

DISARM FINANCE AND ACHIEVE TAX JUSTICE

World Social Forum Declaration, Montreal, Canada 2016

We are committed to working in a broad social coalition, including with the south-led Global Alliance for Tax Justice, to realize our vision for a world where progressive, redistributive and transparent tax policies counteract inequalities within and between nations and generate the public funding needed to ensure governments deliver on their human rights obligations including the rights of women and vulnerable groups, a healthy and sustainable environment, strong social protection floors and quality public services for the common good of all.

The role of tax in delivering human rights

Tax is a critical tool for both realizing human rights and tackling inequality. Taxes are arguably the most important source of government revenue because they combine three critical functions: the generation of revenue for the realization of rights; achieving equality and tackling discrimination; and strengthening governance and accountability. Taxation is essential to finance for development and can be a powerful tool for stimulating poverty reduction. Higher and more stable revenues result in increased sustainable investment in public services, infrastructure and other development needs, and improve competitiveness of economies over the long term. These resources are necessary in order to finance the transition to clean, sustainable energy sources.

Many countries struggle to collect sufficient tax revenue to adequately fund the realization of human rights. Domestic resource mobilization is hampered by inadequate global tax standards, race-to-the-bottom tax competition, the lack of financial transparency including the existence of secrecy jurisdictions, and a proliferation of other harmful tax policies and practices. For example, developing countries are often not benefitting from the extraction and use of their natural resources in large part because of lack of transparency, regulation and fair and effective taxation. These problems also contribute to environmental degradation and abuse.

Regressive fiscal policies being pursued in many countries from North to South have posed a serious threat to the economic and social rights of already disadvantaged groups. This basic injustice is fuelling deeper economic, gender, and political inequalities, and eroding trust in government institutions seen as more accountable to transnational economic elites than to their own people.

Tax policy is public policy, and cannot be treated as a matter of mere technical engineering or be left to unaccountable discretion of government. Tax laws, policies and practices must work to end structural discrimination rather than to entrench growing gender and economic inequalities. We call on governments to implement tax policy to the highest standards of transparency, public participation, and meaningful accountability in line with human rights principles.

International cooperation for global solutions

Today's international corporate tax system is outdated and privileges multinational corporate groups and global financial interests while preventing national governments from raising sufficient revenue in non-discriminatory and accountable ways. Further, in the globalized economy, no country can tackle tax evasion and avoidance on its own, as underlined by recent and on-going tax haven scandals including the Offshore leaks (2013), LuxLeaks (2014), Swiss Leaks (2015) and Panama Papers (2016).

Recent tax related international negotiations have been far from globally representative. More than 100 developing countries were excluded when the OECD and G20 negotiated standards for base erosion and profit shifting (BEPS) and exchange of information. As long as the OECD and G20 act as they are the lead decision-making bodies on global tax standards, the unfair playing field will be maintained and the specific interest and challenges for developing countries will be given less priority. For example, taxation of the extractive sector and rationalization of tax incentives are among issues that are not being addressed.

Global cooperation is urgently needed to establish the basis for fair, effective and progressive fiscal and tax systems that provide a sustainable source of income and reduce inequality.

We therefore demand the following from our governments:

Fair international tax rules that make multinationals pay their share

- Ensure the review of Double Taxation Agreements to bring them fully in line with sustainable development and financing for development needs and agenda.
- Develop solid alternatives to the dysfunctional Arm's Length Principle.
- Tax corporations on their consolidated balance sheets.
- Remove policies and treaties that erode the tax base of other countries.

