Welcome to the January 2020 Church Action for Tax Justice (CATJ) Newsletter

In this month's newsletter:

CATJ News

On 10th December, our national co-ordinator, Dr Justin Thacker attended a 'Tax and Poverty' workshop in Brussels hosted by German, Zambian and Kenyan Jesuits and with the participation of a range of EU officials and MEPs. There was general consensus that current international tax policies are harming developing countries in particular, and there is an inconsistency in the way the EU operates in this regard. Most interestingly, more than one official indicated that pressure from civil society and the church can and does make a difference. We just need that pressure to be informed and sustained. The call came through clearly "we need the church to speak more loudly about tax". That is everything that CATJ is trying to do. A fuller report is available here

Over the next few months, CATJ representatives are speaking at the following events. If you would like a speaker for your church / event, then please do get in touch:

- **Sunday 12th January 10.30am – Bearwood Baptist Church, Smethwick, West Midlands**
- **Saturday 18th January 6.30pm - Central Methodist, Chesterfield**
- **Monday 27th January, Just Love Cambridge**
- Thursday 6th February, **7.00 for 7.30pm – St Andrews Methodist Church, Pump St, Worcester, WR1 2QT**
- **Wednesday 1st April 7.30pm – Cuthman Lecture at Steyning Parish Church, West Sussex**
- Saturday 23rd – Monday 25th May **– Cliff College Festival, Cliff College, S32 3XG**
- **Saturday 13th June 9.30am – Moravian Church, London**
- **Sunday 14th June 9.00am and 10.45am – St John's Church, Chesterfield**

And don't forget, Sunday 14th June is **Tax Justice Sunday**. There are a range of resources available on our website for you to ensure your church marks this occasion.

CATJ currently employs just one member of staff, the national coordinator Justin Thacker, for just three days a week. We have been offered funding to increase this to a full time role but only if we can match the funds with donations from supporters. So if you would like to donate to help us expand our capacity you can do so through our website or get in touch to set up a standing order mail@catj.org.uk

Wealth Inequality continues to increase in the UK

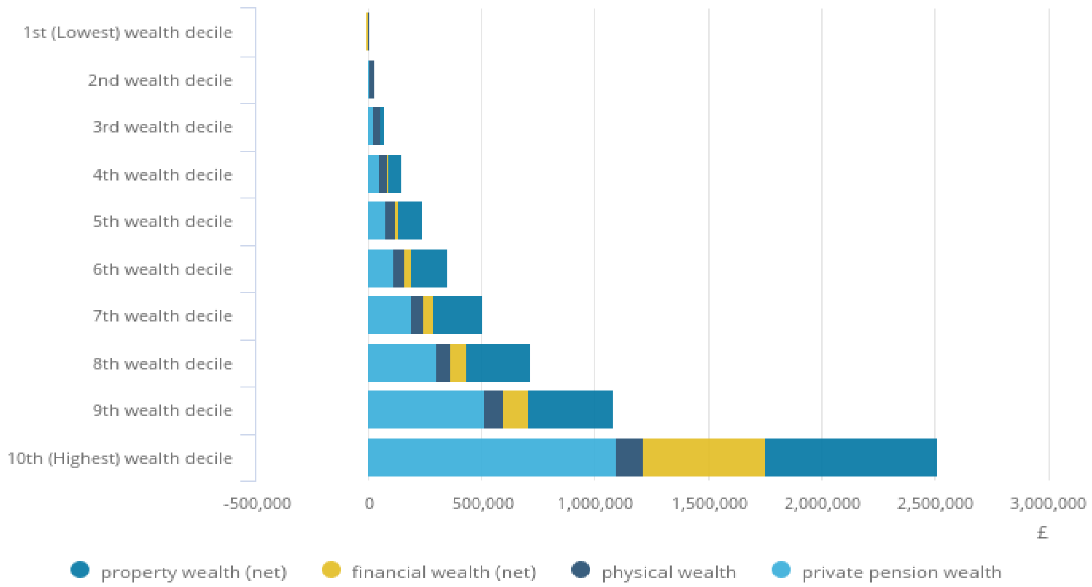
The government has released its latest figures for the distribution of wealth in the UK. Wealth includes anything that people own including property, land, cars and shares. For many years, wealth inequality has been on the increase and going far beyond income inequality. The latest figures confirm that trend. Key points include:

- The wealthiest 30% own 76% of the UK's total wealth while the poorest 30% own just 2%
- The wealthiest 10% now have at least five times more wealth than the bottom half of households;
- London and the North East of England are the regions with the greatest wealth inequality.

- Wealth inequality is double that of income inequality.
- The wealthiest 10% have seen their wealth increase substantially, while the poorest and those with average wealth have stagnated

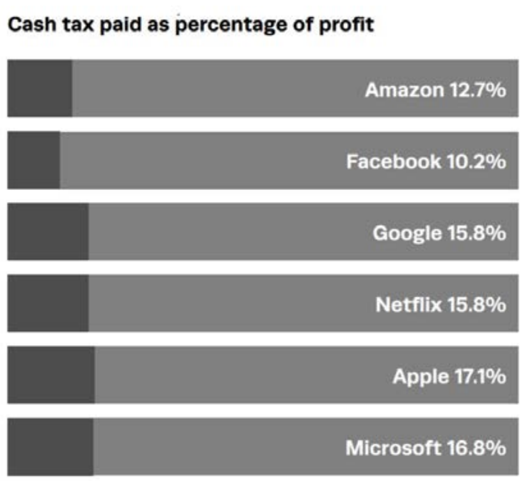
For a theological discussion of this reality, see the 'and finally' section at the end.

