

For the kind attention of:

Mr. Ramy Youseff, Chair of the Intergovernmental Negotiating Committee to draft a United Nations Framework Convention on International Tax Cooperation and two early protocols (INC) and Mr. Daniel Nuer, Co-Lead of Workstream I.

Cc: Permanent Representatives and Observers to the UN in New York

11 July 2025

Subject: Oxfam submission regarding the Draft Issue Note of Workstream I of the Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation.

ABSTRACT

In this submission Oxfam set forth five recommendations for the INC. These recommendations focus on the need for the UNFCITC to recognize the need to reduce inequality and for progressive taxation; the need for climate & taxation to be elaborated; and for creating more clarity on the principles of the convention.

Oxfam wishes to thank you for the opportunity to provide written comments. As a signatory to the joint civil society submission coordinated by the Global Alliance for Tax Justice (GATJ) we kindly refer you to this document as it contains many crucial inputs that we support, including **the need for meaningful involvement of civil society** in the workstreams and discussions under the INC going forward.

We send this written input for Workstream I to elaborate on the need for the INC to incorporate a focus on **reducing inequality within and between countries**, and the need for **progressivity as principle** of the UN Framework Convention on International Tax Cooperation (UNFCITC). As secondary inputs, we also wish to present some of our inputs around **tax and climate**, as well as on **human rights**.

In what follows we elaborate our input and recommendations. We hope you will find them helpful and constructive, and we are more than happy to discuss and further elaborate them, should you wish.

1. Inequality reduction and progressive taxation as principles for the UNFCITC

In relation to the commitment on Sustainable Development we wish to reiterate the call contained in the joint civil society submission from the Global Alliance of Justice (GATJ) to include explicit language on the need to reduce inequality, and for progressive taxation.

Nearly half the world's population - over 3.7 billion people - lives in poverty, while gender injustice, accelerating climate change, hunger, and other denials of basic human rights are widespread. Since 2015, the richest 1 percent have gained at least \$33.9 trillion in wealth in real terms, enough to end annual poverty 22 times over. Dollar billionaires - roughly 3,000 people - have gained \$6.5 trillion in new wealth in real terms, more than the \$4 trillion estimated annual cost of achieving the SDGs.ⁱ World Bank shows that only 8% of humanity lives in countries that have low inequality. New research published by Oxfam shows the importance of reducing inequality for poverty reductionⁱⁱ:

- Reducing inequality by 2% accompanied by an annual growth rate of 2% would end extreme poverty rate in Africa 2.4 times faster than if inequality remained the same.
- Over the next five years, an additional 71 million people in Africa could be lifted out of extreme poverty if inequality were reduced by 2% per year.

Tackling extreme economic inequality is fundamental to promoting sustainable development, to ensure human rights, deal with the climate crisis and restore the social contract that inequality threatens to undermine. This holds true for inequality both between countries, as well as within countries.

The '*Compromiso de Sevilla*' adopted at the 4th Financing For Development International conference recognizes the need to reduce inequality and the importance of taxation to this. Paragraph 10 of the outcome document states, "*We will take action to combat inequalities within and among countries*" and paragraph 27(e) further states:

"We will promote progressivity and efficiency across fiscal systems to address inequality and increase revenue. We will promote progressive tax systems in countries, where applicable, and enhance efforts to address tax evasion and avoidance by high-net-worth individuals and ensure their effective taxation, supported by international cooperation, while respecting national sovereignty. We will also promote effective and equitable government spending."

Unfair tax systems have been contributing to high levels of wealth and income inequality, both within and between countries. Research shows that tax systems across countries now allow the super-rich to pay lower rates of tax than everyone else, with billionaires paying effective tax rates close to 0.3% of their wealth.ⁱⁱⁱ Over the past decades a dramatic shift in taxes has been taking place, from the richest to ordinary people. Net wealth taxes have been removed in several countries and top marginal tax rates on personal income taxes have decreased. The top 1 percent of earners in G20 countries have seen marginal tax rates on their income fall by roughly a third from 1980 to 2022, while their share of national income

has increased by 45 percent.^{iv} The drop in taxes on the richest has happened across regions, as illustrated by the change in the top marginal tax rates on the highest personal income^v:

- In OECD countries, the top rates fell from 58% to 42% from the 1980s compared to the present.
- In Africa, the average rate has fallen from 38% to 31% over the last 25 years.
- In Latin America it has fallen from 51% in the early 1980s to less than 27% by 2015.

