The Government Revenue and Development Estimation’s (GRADE) team

The Universities of St Andrews and Leicester

20 March 2023

Office of the Secretary-General of the United Nations

Attention: Secretary-General António Guterres

Your Excellency,

RE: SUBMISSION FOR THE TAX REPORT TO IMPLEMENT GA RESOLUTION 77/244 'PROMOTION OF INCLUSIVE AND EFFECTIVE TAX CO-OPERATION AT THE UNITED NATIONS TO FINANCE DEVELOPMENT AND SUPPORT SDG PROGRESS'

We are deeply committed to the realisation of the Sustainable Development Goals. Our work as part of the Government Revenue and Development Estimations (GRADE) project, hosted by the Universities of St Andrews and Leicester in the United Kingdom, demonstrates that if governments could retain losses from illicit financial flows, including tax avoidance and evasion, it would drive SDG progress. The gains would be most significant in lower-income countries.

We welcome the opportunity to provide input for the *Tax Report 2023.* We provide evidence in the attached submission to illustrate the impacts of the current shortfalls in international tax cooperation and its framework. The current framework adversely affects government revenue and, therefore, SDG progress. It profoundly affects the determinants of health (education, drinking water, and sanitation), which are the minimum core economic and social rights that the United Nations Committee on Economic, Social and Cultural Rights have highlighted as the threshold below which no one should fall. Leading tax justice advocates have long recognised the impact of cross-border tax abuse on human rights, acting on revenue, redistribution, representation, and repricing. Indeed since 2014, when the United Nations Special Rapporteur on extreme poverty and human rights-focused their annual thematic report on the role of taxation, the implications of cross-border tax abuse for human rights have been recognised (A/HRC/26/28).

The current international tax framework has not successfully reduced illicit financial flows, including tax avoidance and evasion, which impedes the fulfilment of human rights and SDG progress through multiple paths. The most apparent path is that it drains revenue and reduces fiscal space for government expenditure on public services. A less obvious but more critical path is government revenue’s effect on government effectiveness. The combined effect of a reduction in income and government effectiveness drives inequality, which impedes economic growth and development.

To assess the potential of an increase in government revenue equivalent to that foregone because of illicit financial flows, tax avoidance and evasion, we modelled the effect of government revenue and governance, using the Worldwide Governance Indicators, on seven of the SDG indicators, including basic and safe water, basic and safe sanitation, child school years and child and maternal survival, selected for their importance to survival. We found that an increase in government revenue positively affects these SDG indicators. It is highly non-linear, with a much more significant impact in low- and lower-middle-income countries than in high- and upper-middle-income countries.

We also assess the effect of additional revenue on governance and, thus, on SDG progress. Using contrasting econometric methodologies to quantify the effects of an increase in government revenues per capita on indicators of governance quality, we show the significant effects of increasing government revenues on the governance indicators. Thus, there is important feedback from government revenue to governance and from governance to government revenue. Over time as governance improves, there will be further increases in government revenue, driving a virtuous circle.

Using these models, we developed the Government Revenue and Development Estimations (GRADE) as an online visualisation. The model is realistic, assuming governments spend the additional income as they have allocated their budgets in recent years. The model is precise as the modelled estimates and the SDG coverage are usually within a percentage point. An increase in revenue leads to gradual SDG progress; for example, it takes time to train teachers and improve infrastructure. Therefore, the model assumes that it takes five years for an increase in revenue to impact outcomes, which then plateaus over the longer term.

Recognising the inherent difficulty in quantifying the scale of revenue losses from illicit financial flows, tax evasion and tax avoidance, we use the best available estimates to understand the implications for SDG progress.

- Using the Hidden Wealth data with the GRADE model, we found that the revenue foregone would allow 7.4 million people to use safe water and 1.4 million people to use safe sanitation every year, contributing to the survival of almost 19,000 children annually.

- Using the Missing Profits data with the GRADE model, we found that the revenue foregone would allow 5.2 million people to use safe water and 2 million people to use safe sanitation every year, contributing to the survival of almost 12,000 children annually.

- Using the *State of Tax* Justice *2021* (Global Alliance for Tax Justice, Public Services International, Tax Justice Network) estimates of tax avoidance and evasion with the GRADE model, we found that the revenue foregone would allow 36 million people to have access to basic sanitation and 18 million having access to basic drinking water. Additionally, this increase would be associated with over 600,000 children and almost 80,000 mothers surviving over a ten-year period.

