JUST TAX

A GLOBAL EDUCATION TOOLKIT for Teaching and Learning about Tax Justice

Introduction

This resource is an introduction to the topic of Tax and Tax Justice.

The activities were developed to support the exploration of tax as a social and environmental justice issue and are designed to be of use in a wide range of settings, including adult and community education, as well as in post-primary schools. This is intended as an 'entry-level' resource to the topic, especially in contexts where tax justice is not necessarily a part of wider discourse, or a part of formal curricula. As such it is not intended to be a complete syllabus on the subject. People living in different communities, countries and regions of the world may have very different experiences, opinions, and approaches to taxation, as will different interest groups. The aim of this resource is to facilitate participants to discuss, learn, and think critically about a range of issues relating to tax, including different taxation measures and systems, and to assess their impact on people and the environment.

While tax is often spoken about as a burden, a bore, or something best left to the experts, we aim to make the issues accessible to learners of all ages, as well as to provide ideas and practical suggestions for educators who would like to tackle the topic in their own contexts. Ultimately, we hope to help inspire informed solidarity action towards building a system shaped by the needs and demands of citizens for an equitable and sustainable society.

The first edition of this resource contained activities created and adapted by Eurodad members Crosol (Croatia), DemNet (Hungary), Ekvilib Institute (Slovenia), Kopin (Malta), VBplatforma (Lithuania), Za Zemiata (Bulgaria), and drew on materials from Financial Justice Ireland (Ireland).

This second edition builds on this work and includes some new and updated activities developed by Vicky Donnelly at Financial Justice Ireland that may also be adapted to find relevance for a variety of contexts.

The authors acknowledge the original publications from which the activities have been adapted from, and authors and funders of projects the publications were produced under:

- Accounting for Justice - A facilitator's guide to Global Tax Justice by Daniel Finn and Nessa Ní Chasaide, Debt and Development Coalition Ireland. This publication has been undertaken with funding by Irish Aid.
- Not business as usual – Exploring Global Justice in the Business Studies Curriculum (Junior Cycle) by Niav Keating and Julia Haimlinger, Financial Justice Ireland. This publication has been undertaken with funding from Irish Aid's WorldWise Global Schools.
- We can solve it! – A Financial Justice Ireland resource for the Junior Cycle mathematics curriculum. This publication has been undertaken with funding from Irish Aid's WorldWise Global Schools.
- Global education for tax justice. Toolkit on taxes, tax justice and global development for educators by Ekvilib Institute, Focus Association for Sustainable Development and colleagues for SLOGA platform. These educational modules were produced with the financial support of the European Union and Bridge 47.

FINANCIAL JUSTICE IRELAND

eurodad
european network on
debt and development

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The content within this publication is entirely the responsibility of the participating organisations in preparation of the publication, and do not necessarily represent or reflect any policy of the European Union, Irish Aid or any of the funders of the original publications.

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Teachers' Pages

Why do we need to talk about Tax Justice?

Taxation is often presented as too complex and frankly too boring to be worthy of conversation. Taxes are usually unpopular and seen as a necessary evil, at best. For those who haven't had the opportunity to study economics or business subjects, there can be confusion and misinformation about the tax system. In many instances, the issue is often ignored in mainstream curricula, especially issues relating to tax justice, and the social and environmental impact of fiscal policies. This is a shame because tax affects all of us, in different ways and to different degrees.

Taxation is relevant to all aspects of social and political life. Taxation also plays a role in funding the most important public services in people's lives, including healthcare, education, welfare and security. Tax can also be a powerful tool for shaping more equal societies, a means of redistributing wealth and combatting socially or environmentally harmful practices, as well as a way to promote positive alternatives. Questions about who pays and how much – from corporations to individuals – are the subject of debate and struggle all around the world. All these combined make the collection and allocation of tax revenue a deeply political issue.

Taxation is also a global justice issue

Research over a number of years has made it clear that citizens all over the world lose out on significant revenue due to the way in which the global tax system is structured and used by multinational corporations; countries in the Global South are disproportionately affected. According to Tax Justice Network's State of Tax Justice 2023 Report, countries are losing a minimum of $480 billion in tax a year to global tax abuse. They warn that unless action is taken at a UN level, nearly US$5 trillion will be lost over the coming decade due to multinational corporations and wealthy individuals using tax havens to underpay tax.

When it comes to global tax rules, those with the least say face disproportionate losses. Clearly then, tax is not just a dry technicality that can be discussed with only figures and percentages; it also requires us to think how relations between social groups and regions of the world have been constellated around enduring injustices and inequalities, and how this could be challenged.

https://tinyurl.com/tjn-report2023

How to Use This Resource:

This educational resource provides a guide to teachers, workshop facilitators and other formal and informal educators to support learning about the role of taxation in society, types of taxes, as well as roles and relationships between Northern and Southern governments, multinational companies, and citizens, when it comes to taxation.

