



Welcome to the October 2019

Church Action for Tax Justice (CATJ) Newsletter

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### [CATJ News](#)

On Saturday 2nd November, our national coordinator, Justin Thacker will be speaking at Truro Methodist Church as part of a mission roadshow taking place there. If you are in this area, do come along for 1pm.

**Sunday 14th June 2020** has been designated **Tax Justice Sunday**. There are already [a range of worship resources](#) available on our website to help you mark this occasion, and more will be added over the course of the coming six months. However, can we encourage you to contact whoever organises the preaching rotas for your church to see if you can find a way to mark Sunday 14th June as Tax Justice Sunday. Ideally, the whole service would be constructed around this theme, but it could be as little as drawing attention to tax justice issues in a prayer, song, reading, or perhaps showing one of the video clips that highlight tax justice issues. If

you would like ideas then do visit our website or get in touch. For now, just ensure, it is in your Sunday service calendar that in some way Tax Justice will be marked on 14th June 2020.

On Sunday 13th October, Justin Thacker, our national coordinator spoke at Kirkby Lonsdale Methodist Church on the topic of 'A Biblical view of Tax Justice'. The talk was very well attended and one of the organisers commented afterwards "Great to have Justin Thacker come and share with our congregations in Kirkby Lonsdale. If you are looking for a



speaker on this sometimes daunting subject he makes it understandable, engaging and thought provoking -highly recommend people checking out the work this charity does and maybe even invite him to speak. I'd never connected quite so clearly how sorting out the tax system could help in finding justice in other causes I'm passionate about such as the environment and the enlarging gap in equality and poverty levels between the global south and the global north." If you would like to book Justin for your own church / event then email [justin.thacker@catj.org.uk](mailto:justin.thacker@catj.org.uk)

CATJ has also begun work with a range of other campaign organisations to develop a joint approach on wealth taxes ahead of the next election. One of the primary issues we are all concerned about is to equalise the tax paid on earned and unearned income, and so look out for information on this in due course.

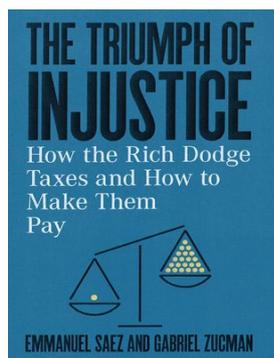
And just a reminder that if you haven't yet done so, do follow us on social media:

Twitter: @ChuActTaxJust

Instagram: churchactionfortaxjustice

Facebook: [facebook.com/churchactionfortaxjustice/](https://www.facebook.com/churchactionfortaxjustice/)