- Using estimates on illicit financial flows from the Global Financial Integrity database expressed as a proportion of the Gross Domestic Product for 34 countries in sub-Saharan Africa, six countries would have achieved their fourth Millennium Development Goal (MDG) target on child mortality rates (the framework that preceded the SDGs) by 2015 at their current rate of decline compared to 16 countries if flows were curtailed with significant reductions for the other countries.

We demonstrate the importance of an enabling international economic environment on government revenue and SDG progress by showing how much government revenue and government effectiveness would increase in all countries if governments had additional revenue equivalent to that foregone because of tax havens. Further, we provide a case study of the reported contribution of one multinational corporation to SDG progress.

For the above reasons, we strongly support the recent Resolution 77/244 'Promotion of inclusive and effective tax co-operation at the United Nations'. As economists, medical doctors, and social scientists studying the impacts of government revenue and the implications for SDG progress, we welcome operative paragraph 2, which includes "the possibility of developing an international tax co-operation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process".

We firmly believe that the United Nations is the only intergovernmental forum that can bring together all efforts to reform international tax to achieve the 2030 Agenda for Sustainable Development and ensure countries can fulfil their obligations to provide fundamental rights for all people. Only through a UN intergovernmental forum on tax will all countries be able to engage legitimately on an equal footing. Low and lower-middle-income countries have limited or no access to influence decision-making at the Organisation for Economic Co-operation and Development, which has been the rule setter of international tax rules for the last 60 years. However, low- and lower-middle-income countries need to make urgent progress on the SDGs. They will experience the most benefit from improvements to the international tax framework if it is designed and implemented in a way that will prevent tax evasion and avoidance by individuals and multinational companies.

As a team, we remain at your disposal should you require further information on the evidence provided below in our submission on the impact of illicit financial flows on SDG progress enabled by the current international tax system.

With best wishes,

Dr Bernadette O'Hare[1] and Professor Stephen Hall[2]

On behalf of the Government Revenue and Development Estimation's (GRADE) team, Eilish Hannah, Rachel Etter-Phoya, Stuart Murray, and Michael Masiya, The Universities of St Andrews and Leicester.

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SUBMISSION FOR THE TAX REPORT TO IMPLEMENT GA RESOLUTION 77/244 'PROMOTION OF INCLUSIVE AND EFFECTIVE TAX CO-OPERATION AT THE UNITED NATIONS' TO FINANCE DEVELOPMENT AND SUPPORT SDG PROGRESS

Preamble

The ambitions of the 2030 Agenda for Sustainable Development, adopted in 2015, are laid out in seventeen goals called the Sustainable Development Goals (SDGs). The SDGs take a holistic approach to health and well-being, providing a roadmap for reducing poverty and inequality through promoting global partnerships. In recognition that the SDG agenda must have a credible financing mechanism, heads of state and government have affirmed a strong political commitment to address the challenge of financing sustainable development in the spirit of global partnership and solidarity. Critically, they reiterated that while each country has primary responsibility for their own economic and social development, but national development efforts must operate in an enabling international economic environment, including a coherent and mutually supporting world trade, monetary and financial systems and enhanced global economic governance[3].

However, the COVID-19 pandemic, conflicts and the escalating climate crisis have converged to derail SDG progress. To get the SDGs back on track, governments in all countries, especially low- and lower-middle-income (hereafter lower-income) countries, will need to expand their domestic fiscal space. An enabling international economic environment must support them to do this.

One of the 169 targets, child mortality (target 3.2), is a good bellwether for all SDGs as it captures the results of many SDG targets, which impacts all age groups. However, while there has been a reduction in child mortality rate since 1990, it remains unacceptably high in several regions. Figure 1 demonstrates the relationship between a country's wealth and child mortality. A nation is likelier to be wealthy in an enabling international economic environment (SDG 17). That said, increased wealth at the country level will only impact SDG 3.2 if a government redistributes (SDG 10) and spends it effectively (SDG 16).

Children are more likely to survive if they breathe clean air, both indoors as well as outdoors (SDG 7), use safe water and sanitation (SDG 6), eat affordable and nutritious food (SDG 1 and 2), access primary health services (SDG 3), and are born to educated and employed parents (SDG 4, 5,8 and 9). Much of the reduction in child mortality since 1990 was due to improvements in public services (Bishai et al., 2016). Thus, while wealth is essential, much of the reduced mortality is because of efficient social spending, which depends on government revenue and effectiveness. Further, children are the group most vulnerable to the climate emergency. They are more likely to survive if

[3] United Nations General Assembly (2015) 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) A/RES/69/313'. Available at: https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

governments take urgent action to protect our environment and adequately fund climate adaptation (SDG 11-15).