The Financial Transparency Coalition (of which Eurodad is a part) states that:

> "Tax justice is about four things above and beyond the duty of the individual to be tax compliant. First it is about understanding why we tax. Second it is about defining the attributes of a good tax system. Third it is about defining the process that delivers tax justice and finally it is about understanding transparency – without which tax justice is not possible."

This resource sets out to address each of these elements. The selection of activities is aimed at schools, student workshops and community education and can be used to deliver a series of sessions on taxation and tax justice. The activities do not have to be followed in sequence, but can and should be adapted according to the needs, interests, and context of each group.

The educational resource contains a selection of activities, from ice breakers, discussion, role-play, and research activities, to case-studies. They do not have to be followed in a sequence. Extension activities are suggested in some sections, to support continued learning, or to facilitate participants ready to delve deeper into the issues.

We hope that this resource facilitates learning and debate on a range of tax justice issues, and helps to stimulate interest in exploring alternatives for a more just and sustainable system.

A Note on Language:

Where possible, we refer to countries and regions by name. But when speaking about global inequalities the terms 'Global North/Global South' or 'North/South' are used throughout the publication, rather than the more commonly used terms 'Developed/Developing' countries.

When countries of the 'North' are mentioned, we are broadly describing countries in the continents of Europe, North America and Australia. The 'South' broadly refers to countries in the continents of Africa, Asia and Latin America. Neither of these terms adequately describe the diversity within our global society, nor tell us anything about the differences and inequalities within each of these regions, or indeed within a single country.

We acknowledge that these terms are inadequate and problematic for a number of reasons. We use them in this resource as a form of shorthand to address broad issues and experiences, and to identify systemic global inequalities, not to reify them or minimise internal inequalities, or imply superiority or inferiority between people. We encourage a critical approach to the language and terminology used to describe the impact of systemic inequalities and suggest debate and discussion with groups using the resource.

Glossary

This is a selection on terms and concepts used throughout the resource, with some additional terms and explanations related to tax.

Austerity:
Strict economic policies that try to solve rising debt levels by raising taxes for workers and cutting public spending.

Capital tax:
A tax levied on the value of assets, land, buildings, etc., owned by a person or company.

Consumption tax:
A tax paid directly or indirectly by the consumer (person or business) when they spend money.

Direct tax:
A tax which is imposed on a person or property, such as an income tax.

EU-27:
Refers to the 27 member states of the European Union: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

EA-19:
Refers to the 19 member states of the 'euro area', comprising the European Union member states that have adopted the Euro as their common currency. The 19 member states of the EA-19 are: Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Slovakia, and Finland.

Effective Tax Rate:
The effective tax rate is the average rate paid on the total taxable income by a person or organisation.

Fiscal and Monetary Policies:
Fiscal relates to taxation, so fiscal policies are how governments use spending and taxation to influence the economy. Monetary policy is set by Central Banks, and relates to control of the money supply in an economy. The common goal of both fiscal and monetary policies is usually a stable economy, with low inflation, and high levels of employment.

Government tax:
A tax levied by and paid to the central government.

Indirect tax:
A tax which is paid on transactions of goods and services, such as VAT.

Income tax:
A tax paid on the income of an individual or business.

OECD:
The Organization for Economic Co-operation and Development was founded in 1961 as a forum for governments to seek solutions to the economic, social and governance challenges they face. And to "promote policies to improve the economic and social well-being of people worldwide." The OECD has often been referred to as a 'club of rich countries.' In more recent years, its membership has expanded to 38 countries, including a small number in the Global South.

Progressive tax:
Is a tax based on the taxpayer's ability to pay, so that the average tax burden increases with income, i.e. a progressive tax imposes a lower rate on low-income earners compared with high-income earners.

Regressive tax:

Is a tax that is applied uniformly to all, irrespective of income, taking a larger percentage of income from low-income earners than from high-income earners. Value Added Tax (VAT) is an example of a regressive tax.

Social contributions:

Payments of a compulsory or voluntary nature that are paid by employers, employees, the self-employed and non-employed persons that go towards social protection systems such as pensions, health insurance, employment insurance and disability insurance.

Subsidiary company:

A subsidiary company, also called a 'daughter company,' is owned by a separate 'holding' or 'parent; company. Holding companies can trade with or give loans to their subsidiaries. They are separate for legal and tax purposes but subsidiary companies are still controlled by the parent.

Surtax:

Is an additional tax levied on top of an existing tax.

Tax:

A charge usually of money imposed by government authorities on persons or property for public purposes. Taxes are compulsory contributions to state revenue, levied by the government on income, property, wealth or added to the cost of transactions, goods or services.

