

Intervention¹ by Corina Rodríguez Enríquez, DAWN and WWG on FFD at

ICRICT Event: Expanding the debate on tax reform

Policy Dialogue: Harnessing the Potential of Domestic Resource Mobilization for Sustainable Development

Expert Panel 1: What is the role of taxation in financing development?

12th of July 2015

1. Development, understood as the improvement of people's quality of life, requires State's capacity to provide and to redistribute. Taxation is a key element for this. Tax structure and the level of revenue collection on the one hand, and budget allocations and expenditure on the other, influence the ability of States to fulfill their human rights obligations and to tackle discrimination and structural inequalities.
2. Under international human rights law, States have the duty to mobilize the maximum available resources to implement public policies for the realization of the human rights. Therefore, when the State does not mobilize sufficient resources (because it does not address tax evasion and avoidance), it is not able to provide accessible and quality services for all. Then, it is violating this human right principle, as well as perpetuating or exacerbating inequalities.
3. This raises special concern from a women's human rights and gender equality perspective. Due to the structural nature of gender inequality, women in most of societies continue to be overrepresented in the lowest quintiles of the income distribution, continue to be the most responsible for unpaid care work (which undermines their economic participation), continue to be concentrated in the most precarious and poorly paid jobs, are still a minority in the spaces of representation and leadership, still face gender-based violence, human trafficking,

¹ Many inputs taken from the Statement prepared by feminists and allies at the Financial Transparency Coalition and Latindadd Conference "Hidden Money, Hidden Resources: Financing Development with Transparency" Lima, 14 - 15 October 2014: "Why tackle the links between illicit capital flows, tax policies and gender justice?"

and continue to have their sexual and reproductive rights and autonomy limited. This cannot be overcome without active and properly funded State interventions in areas such as social protection, productive diversification and employment, education, care, sexual and reproductive health.

4. Tax abuses undermine States' ability to address these issues. Moreover, when corporations fail to pay their fair share of taxes, Governments are forced to raise revenue from other sources, often through regressive taxes. This perpetuates the unfair shape of tax structures, which are not gender neutral. They affect women and men differently because of their unequal status as workers, care givers, producers, consumers and asset owners.
 - a. Regressive tax structures have disproportionate impacts on women, over-represented among low-income population.
 - b. Extensive use of tax credits in direct taxation discriminates against women, who often cannot benefit from them.
 - c. Certain tax arrangements might directly or indirectly discourage women's participation in the labour force or promote the male bread-winner family model.
 - d. Direct and indirect gender bias in taxation perpetuates gender inequality.
5. Therefore, to make taxation meaningful for development, there is a need to increase the tax base in a progressive way, shifting the burden of taxes away from women, people living in poverty and other marginalized groups who are at the bottom of the income distribution towards highly profitable sectors (such as the financial sector and the extractive industries) and towards corporations that are used to tax abuses.
6. To achieve this, Governments need to undertake measures at the national level, but also through international tax cooperation and coordination, because the scope of governments to mobilize resources is restricted by international framework conditions. In this regard, one of the greatest problems, as it has been mentioned over this meeting, is the current regime of taxing transnational corporations. The other one, is the existence of countries and territories under sovereign jurisdiction that allows for cross-border tax flight and provides "safe havens".

7. To address tax evasion and avoidance and their impacts on the ability of States to guarantee human rights, and especially women's rights, and to reduce inequalities at the global level, it is necessary to reverse the "race to the bottom", to move towards a new social contract that shifts from tax competition to tax cooperation, and towards transparency and accountability over fiscal policy.
8. We therefore celebrate the proposal of the Independent Commission for the Reform of International Corporate Taxation. We feel that it properly confronts with the spirit of Addiss Ababa Action Agenda draft, and its problematic multistakeholders approach. On the contrary, this proposal contributes to the necessary shift in financing for development paradigm. From enabling environments for private businesses, to development policies that can ensure a better life for all.

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