in an MS Excel spreadsheet, to assist countries who may wish to carry out their own revenue estimates.

### Registration link

[https://us06web.zoom.us/webinar/register/WN\\_q0Ve9MvRQJGv\\_IJSRe3foQ](https://us06web.zoom.us/webinar/register/WN_q0Ve9MvRQJGv_IJSRe3foQ)

### Agenda

Sessions are indicated in Central European Time (CET)

| Time          | Topic   |
|---------------|---|
| 15:00 – 15:10 | <b>Welcome Remarks and Context Setting</b><br><i>Speakers:</i> <ul style="list-style-type: none"> <li>Iyabo Masha, Director of the Secretariat, G-24</li> <li>Carlos Correa, Executive Director, South Centre</li> </ul>  |
| 15:10 – 15:20 | <b>Opening Remarks</b> <ul style="list-style-type: none"> <li>Ramy Youssef, Chair of Intergovernmental Negotiating Committee for UN Framework Convention on International Tax Cooperation (UN FCITC)</li> <li>Mukesh Verma, Chair of the G-24 Tax Working Group</li> </ul>  |
| 15:20 – 16:00 | <b>Presentation of key findings of the reports</b> <ul style="list-style-type: none"> <li><i>Comparison of tax revenue effects of United Nations and OECD Subject to Tax Rule</i> by Faith Amaro and Sol Piccotto</li> <li><i>Analyzing the impact of Subject to Tax Rule</i> by Suranjali Tandon and Chetan Rao</li> </ul> |
| 16:00– 16:25  | <b>Q&amp;A</b><br><i>Moderator:</i> <ul style="list-style-type: none"> <li>Abdul Muheet Chowdhary, Senior Programme Officer, South Centre Tax Initiative, South Centre</li> </ul>   |
| 16:25 – 16:30 | <b>Closing Remarks</b>  |