
TAX EQUALIZATION

REPORT OF THE FIFTH COMMITTEE

Rapporteur: Mr. Aghnides (Greece)

1. In accordance with instructions given by the General Assembly at its forty-sixth plenary meeting on 31 October 1946, the Fifth Committee considered, at its twenty-second and twenty-third meetings, the question of tax equalization (documents A/82, A/82/Add.1; A/C.5/60 and A/C.5/62).
2. After review of the decisions and recommendations made by the General Assembly at the first part of its first session and extensive discussions of the principles involved in immunity from taxation, the Committee voted unanimously to recommend the adoption by the General Assembly of a resolution urging that Members take early action in exempting from taxation salaries and allowances paid out of the budget of the United Nations.
3. A draft resolution submitted by the Delegation of the USSR provided:
 - (a) that all Members who had not already totally exempted from tax salaries and allowances paid out of the Organization's budget should be invited to take immediate steps in the matter;
 - (b) that refunds to members of the United Nations Secretariat of national taxes paid by them as from 1 January 1947 should cease; and
 - (c) that the Secretary-General should seek agreement with the Governments which, by 1 January 1947, had accorded the desired tax exemption, for repayment to the United Nations of tax refunds made by the Organization to their nationals.

The Committee decided to reject the Soviet proposal for the cessation of tax refunds as from 1 January 1947 (paragraph 2 of document A/C.5/60).

In the light of this decision, the Delegation of the USSR did not

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insist on a vote on paragraph 3 of the draft resolution concerning recovery of tax refunds.

4. Paragraph (b) of the draft resolution submitted by the Secretary-General (document A/82, page 11) recommended that the General Assembly appoint a Committee to consider whether a staff contributions plan should be established in the United Nations and the specialized agencies and, if so, to outline the principles of such a staff contributions plan, having due regard to the suggestions of the Advisory Group of Experts and the policy questions raised by the Secretary-General, and requesting such technical and expert assistance as might be required. This recommendation was debated at length. It was subsequently amended by the acceptance of a United Kingdom proposal designed to prolong the time available for study and report, but finally rejected by twenty votes to seventeen.
5. A proposal made by the Chair that the entire question of a staff contributions plan be examined by the Advisory Committee on Administrative and Budgetary Questions, which should, if it thought advisable, request the Secretary-General to submit new proposals to the next session of the General Assembly, was accepted by twenty votes to five, with thirteen abstentions.
6. The Secretary-General stated in his report that, in order to achieve so far as practicable the equality among personnel expressly desired by the General Assembly, his authority "to reimburse staff members who are required to pay taxation on salaries and wages received from the Organization" should and would, in the absence of a directive to the contrary, be interpreted to include authority to reimburse staff members who are required to pay taxation on any allowances or other emoluments which, under applicable tax laws and regulations, may actually be taxed as salaries and wages. The Committee accepted such interpretation as reasonable and necessary in the circumstances.
7. Senator Vandenberg, of the Delegation of the United States,

asked that it be recorded that the United States had abstained on all votes on these questions, feeling that it had no right to participate until the United States Congress had decided whether it would accept the principle of tax exemption. He stated that he expected the question to be raised in the next few months.

8. The Committee recommends that the General Assembly adopt the following resolution:

TAX EQUALIZATION

THE GENERAL ASSEMBLY RESOLVES THAT

1. In order to achieve full application of the principle of equity among Members and equality among personnel of the United Nations, Members which have not yet completely exempted from taxation salaries and allowances paid out of the budget of the Organization are requested to take early action in the matter.
2. The question of a staff contributions plan in lieu of national taxation is referred to the Advisory Committee on Administrative and Budgetary Questions, which may request the Secretary-General to submit new proposals to the next regular session of the General Assembly.
