

July, 2025

THE UN FRAMEWORK CONVENTION ON INTERNATIONAL TAX CO-OPERATION

BRIEFING FOR UNIONS



Overview:

In 2024, the UN General Assembly approved the terms of reference for the development of a UN Framework Convention on Tax— a major initiative to enhance international tax coordination. The Convention has significant potential to address downward competition between countries on tax, address tax evasion, profit-shifting and capital flight, and strengthen the capacity of countries to collect much-needed revenue that can benefit workers and their communities, as well as contribute to broader objectives of inequality reduction and sustainable development.

This briefing sets out the relevance of the UN Tax Convention for labour, the objectives, as well as the process and timeline for how it will be developed. It also contains some of the provisional positions from trade unions on aspects related to the convention and outlines how unions can engage with their governments at national and regional level on this process.

1. Why the UN Tax Convention matters for labour

- **Billions are at stake for jobs, wages and investment.** Multinational corporations and the super-rich are not paying their fair share of taxes, leaving workers and ordinary households to pick up the bill. Low tax revenues have left our public finances in dire straights. Almost USD 350 billion is lost every year due to multinational corporations shifting profits to low-tax jurisdictions. If governments work together, all countries can collect the funds needed to rebuild our public services, grow our economies, fund infrastructure and reduce poverty and inequality.

- **It is a historic opportunity to shift the centre of gravity for international tax rules.** With the global tax architecture finally being discussed at the UN, every country now has a vote, meetings are webcast, papers are public and, if consensus fails, decisions can pass by simple or two-thirds majority. This combination of transparency and inclusive voting makes it far harder for a small bloc of rich countries to dominate the agenda.
- **The UN process offers a chance to rebalance the current international tax architecture** through democratic, transparent, accountable and inclusive decision making. The convoluted rules of the current system benefit corporate interests, steer tax revenues away from public budgets—especially in the Global South—and favour profit extraction to the detriment of workers.
- **There is a cost of sitting out.** If trade unions and allied civil society voices stay quiet, corporate lobbyists and a handful of powerful economies and tax havens will shape a settlement that keeps driving the race to the bottom, squeezing public budgets and wresting power away from workers. Unions have a chance to reset the global economy in favour of our members. We should not let this opportunity pass us by.

A global convention is our best chance in decades to deliver real change. By getting governments to agree a single set of rules, we can stop the race to the bottom between countries on tax and ensure multinationals pay taxes where real economic activity takes place.

2. What the UN Tax Convention is and how it will work

The UN Framework Convention on International Tax Cooperation (UNFCITC) is being negotiated as a **legally binding international treaty**—this means the final outcome can have a real impact in

your country. It will be adopted in stages, starting with a core Convention text, two early protocols and followed by other protocols on specific technical areas. Protocols are optional texts with additional rules that states can choose to sign-up to after agreeing to the core Convention.

The Convention aims to:

- Build international tax cooperation that includes all countries on an equal footing
- Establish decision-making bodies to set rules for international tax cooperation
- Address the challenges countries face raising revenue to meet their needs in terms of development and funding public services
- Cover issues like who gets to tax what, tax evasion and avoidance by the wealthy and so-call illicit financial flows.¹

Both the Convention and each protocol will require formal ratification by states. The number of ratifications needed for the Convention to enter into force has not yet been decided and will be determined during the negotiation of its final provisions. Ultimately, the scope and influence of the new framework will depend on which states choose to join—and whether they treat the UN process as a central platform for global tax cooperation.

This could lead to a staggered or uneven adoption of global tax rules, depending on how governments engage. Some may join early, others may delay, and some may not participate at all—raising the possibility of fragmented standards. For unions, this underlines the need for sustained engagement: to ensure governments play an active role in shaping protocols as they are developed, and to scrutinise their choices about whether and when to adopt them.

The protocols will set out the detailed tax rules. Two have been selected for fast-tracked negotiation in parallel with the Convention:

- i) one on taxing cross-border services in a digitalised economy
- ii) another on tax dispute prevention and resolution.

Each protocol will be a separate legal instrument that states must sign and ratify individually.