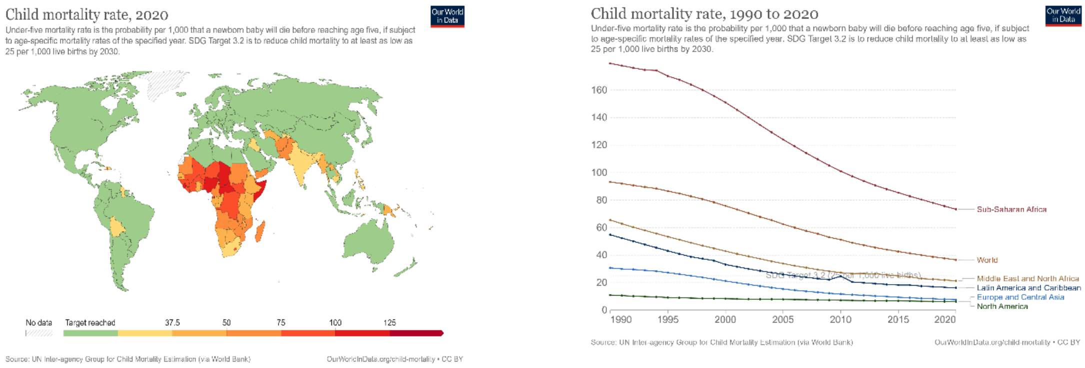


Figure 1 Child mortality rate in 2020 and the reduction in rates since 1990[4]

As the SDGs are grounded in international human rights, we interchangeably use SDG progress and access to human rights. To achieve SDG progress, governments must have revenue, use this effectively *and* operate in an enabling international economic environment.

We present our evidence in four parts

1. The impact of government revenue and governance on the SDGs
2. The effect of tax evasion and avoidance and illicit financial flows on SDG progress
3. The international economic environment and government revenue and effectiveness
4. Cross-border tax abuse and human rights

We conclude with our recommendations.

[4] Our World in Data https://ourworldindata.org/

1. The impact of government revenue and governance on the SDGs

Leading tax justice advocates have long recognised the impact of cross-border tax abuse on human rights, acting on revenue, redistribution, representation, and repricing[5]. Illicit financial flows, tax avoidance and evasion impede SDG progress via multiple paths, see figure 2. The most apparent way is the drain on revenue which constrains spending on public services, increasing inequality. A less obvious but critical path is the impact of a reduction in government revenue on government effectiveness (and on other governance indicators). Thirdly, the combined effect of decreased revenue and government effectiveness drives inequality, which impedes economic growth and social development.

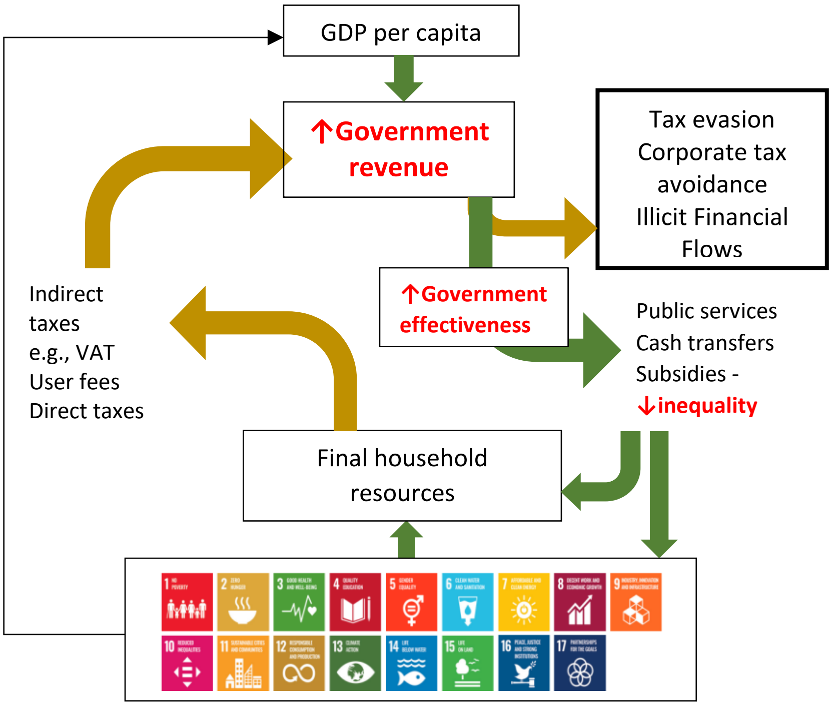


Figure 2 Illicit financial flows, tax avoidance and evasion, governance, fiscal redistribution, and the SDGs (GRADE)