Progressive tax policies to tackle inequality within countries

- Reduce inequality by adopting a full range of progressive taxation measures. Tax policy design and implementation must actively seek to reduce income and gender inequality.
- Make it the highest priority commitment to invest tax funds in the vital human development related public services and public infrastructure (e.g., health, education, water, housing, sanitation, transportation), sustainable development, adequate social protection floors and to reverse climate change.
- Provide the means for citizens to make their voices heard and hold governments accountable on their tax policies and how revenue raised is spent.
- Ensure fiscal policies are gender sensitive. This should include assessing and tracking the impact of regressive taxes, such as VAT, and the tax burden, and implementing measures to shift the burden away from poor women and men.
- Adopt and implement a financial transactions tax.
- Protect whistleblowers and other tax justice advocates who work in the public interest to expose blatant tax abuses and consider them human rights defenders.
- Implement national laws to end tax avoidance.
- Prohibit the award of governments and local authorities' contracts to companies with offshore holdings.

International cooperation for global solutions

- Establish an inclusive and well-resourced intergovernmental body on tax matters under the auspices of the United Nations, which can initiate and lead negotiations on a new UN framework convention on international cooperation in tax matters as a first step in the reform of international tax rules.
- Conduct human rights impact assessments of the spill-over effects of their tax policies on other countries, to take immediate action to halt any harmful practices, and to provide effective remedy where harm is done.

Automatic information exchange and tax transparency for multinational corporations

- Adopt a common UN standard of multilateral, automatic exchange of tax information with the option of non-reciprocal information exchange for countries with low capacity.
- Eliminate secrecy of beneficial ownership worldwide through public registers of beneficial owners, including all large corporate entities and trusts.
- Ensure financial transparency by implementing annual public country-by-country reporting by multinational corporations.

- Publish and make accountable the agreements made between companies and governments on tax incentives.
- Ensure that tax administrations are well resourced.

Regarding human rights, we call on:

- **Companies and corporate groups** to assess and address corporate tax abuse, including in their policy statements and due diligence processes, starting from a clear recognition of the adverse human rights impacts of tax abuse and in accordance with the United Nations Guiding Principles on Business and Human Rights.
- **Advisors, enablers and suppliers of schemes** that may lead to tax abuse (in particular tax lawyers, accountants, financial intermediaries) to recognize their particular human rights responsibilities and redress any harmful activities.
- **International institutions** to reform the broken global tax system by integrating human rights standards into how they address corporate tax avoidance and the adverse spillover effects of certain governments' tax policies. International financial institutions that advise governments on their tax and fiscal policies must, above all, respect those governments' human rights obligations.
- **The human rights community at large** (including advocates, lawyers, academia, women's rights organizations, trade unions, national human rights institutions, treaty bodies and regional commissions) to actively examine how tax practices affect their mission, and develop practical processes to advance tax justice in their work.

To advance this tax justice agenda, we commit ourselves to:

- Continue to collaborate and build local, regional and global synergies for advocacy, campaigns and peoples' mobilizations for tax justice.
- Enhance our efforts to create strong social movements locally and globally to force governments and challenge multinationals to end tax dodging. This includes on-going campaign actions and specific global days of action for tax and fiscal justice, public awareness-raising and funding support for progressive alternative media.
- Promote gender justice as a key element of tax justice. This includes engaging at the national level to challenge discriminatory tax laws and ensure that tax policies recognize the invisible and unpaid care work of women.
- Advance tax justice as a means to deliver climate justice by generating financing, including for adaptation and mitigation.
- Work together to transform the current economic system that privileges corporations and the wealthy, drives inequality and hurts our environment.
- Organize a global day of action against tax havens, such as to mark the anniversary of the Panama Papers release (April 3rd)
- Craft creative actions to denounce banks involved in tax evasion.
- Conduct citizen-led debt audits to assess tax policies and how revenue raised is spent.

**This 2016 World Social Forum "Disarm finance and achieve tax justice" declaration follows in the WSF tradition which at Porto Alegre in 2002 resulted in the "Universal declaration on the right to tax justice as a component part of social justice," at Tunis in 2013 produced the declaration on "Tax justice for social justice" and at Tunis in 2015 issued the declaration on "Tax justice to end inequality", and also references the 2015 Lima Declaration on Tax Justice and Human Rights.*