

The background features a teal-to-white gradient. On the left side, there is a pattern of overlapping hexagons in various shades of teal, maroon, and grey, some with white outlines. The word "class" is written in a large, bold, dark purple font on the right side.

class

Centre for Labour
and Social Studies

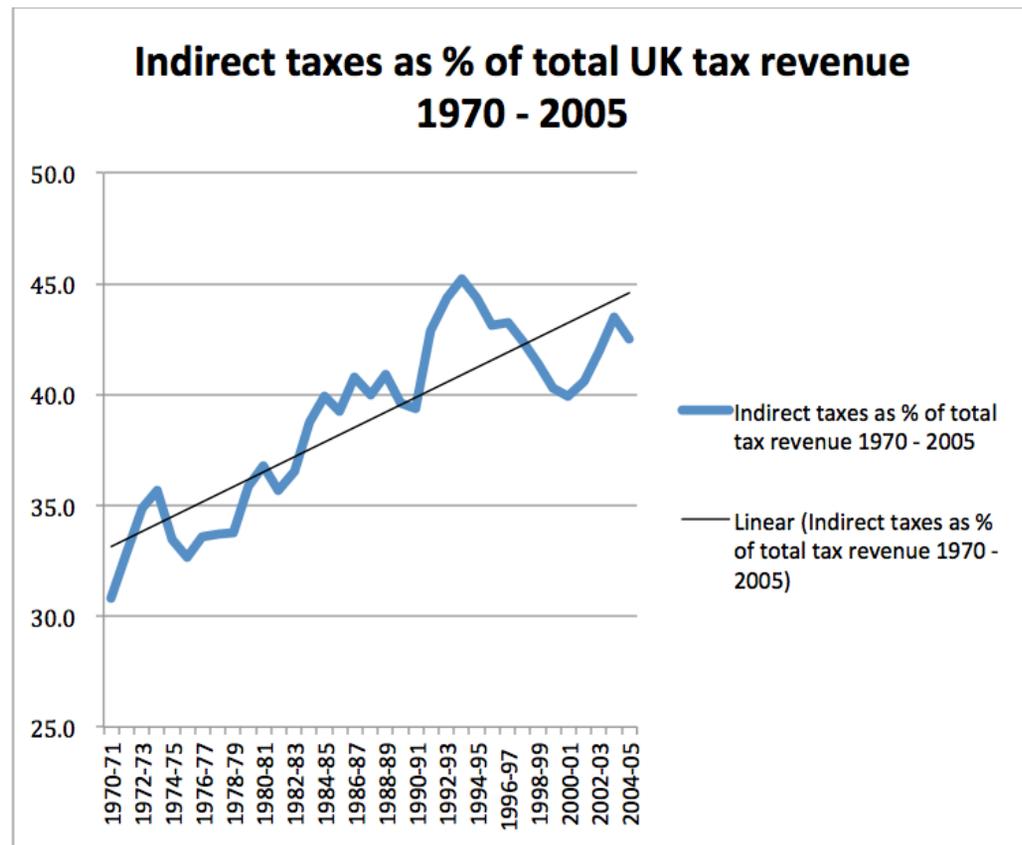
The quest for tax justice

- The tax justice movement has come a long way
- We've created the debate on:
 - *Tax havens*
 - *Country-by-country reporting for multinational corporations*
 - *The tax gap*
 - *An alternative narrative on cuts*
 - *Weaknesses in HMRC*
- There's a new perception on tax

