

Submission to the ad hoc intergovernmental Committee mandated to develop draft terms of reference for a United Nations Framework Convention on International Tax Cooperation

Submission from the Tax for Global Justice Working Group

15 March 2024

Dear Committee

Taxing wealth and financial transactions: taxation to move profits, wealth and power beyond borders and back to the people for system change

Introduction

1. The Tax for Global Justice Working Group comprises campaigners and civil society organisations working to holistically alleviate the root causes of economic, gender, racial and other injustices, as well as working to actively usher in global peace, prosperity and sustainability, through a reparative justice framework.
2. The Working Group includes participants with extensive experience working in the private sector, financial markets, and as political economists in the global north and global south. The Working Group meets every two months and is open to join [here](#).
3. This Submission calls on the Committee to prioritise the early finalisation of the Framework itself. We recognize that the key reason why the Organization for Economic Cooperation and Development ('OECD') has failed to produce equitable international tax rules is due to the governance deficits inherent within it; in particular:
 - a. Undemocratic consensus-based decision-making which has been designed to neutralise the numerical majority of the global south;
 - b. Lack of rules-based functioning within the Inclusive Framework ('IF') with no statutory basis or rules of procedure, with the result that the IF functions in an arbitrary manner, in the interests of developed countries and to the detriment of developing countries;
 - c. Lack of transparency;
 - d. Accountability (in theory) to the G20, which itself is limiting, but in practice, answerable to the G7;
 - e. Separate membership for tax haven territories like the Cayman Islands, British Virgin Islands, etc, as separate 'jurisdictions', which gives colonial powers like the UK and US an unfair advantage by granting them additional votes which echo their positions. Thus, there is the real danger that replicating these flawed governance mechanisms will result in the continued production of weak and regressive international tax standards as currently happens through the OECD.

4. For this reason, we call on the Committee to prioritise a strong Framework, namely through an empowered Conference of the Parties where all countries, both developed and developing can set the agenda, and which functions in a transparent manner and with democratic decision-making through voting. Membership of the Conference of the Parties must also be restricted to sovereign countries and not to territories or ‘jurisdictions’, so the principle of ‘one country one vote’ is preserved.
5. This Submission also calls on the Committee to expand their substantive area of focus beyond corporate taxation. Hitherto, global taxation efforts have concentrated on minimising the tax avoidance and evasion of multinational corporations through the shifting and manipulative eroding of profits, and thus of tax payments. We recognise that these tax under-reporting and shifting practices have devastating human, social and environmental consequences, and contribute significantly to global inequality. We acknowledge the importance of addressing this. However, in our submission, taxation measures which only address corporation tax and tax under-reporting and shifting practices are inherently limited, because this type of taxation does not address the root causes of systemic issues, nor deliver justice. We call on the Committee to leverage the potential power of international tax architecture, which if calibrated for justice, can address inequalities, poverty, climate change, and in particular the power imbalances entrenched in our global economy through capitalism and imperialism.
6. Finally, a broader tax focus that we suggest below also has the potential to begin seeking justice for enslavement and colonialism – which we argue is intrinsic to any substantive approach to tax justice. As is widely known, there is a resolute and ongoing campaign for reparative justice for enslavement and colonialism from all corners of the world, from people whose subjugation, labour and lands virtually all wealth and value originates. We remind the Committee to centre this call for justice in its work.

Tax policies for inclusion in the Terms of Reference

7. We propose that the Committee include in its Terms of Reference two new, progressive, cross-border taxes: a wealth tax and a financial transactions tax. Alongside efforts to reduce corporate tax avoidance, these new taxes would achieve meaningful, sustainable, and transformative justice.

Wealth tax

8. We firstly propose a globally redistributive wealth tax. Wealth is made globally, using predominantly racialised and gendered exploited labour, but the structure of the global economy ensures that most of this wealth ends up concentrated in the economies of the global north, where global power continues to grow as a consequence.
9. We support taxation of wealth at the national level, but we argue that wealth taxes should not only be country-based, as these national taxes would only redistribute wealth within borders, and thus would not redress historical injustices or the extraction of wealth from the global south by the global north, that continues unabated. For example, a UK domestic wealth tax would redistribute wealth within the UK but would not return a share of wealth to the overseas communities who ultimately helped to create those taxable fortunes. We invite the Committee

to see wealth as the global phenomenon that it is, and therefore to begin exploring how the international tax system could return fair shares of wealth to the global population.