Increased government revenue drives SDG progress

We have modelled the effect of government revenue and governance on seven of the SDGs targets, including basic and safe water, basic and safe sanitation, child school years and child and maternal survival, selected for their importance to survival. We found that an increase in government revenue positively impacts these targets. It is highly non-linear, with a much more significant impact in lower-

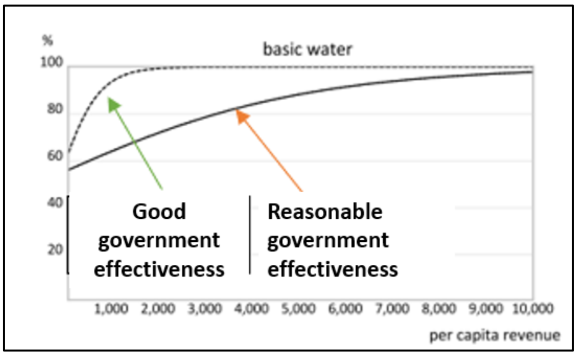
[5] Tax abuse and human rights https://taxjustice.net/2021/07/06/tax-abuse-and-human-rights/

income countries than in high- and upper-middle-income (higher-income) countries (O'Hare and Hall, 2022)[6].

Thus, illicit financial flows, tax avoidance and evasion deplete revenue. If governments could retain these losses, this evidence indicates that the additional revenue would drive SDG progress, and the gains would be most significant in lower-income countries.

Increased government revenue improves government effectiveness

We also found that governance indicators strongly affect the relationship between government revenue and SDG targets. Additional revenue has much more impact in well-governed countries; see figure 3.



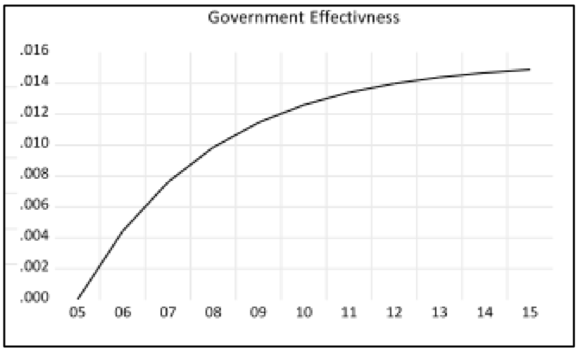


Figure 3 The effect of governance on the effectiveness of government spending

Figure 4 The effect of government revenue on government effectiveness

However, governance indicators also respond to increased government revenue. To assess the effect of additional revenue on governance and, thus, on SDG progress, we used two contrasting econometric methodologies to quantify the effects of an increase in government revenues per capita on indicators of governance quality. These show that increasing government revenues significantly affect the governance indicators, yielding a remarkably consistent picture over a ten-year horizon, see figure 4 (Hall and O'Hare, 2023, 2022)[7].

The critical insight gained is that there is important feedback from government revenue to governance and from governance to government revenue.

Over time as governance improves, there will be further increases in government revenue which further improves governance, forming a critical virtuous circle.

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[6] The Impact of Government Revenue on the Achievement of the Sustainable Development Goals and the Amplification Potential of Good Governance
https://econpapers.repec.org/article/pscjournl/v_3a14_3ay_3a2022_3ai_3a2_3ap_3a109-129.htm

[7] A model to explain the impact of government revenue on the quality of governance and the SDGs
https://www.wider.unu.edu/publication/model-explain-impact-government-revenue-quality-governance-and-sdgs (forthcoming in https://www.mdpi.com/journal/economies)

Thus, illicit financial flows, tax avoidance, and evasion deprive governments of revenue and their populations of their right to an effective government, which drives a vicious circle (SDG 16.5, 16.6, 16.7, 16.a and 16.b).

Government revenue losses drive inequality and impedes impede economic growth

On average, the wealthiest 1% worldwide own 40% of national wealth and receive 19% of income [8], so taxing wealth is crucial. One country case study found that the wealthiest 0.01 percent avoided 25% of taxes due, compared to 5% among the rest of the population (Alstadsæter et al., 2019). Tax evasion by the wealthiest drains public services of revenue, and quality public services are the most effective way to reduce within-country inequality (Lustig, 2018; Seery, 2014); see figure 2. As well as reducing the fiscal space for public spending, tax evasion and avoidance result in alternate sources of income being sought, including indirect taxation, which is often considered regressive. Further reduced fiscal space causes debt accumulation, and the resulting debt service diverts scarce resources from public services, further exacerbating inequality.

