The Tax Chronicle

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CIVIL SOCIETY FINANCING FOR DEVELOPMENT Mechanism

The CS FfD Mechanism is an open civil society platform including several hundreds of organizations and networks from diverse regions and constituencies around the world. CS FfD Mechanism's core principle is ensuring that civil society can speak with one collective voice.

GOOD COP, BAD COP

Distinguished Delegates,

By now, it seems clear to all that there will be a UNFCITC COP! But as yesterday's discussion illustrated, there are good and bad ways to set one up. The Chronicle is delighted to bring you this quick overview!

	BAD COP	GOOD COP
Mandate	A COP with very little ability to act and only a "facilitative" role – such as the current draft.	A COP that is designed for the job of ensuring that the Convention gets implemented! Add the following to the text: • <u>The COP shall exercise such other functions as are required for the achievement of the objectives of the Convention.</u> And: • <u>It shall make, within its mandate, the decisions necessary to promote the effective implementation of the Convention.</u>
Stakeholder participation	Seriously, what would a COP be without all the beautiful stakeholders on the backrows? The issue of stakeholder participation is absent from the current draft, which is highly problematic and not in line with the objective of establishing an inclusive and transparent international tax system.	Add strong paragraphs on: • Participation of stakeholders at the COP (Article 13) and the Subsidiary bodies (Article 14), including civil society, trade unions and indigenous peoples. • Allowing stakeholders to submit written input for consideration by the COP, including in relation to review of implementation.
Voting rules	A COP where the voting rules are NOT specified in the Convention.	A COP where the voting rules are specified in the Convention.
Meeting frequency	Unclear – as in the current draft.	Meeting minimum once a year.
Subsidiary Body for Implementation (SBI)	A COP without an SBI.	A COP WITH an SBI. Keep the element of an SBI in Article 14.1, but delete the references to 5-year cycles and the idea that the SBI would only start working in 2035. It's up to the COP to decide how and when its SBI should work!
Ability to establish mechanisms	A COP that is unable to set up the mechanisms needed to do its job.	A COP that can establish bodies and mechanisms – keep the current language in Article 14.2.
Name	What is a COSP??? Who's ever heard of that?	It's obviously called a COP! Delete "States" in front of "Parties throughout the text.

SOVEREIGNTY THROUGH THE LOOKING GLASS

"When I use a word,' Humpty Dumpty said in rather a scornful tone,
'it means just what I choose it to mean — neither more nor less.'
'The question is,' said Alice, 'whether you can make words mean so many different things.'
— Lewis Carroll, Through the Looking Glass

The issue of sovereignty has been prominent throughout these negotiations. This has particularly been the case this week. But we often wonder whether there's any consensus on the meaning of the word. (Perhaps the heaviest users should be required to provide a definition?)

Many speakers this week have presented sovereignty as a basis to dilute ambition. Protecting sovereignty, they claim, means that we must limit the scope of what Parties can agree in the Convention or subsequent COPs. That is, we need to curtail sovereign choices because we want to prioritise, er, sovereignty...

If this makes you feel like Alice after falling through the looking glass, you're not alone. This view of sovereignty is not just incoherent, but upside down. In effect, it says that (my) sovereignty means that I should be free to do whatever damage I like to you.
My freedom to facilitate profit shifting or tax evasion, for example, takes primacy over your right to raise revenues or tackle inequality or corruption.

But tax sovereignty is much broader, and mutually dependent. Each State's scope for progressive revenue-raising – each State's ability to fund itself independently and sustainably, for the good of its own people – relies on international tax cooperation.

The very group of countries that have raised sovereignty so often are the same ones that earlier this year, with no discussion with their own parliaments or publics, simply gave up billions of dollars in revenue by bowing to the 'side by side' deal that the OECD fronted for the US.

Civil society from those countries is astonished to see them accept this stripping of their sovereignty, and then to demand that the UN Convention be weakened *in the name of sovereignty!*
If article 5 provides the basis to move towards a fair allocation of taxing rights, based on the location of real activity and taking the global profits of multinationals as the tax base to be apportioned, the people of every country stand to gain – as every country's sovereignty is strengthened.