## New book: The Triumph of Injustice



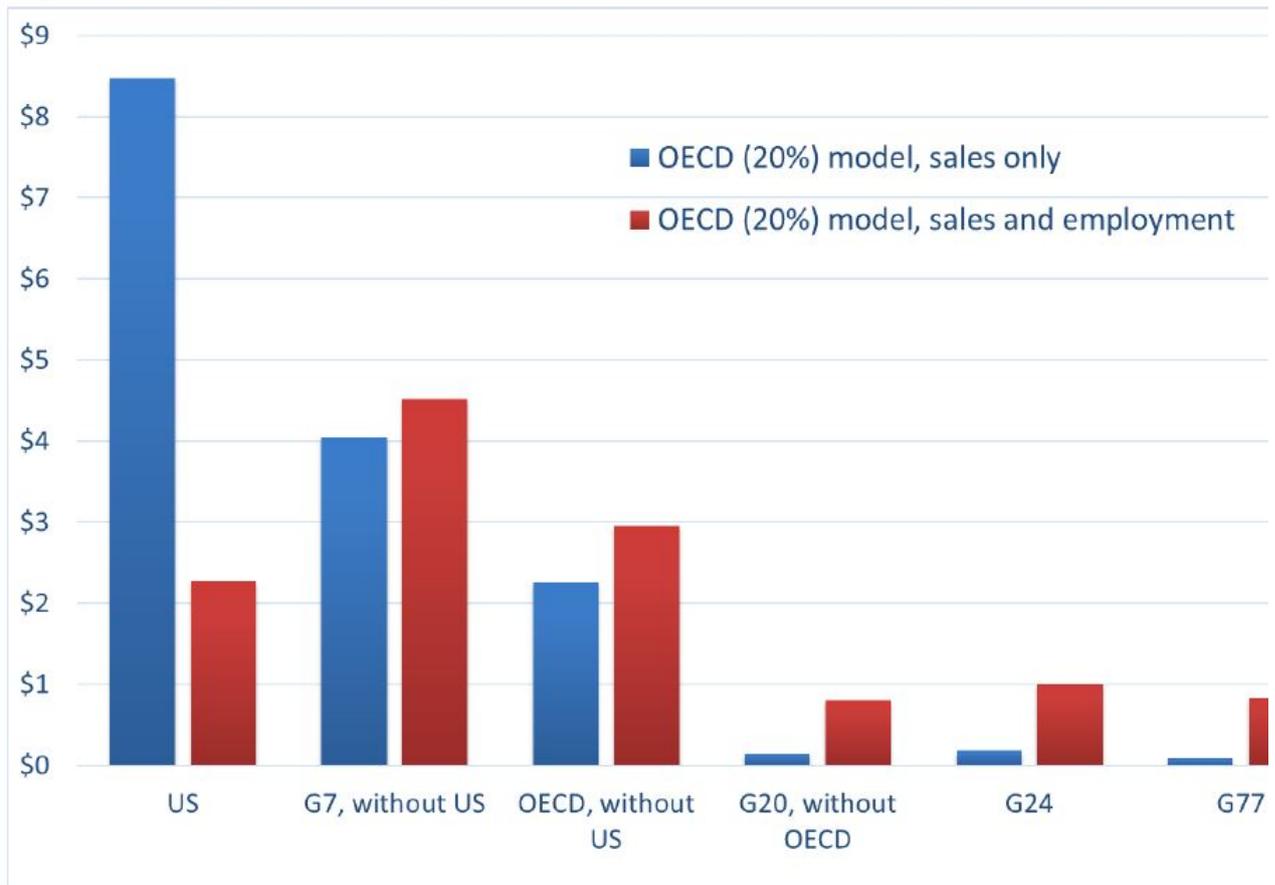
Earlier this month, Gabriel Zucman and Emmanuel Saez released a new book, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*. Both of them are academics at the University of California, Berkeley and while the book is at times quite technical, it certainly provides a readable account of the problem of tax injustice. Accompanying the book, they have produced an interactive website - <https://taxjusticenow.org> -

where you can design your own tax regime and see what its impact is on different sections of society. The website is designed for the US economy, but some of the principles are transferable to a UK context, and it is well worth a visit. An interview with Zucman is also available on the [Tax Justice Network October podcast](#)

## International tax reforms challenged by ICRICT

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) has [issued a new technical paper](#) that challenges the reforms put forward by the OECD regarding international taxation. Up to \$600bn each year is lost to national governments by the tax abuse practices of multinational corporations. The international community has slowly woken up to this reality and is seeking reform to international tax policy and practice as a way of addressing this problem. The main proposals are those being developed by the OECD - the group of 36 wealthiest nations - under the BEPS (Base Erosion and Profit Shifting) banner. Tax campaigners have long criticised the BEPS process for not including global south countries sufficiently, and have proposed instead that the reforms should be designed by the UN, where all countries have more equal representation. The OECD have stated that global south countries do have a voice via their 'inclusive framework', and while they enjoy some representation in the BEPS discussions, they still do not have the same influence as the wealthier nations.

Figure 2: Projected per capita revenue increases, OECD (20%) model



All of this matters because the new report from the ICRICT takes the current BEPS proposals and compares their impact with two other reform proposals - one proposed by the IMF, and one proposed by tax justice campaigners. What they find is that the current BEPS proposals have a marginal impact on addressing tax abuse by multinationals and in particular generate hardly any extra income for the poorest countries globally. In contrast, the proposals put forward by tax justice campaigners have a much more significant impact. So while the OECD proposals would generate an extra \$0.3bn for the G77 group of poorest countries, the tax campaigner proposals would generate an extra \$19bn. Given the fact that the poorest countries in the world lose up to \$400bn in tax revenue each year, it is incumbent upon the international community to shift the process of reform to the UN, to allow global south countries to have a real voice in this process, and so ensure they get their fair share of lost tax revenue.

### [Christian Aid releases new report on scale of tax dodging globally](#)

In related news, [Christian Aid have released a new report](#) which details the scale of tax dodging impacting global south countries. In their report, they generate a new figure for the amount of money that the poorest countries in the world lose to illicit financial flows through a range of tax abuse processes: \$416bn each year. This is larger than some previous estimates. They conclude by advocating a rights-based approach to these losses which would address the harmful practices that "rob the poor to enrich the wealthy".