All three texts—the Convention and the two protocols—are being negotiated simultaneously between 2025 and 2027. The negotiating committee is expected to complete its work and submit the final texts to the UN General Assembly (UNGA) in September 2027, at the start of its eighty-second session.

Decision-making processes reflects a major shift towards greater inclusion. While negotiations will aim for consensus, there are clear rules in place for moving to a vote when needed:

- a **simple majority** for decisions related to the Convention itself or institutional matters
- a **two-thirds majority** for matters of substance relating to a protocol, once efforts to reach consensus have been exhausted.
- a **simple majority** to decide whether a protocol-related issue counts as a matter of substance, if the question is raised.

This new approach makes it far more likely that the voices of the Global South and broader groupings—including the labour movement—can influence the outcome. It significantly reduces the risk that a small group of wealthier states—often reflecting the voice of multinationals—can stall or co-opt reform, as has often been the case in past tax standard-setting processes. Still, the

¹ See Commitments under the [Terms of Reference](#) of the Convention

procedure for adopting full protocols is yet to be agreed.

While the precise content and structure of the Convention will be negotiated over the next three years, Member States have already agreed to a set of [Terms of Reference](#) that will guide the drafting process. These were adopted by the UN General Assembly in December 2024, with 110 countries—primarily from the Global South—voting in favour. Eight countries voted against, including Australia, Canada, Israel, Japan, New Zealand, the Republic of Korea, the United Kingdom, and the United States. Forty-four countries abstained, including most EU Member States.

The Terms of Reference set out the objectives of the convention, some **agreed principles**—universality, tax sovereignty, simplicity and efficiency, and transparency and accountability—as well as included a number of substantive commitments. They also outline the scope of the Convention and protocols, as well as the process and timeline for their development.

3. Labour advocacy so far on the UN Tax Convention

Since negotiations began, the labour movement has advocated for a fair and inclusive UN Tax Convention:

- **July 2023 – Open letter to the UN Secretary-General:** PSI, ITUC, and close to 200 trade unions and civil society organizations [called for an ambitious UN Tax Convention](#) that prioritises progressive tax reforms and corporate accountability.
- **March -June 2024 – Technical submissions to the Ad Hoc Committee:** PSI and ITUC [submitted detailed comments](#) on the ToR negotiating process.
- **January 2025 – Letter to UN Ambassadors:** PSI and ITUC [successfully urged governments](#) to support majority-based decision-

making to prevent a small number of countries from blocking progress.

Throughout, the **Network of Unions for Tax Justice**, in cooperation with PSI and ITUC, has mobilised affiliates, providing briefings, and ensuring trade unions are actively informed.

4. Trade union positions

Trade unions support the UN Tax Convention to advance tax justice and curb harmful practices that drain budgets and undermine decent work. The positions below reflect longstanding trade union demands for a fairer international tax system, and reflect how the labour movement can engage with the Convention and its protocols as negotiations move forward:

1. **Tax multinationals where economic activity occurs.** Multinationals should be taxed as single global entities (unitary taxation), using a formula that reflects where real economic activity happens—including the essential contribution of labour to the creation of profits. This would help end the flow of profits into tax havens, out of sight of workers and tax authorities, and make corporate taxation fairer.
2. **Ensure effective minimum corporate taxation.** Multinationals should pay tax on their profits at no less than 25 per cent, ensuring they contribute fairly to the cost of services and infrastructure that workers and their families rely on—whether in education, healthcare, transport or beyond. Ensuring a minimum corporate tax across countries will also help to counter tax competition between countries as well as further counter profit shifting by multinationals.
3. **Support countries' efforts for strengthening progressive taxation efforts.** The Convention and its protocols should be supportive of states' efforts to expand the progressivity of their tax regimes and broaden their tax base, allowing for the expansion of such taxes as wealth

taxes, financial transaction taxes, capital gains taxes or other equitable finance mechanisms.

