



Committee of Experts on International Cooperation in Tax Matters

Twenty Second Session, 19-28 April 2021

Taxation and the SDGs

*Priority areas emerged from UN work and
intergovernmental discussions*

28 April 2021, 8.20-9.15am EST

Aims of the presentation

- **Provide the Committee with a framework of priority areas in Tax and SDGs workstream, as they have emerged in recent United Nations work and intergovernmental discussions**
- **Stimulate further discussion on how to integrate an SDGs component into international tax work**

Overview

- **How can tax policy support the SDGs as well as COVID-19 response and recovery efforts?**
 - UN COVID response and resiliency framework
 - Key issues identified by 21st Session of UN Tax Committee
 - Financing for Development Forum Outcome document
 - UN Secretary-General calls
- **Main streams and venues for implementation of work on tax and the SDGs**
 - FSDO Tax and SDG-related capacity building
 - Platform for Collaboration on Tax
 - ECOSOC Special Meeting

How can tax policy support the achievement of the SDGs and COVID-19 response and recovery efforts?



Why tax policy is key

- We face a **lost decade of sustainable development**, if decisive action is not taken urgently
- Pandemic recovery is an opportunity to put in place **fiscal policies and reforms** towards achieving the SDGs
- Building back better will depend on **how much revenue is collected** and **how it is raised and spent**
- The multidimensional crisis will require a **variety of approaches**, with international tax cooperation supporting and informing domestic policies.

How fiscal policies can support the UN COVID response and resiliency framework

The UN's Three-Point Comprehensive Response

Relevant fiscal policies

Focus SDGs



THE HEALTH RESPONSE

- Expenditure policies to expand health coverage
- Health taxes (sugar, tobacco, alcohol)



SAFEGUARDING LIVES AND LIVELIHOODS

- Revenue policies to reduce inequalities and tax evasion
- Fiscal reform to boost the economy
- Expenditure policies to provide social protection
- Fiscal stimulus proportional with securing the revenues needed to restore fiscal sustainability



A BETTER POST-COVID-19 WORLD

- Environmental taxation
- Gender-responsive fiscal policies
- Expenditure policies to increase preparedness for health crisis
- Structural fiscal policies to reduce inequalities
- Technical assistance to build sustainable and efficient tax systems
- Capacity building in proposing, negotiating and implementing international tax norms



Key issues identified by 21st Session of Committee

- **Corporate and wealth taxation** to address inequality in capital and income
- Formalizing the **informal sector**
- Tax policies to address **climate change and environmental degradation**
- Expenditure policies that favour **redistribution and social protection**
- Reducing **harmful tax incentives and subsidies**

Financing for Development (FfD) Forum

Outcome Document

Inequality

- Transparent fiscal systems to combat inequality
- Social protection for all, including in the informal economy
- Taxation of digital economy should consider the implications for developing countries
- International cooperation to combat illicit financial flows (IFFs)

Health

Universal health coverage is fundamental for achieving all SDGs.

Climate and environmental protection

- Fiscal policies and instruments can help achieve the Paris Agreement
- Rationalization and phasing-out of inefficient fossil fuel subsidies
- Co-benefits on growth, job creation, health and the environment, competitiveness

And finally, in the words of the UN Secretary-General...

Inequality

“I urge governments to consider a **solidarity or wealth tax** on those who have profited during the pandemic, to reduce extreme inequalities”

Health

“Stronger health systems and **Universal Health Coverage** must be a priority.”

Climate and environmental protection

- Put a **price on carbon**
- End fossil fuel subsidies
- Shift the **tax burden** from income to carbon, **from taxpayers to polluters**;
- **Integrate carbon neutrality** into all economic and fiscal policies.