The impact of illicit financial flows, tax avoidance, and evasion on inequality is critical because extensive literature shows that inequality impedes economic growth in lower-income countries (Mdingi and Ho, 2021). Others empirically find that in countries with high poverty levels, income inequality significantly and negatively affects economic growth (Breunig and Majeed, 2020).

Thus, illicit financial flows, tax avoidance, and evasion deprive governments of revenue and their populations of their right to an effective government, which increases inequality and slows economic growth and development in the countries which need it the most.

2. The effect of tax evasion and avoidance and illicit financial flows on SDG progress

To assess the potential of an increase in government revenue equivalent to the revenue foregone from tax avoidance and evasion, we developed the Government Revenue and Development Estimations (GRADE)[8]. The GRADE is an online visualisation based on econometric models of the relationship between government revenue and quality of governance, using the World Governance Indicators and SDG indicators (Hall et al., 2021, 2020; Hall and O'Hare, 2023, 2022; O'Hare and Hall, 2022). The model is realistic, assuming governments spend the additional income as they have allocated their budgets in recent years. The model is precise as the modelled estimates are usually within a percentage point of survey findings. An increase in revenue leads to gradual SDG progress as it takes time to, for example, train teachers and improve infrastructure. Therefore, the model assumes that it takes five years for an increase in revenue to impact outcomes, which then gradually plateaus over the longer term after an increase in revenue.

The GRADE allows us to translate the impact of revenue losses on people's lives.

Experts have provided estimates on the revenue foregone from government budgets because of tax avoidance and evasion and illicit financial flows using a range of methodologies. We use estimates of

[8] The Government Revenue and Development Estimations https://medicine.st-andrews.ac.uk/grade/

foregone revenue with GRADE to translate these losses into the impact on people's lives. Below we present some examples.

Hidden Wealth: We used estimates on hidden wealth expressed as a percent of GDP in 2007 from the Hidden Wealth dataset (Zucman, 2015)[9]. We assumed a 5% return on this wealth and used the highest income tax band for each country (where available) to derive each country's annual foregone tax revenue and expressed it as a percentage of government revenue in 2007. We assumed each country had additional government revenue equivalent to the foregone tax revenue between 2002-2020. Data availability in the GRADE determined the length of time studied. We use the longest time possible because the effect of additional income on governance takes place over the longer term, plus tax evasion takes place over decades. In table 1, we show the additional numbers of people who would have access to water, sanitation, and education and the numbers of children and mothers who would survive, each year, if governments had revenue equivalent to that foregone due to tax evasion. GRADE calculates these numbers by country; here, we present the aggregate for the region and indicate the numbers of countries with data available for each indicator. There is a wide variation between countries regarding the volume of foregone revenue and the impact this would have in any one country. However, the effect is substantial in some countries.

Table 1 The aggregate numbers by region who would access their health determinants and survive (SDG 3,4,6) each year if governments had additional revenue equivalent to the foregone revenue from hidden wealth.

Region	Basic water	Basic sanitation	Safe water	Safe sanitation	An extra year at school	Child deaths averted	Maternal deaths averted
East Asia and the Pacific	426,762	125,786	879,894	188,710	16,276	669	104
Number of countries with data	12	8	12	8	10	12	12
Europe and Central Asia	29,918	151,183	47,126	587,802	34,537	179	5
Number of countries with data	39	39	40	40	39	40	0
Latin America and the Caribbean	152,613	257,131	328,131	91,909	9,954	662	60
Number of countries with data	13	7	13	13	12	13	14
Middle East and North Africa	296,270	863,212	665,730	152,860	19,613	1,040	97
Number of countries with data	8	5	8	7	8	8	8
North America	0	0	0	158,046	16,285	10	0
Number of countries with data	2	2	2	2	2	2	2
South Asia	862,714	230,364	1,928,186	79,350	70,307	2,471	322
Number of countries with data	7	5	7	4	7	7	7
Sub-Saharan Africa	2,000,789	476,676	3,547,018	145,431	243,806	13,787	1,159
Number of countries with data	32	12	32	11	31	32	32
Total	**3,769,066**	**2,104,351**	**7,396,085**	**1,404,108**	**410,777**	**18,817**	**1,746**
Number of countries with data	113	78	114	85	109	114	75

[9] The Hidden Wealth of Nations https://gabriel-zucman.eu/hidden-wealth/

Missing Profits: We used the estimates of tax losses expressed as a percentage of corporate income tax (and 10% for countries without data) from the Missing Profits database (Tørsløv et al., 2022)[10]. We expressed these as a percentage of government revenue, using UNU WIDER Government Revenue Dataset for corporate income tax and government revenue (UNU-WIDER, 2022)[11].