Oxfam analysis also shows that taxes on capital gains are nearly half the rates applied to personal income, which tends to overwhelmingly benefit the richest as the wealthiest 1% owns 43% of all financial assets globally.^{vi}

Regressive tax cuts have often been carried through with promises of economic growth, jobs and investments, but research shows that their only visible effect was an increase in inequality.^{vii} Attempts by individual countries to increase taxes on the super-rich have often been met with concerted – and often misleading^{viii} – threats of a mass exodus of the rich and capital, which highlights the need for international coordination.

Tax systems as they have been designed have been unable to stop the rise in inequality and there is a real risk that in several instances, they now facilitate the rise of extreme inequality rather than hindering it. This is parallel to the structural and unfair international tax system, which reflects colonial divides. International tax rules and particularly the unequal division of taxing rights and the harmful effects of illicit financial flows on the Global South are examples of this.^{ix}

As a broad number of experts have increasingly found a consistent negative effect from high economic inequality on growth, poverty reduction, climate, health, education, gender and other social inequalities, democracy and more^x we strongly recommend strengthening international tax cooperation principles to reverse inequality trends to be a key concern for the INC.

We recommend that the INC ensure that:

1. The reduction of inequality within and between countries and the need for progressive taxation is contained in both in UNFCITC principles, and under the commitment on Sustainable Development.
2. That the commitment to ensure the effective taxation of High-Net-Worth Individuals (HNWI) focuses on international coordinated action that achieves their effective taxation of the income and wealth of the super-rich at rates high enough to significantly bring down inequality, and not only at addressing their tax avoidance and evasion. In relation to this we note that Paragraph 18 of the Draft Issue Note only mentions the need to address avoidance and evasion of HNWI, and not their effective taxation, despite paragraph 10 of the Term of Reference including both elements. Going forward, we recommend that wording around effective taxation of HNWI contained in the TORs are used by the INC.

2. Progressive taxes to address climate injustice

The climate crisis is an existential threat to the realization of sustainable development. It is a key manifestation and driver of inequality. The tax convention is positioned to play a vital and pivotal role in challenging each of these crises. Well-designed taxes can simultaneously achieve several goals: Help reduce inequality; change behaviour of investors, producers and consumers so that they shift economies away from carbon pollution; provide resources to fund social and environmental priorities domestically and, for wealthy countries, to contribute finance for development, climate and humanitarian action in the Global South.

We recommend that the Convention encourage States to cooperate on common standards for taxation on corporations and investors, aiming at higher taxes on income and wealth from fossil fuels, extractives and other high-emitting activities. Such taxes, imposed in a progressive manner, should provide financial incentives to shift from fossil fuels to renewable energy and from high to polluting economical activities to sustainable ones. The convention could encourage and enable States to implement measures such as:

- Taxes on wealth invested in high-emission companies like fossil fuels, i.e. ownership of polluting companies and activities.
- Taxes on income from stocks and shares in polluting companies (and companies making fossil-fuel dependent goods).
- Taxes on corporate income from polluting activities, including on excess profits

Oxfam has prepared a proposal for taxation of the profits of fossil fuel companies to raise funds for climate action and leverage a just energy transition. Such a tax on 590 oil, gas and coal companies could raise up to US \$400 billion in its first year, comparable to the estimated annual costs of climate damage in the Global South.^{xi} Loss and damage costs from climate change to the Global South are estimated to reach between \$290bn to \$1,045bn annually by 2030.

Oxfam and Greenpeace also carried out a survey of 13 countries comprising at least half the world's population which showed that 81% of people surveyed support new taxes on the oil, coal and gas industry to pay for damages caused by fossil-fuel driven climate disasters like storms, floods, droughts and wildfires. When asked who should be taxed to pay for helping survivors of fossil-fuel driven climate disasters, 66% of people across countries surveyed think it should be oil and gas companies compared to fewer than 5% who support taxes on working people, 9% on goods people buy, and 20% in favour of business taxes.^{xii}

We recommend that:

3. The INC explores the development of progressive climate taxes on the super-rich and on the profits of highly polluting corporations that will both raise significant climate finance support, while reducing inequality.

3. Principles and Human Rights

During the discussions regarding the Draft Issue Note from Workstreams I, II and III it became clear that many principles concepts are at the root of misalignments. For example, the lack of understanding and agreement on the concepts of: Fairness, tax justice, right to taxation, progressivity.

