

## **‘Remember the poor’ – says Church Action for Tax Justice in response to main parties’ manifestos**

Today (Nov 26<sup>th</sup>), Church Action for Tax Justice (CATJ), is calling on voters to ‘remember the poor’ as they consider their response to the [Conservative](#), [Labour](#) and [Liberal Democrats](#) manifestos which have now all been published.

CATJ welcomes the fact that all of the parties have called for a fairer tax regime and measures to address poverty and inequality. The Conservatives indicate they will ‘continue our efforts through the tax and benefits system to reduce poverty, including child poverty’; Labour says they will ‘tackle poverty and inequality’ by ending ‘the unfairness that sees income from wealth taxed at lower rates than income from work,’ and the Liberal Democrats promise to put ‘1p on Income Tax, with this money to be ringfenced for spending on the NHS and social care.’

In line with the rules that govern charities at the time of elections, CATJ is not allowed to advocate for or against specific parties. However, we are able to draw attention to policies that we have been campaigning and working on for some time and that may or may not appear in party manifestos. Below is our list of what we think are the crucial issues to look for in party manifestos as you consider how you might vote in the upcoming general election. We believe that these are the five main areas where the tax regime can be used to address issues of poverty and inequality and so in the words of the apostle Paul ‘remember the poor’ (Gal 2:10).

### 1. Income Taxes

Clearly, one of the main areas where poverty and inequality can be addressed is through the amount of money we actually receive into our bank accounts each month. For some time, CATJ has been arguing that our current tax system is deeply regressive – that is, when all taxes are taken into account, the poor actually pay a higher proportion of their income in tax than the wealthy. This is unfair and should be changed.

One way this can be addressed is through equalising the amount of tax that is paid on income through work and income through wealth. Currently, the tax that is paid on income from dividends and capital gains (wealth) is less than that paid on income from normal work. We think this is unfair and that it contributes to the income and wealth inequality that plagues our country. We welcome then any changes to this arrangement.

### 2. Council Tax

One of the most unfair taxes in the UK at present is the Council Tax. It is highly regressive in that the poor currently pay a much higher proportion of their income in Council Tax than those who are wealthy. The poorest 10% of households pay 16% of their original income in Council Tax compared to just 3% for the wealthiest 10% of households. For this reason, in [our manifesto](#) earlier this year,

we called for its replacement with some kind of land value tax and it has been excellent to see this idea being picked up in the manifestos.

### 3. Corporation Tax

In the 1970s and early 80s the corporation tax rate was 52%. Today, the main rate is 19%. At this rate, the UK is below the OECD and European averages. There had been plans to cut the corporation tax rate even further to 17%, but we are pleased to see that none of the main parties have proposed this. A very low corporation tax rate is effectively a tax cut for the wealthy as business profits are usually distributed as dividends to shareholders.

### 4. Green Taxes

We are all aware of the devastating impact that climate change is having on our planet – from melting of the polar ice caps to huge reductions in biodiversity, climate change is killing the creation that God gave us. However, at the same time, climate change is also having a disproportionate impact on the lives and livelihoods of those living in the poorest parts of our world. It is estimated that over the next 10-20 years, 5 million people will be killed in the global south because of climate change effects such as heatwaves, droughts, floods and crop failures. For this reason, tackling climate change through the taxation system is hugely important as tax can be used not just to reduce poverty and inequality, but also to encourage the kind of zero carbon lifestyle changes that genuinely help the poorest in our world. CATJ welcomes then any efforts to move to a greener economy through the tax system.

### 5. Tax Dodging

Finally, CATJ has been delighted to see that all the main parties have indicated that they want to clamp down on tax dodging both nationally and internationally. Nationally, at least £35bn that should be paid in tax is not paid, and internationally up to \$400bn per year is not paid to some of the poorest countries in the world. If this tax revenue was collected then the funds available for public services would be transformed, and in some cases would actually outstrip funds made available through increasing taxes elsewhere in the system. Therefore, it is really important that whichever party is elected that it finds ways to reform international tax rules, to strengthen the HMRC and to close tax loopholes where they exist.

In conclusion

Accompanying this press release, we have written on [The Three Key Questions about Tax](#) that are relevant to this election: Do the policies reduce inequality?; Do they meet the needs of the most vulnerable?; Do the policies serve the common good? A prime purpose of taxation is the provision of public services, on which the poorest in society depend even more. We welcome the commitment by all parties to spend more, especially on health, social care and education. But at a time when speaking the Truth in public life is at a premium, we urge all parties to be honest about how this money, from taxation or borrowing, will be raised. Our strapline is *for the common good*, and our hope is that whichever party is elected that it will serve all and, in the words of St Paul, especially ‘remember the poor’.

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