We used GRADE to illustrate the potential for SDG progress, assuming each country had additional revenue equivalent to the tax losses between 2002-2020. Table 2 presents the additional numbers of people with access to water, sanitation, and education and the numbers of children and mothers who would survive each year if governments had additional revenue equivalent to the foregone tax revenue. The GRADE calculates these numbers by country; here, we present the aggregate by region and indicate the numbers of countries with data available for each indicator.

Table 2 The aggregate numbers by region who would access their health determinants and survive (SDG 3,4,6) each year if governments had additional revenue equivalent to the foregone revenue from missing profits.

Region	Basic water	Basic sanitation	Safe water	Safe sanitation	An extra year at school	Child deaths averted	Maternal deaths averted
East Asia and the Pacific	884,707	179,523	1,506,161	351,373	23,331	1,152	163
Number of countries with data	15	10	15	11	13	13	13
Europe and Central Asia	146,489	600,466	280,448	968,794	56,943	569	18
Number of countries with data	32	32	32	31	32	33	33
Latin America and the Caribbean	110,551	380,998	289,971	229,031	20,404	690	40
Number of countries with data	5	3	5	3	5	5	5
Middle East and North Africa	115,587	409,311	272,908	58,551	5,357	266	22
Number of countries with data	4	4	4	4	4	4	4
North America	0	0	0	284,026	28,752	19	0
Number of countries with data	1	1	2	2	2	2	2
South Asia	69,306	15,479	133,253	76	1,653	85	9
Number of countries with data	3	1	3	1	3	3	3
Sub-Saharan Africa	1,250,620	750,659	2,724,611	108,374	173,843	9,117	812
Number of countries with data	21	10	21	9	20	21	21
Total	**2,577,260**	**2,336,436**	**5,207,353**	**2,000,225**	**310,283**	**11,898**	**1,064**
Number of countries with data	81	61	82	61	79	81	81

Tax abuse (both evasion and avoidance)

The State of Tax Justice 2021 (Global Alliance for Tax Justice, Public Services International, Tax Justice Network) estimates that global losses of at least US$483 billion occur yearly to tax havens, mainly due to tax evasion and avoidance by multinational corporations and the wealthy elite[12]. Using GRADE, we found that if curtailed, this would allow at least 36 million people having access to basic sanitation and 18 million having access to basic drinking water each year. Additionally, over a ten year period,

[10] Missing Profits https://missingprofits.world/
[11] UNU WIDER Government Revenue Dataset https://doi.org/10.35188/UNU-WIDER/GRD-2022.
[12] The State of Tax Justice https://taxjustice.net/reports/the-state-of-tax-justice-2021/

this increase would be associated with over 600,000 children and almost 80,000 mothers surviving.(O'Hare et al., 2022)[13].

Illicit financial flows

Using estimates on illicit financial flows from the Global Financial Integrity database[14] expressed as a proportion of the Gross Domestic Product for 34 countries in sub-Saharan Africa and estimates of the elasticity between GDP and child mortality (O'Hare et al., 2013) to assess the impact of illicit Financial Flight. We found that 16 countries would have achieved their fourth Millennium Development Goal (MDG) target on child mortality rates (the framework that preceded the SDGs) by 2015 if illicit financial flows were curtailed, compared to six countries at their current rate of decline (O'Hare et al., 2014)[15].

Thus, tax havens, enabling tax evasion, avoidance, and illicit financial flows, deprive millions of their fundamental rights, including the right to survive.

3. The international economic environment and government revenue and effectiveness

Paying taxes drives SDG progress while enabling tax evasion and avoidance, drains government revenue, impairs their effectiveness and ability to redistribute and impedes SDG progress. The international economic environment, including governments, international financial organisations and the private sector, can impede or contribute to SDG progress in other countries. Below we present empirical evidence for this.