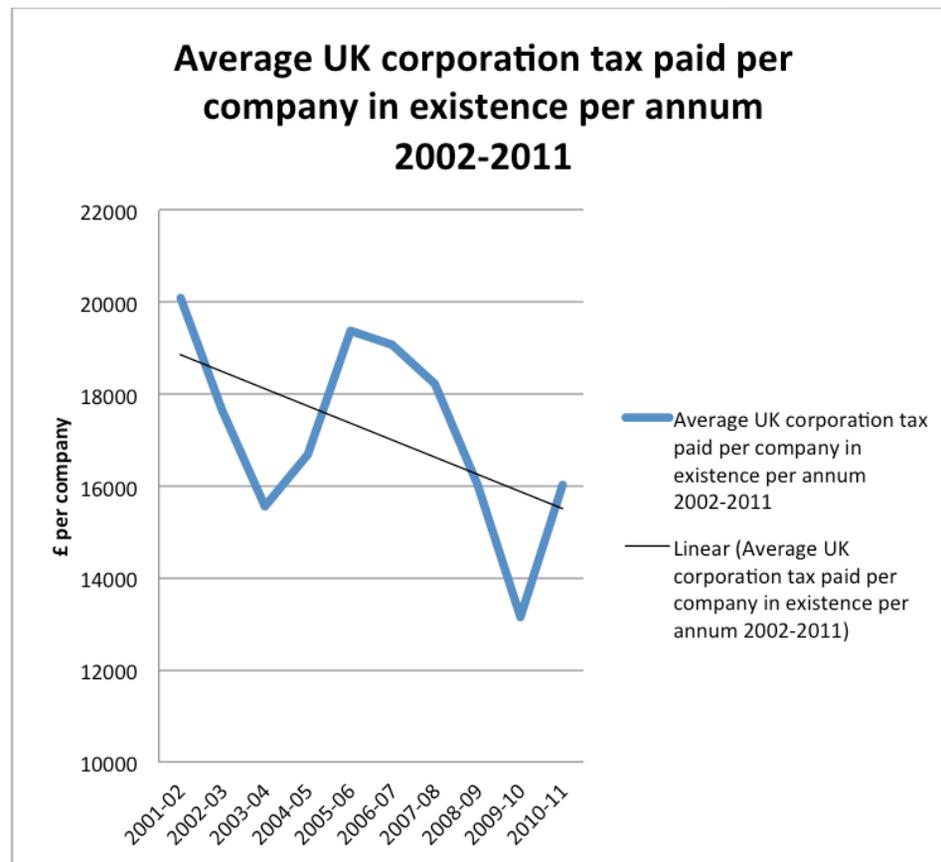
But we haven't delivered tax justice

- The UK has:
 - *The biggest ever tax gap in its history*
 - *The lowest number of staff ever employed by HM Revenue & Customs*
 - *The lowest headline and effective rates of corporation tax in its history*
 - *Low levels of tax for its banks*
 - *High levels of corporate tax avoidance*
 - *Significant errors in tax administration*
- And:

Regressive taxes have increased

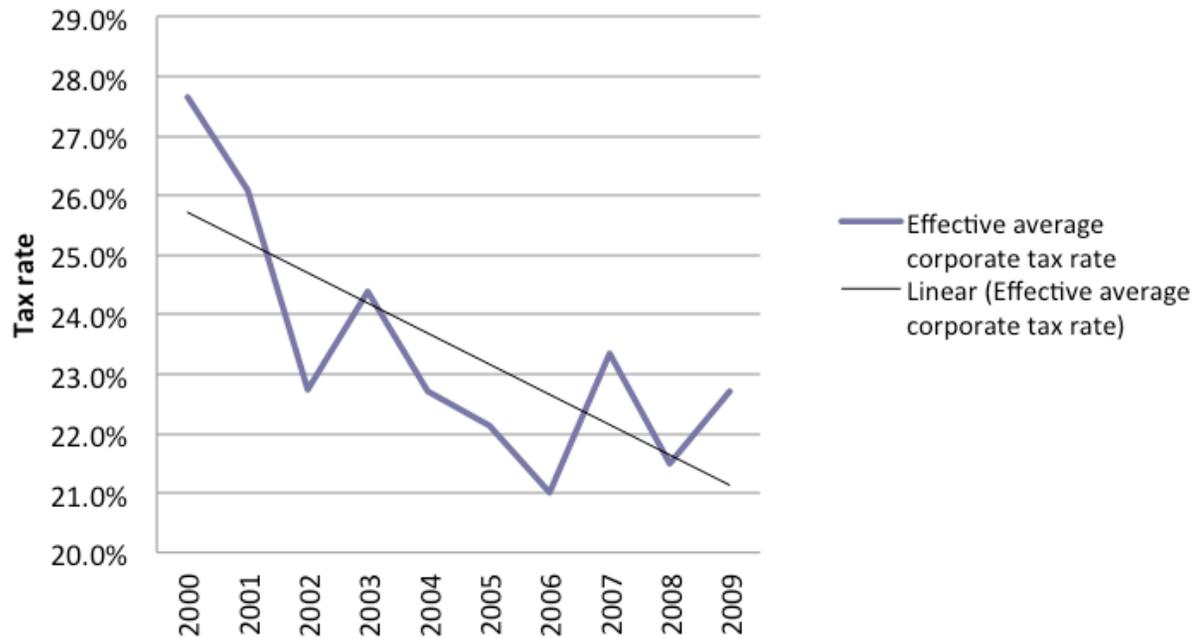


Companies are paying less tax



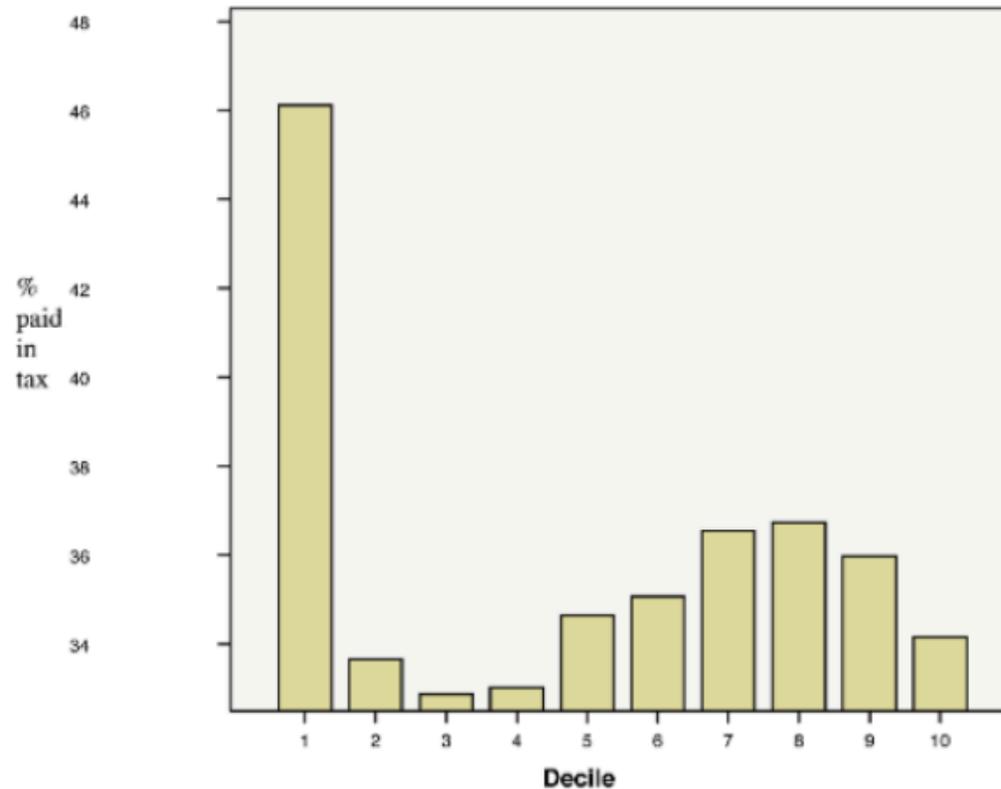
Average corporate tax rates are falling

Effective Corporation Tax Rates of FTSE companies 2000 - 2009



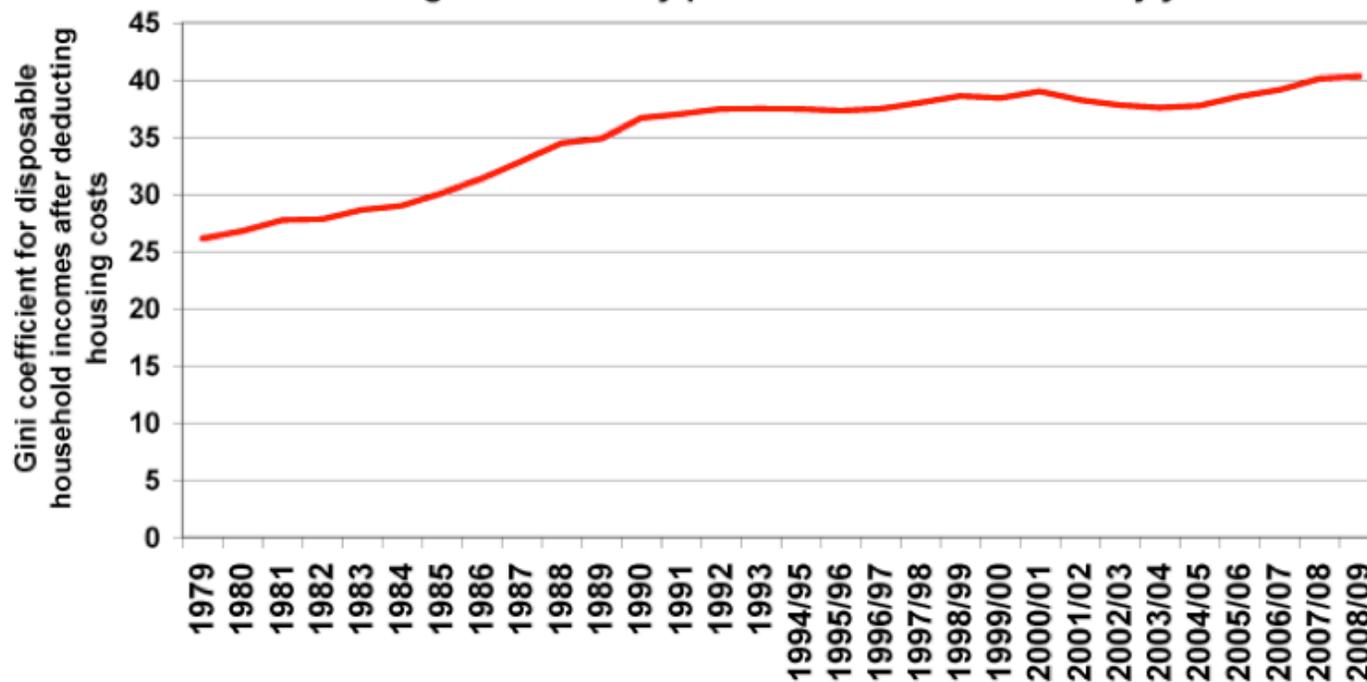
