Excellencies, Ladies and Gentlemen

We thank the co-chair and the panel members for their briefing and their update on the work of the panel.

Excellencies,

As we enter the decade of action and delivery to implement the SDGs, we still face enormous financing gaps to implement the 2030 Agenda and the Addis Ababa Action Agenda. Added to this, the ongoing COVID-19, pandemic has only exacerbated our challenges.

The pandemic has highlighted the need for strong and resilient financial and health systems.

The continued lack of financial accountability and transparency erodes the ability of States to raise domestic resources and also create an uneven playing field that harms equity and inclusiveness of our economies.

Excellencies,

In our view, the panel should offer new and creative solutions to strengthen the existing system and make them more robust, effective, and universal in approach to combat all forms of illicit financial flows.

My delegation would recommend the following actions to the Panel for promoting greater financial accountability, transparency and integrity and for achieving the 2030 Agenda:

a) We need to expand the scope of illicit financial flows by including its three components - corruption, transnational organised crime and tax related issues especially tax evasion and tax avoidance, which are currently not covered under international instruments.
b) **Tax avoidance in an era of digital economic activity:** The growth of e-commerce and digital business models has increased challenges for states to collect tax. Digitalization has made it easier for MNCs to operate in markets without triggering tax residency rules resulting in evasion of taxes on corporate profits. There is need to better align taxation with the location of real economic activity. The panel should look into the issue of allocation of taxation rights in an era of digitalized economic activity. This will enable developing countries to mobilise resources and provide a level and equitable playing field.

c) **There is need for an equitable and representative global economic and financial platform for tax related matters:** Currently, there is no inclusive intergovernmental body where member states can negotiate on an equal footing and agree to effective solutions to tax related issues. Therefore, we see the need to initiate a transparent intergovernmental process under the auspices of the UN to address this. The UN Committee of Experts on International Cooperation in Tax Matters should be upgraded to an intergovernmental UN Global Tax body. This will provide a more equitable and representative tax body, where developing countries will have greater say in framing of global taxation policies. The panel should provide solutions to foster universal participation in international legal instruments on tax matters, enhance information sharing so that developing countries can benefit from the existing norms and standards.

d) **Strengthening existing institutions:** While discussing FACTI issues, care must be taken to ensure that no parallel structures are set up to pursue the same objectives. For instance, to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system we have the FATF. The FATF has worked intensively to generate the necessary political will to bring about national legislative and regulatory reforms in areas such as combating money laundering and terrorist financing. There are more than 200 countries and jurisdictions committed to implementing them. In such instances, the panel should ensure that existing institutions are strengthened, and no duplicate structures are created.

Going forward, we will continue to constructively engage with the panel in future.

I thank you.