The impact of tax evasion and avoidance on government revenue and effectiveness

Tax havens greatly influence governments' strength (revenue) and capacity (effectiveness) in other countries. Here we show the impact of tax havens on government revenue and government effectiveness using the Hidden Wealth and Missing Profits data and GRADE, as analysed in section 2. Table 3 shows the foregone tax revenue from hidden wealth and missing profits as potential additional revenue per capita, the increase as a percent of government revenue per capita and the improvement of government effectiveness, above what it would have been without the additional revenue, expressed as a percentage. Figures 5 and 6 show that if governments had additional revenue equivalent to that foregone because of hidden wealth and missing profits, they would be more effective.

[13] Tax abuse—The potential for the Sustainable Development Goals https://journals.plos.org/globalpublichealth/article?id=10.1371%2Fjournal.pgph.0000119

[14] Global Financial Integrity https://gfintegrity.org/

[15] The effect of illicit financial flows on time to reach the fourth Millennium Development Goal in Sub-Saharan Africa: a quantitative analysis https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4109330/

There is critical feedback from government revenue to governance. Tax evasion by wealthy citizens deprives fellow citizens of their right to quality public services and an effective government. Tax avoidance by multinational corporations deprives citizens of their right to quality public services and an effective government**.**

Table 3 The impact of Hidden Wealth and Missing Profits on government revenue and effectiveness

	Hidden Wealth			Missing Profits		
Region	**Additional government revenue per capita in 2015 constant USD**	**Increase as a % of government revenue per capita**	**Improvement in government effectiveness**	**Additional government revenue per capita in 2015 constant USD**	**Increase as a % of government revenue per capita**	**Improvement in government effectiveness**
East Asia and the Pacific	19	0.36	0.02	68	1.5	0.08
Europe and Central Asia	44	0.33	0.01	86	0.75	0.04
Latin America and the Caribbean	8	0.75	0.06	13	2.13	0.17
Middle East and North Africa	70	2.55	0.12	42	1.22	0.07
North America	50	0.29	0.01	147	0.8	0.03
South Asia	1	0.6	0.04	15	1.94	0.11
Sub-Saharan Africa	6	2.66	0.21	5	1.65	0.15

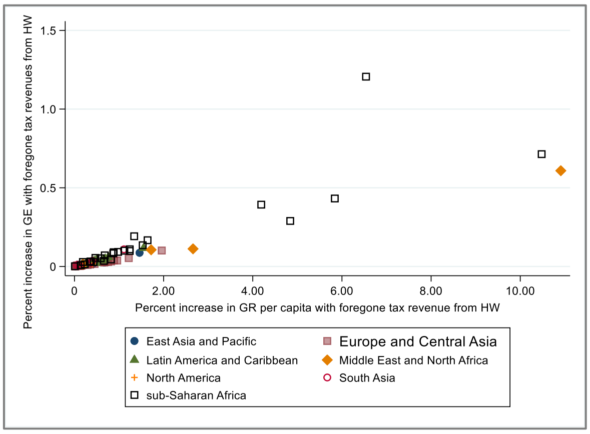

Figure 5 The increase in government effectiveness when there is an increase in government revenue per capita from hidden wealth.
(HW- Hidden Wealth)

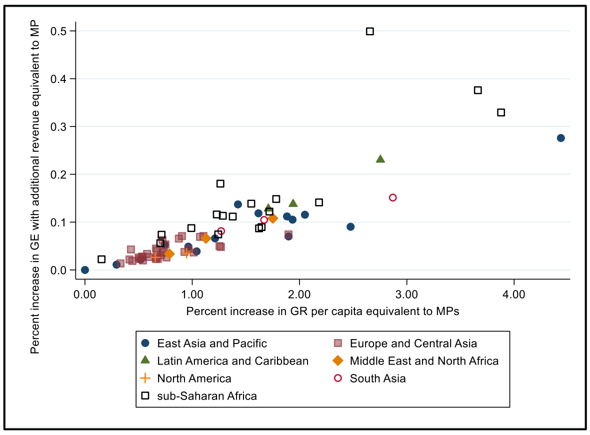

Figure 6 The increase in government effectiveness when there is an increase in government revenue per capita equivalent to the foregone revenue from missing profits.
(MP-Missing Profits)

The private sector and SDG progress

We analysed the impact of one multinational corporation on SDG progress in six African countries. The revenue equivalent to their reported tax contribution allowed almost 1 million people to access clean water and 1.4 million people to access basic sanitation each year. Over the ten years studied, an additional 850 thousand children spent an extra year in school, an additional 54 thousand children and 3,655 mothers survived (Hannah et al., 2023)[16].

