

Tax Justice and Quality Public Services

- **Taxation is a means to raise revenues for the state to fulfil its obligations.**
- **A state's right and authority to tax goes hand in hand with its duty to fulfil its obligations to its citizens**
- **Providing Quality Public Service is one of its most fundamental obligations**
- **Ensuring a just, fair and efficient tax system is central to ensuring Quality Public Services.**

Progressive vs Regressive Taxation

Taxes should promote equity and redistributive justice.

It is fundamental that it be designed and implemented in an equitable and just manner. Taxation should not be an additional burden to those who do not earn enough or earn just enough to meet their very basic needs.

Those who have more (income & assets) should give more – not only in terms of nominal and absolute amounts but in greater proportion to their income. This is the core to the concept of progressive taxation.

Regressive taxes policies or tax systems are those which do not account for differences in economic capacities and involve a comparatively heavier burden on low income classes and sectors.

Direct Taxes and Indirect Taxes

Direct Taxes - based on income, wealth and property

is more progressive than

Indirect Taxes - based on consumption (ex. VAT) – the lower your income, the bigger part of your income goes to basic necessities

The structure and design of Direct Taxes can also be regressive – if those with bigger income, wealth and property pay a lower or only equal percentage to taxes

Tax Avoidance and Tax Evasion

- **Avoidance** -- exploiting tax laws and policies to minimize / avoid payment of taxes
- **Evasion** – violating tax laws and policies to escape from payment of taxes
- These play out not only in national contexts but in the global arena as Global Corporations and International Investors exploit differences in tax laws and policies in different countries and their ability to move capital and goods across borders to avoid and/or evade payment of taxes

Transfer Pricing and Tax Havens

- **Transfer Pricing** – is a system used by transnational corporations to report their pre-tax profits and losses in countries where tax rates are low
- **Tax Havens** -- are countries which have extremely low taxes rates, or offer tax holidays for

Tax Incentives for TNCs

- Tax policies which provide lower tax rates or tax exemptions or tax holidays to foreign investors and transnational corporations as incentive for them to invest
- “Race to the bottom”

Global Alliance for Tax Justice

The new campaigning alliance that emerged from the Tax Justice Network International

Founded in Lima, Peru in March 2013

Initial coalition of 81 organisations in 5 regional networks – Africa, Latin America and the Caribbean, North America, Europe and ASIA.

A global alliance of regional alliances

GATJ in ASIA

- No formal structure yet – target is to hold an Assembly in early 2014
- Preparatory Meeting in Bali, Indonesia during the period of the WTO Summit

GATJ Global Campaign:
Making TNCS
PAY FAIR TAXES

Asian Campaign Priorities:
Other issues to be worked out in
addition to working on the Global
Campaign Theme