Implementing the workplan on tax and the SDGs

Capacity building activities on tax and SDGs

Some examples from FSDO

Integrating the SDGs in tax policy

Support to developing countries on how tax policy can foster more resilient health systems, gender equality, better social protection, formalization of informal economy

Inequality

Dissemination of Committee's work to raise revenues for SDGs, and reduce the inequality among countries (e.g. tax treaties, taxation of digital economy, transfer pricing, tax treatment of G2G aid projects)

Tax and Environment

Dissemination of Handbook on Carbon Taxation and Handbook on Taxation of Extractive Industries

Integrated National Financing Frameworks (INFF)

Support to developing countries in creating and implementing comprehensive INFFs

Platform for Collaboration on Tax (PCT)

Priority areas in Tax and the SDGs workstream

Tax and Gender



Webinar targeted to developing countries, to stimulate discussion on priority areas where capacity development is needed (mid-June)

Tax and Environment



Development of analytical and knowledge products

Tax and SDG-17



Follow-up to committee guidance on Government-to-Government aid



United Nations

...ING THE 2030 AGENDA
...SUSTAINABLE DEVELOPMENT



ECOSOC Special Meeting on tax

(29 April 2021, 9-11 a.m. and 3-5 p.m. NY time)

Map of discussion at ECOSOC Special Meeting

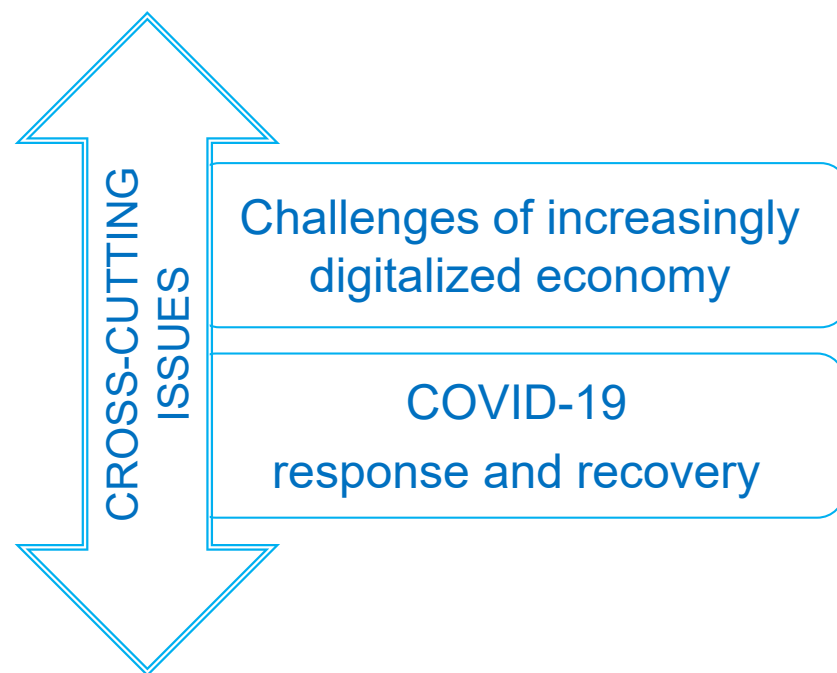
Objective: Identify concrete options for tax policy and administration in support of more resilient, inclusive and sustainable economies and societies

Opening remarks

Panel 1: Tax and Inequality

Panel 2: Tax and Environment

Panel 3: Tax and Health



Key conversations at the ECOSOC Special Meeting

Panel 1: Tax and Inequality

- Reshaping tax policies to promote education, health and social protection for all, and foster gender equality
- Potential of wealth taxes and solidarity to reduce inequalities
- Intl tax cooperation to help reduce inequality within and between countries

Panel 2: Tax and Environment

- Role of environmental taxation in building back better after COVID-19
- What green economic recovery could look like – and what steps countries are taking

Panel 3: Tax and Health

- Role of taxation in financing health systems, and challenges in developing countries
- Sugar, alcohol and tobacco taxes to encourage healthy behaviours

Final questions for discussion

1. **How can countries use tax policy and administration to tackle challenges such as inequalities, climate change and health in an increasingly digitalized economy, in the context of the COVID-19 response and recovery?**
2. **Based on your experience, what are other emerging issues in the Tax and SDGs workstream, where policy dialogue and guidance on tax and expenditure is needed?**
3. **What are priority areas for technical assistance and/or capacity building?**



Thank you

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