
The IFA Chronicle

CIVIL SOCIETY FINANCING FOR DEVELOPMENT MECHANISM | APRIL 30, 2024 | ISSUE 12

TIME TO START NEGOTIATING TAX!

INTERNATIONAL TAX ABUSE IS COSTING COUNTRIES OVER A BILLION DOLLARS PER DAY IN LOST TAX INCOME.

The decision to establish the Ad Hoc Committee to decide on the ToRs for a Tax Convention did not include a decision to review the decision-making rules of the overall decision-making body – namely the UN General Assembly. Despite this, a number of delegations decided to make the decision-making rules their number one priority during the organizational session in February, and seem to have decided to take the same approach to the first session. So much so, in fact, that some of us in the back row might soon decide to take a nap if we hear the word “decision” spoken yet again. The facts are simple: The decision-making rules of the new convention will very obviously be a matter to be determined when the convention is negotiated. Equally obvious is the fact that the decision-making rules of the UN General Assembly will not be up for renegotiation is an Ad Hoc committee that was set up to negotiate TAX. In the somewhat absurd and very unlikely scenario where a future Ad Hoc Committee to negotiate the Tax Convention would be given different decision-making rules than the UN General Assembly, the fact would still remain that that body would be reporting back to that very same General Assembly,

which would obviously continue to operate with the same decision-making rules as usual, and would thus be able to decide to change any decision it would receive from an Ad Hoc Committee.

Dear delegates. International tax abuse is costing countries over a billion dollars per day in lost tax income. It has been painful to see so much time and energy has already been lost DISCUSSING decision-making rather than EXERCISING decision-making. We also cannot help but notice that some of the delegations that are most keen to discuss decision-making are also those that decided to vote against even starting the negotiation of a UN Tax Convention.

But in February this year, you all reached consensus on the importance of striving for consensus in the process to develop draft Terms of Reference for a UN Convention on International Tax Cooperation. We now call on all governments to negotiate in good faith and show themselves worthy of the trust this decision entailed. Stop changing the topic, start negotiating tax!

COMPLEMENT THIS

It holds a certain irony that the delegations that are highly concerned about ensuring “complementarity” and avoiding “duplication” seem to have no problem duplicating and repeating each other’s (and even their own) statements over and over again.

But we – the civil society following these repetitive interventions - have reassuring news to the “duplication-delegations”. After digging through the existing international conventions and instruments, we can assure you that the world currently does not have one single globally inclusive convention on international tax cooperation. The knock-on effect of this is that those who might be searching for a fair and balanced global tax standard will also end up emptyhanded. The intergovernmental UN tax negotiation that we are all now part of is not only historic, but also unique, and thus, the risk of duplication is zero.

What we were able to find, on the other hand, were numerous UN Conventions, global goals as well as government obligations and commitments on development, equality, environmental protection, and protection of basic rights such as education and health care – to name a few. And these all had one very concerning element in common – namely the desperate lack of public funding.

The fact of the matter is that governments’ abilities to fulfill their obligations are being undermined by the failed global tax system, which translates into a failure of national tax systems all around the world.

Dear governments, it is high time to provide the fair, ambitious and effective UN Convention on International Tax Cooperation that can complement all your unfinanced global goals and commitments.

TAX SYSTEMS AND THEIR ROLE IN PROMOTING EQUAL DEVELOPMENT FOR ALL

For the world to achieve fair, effective, transparent and inclusive realities, it is urgent and essential that such principles lead international tax cooperation mechanisms and regulatory frameworks. In the middle of the poly-crisis that we continue to face, it is time to recognize the impact of tax systems (and their resulting resources) to achieve justice in all its dimensions: economic, social, political, cultural, racial and environmental, among others.

Gender justice is not an exception. The world recognized that when SDG 5 was agreed but has done little to accomplish it. The official deadline is 2030, but at the current rate of “improvement”, it will take us 286 years to close the current legal protection gaps and remove discriminatory laws. Thus, governments and their fiscal actions must pioneer schemes that restore the historically stolen opportunities of women - and other identity minorities. As such, the Terms of Reference of the new UN tax convention should include the commitment to actively pursue the ending all forms of discrimination, violence and any harmful practices against women and girls in the world.

Currently, most women and men are supposedly taxed under the same rules. However, the structure of tax systems and the sexual distribution of work generate economic dynamics that have differential impacts on women, through both explicit and implicit gender biases. Thus, we urge all governments to promote a gender-sensitive approach alongside other structural changes suggested for a new UN tax convention.

The cruciality of this need was particularly highlighted during the pandemic. At that time, women needed the world as much as it relied on us to provide care: quarantines allowed for domestic violence to increase five-fold and the caregiving workload significantly increased.

Sure, there were “actions” from the public sphere to mitigate this (1000+ reported interventions), but these only represented 15% of the total Covid-19 expenditure. Therefore, we need fiscal policies that provide enough resources to respond to these issues and demand a gender-sensitive approach to their design and implementation, so that men and women can equally enjoy our rights.

Fiscal systems can guide our countries toward labor markets with decent conditions and adequate salaries. Fiscal systems can stop women’s systematic exclusion from social security and protection schemes.

Fiscal systems must address the unjust social organization that assigns domestic and care work to women (unfairly remunerated, at best, unpaid for the majority), recognizing that the functioning of our societies depends on it.

If our fiscal systems do not take the lead now in correcting for all these externalities and social inefficiencies, we are risking all that women have achieved in recent decades.

The UN tax convention should champion global tax measures that are sensitive to gender inequalities and promote regulatory frameworks recognizing women in all our diversity. Likewise, we call for the adoption of intersectional strategies that respond to our specific needs, focusing particularly on the feminization of time and economic poverty.

Reaching fairer realities and equal development for all requires coherence and commitment from global tax policies and systems. The UN tax convention process and the resulting ToRs cannot disregard governments’ responsibilities to eliminate gender discrimination and promote affirmative measures that drive the world toward an appropriate distribution of economic power between men and women. It is time for the global tax system to acknowledge its role in providing opportunities for women of present and future generations to see our dreams of an inclusive and life-centered world materialize.