Mean total wealth by component and wealth decile, Great Britain, April 2016 to March 2018



The Silicon Six and their $100bn tax gap

The Fair Tax Mark have released a new report which examines the tax gap for the so-called silicon six, that is Facebook, Apple, Amazon, Netflix, Google and Microsoft. They show that collectively these six companies have fallen short of the tax that is expected of them to the tune of $100-150 bn over the last ten years. This shortfall has occurred across multiple countries as the corporations shift their profits to a range of global tax havens. In terms of poor tax conduct, the worst is Amazon who appear to have paid less than 13% corporate tax against an expected rate of 35%. The best of a bad bunch were Microsoft who paid just under 17% corporate tax.



The Race to the Bottom

The Tax Justice Network have released a new video in which their director, John Christensen, takes a stroll through one of London's wealthiest streets and discusses the way in which Britain is participating in a race to the bottom for corporate tax rates. Currently, the UK has one of the lowest corporate tax rates historically and one of the lowest among European countries, and yet it could drop even further. In practice, this simply means that tax that used to be paid by corporate shareholders is now paid by everyone else. For this reason, he calls it a corporate welfare state - the rest of us are propping up corporate shareholders. The video is available by clicking on the image below:

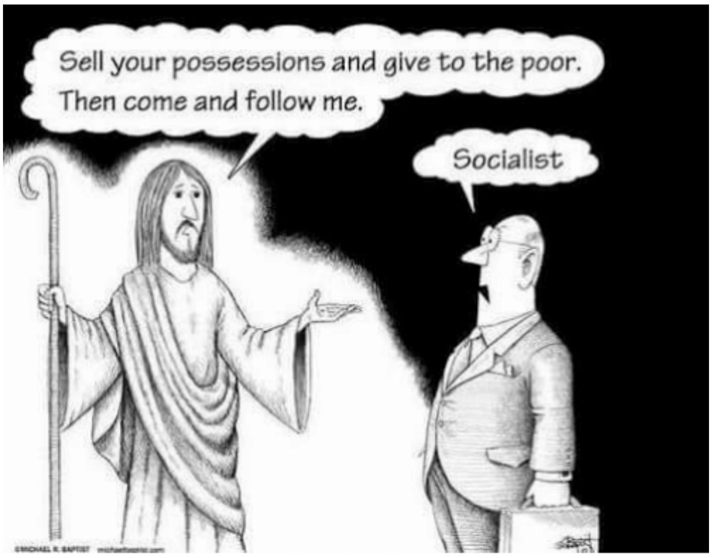
Will the USA pull out of international tax negotiations?

As we have previously discussed, the OECD is currently leading a process to develop a new international tax architecture known as BEPS 2. Until December, the USA had been very much part of this process but then in early December the US secretary of the treasury sent a letter which made it clear they will only support change if it does no harm to US big tech companies. The whole point of the current negotiations is that the big tech companies - especially Google, Amazon, Facebook and Apple - appear to be getting away with paying little tax, if any, in many of the countries in which they do business. The OECD sent a robust reply asking the US to continue in the negotiations. All of this is just a reminder that reforming international tax architecture in order to create a fairer world is very much not on the minds of US officials at present.

In brief:

- The Institute for New Economic Thinking has released a series of videos 'Economics for People' by economics professor Ha-Joon Chang which is an introduction to economics for non-economists
- Google announces it will stop using one particular tax loophole

And finally…



Sell your possessions and give to the poor. Provide purses for yourselves that will not wear out, a treasure in heaven that will never fail, where no thief comes near and no moth destroys. For where your treasure is, there your heart will be also. Luke 12:33-34

One of the things we all know is that Christians are meant to tithe. We might well have a debate as to whether the 10% we give away should we based on pre-tax income or post-tax income, or even whether it is 10%, but what we all agree on is that we are meant to give away some proportion of our income.

And of course, there is a good biblical basis for such behaviour. In previous posts, I have written about the Levitical code that required the people of Israel to set aside a tenth of their produce for the widows, the poor, the foreigners and the Levites. But as we turn to the New Testament, something different seems to be going on. The emphasis in numerous NT passages is not on a tithe on income, but a title on wealth. This passage from Luke is just typical. Jesus' instruction was not to take the excess of our income and give away a proportion, his instruction was that we sell some possessions and give those proceeds away. And while the same point is made in relation to the rich young ruler (Luke 18) the instruction here is to us all. It does not just seem to be a command to the rich.

I've been reading Thomas Piketty's *Capital in the Twenty-first Century* recently. His fundamental point is that as soon as we have wealth - whatever its form - that wealth will almost always generate a greater growth in value than growth in income from work. This is another way of saying the rich will always get richer - unless we intentionally do something about it. We saw this in the wealth inequality stats from the UK discussed earlier. Wealth inequality outstrips income inequality and has been doing for some time.

All of this makes me wonder if Jesus knew what he was talking about. During early Judaism, the mechanism of wealth redistribution was the Jubilee principle (at least in theory) in which every 50 years all debts were cancelled and land was returned to its original owners. In 1st Century Palestine, this would have no longer been effective because the economy was far less land-based. Perhaps therefore in encouraging us to sell our possessions and give to the poor, Jesus was giving us a jubilee principle for the 1st Century, and possibly for the Twenty-First too!

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