Global Witness

United Nations Climate Change Secretariat
Platz der Vereinten Nationen 1
53113 Bonn
Germany

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Dear Co-chair Miola and Co-chair Velasco,

Thank you for this opportunity to submit our views on the Work Programme on Climate Finance.

With reference to question a), we believe implementation of the programme would be greatly enhanced by deeper engagement with the Framework Convention on International Tax Cooperation (also referred to as the UN Tax Convention).

Due for adoption at the UN General Assembly in September, the UN Tax Convention has a powerful potential to raise substantial, additional and debt-free public resources needed to bridge the climate finance gap, at no cost to ordinary taxpayers.

The terms of reference direct negotiators to create *"an international tax system for sustainable development"*, and to *"take a holistic, sustainable development perspective that covers in a balanced and integrated manner economic, social and environmental policy aspects."*

The UN Tax Convention is a 'framework' instrument, consisting of one, legally binding convention and subsequent protocols, and will establish a permanent Conference of the Parties (COP). The COP will serve as the supreme body of the Convention, where all member states participate on an equal footing to review, implement, and update tax rules over time.

Several elements of the UN Tax Convention have strong potential to align with the UNFCCC's work on climate finance, and help meet the obligations set by the New Collective Quantified Goal.

These include the option to introduce a surtax on the profits of polluting industries, with the revenues used to fund climate action; rules for taxing multinational companies as single entities, with taxes paid where their real economic activity takes place; the fair allocation of taxing rights between countries; public, company-level reporting of tax data, country-by-country; and the development of coordinated approaches to the effective taxation of high-net worth individuals.

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While climate negotiations increasingly recognise the need for new and innovative sources of climate finance, the UNFCCC does not have a mandate to negotiate tax rules. The UN Tax Convention does. As discussions on climate finance intensify ahead of COP31, this creates a strategic moment to better integrate these processes.

Article 4: Sustainable Development

Governments should support the inclusion of a surtax on the globally consolidated profits of multinational enterprises that operate in high emitting industries, with the proceeds directed to UN climate finance bodies.

A similar mechanism is being implemented in other commercial sectors under the Convention on Biological Diversity. Companies that use digital information from genetic resources to develop products, such as medicines, cosmetics, agrifood and biotech, are encouraged to pay a percentage of their profits into a global fund managed by the UN, with at least 50% of the revenue directed to Indigenous peoples and local communities.

Article 5: Fair Allocation of Taxing Rights

Governments should support the inclusion of a specific paragraph on the taxation of multinational enterprises.

This should ensure that multinationals are taxed on the basis of their global consolidated profits, with taxes being paid in the States where real economic activity takes place, using an agreed formula that reflects real economic activity.

Combined with new rules on transparency and exchange of information, this would make tax havens effectively redundant, as profits would be taxed where companies actually conduct business, not where they chose to record them, and thereby enhance countries' ability to mobilise domestic resources for climate finance.

This approach, known as 'unitary taxation with formulary apportionment', is already in operation in some countries with federal systems of government, including the United States and Canada.

Article 6: High-net worth individuals

Governments should recognise the growing relevance of high-net worth individuals (HNWIs) in discussions on climate finance and international tax cooperation, and support the further development of coordinated approaches.

In an increasingly globalised economy, emissions and associated climate-related impacts are closely linked to patterns of wealth, investment, and consumption that cut across borders, and are not fully captured by existing tax and climate policy frameworks.

Strengthening international cooperation on the taxation of HNWIs could therefore contribute to expanding fiscal space for climate action, particularly when combined with fair allocation of taxing rights and enhanced transparency. This includes exploring coordinated approaches to the taxation of extreme wealth, as well as mechanisms to address cross-border tax avoidance and evasion by HNWIs.

Article 10: Exchange of Information

Governments should support a requirement for multinational enterprises to publish detailed, country-by-country reports on an annual basis, and enhance the exchange of information in order to prevent tax avoidance and tax evasion. This should be complemented by strengthened transparency frameworks for high-net worth individuals, including improved access to beneficial ownership information and enhanced cooperation to identify cross-border assets.

Thank you for considering the points raised in this submission.

Yours sincerely,

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