



MALAYSIA

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Malaysia's Two Terms Membership to the United Nations Committee of Experts on International Cooperation on Tax Matters

The United Nations Committee of Experts on International Cooperation in Tax Matters (Committee) is a subsidiary body of the United Nations Economic and Social Council (ECOSOC) on International Cooperation in Tax Matters. It was previously set up as an ad-hoc group prior to 11 November 2004. The Committee is responsible for reviewing and updating the *UN Model Double Taxation Convention between Developed and Developing Countries* and the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries*. The Committee is also mandated to give consideration on new and emerging issues that could affect international cooperation in tax matters and to develop assessments, commentaries and appropriate recommendations which covers capacity-building and the provision of technical assistance to developing countries and countries with economies in transition.

The Committee comprises of 25 officials drawn from tax administrators of 10 developed and 15 developing countries and economies in transition representing different regions and tax systems. The Committee members, selected by the UN Secretary-General are nominated by their countries' governments, but each person acts in his/her own personal capacity. Ad hoc subcommittees are also created as necessary by the Committee comprising of the Committee members themselves and observers who would work throughout the year to prepare the supporting documentation for the items in the agenda for consideration of the Committee during its regular session. During the 2013-2017 term, there were six subcommittees and one advisory group as follows:

1. Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing
2. Subcommittee on Base Erosion and Profit Shifting
3. Subcommittee on Negotiation of Tax Treaties—Practical Manual
4. Subcommittee on Exchange of Information
5. Subcommittee on Extractive Industries Taxation Issues for Developing Countries
6. Subcommittee on Tax Treatment of Services
7. Advisory Group on Capacity Development

Malaysia is proud to have served the Committee for two consecutive terms; 2009-2013, represented by Mr. Mansor Hassan, the previous Director of the Department of International Taxation, Inland Revenue Board of Malaysia (IRBM) and 2013-2017

represented by Datuk Noor Azian Abdul Hamid who is the current Deputy Chief Executive Officer (Policy) of IRBM.

Malaysia's involvement in the Committee has given Malaysia the opportunity to provide the perspective of Malaysia regarding issues under consideration of the committee's mandate. Malaysia's involvement has also provided Malaysia an opportunity to put forward the perspective of the tax administrations of South East Asian region. In addition, as a CATA member, and in particular, holding the position of CATA Chair for the period of 2012-2015 and the CATA President for 2016-2019, Malaysia was able to leverage on the opportunity to highlight issues of common concerns of the region and also the developing countries of CATA members.

Current development on international taxation and how it affects developing countries that were discussed at the Committee meetings were also taken into consideration in revising the modules of the training programme at the Malaysian Tax Academy (MTA) which is the training arm of IRBM. The MTA hosts and conducts many trainings concerning international taxation issues which are made available for the participation of tax officials from the region as well as from other regions. This includes the *CATA Workshop on Taxation on International Transaction* or popularly known as TOIT. Having served as the Director of the MTA and Director of the Multinational Tax Department for several years prior to her appointment as the Deputy CEO of IRBM (Policy), ensuring that the training modules at the MTA takes into account the revision and updates of the UN related tax materials are some of the issues taken by Datuk Noor Azian Abdul Hamid seriously to the benefit of the participants and the participating countries.

During the final meeting of the 2013-2017 Committee on 3-6 April 2017 at the UN Building in New York, it was a proud moment for the committee to highlight its accomplishments. These include:

- i. the updated version of the *United Nations Practical Manual on Transfer Pricing for Developing Countries*
- ii. the *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries*
- iii. the new *Handbook on Selected Issues in the Taxation of the Extractive Industries for Developing Countries*

In addition, much of the work in producing the new version of the *United Nations Model Double Taxation Convention between Developed and Developing Countries* have been done. This includes the introduction of the Article 12A (Fees on Technical Services) and the revision of the various articles. The official launch of the new version of the *United Nations Model Double Taxation Convention between Developed and Developing Countries* is postponed to complete editorial non-substantive modification.

A Special meeting was held by ECOSOC on 7 April 2017, immediately after the Committee meeting ended on 6 April 2017. The ECOSOC special meeting served as an important opportunity to highlight the major accomplishments of the 2013-2017 membership of the Committee, given that its term ends in June 2017. During the ECOSOC one-day special meeting, a digital copy of the new version of the *United*

Nations Practical Manual on Transfer Pricing for Developing was launched and distributed to all participants.

With the Committee members of 2013-2017 term ended in June 2017, a new 25-member committee was selected to serve for four years. Malaysia is happy to note that the new Committee for the 2017-2021 term has 3 countries representing the South East Asia region; Singapore, Thailand and Vietnam although Malaysia is not in the Committee this term.

In thanking Malaysia for its contributions and willingness to continue serving in the committee by sending a nomination of another senior officer of IRBM for the 2017-2021 term, the Chief of International Tax Cooperation Section, Financing for Development Office, Department of Economic and Social Affairs, United Nations, Mr. Michael Lennard said that the need to provide other countries opportunities to participate was no doubt a factor for ECOSOC to be unable to offer Malaysia a membership to the committee after a long and productive Malaysia's contribution for the terms of 2009-2013 and 2013-2017.

Datuk Noor Azian Abdul Hamid expressed her confidence that the new Expert members will continue to carry the mandate of the Committee.



Group photo of the Committee on 6 April 2017 as the final meeting ended - Mission accomplished!

Credit: Secretariat of the United Nations Committee of Experts on International Cooperation on Tax Matters