10. The G20 Presidency of Brazil has raised wealth taxation as a priority. Potential revenues for a global progressive wealth tax have been calculated by Thomas Piketty's team at the World Inequality Lab (see <https://wir2022.wid.world/chapter-7/>). More information on beyond-borders wealth taxation is available at <https://www.equalright.org/tax-justice.html>.
11. We therefore respectfully call on the Committee to add beyond-borders wealth taxation to its Terms of Reference. This could be a vital step in delivering global tax justice, and in enabling the accumulated inequalities between the global north and south to finally be addressed.

Financial transactions tax

12. We secondly propose a globally redistributive financial transactions tax ('FTT'). It should target the speculation and trading taking place on all markets and in all instruments, done on-exchange or bilaterally in the over-the-counter markets. It should target:
 - a. Shares, debts, tradable funds and indices on all listed corporations (such as fossil fuel polluters, arms manufacturers and financial institutions who continue to post record revenues, board payouts and share prices);
 - b. world currencies and crypto;
 - c. interest rate derivatives, bonds, credit default swaps, and other fixed income assets;
 - d. wholesale gas and oil, gold and silver, metals, lithium and other resources/minerals, and global food crops such as wheat, coffee, cocoa and sugar.
13. Every 24 hours, trading valued at 16 trillion US dollars and rising takes place across these asset groups. The value in commodity and financial markets is above all other financial flows and repositories, and is the focal point of corporate power that becomes political power. Nearly two-thirds of all global speculation and trading takes place in the United Kingdom and the United States of America.
14. We propose a reparative distribution of the taxes raised by this FTT, with money flowing beyond borders, back to the communities and groups who have (and continue to) suffer injustices in order for this wealth to be created, including in the extraction of raw materials and labour. Estimates as to the significant potential revenues of this FTT suggest it could easily finance all the Sustainable Development Goals, including eradicating poverty, hunger, as well as financing sustainable development and eradicating global south debt within a year of its full operation. See <https://revolutionaryreparations.org/financial-transaction-tax> for more information.
15. An FTT has been proposed by President Fidel Castro of Cuba (2001), and more recently by President William Ruto of Kenya and President Gustavo Petro of Columbia (2023), each recognising the trillions of dollars that could be raised to systemically alleviate poverty, hunger and debt, and to finance sustainable and democratic public development. FTTs were highlighted in the UN Publication 'Our Common Agenda Policy Brief 6: Reforms to the

International Financial Architecture’, published in May 2023, a copy of which can be seen [here](#).

16. We respectfully submit that the Committee should add the financial transactions tax for global redistribution, reparative justice and system change to its Terms of Reference.

Conclusion

17. A reparative justice approach to taxation enables the flow of value and wealth to return to its origins at a grassroots and community level whilst rebuilding a global economy that is not based on continued oppression, subjugation, inequalities and concentration of power.
18. We emphasise to the Committee that our proposed beyond-borders wealth tax and financial transactions tax would complement corporation taxes and efforts to reduce tax shifting. We submit that in order to meaningfully and sustainably move profits, wealth and power back to the people, the United Nations’ future global taxation Framework must include the taxes highlighted in this submission.
19. Accordingly we, the undersigned, urge the Committee to include within the scope of the Framework Convention **both wealth taxation and financial transactions tax**, with both **moving money beyond borders for reparative justice**.
20. Adding these taxes with their purposes outlined here to the Terms of Reference would ensure that the UN Framework Convention on Tax Cooperation maximises the power of taxation and puts global financial architecture to good use. These taxes address systemic social, political and environmental issues; they finance sustainable public development, and enable global redistribution, reparative justice and system change. We call on the Committee to recognise that democratising economic and political power is the pathway for lasting peace and prosperity on Earth.

We look forward to participating in future activities of the UN in achieving international tax cooperation and working with you on ways to implement these taxes in the future. Thank you.

Yours,

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