

UN Framework Convention: An Update from the European Perspective

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1. Introduction

The UN Framework Convention on International Tax Cooperation (the Convention) is well underway, with the final debating session set for November 2025 in Nairobi. As a reminder, the Convention and its protocols aim to promote international tax cooperation at a more inclusive forum, such as the UN. The developments of 2025 and 2024 have generated genuine interest from several countries, which aim to advance the Convention and its two early protocols, with the ultimate goals of reshaping the tax system and, in their words, “achieving a fairer and representative forum for international tax matters”.

The United States is no longer part of this effort, having withdrawn in February 2025. Meanwhile, European countries, despite being generally active, seem cautious about which direction to take. It is worth remembering that the European Union took a clear stance during the 2023 and 2024 developments, supporting the creation of the Convention and its protocols without wavering on its fundamental concerns (i.e. achieving consensus without undermining existing efforts in other international tax forums).

This note first provides a general status update, then examines the current European perspective on the state of the Convention and its protocols as of February 2025 (inclusive of recent developments) and, finally, outlines expectations for upcoming developments.

2. 2025 Status Update: The Creation of Workstreams and Country Positions

As a result of the Organizational Sessions at the UN on February 2025, three workstreams were formed to continue with the drafting of the Convention: [Workstream I](#) (the Convention itself), [Workstream II](#) (Protocol I on taxation of cross-border services) and [Workstream III](#) (Protocol II on dispute prevention and resolution), with open participation from different stakeholders. Virtual meetings were held during June 2025 with the active involvement of several European countries.

To ensure the efficiency of stakeholder positions within the workstreams, interested parties had the opportunity to submit brief statements outlining their concerns before the First and Second Sessions in August 2025 in New York. Specifically, Austria, Belgium, Czechia, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom sent [individual position statements](#) for each workstream.

3. European Countries Positions: Differences and Common Threads

Workstream I

While there are some variations per country regarding the inputs on Workstream I, a common thread is found from the European perspective: a reaffirmed commitment to work in favor of international cooperation at the UN, as long as the commitments outlined are high level, not self-executing, and their implementation is contingent upon broad acceptance and participation. Consensus must be sought, whilst maximizing collaborations with existing international standards and forums to avoid duplication and ensure resource efficiency.

Workstream II

Input received on Workstream II contains more technical concerns on how the European countries could address the potential drafting of a Protocol I on cross-border services taxation. The most concrete (yet diverse) of those positions are as follows:

- [Belgium](#) suggested that a thorough discussion of gross versus net taxation is necessary and should take place in depth;
- [France](#) supported net basis taxation with connection to physical presence, as based on OECD principles, and expressed concern regarding new nexus concepts such as “significant economic presence” and gross basis taxation, which could conflict with existing treaties and current efforts from other forums (OECD/G20 Pillar 1 solution to digital economy tax challenges);
- [Germany](#) emphasized that Protocol I must be aligned with existing tax treaties and any nexus rules or source-based allocations therein should be defined to avoid ambiguity in its practical application. Germany also supported taxing rights based on objective criteria with clearer thresholds (i.e. permanent establishment) with due attention paid to the fact that the brick-and-mortar rules are outdated for the current digitalized economy challenges; and
- [Italy](#) supported corporate profit taxation based on net income, which it described as aligned to domestic laws and internationally recognized standards, i.e. transfer pricing and profit attribution rules. It also insisted on net profit taxation for traditional business models and endorsed safeguards for foreign investors when facing source-based taxation, in order to avoid excessive taxation.

Workstream III

Regarding Workstream III, the European countries were unified in their positions, favouring opt-in arbitration and recognizing bilateral and EU-level frameworks without adding to administrative burdens or overlapping with other workstreams. Existing frameworks, such as bilateral tax treaties and the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters, are recognized as valuable tools to support these efforts.

4. 2025 First and Second Sessions in New York

Between 4 and 8 August 2025, the First Session of the Convention Intergovernmental Negotiating Committee addressed the concerns submitted regarding Workstreams I, II and III. Delegates stressed the need for “fair taxation” whereby “value is created” in commitments, as established in the UN Resolution 78/230 and the Seville Conference in June and July 2025 ([UN 4th International Conference on Financing for Development](#)). The European delegates actively participated in every meeting and did not waver from their positions of favouring consensus over majority, requesting clarification regarding commitments and aiming for a streamlined coexistence of the Convention with other existing instruments. There was no express statement from the European Union regarding its preferred wording of the Convention, only the separate inputs sent by individual Member States.

As the Second Session took place from 11-15 August 2025, delegates focused on the early protocols of the Convention: Protocol 1 (taxation of cross-border services in a digitalised economy) and Protocol 2 (tax dispute prevention and resolution). Member States and stakeholders delivered general statements that reaffirmed the bloc opposition: the European countries reaffirmed multilateralism while keeping Protocol commitments optional while the Africa Group and other developing countries advocated for future-proof, broad and straightforward rules that support economic activity and value creation with enforcing commitments.

Delegates maintained positions consistent with those of earlier sessions, emphasizing the need to explore new approaches, including nexus rules and taxation models, and the need to fast-track the implementation of such changes. The session included shared experiences on adapting nexus rules for digital services and debates on the relevance of physical presence in determining taxing rights. Delegates also called for more precise definitions of "income", cautioned against relying solely on capacity building and proposed tiered taxation based on industry margins.

While African and Latin American delegates called for replacing outdated physical presence rules with significant economic presence criteria and ensuring the scope remains focused on income taxation, European countries reiterated their positions as described in Section 3.

Regarding Workstream III, the key focus of the meetings was the design of a fast-track instrument to implement the protocol and the feasibility of a UN-led transfer pricing comparable database. European countries reaffirmed their positions, stressing the importance of considering well-developed mechanisms already in place at the EU level (i.e. arbitration on tax matters and joint audits). This proposal faced opposition mainly from African countries, as arbitration would face constitutional constraints in their own jurisdictions.

Nonetheless, discussions were shorter than those of Workstream I and II, since it is expected that the Third Session in Nairobi in November 2025 will provide an opportunity for deeper discussion regarding the dispute prevention and resolution.

No formal drafting or voting occurred during these sessions.

5. Looking Ahead: Expectations for Future Developments

It is too early to accurately predict how European countries will vote in the next steps of the Convention and its protocols. Nonetheless, based on their written input and participation during the first and second sessions at the Intergovernmental Committee, it is likely that they do not intend to swiftly or drastically move from their current positions.

While European countries continue to actively participate in the sessions, as anticipated in March's 2025 piece [Negotiating the UN Framework Convention – what next for the European Union?](#) by Belema Obuoforibo, there is a growing dissatisfaction with the UN process among European countries. Such dissatisfaction might persist, as the majority will likely prevail in positions from Africa, Latin America, and several other Asian countries. Moreover, let's not forget that the international tax agenda is also moving forward with other projects, as evidenced by OECD's Pillar Two boost [statement](#) from the G20 in July 2025.

Based on the UN timelines, formal drafting of the Convention and the two protocols is expected during the sessions in February, August and November 2026, with final text alignment by January 2027. European countries will need to corroborate their positions and clarify in which direction they would like to move forward during the drafting process.

IBFD references:

- EU tax law developments are reported on the daily IBFD [Tax News Service](#).
- Belema Obuoforibo, [Negotiating the UN Framework Convention – what next for the European Union?](#), EU Tax Focus (15 March 2025).
- For all relevant official documentation and IBFD sources on the UN Tax Framework Convention, see the [UN Tax Framework Dossier](#).