### [New poll finds overwhelming support for fairer tax regime](#)

69%

... think earnings from wealth should be taxed at least as much as income from work.

**TAXJUSTICE.UK**

[A YouGov poll](#), commissioned by Tax Justice UK and Oxfam has found overwhelming support for a fairer UK tax system. 69% of people agreed that income from wealth (capital gains and dividends) should be taxed at the same rate as income from work. Currently, capital gains in particular are taxed at much lower rates. Just over half (52%) also felt that the very wealthy - those with assets worth over £750,000 (excluding their home and pension) - should be subject to a tax on that wealth. All of this lends more support for calls by campaigners to equalise tax on earned and unearned income.

### [IFS critiques tax-breaks for business owners](#)

The Institute for Fiscal Studies has released [a new report](#) which criticises the tax breaks available to those who own their own companies. It shows how many owner managers shift their income from normal taxable income to dividends or capital gains as a way to avoid paying higher tax rates. Entrepreneur's tax relief and capital gains tax rates come under particular scrutiny, and their headline finding is that "**lower**

**rates of tax on business income produce large benefits that disproportionately accrue to the rich".** In other words, the current way in which business owners are taxed is unfair given that owner managers are disproportionately represented in the top 2% of earners. The significance of this report is that the IFS is not known as a left-wing think tank and in the past has been criticised for favouring tax breaks for the wealthy. The fact that they are now critiquing the current UK tax regime suggests something is seriously awry.

### **Is Tax Avoidance Legal?**

Subscribers to our newsletter will no doubt be aware of the technical distinction between tax evasion, which is illegal, and tax avoidance, which though morally dubious is not actually illegal. At least, that is the distinction that many tax dodgers like to make much of - 'We are not doing anything illegal' - is their usual cry.

Taxwatch - a UK research and campaign body - have this month [published an article](#) suggesting we need to rethink this distinction. In the article, a distinction is drawn between activity that is 'illegal' - that is, positively prohibited - and an action that is 'unlawful' - that is, activities which have no basis in law, are against the spirit and intention of the law, and are very much at risk of being found to be 'illegal' in the first sense. The article is well worth reading and created somewhat of a twitter storm because it challenged the notion that its perfectly safe to go round saying 'It's all entirely legal'. The law just isn't that simple.

### **In brief:**

- [Cayman Islands bow to pressure and commit to publish public registers of beneficial ownership by 2023](#)
- [Eurodad releases short infomercial as to why we need public country by country reporting](#)
- [Oxfam details scale of tax avoidance by 25 of the largest British companies](#)
- [And Facebook is criticised for its tax practices](#)

[And finally...](#)



*When you have finished setting aside a tenth of all your produce in the third year, the year of the tithe, you shall give it to the Levite, the foreigner, the fatherless and the widow, so that they may eat in your towns and be satisfied.*

Deuteronomy 26:12

The sharp eyed among you will have noticed that this is the same verse that I provided comment on last month, but this time I want to draw out a different lesson from it. In the final clause, it tells us the aim of providing the tithe (or as I previously suggested, tax), is that the poor, the vulnerable would be provided for, but more than that, they would be *satisfied*. The Hebrew word here for satisfied does not just mean someone who has received the bare minimum - enough to repel the worst hunger cravings - no, it means someone who has received plenty, an abundance, so much so that they are filled, complete, full up, stuffed. It's the same word used in Deut 31:20 when the authors describes the land flowing with milk and honey, or Nehemiah

9:25 when they ate to their fill and "grew fat". It's a word that conjures up the idea of the extravagant God who turns water into wine, who feeds 5,000 with so much that 12 baskets full are left over. It is a God of plenitude. This is how things are meant to be.

Yet, if I compare that picture to the one we see in our own society today, I am aware of a stark difference. On the day that I wrote this, there was [a news report](#) that many women on universal credit are so short of funds that they resort to sex work to make up for their lack of funds. That is not a society in which those who receive the fruit of our taxes are 'satisfied', that is a society that pay taxes to furnish the poor with the bare minimum needed for survival. And that is why campaigning for tax justice matters.

**Postscript:**

We are always looking for feedback as to how we could improve this newsletter so if you do have any suggestions, please do get in touch by emailing:

[justin.thacker@catj.org.uk](mailto:justin.thacker@catj.org.uk)

Thankyou!

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