From: The Youth for Tax Justice Network (YTJN)

For the Kind Attention Of: Mr. Ramy M. Youseff, Chair of the Intergovernmental Committee to draft a United Nations (UN) Framework Convention on International Tax Cooperation and Two Early Protocols (INC) and Ms. Liselott Kana, Co-Lead of Workstream 2 on the Framework Convention

26th August 2026

Subject: Written Submission by the Youth for Tax Justice Network (YTJN) on Workstream II – Protocol on Taxation of Income from Cross-Border Services.

Dear Chair and Distinguished Co-Leads,

The Youth for Tax Justice Network (YTJN) welcomes the opportunity to provide input on the Co-Lead's Draft Protocol on the Taxation of Income from Cross-Border Services.

This submission is presented on behalf of the children and youth of Africa and beyond. As 78% of youth work in the gig and digital economy, the Protocol must ensure that digital platforms and multinational enterprises contribute fairly to the economies where they operate, without burdening young workers or consumers. We call for a Protocol that serves the next generation, not the interests of multinational enterprises seeking to avoid tax.

YTJN is a member of the African and Global Civil Society working group on the UN Framework Convention. We are also part of the Financing for Development Children and Youth Constituency of the Major Group for Children and Youth (MGCY), which serves as the official and formal space for young people's engagement within the United Nations Financing for Development process, coordinating inputs that reflect the priorities, lived experiences and policy expertise of youth across regions.

This submission consolidates key reflections from a youth perspective and builds upon ongoing youth engagement in the global economic governance process, with a focus on strengthening the Draft Framework Convention on International Tax Cooperation under Workstream 2.

Abstract

The Youth for Tax Justice Network (YTJN) welcomes the Co-Lead's Draft Protocol on the Taxation of Income from Cross-Border Services. As a global youth-led coalition, we base our submission on the Fifth Session discussions and the interests of young people worldwide. 78% of youth work in the gig and digital economy. We call on Member States to: (1) include digital services taxes and functionally equivalent taxes within the scope of Article 2; (2) support the Subject-to-Tax Rule as a vital anti-avoidance tool; (3) ensure Article 6 on automated digital services is future-proof and includes AI; (4) balance gross and net taxation; (5) reject extensive optionality; (6) include robust capacity building provisions; and (7) ensure the Protocol supersedes unjust existing treaties. The Protocol must ensure digital platforms and multinational enterprises contribute fairly to the economies where they operate, without burdening young workers or consumers.

1. On the Scope of Covered Taxes (Article 2): Include Digital Service Taxes

YTJN supports the inclusion of digital services taxes, equalisation taxes, and other functionally equivalent taxes within the scope of the Protocol. As Ghana argued during the Fifth Session, excluding such taxes "by label" would "create a loophole" that multinational enterprises would exploit.

We agree with the Africa Group that the Protocol should take a functional approach covering taxes that have a "functional equivalent to taxes on income" regardless of their domestic classification. This is essential to prevent profit shifting and ensure that digital service providers pay their fair share.

2. On the Subject-to-Tax Rule (Article 1, Paragraph 3): A Vital Anti-Avoidance Tool

YTJN supports the inclusion of the Subject-to-Tax Rule (SDTR) in Article 1(3). As the Africa Group noted during the Fifth Session, the absence of such a clause would "allow income to move from the country of economic substance to a low tax jurisdiction."

We urge Member States to:

- Clearly define the "statutory rate" and other key terms to avoid interpretative disputes.
- Ensure that when the SDTR "switches off" the Protocol, the applicable law reverts to domestic legislation, not the bilateral treaty.
- Include safeguards to prevent double taxation while protecting source country taxing rights.

3. On the Treatment of Automated Digital Services and AI (Article 6): Future-Proof the Rules

Technology is evolving faster than tax rules. YTJN supports the inclusion of AI and other emerging technologies within the scope of Article 6.

We endorse proposals made during the Fifth Session to:

- Amend the definition of "automated digital services" to cover services delivered by autonomous or agentic systems, including those "requiring no or minimal human involvement."
- Ensure that the list of services in paragraph 4 is not exhaustive and that the Meeting of the Parties has a mandate to update it.
- Include clear rules for services delivered through platforms, intermediaries, and digital marketplaces.

4. On Gross vs. Net Taxation: Balance Simplicity with Fairness

YTJN supports the establishment of a Conference of the Parties as the supreme decision-making body of the Convention.

However, we also recognise that gross taxation may not always reflect actual profitability. We therefore support:

- An accessible and effective option for taxpayers to elect net basis taxation under Article 9.
- Clear safeguards to ensure that the election option is not undermined by excessive administrative burdens or domestic procedural barriers.

5. On Optionality: The Protocol Must Not Become a Menu of Choices

YTJN is concerned by calls for extensive optionality within the Protocol. As ATAF argued during the Fifth Session, "unchecked optionality has the potential to derail this work, defeat the mandate of this workstream, and make everything unattainable."

YTJN supports the Africa Group's position that the core provisions of the Protocol must be mandatory for parties that sign up. Optionality should be limited to implementation modalities, not substantive rules.

6. On Capacity Building: A Prerequisite, Not an Add-On

Many developing countries lack the administrative capacity to implement complex cross-border services rules. YTJN calls for robust capacity building provisions in the Protocol, including:

- Technical assistance and training for tax administrations.
- Development of administrative guidance and tools.

- Phased implementation arrangements for countries with limited capacity.

7. On the Relationship with Existing Treaties: The Protocol Must Not Be Subordinated

The Protocol must not be subordinated to existing bilateral tax treaties that were negotiated on an unequal footing. As the Tax Justice Network Africa argued, a multilateral protocol is "substantively supposed to modify or amend the existing treaty network." We support an approach where the Protocol supersedes existing treaties to the extent of inconsistency.

Cross-Cutting Priorities

Youth Participation in Implementation

YTJN calls for explicit provisions for youth participation in the implementation of the Protocol. We propose:

- Youth representation in capacity building programmes.
- Consultation mechanisms with youth-led organisations on the development of administrative guidance and tools.

Intergenerational Equity

Digital taxation affects the fiscal space available for education, healthcare, and youth employment. YTJN calls for the Protocol to:

- Promote progressive taxation of digital services that reduces inequality.
- Address the climate impact of digital infrastructure through appropriate tax measures.

Conclusion

The Fifth Session demonstrated deep divisions over the direction of Protocol 1. YTJN urges Member States to deliver a Protocol that establishes fair, inclusive, and effective taxation of cross-border services, one that serves the next generation, not the interests of multinational enterprises seeking to avoid tax.

SIGNATORIES

No.	Organization/Individual Name	Country
1	Youth for Tax Justice Network (YTJN)	Uganda, Kenya & Botswana
2.	Initiative for Social and Economic Rights (ISER)	Uganda
3	African Youth Development Link	Uganda
4	POLIFA	Kenya and Finland
5	Policy Forum	Tanzania