As we understand the importance of starting the work of the Convention with the commitments, we also consider it highly important to have the principles as a first subject, to be developed during the first weeks of negotiations, and not only after, since these agreements on the principles and concepts will facilitate commitments to be reached and for the protocols to be fully aligned with the Convention.

We recommend that:

4. Include a commitment to ensure that tax systems and international cooperation on tax issues are fully in line with international human rights principles and guidelines for fiscal policies,
5. Have the principles as a first subject of discussions during the first weeks of negotiations, and not only after the discussion on commitments, since these agreements on the principles and concepts will provide the basis for the commitments to be reached.

ⁱ Oxfam. From private profit to public power. 2025. <https://www.oxfam.org/en/research/private-profit-public-power-financing-development-not-oligarchy>

ⁱⁱ Oxfam, Africa's Inequality Crisis and The Rise of the Super-Rich. 2025. <https://www.oxfam.org/en/research/africas-inequality-crisis-and-rise-super-rich>

ⁱⁱⁱ Gabriel Zucman. A Blueprint for a Coordinated Minimum Effective Tax Standard for Ultra-High-Net-Worth Individuals. <https://www.taxobservatory.eu/publication/a-blueprint-for-a-coordinated-minimum-effective-taxation-standard-for-ultra-high-net-worth-individuals/>

^{iv} Oxfam. Less than 8 cents of every dollar of tax revenue collected in G20 countries comes from taxes on wealth, says Oxfam. 2024. <https://www.oxfam.org/en/press-releases/less-8-cents-every-dollar-tax-revenue-collected-g20-countries-comes-taxes-wealth#:~:text=Home-.Less%20than%208%20cents%20in%20every%20dollar%20of%20tax%20revenue,burden%20onto%20lower%20income%20families>

^v Oxfam. Survival of the Richest. 2023. [https://www.oxfamnovib.nl/Files/rapporten/2023/Davos_2023_full%20report_English_EMBARGOED%20\(3\).pdf](https://www.oxfamnovib.nl/Files/rapporten/2023/Davos_2023_full%20report_English_EMBARGOED%20(3).pdf)

^{vi} Oxfam. Inequality Inc. – How Corporate Power Divides Our World and the Need for a New Era of Action. 2024. <https://policy-practice.oxfam.org/resources/inequality-inc-how-corporate-power-divides-our-world-and-the-need->

[for-a-new-era-621583/](#) & Oxfam. Survival of the Richest. 2023.
[https://www.oxfamnovib.nl/Files/rapporten/2023/Davos_2023_full%20report_English_EMBARGOED%20\(3\).pdf](https://www.oxfamnovib.nl/Files/rapporten/2023/Davos_2023_full%20report_English_EMBARGOED%20(3).pdf)

^{vii} London School of Economics. 2025. Tax Cuts for the Wealthy Only Benefit the Rich: Debunking the Trickle Down Economics. <https://www.lse.ac.uk/research/research-for-the-world/economics/tax-cuts-for-the-wealthy-only-benefit-the-rich-debunking-trickle-down-economics>

^{viii} Tax Justice Network. Millionaire Exodus Did Not Occur. 2025. <https://taxjustice.net/press/millionaire-exodus-did-not-occur-study-reveals/>

^{ix} Oxfam. Takers Not Makers – The unjust poverty and unearned wealth of colonialism. <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2025-01/English%20-%20Davos%20Full%20Report%202025.pdf>

^x Oxfam, Africa's Inequality Crisis and The Rise of the Super-Rich. 2025.
<https://www.oxfam.org/en/research/africas-inequality-crisis-and-rise-super-rich> &
<https://www.theguardian.com/inequality/2023/jul/17/top-economists-call-for-action-global-inequality-rich-poor-poverty-climate-breakdown-un-world-bank> & <https://www.theguardian.com/business/2025/jun/26/world-leaders-inequality-poverty>

^{xi} See Oxfam, <https://www.oxfam.org/en/blogs/rich-polluter-profits-tax-could-raise-400-billion-and-help-phase-out-fossil-fuels> 2024 and a methodology note: https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2025-06/Oxfam%20Polluter%20profit%20tax%20methodology%20note_2.pdf

^{xii} https://docs.google.com/presentation/d/1hfcJBUKA906tuE_z-mz4JyMIPJkyadd8XxyWX3fAFPI/edit?slide=id.g34401dab6f0_0_1249#slide=id.g34401dab6f0_0_1249