4. Cross-border tax abuses and human rights

The determinants of health (education, drinking water, and sanitation) highlighted in this submission are minimum core economic and social rights, which the United Nations Committee on Economic, Social and Cultural Rights have highlighted as the threshold below which no one should fall[17]. The African Charter on Human Rights (Article 16) also highlights the right of every individual to the best attainable state of health[18].

In 2014, the United Nations Special Rapporteur on extreme poverty and human rights focused their annual thematic report on the role of taxation (A/HRC/26/28)[19]. Subsequently, several Human Rights experts and committees have raised concerns. A timeline of Comments by UN Human Rights experts and committees on the implications of cross-border tax abuses on human rights is available in this submission on the UK's role in cross-border tax abuse[20]. Specific interventions relating to children came in 2020 when the United Nations Committee on the Rights of the Child (Review of Ireland) (CRC/C/IRL/QPR/5-)[21] asked the Irish Government to

'Ensure that tax policies do not contribute to tax abuse by companies operating in other countries, leading to a negative impact on the availability of resources for the realisation of children's rights in those countries' (para 10c).

In 2022, the United Nations Committee on the Rights of the Child. (Review of the Netherlands) (CRC/C/NLD/CO/5-6) [22]asked the Government of the Netherlands to

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[16] How can corporate taxes contribute to sub-Saharan Africa's Sustainable Development Goals (SDGs)? A case study of Vodafone https://globalizationandhealth.biomedcentral.com/articles/10.1186/s12992-022-00894-6

[17] Office of the United Nations High Commissioner for Human Rights. The Human Rights Fact Sheet 33: Frequently Asked Questions on Economic, Social and Cultural Rights. 2008 https://www.ohchr.org/sites/default/files/Documents/Publications/FactSheet33en.pdf

[18] Members of the Organisation of African Unity. African (Banjul) Charter on Human and Peoples' Rights. 1981. Available from: https://www.ohchr.org/en/resources/educators/human-rights-education-training/1-african-charter-human-and-peoples-rights-banjul-charter-1981

[19] United Nations Human Rights Council. Report of the Special Rapporteur on extreme poverty and human rights A/HRC/26/28. 2014. https://www.ohchr.org/sites/default/files/HRBodies/HRC/RegularSessions/Session26/Documents/A_HRC_26_28_AEV.doc/>

[20] Human Rights Council Universal Periodic Review (Fourth Cycle) United Kingdom of Great Britain & Northern Ireland see https://medicine.st-andrews.ac.uk/grade/wp-content/uploads/sites/39/2022/12/Submission-to-Human-Rights-Council-Universal-Periodic-Review-Fourth-Cycle-UK-NI.pdf

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*'Conduct independent and participatory impact assessments of its tax and financial policies to ensure that they do not contribute to tax abuse by national companies operating outside the State party that lead to a negative impact on the availability of resources for the realisation of children's rights in the countries in which they are operating' (para 9c)***.**

<u>Conclusion and recommendations</u>

Conclusions

We have presented evidence showing that government revenue positively affects SDG progress. This effect is highly non-linear, with a much more significant impact in lower-income countries than in higher-income countries. Further, there is feedback from government revenue to governance, and over time, as governance improves, there are further increases in government revenue, forming a critical virtuous circle. In contrast, revenue losses reduce governments' fiscal capacity and effectiveness, resulting in poor quality public services, exacerbating inequality, and impeding economic growth in countries with high poverty levels. Using others' estimates, we show how foregone revenue from tax evasion and avoidance and illicit financial flight deprives millions of quality public services and their fundamental rights. The importance of an enabling international economic environment on government revenue and SDG progress is demonstrated by showing how much government revenue and effectiveness would increase in all countries if governments had additional revenue equivalent to that foregone to tax havens. We also highlight the vital contribution of the private sector using a case study of the reported taxes of one multinational corporation. We note that several UN Human Rights experts and committees have drawn attention to the negative effect of cross-border tax abuse on the realisation of human rights. However**,** for the last 60 years, the global tax system has been governed by the Organisation for Economic Co-operation and Development (OECD). Lower-income countries have limited access to influence decision-making at this forum.

Recommendations

An impartial, intergovernmental forum that governs the global tax system while protecting human rights and supporting sustainable development is urgently required. This forum must represent the interests of all countries equally, and the United Nations is the only intergovernmental forum that can bring together all efforts to reform international tax to achieve the 2030 Agenda for Sustainable Development. It would also require an intergovernmental body and clear processes to oversee the implementation of a convention alongside a centre for monitoring taxing rights to collect and better understand domestic and global taxation data, as recommended by the FACTI Panel[23].

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