We have a regressive tax system

% of Gross Income paid in Tax by Decile for All Households^{vi}.



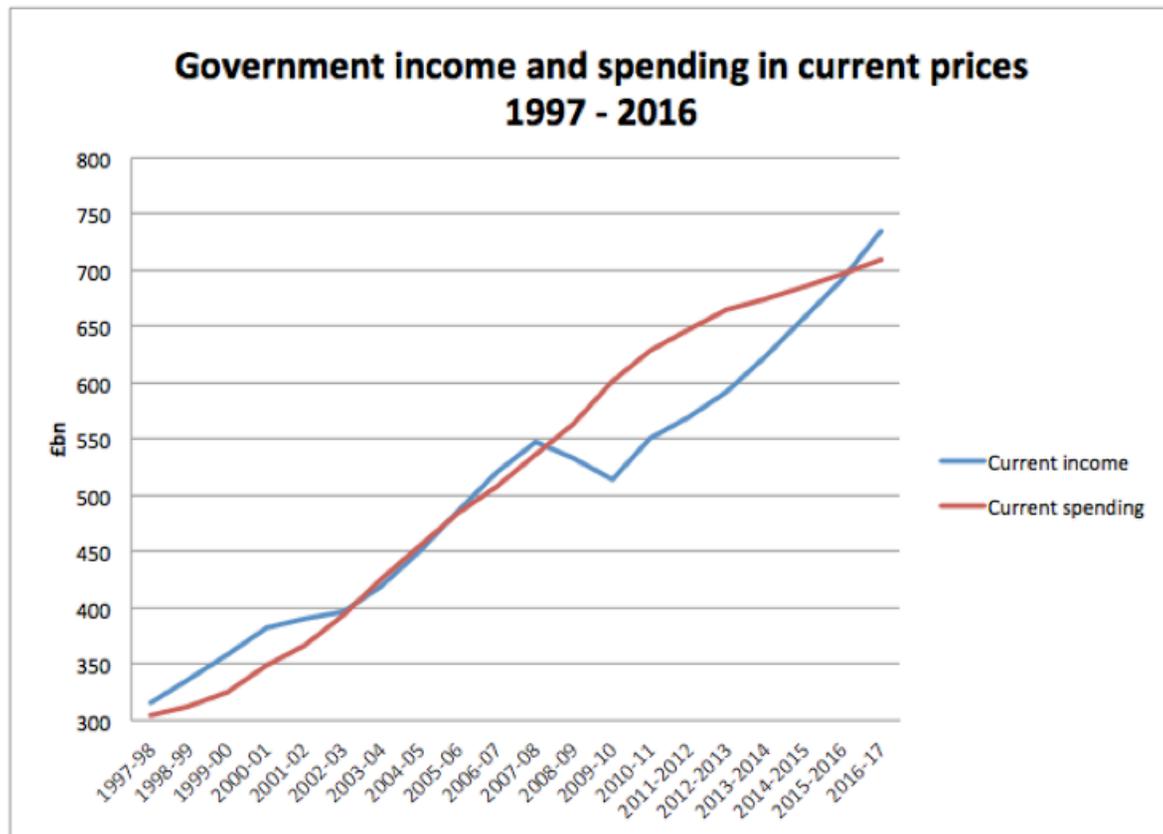
Inequality is rising

The gini coefficient measure of overall income inequality in the UK is now higher than at any previous time in the last thirty years