4. **Support efforts to improve transparency and clamp down on tax avoidance, tax evasion and illicit financial flows.** The Convention should seek to improve tax transparency, cooperation between states and identification of tax avoidance and evasion.
5. **Mandate public country-by-country reporting (CbCR).** Multinationals should be required to publicly disclose their revenues, profits, taxes paid and economic activity in every country where they operate. This must include the value of tax incentives and exemptions, so unions can verify whether reforms are delivering fairer outcomes and ending avoidance.
6. **Defend countries' right to make tax rules.** The Convention must protect governments' ability to set tax policies in the public interest-by ruling out systems that let companies sue states over tax laws (*investor-state dispute settlements – ISDS*).
7. **Build on past efforts but deliver a fairer system.** The Convention should improve on past reforms—not replace them—and must learn from the strengths and weaknesses of existing tax cooperation initiatives. As the only process with universal membership and equal decision-making rights, the UN is best placed to coordinate across regions and avoid duplication. A well-designed Convention can bring coherence to fragmented rules and ensure that all countries, not just a few, help shape the global tax system.

5. How unions can engage and next steps

This briefing is part of a series produced for trade unions on the UN Framework Convention on International Tax Cooperation. Further thematic briefs cover specific negotiating issues in more detail,

including taxing digital services, dispute resolution and transparency.

There are clear opportunities for unions to influence outcomes. Action is needed both internationally and nationally to ensure the Convention supports decent work, quality public services, and fair taxation.

Unions can:

1. **Track national positions.** Identify the ministry or agency that is representing your country, monitor their positions, and assess whether they align with labour priorities. Communicate your findings to the ITUC, PSI and NUTJ.
2. **Engage directly with negotiators.** NUTJ, ITUC and PSI can provide short, practical briefings to disseminate to negotiators. We can also support you with talking points for meetings and evidence to back up your arguments.
3. **Equip union leaders and staff with the right tools.** Several short training offers are available on tax justice specifically designed for trade unions. These include help understanding key demands, arguments to make to your government and also practical help in identifying tax avoidance in your company.
4. **Work with allies.** Coordinate with civil society networks, tax justice coalitions, and regional platforms. PSI, NUTJ and ITUC can put you in contact with organisations in your country.
5. **Prepare for the long game.** Each protocol will need to be ratified nationally. Union input will be vital to shape public debate and build political support. This starts by getting in touch with your government now to show unions are following the negotiations. Meanwhile, make use of the training and coordination resources.

Convention timeline



Contacts

- **International Trade Union Confederation** – Daniel Kostzer: daniel.kostzer@ituc-csi.org
- **Network of Trade Unions for Tax Justice** – Séverine Picard: spicard@progressivepolicies.eu
- **Public Services International** – Patrick Orr: patrick.orr@world-psi.org

Glossary – Key tax terminology

- **Investor-State Dispute Settlement (ISDS)** — A mechanism in some international agreements that lets corporations sue governments in private tribunals, including over tax policies.
- **OECD’s BEPS Project** — A reform process launched in 2013 by the OECD to tackle tax avoidance by multinationals through “base erosion and profit shifting” (BEPS). It raised awareness but gave limited voice to the Global South and produced rules that often benefited wealthier states.
- **OECD’s Two-Pillar framework** — The outcome of the OECD’s BEPS process, consisting of two proposals (Pillars One and Two) for reforming global corporate tax rules. Developed under the OECD/G20 Inclusive Framework, which includes over 130 countries. It is still being negotiated. While it aimed to address tax avoidance by multinationals, many countries have raised concerns about the complexity of the rules, limited revenue gains, and a process still largely shaped by wealthier states.
- **Pillar One** — A still-stalled proposal to give some countries new rights to tax the profits of highly digitalised companies, based on where their users are located. Complex and limited in scope.
- **Pillar Two** — A global minimum corporate tax set at 15%, mainly benefiting wealthier countries. It has been criticised for allowing low effective tax rates to continue and for imposing complex rules that disadvantage the Global South.
- **Protocol** — A separate agreement under the convention dealing with a defined topic; each needs its own ratification.
- **Public country-by-country reporting (CbCR)** — Requirement for companies to publish profit, tax and activity data for every country of operation.
- **UNFCTIC** — United Nations Framework Convention on International Tax Cooperation, the overarching treaty.
- **Unitary taxation** — Treats a multinational as a single firm and apportions global profit to countries using a formula.