PRESS STATEMENT

Country-Level Revenue Estimates - A Comparative Analysis of UN and OECD Subject to Tax Rules for 65 Member States of the G-24 and South Centre

Washington and Geneva, 23 July 2025

International tax reform is essential for financing economic recovery, advancing climate initiatives, and achieving the Sustainable Development Goals. In this regard, international tax rules play a critical role in shaping how much revenue countries can derive from cross-border economic activities. The United Nations (UN) Tax Committee and the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework have developed two versions of a Subject to Tax Rule (STTR), which is designed to enable source countries to tax back items of income that suffer low levels of taxation in residence jurisdictions under a tax treaty.

The provisions of the UN and OECD STTR vary significantly and have different revenue implications for source jurisdictions, which are largely developing countries. Hence, the need for revenue impact assessment to enable developing countries to make informed decisions on which version to adopt, ensuring they can generate meaningful new fiscal revenues.

In this regard, the Intergovernmental Group of Twenty-Four (G-24) and the South Centre took the initiative to provide their combined Member States with the relevant data. The two intergovernmental organizations today released two jointly produced Research Papers titled **"Comparison of tax revenue effects of United Nations and OECD Subject to Tax Rule"** and **"Analyzing the impact of Subject to Tax Rule".**

The Research Papers produce country-level revenue estimates for UN and OECD STTR for the 65 combined Member States of the G-24 and the South Centre.

Both studies conclude that the OECD version will deliver very limited or no revenues for the 65 Member States, since many residence jurisdictions apply nominal corporate income tax rates above 9%, meaning that the OECD STTR cannot be triggered. The OECD version also does not impact any treaty between OECD and G-24/South Centre Member States and applies only to tax treaties between G-24/South Centre Member States and other developing countries and a few non-OECD developed countries.

Applying the prescribed 9% minimum rate to covered payments, only 100 treaties across 28 South Centre/G-24 Member States would qualify for enhanced revenue under the OECD STTR, with an estimated combined revenue gain of USD 55.6 million, 71% of which is concentrated in just five treaties.

The Research Papers show that the main revenue benefits come from the UN version. The UN STTR, which does not specify a minimum rate, was modelled using rates of 9%, 10% and 15%. This resulted in estimated revenue gains of USD 212 million, USD 325 million, and USD 1.16 billion across 171, 210, and 317 treaties, respectively.

The G-24 and the South Centre have shared this data with their 65 combined Member States to support informed decision-making regarding the adoption of the STTR. The findings highlight the necessity of aligning international tax rules with the revenue requirements of developing countries as a key consideration in selecting which version of the STTR to adopt.

Dr. Iyabo Masha, Director of the G-24, said, "The findings of this research speak to the need for countries to carefully evaluate their options, or understand the choice they have made, especially if they are investment hubs, or they implement low tax regimes to attract foreign investment."

Dr. Carlos Correa, Executive Director of the South Centre, said, "Developing countries must now more than ever make informed, evidence-based decisions on adopting international tax standards to ensure they meet their needs. The results of our study with the G-24 speak for themselves and strengthen the case for a stronger role of the United Nations in international taxation. A UN Framework Convention on International Tax Cooperation can produce more such beneficial tax standards for developing countries which are sorely needed especially during these turbulent times when the pressure for Domestic Resource Mobilization has become much higher."

The Research Papers are available at: https://www.southcentre.int/sc-g-24-special-issue-1-july-2025/; https://www.southcentre.int/sc-g-24-special-issue-2-july-2025/

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