Source: Households Below Average Income, DWP (1994/95 onwards) and the Family Expenditure Survey (earlier years) obtained via data published by the IFS; UK; updated Aug 2010

And the system doesn't even work



And we have tax gaps

- The UK tax gap:
 - Tax avoidance £25 billion
 - Tax evasion £70 billion
 - Tax gap £25 billion
 - Our annual deficit
- The EU tax gap
 - Tax avoidance €150 billion
 - Tax evasion €864 billion
 - More than 100% of Europe's health budget

This is not chance

- This is the result of the Washington Consensus
- The WC is neoliberalism in action
- On tax:
 - Falling income tax rates
 - Low corporation tax
 - Higher consumption taxes
 - Low taxes on wealth
 - Tax simplification –tending to flat tax
 - Tax competition is good – a race to the bottom for the rich

The Washington Consensus has delivered over 30 years

- UK income tax rates fallen 60% to 45%
- Corporation tax 52% to 22%
- VAT 12.5% to 20%
- Tax havens banned to tax havens encouraged with 5.5% tax rate
- Inheritance tax almost gone
- Massive capital gains allowances for business

If we want progressive taxation...

- There is a strong case for progressive taxation:
 - The case for necessity
 - The case for affordability
 - The case for indifference
 - The case for taxing rents
 - The case for social equity
 - The case for fiscal stimulus
 - The case for growth
 - The case for services rendered

The case against progressive tax

- The case against progressive tax is weak:
 - Laffer is discredited – recently by Piketty, Saez and Stantcheva
 - The case for tax exodus is weak
 - The arguments on capital flight only suggest better controls are needed
 - Higher taxes are not a disincentive to work

But without a new tax consensus...

- We won't get progressive tax without a new tax consensus
- This is the next stage in the demand for tax justice
- And it's vital we develop a tax justice consensus now because the fight back on tax issues is now beginning from:
 - CBI
 - Tax profession
 - OECD

A tax justice consensus (1)

- We need a new consensus built on these assumptions:
 - Inequality is a global and national harm;
 - Democracy is a global and national good;
 - International cooperation is a global and national good;
 - Tax policies shape both the production and distribution of wealth and have direct influence on issues on next slide

A tax justice consensus (2)

- The nature of people's engagement with work;
- Income distributions within and between nations;
- Equality;
- Family relationships;
- Gender equality;
- The use of resources;
- Sustainability;
- State building;
- The strength of democracy in the face of the challenge from global capital.

A policy agenda for tax justice (1)

- The policy agenda that might result from a tax justice consensus might encompass the following issues:
 - Progressive taxation playing a pivotal role in addressing inequality;
 - Barriers to the effective taxation and distribution of wealth being removed;
 - Taxation helping sustain family relationships whilst promoting gender equality;
 - Taxation policy facilitating the creation of sustainable employment in sustainable businesses that have access to the capital needed to deliver long term security;
 - Taxation policy holding government to account for the delivery of sustainable public services;

A policy agenda for tax justice (2)

- Taxation policy assisting the process of holding global capital to account both internationally and locally;
- Capturing the information needed to enable the effective decision making required on the allocation of resources;
- Taxation policy tackling the supply side incentives for corruption, most especially in tax havens / secrecy jurisdictions;
- Tax policy being integrated and coordinated internationally to deliver a race to the top in delivering effective policies to tackle inequality, poverty and in promoting a genuine level playing field in market competition;
- Tackling the free flow of financial capital that undermines the stability of world markets, nations and the well-being of the vast majority of people

How to get progressive tax justice?

- Build the ideas
- Build the research
- Resource the think tanks
- Deliver the thinking
- Develop the policies
- Promote the change
- Get people on the streets demanding it
- That's what delivered the WC
- It's what will deliver the TJC