Tax avoidance:

The use of tax rules to minimise one's tax liability. While tax avoidance is generally legal, the morality of widespread tax avoidance is questionable.

Tax evasion:

Is the illegal evasion of taxes by individuals, corporations, and trusts.

Tax competition:

This involves nations competing with one another to attract investment from international companies, and includes lower tax rates, tax 'holidays', and tax breaks. Competition between countries to attract investment, and pressure to remove investment 'barriers' can lead to a driving down of tax rates as well as other standards like workers rights and environmental protections. This is often described as the 'race to the bottom'.

Tax Haven

There is no universally agreed definition of a tax haven. This generally refers to a country or jurisdiction that enables multinational corporations and individuals to escape the rule of law in the countries where they operate and live, and to pay less tax than they should in those countries. (Tax Justice Network)

Wealth Tax:

Individuals usually paid on their income or earnings. A wealth tax goes beyond income, and includes tax on the assets a person holds such as property, money in the bank, stocks and bonds, vehicles and more.

Windfall Tax:

An extra tax applied to a business sector that has profited from events they were not responsible for, such as war, changes in the economy, or a public health emergency.

Activities

Activity 1 - Tossing Tax!

Aim: An ice-breaker to begin a discussion on attitudes to tax

Time: 15 minutes

Age group: 15-18 / Adult

Materials needed: A small sheet of paper and marker for each participant

Notes to facilitators: We recommend this as a starter activity to open discussion. This is also a good 'baseline' activity and should provide an insight into the level of knowledge among participants, as well as their general attitudes to tax.

Steps:

1. Give each participant a sheet of paper and marker. Ask them to write the first thing that comes into their head when they hear the word "tax". This can be a single word or a sentence.

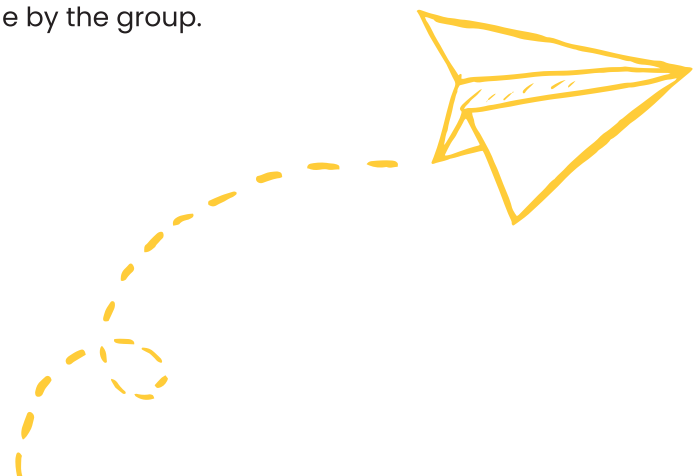
2. Ask them to fold the sheet of paper into a paper aeroplane (or scrunch it up into a ball if this is easier.) Ask everyone to form a line at the end of the room, then to throw their plane as far as they can towards the other end of the room.

3. Once the planes/balls have been thrown, ask people to pick one up (not their own) and read it. Ask the participants to form small groups with the people nearest them and spend a few minutes sharing and discussing the content written on the paper planes/balls.

4. Ask each group to share with the wider group what messages they read and discuss why they think participants have made these comments.

5. Ask the wider group if they think there is a dominant feeling about tax among the group, based on the comments they have heard. Is this also the dominant feeling or narrative about tax in the wider society?

Close by summarising the points made by the group.



Adapted by: DemNet, Hungary

Activity 2: Why Tax?

Aim: To encourage participants to reflect on the role tax plays in society
To discuss various types of taxes and their purpose

Time: 30 minutes

Age group: 15 - 18 / Adult

Materials needed: Flipchart, markers, pens, paper sheets. Alternatively, if students have access – this could be completed using laptops or tablets using an application such as Padlet. Student feedback can appear on the whiteboard.

Approach: Think, Pair, Share. Using this approach, the teacher asks an open-ended question and students think quietly about it for a minute or two. Then each student pairs up with a partner to discuss the question for between two and five minutes. Eventually, the whole class engages in a discussion, where students share the thoughts and ideas they've gathered while the facilitator notes them on the whiteboard.

1. There are many different types of taxes. Begin with a brainstorming exercise, ask the students how many different taxes they can name.

2. Ask students what they think taxes are for? What is the purpose of taxation?

3. Ask students to name specific services and goods that the government provides through taxation, for example, public transport, education, health, social welfare payments etc.

4. Facilitate a group discussion. Ask students: "Would you prefer to have low taxes and fewer public services, or higher taxes and more public services?"

5. Ask students for suggestions on new ideas for taxation, which the government could use to raise revenue.

> **While tax may be overlooked, and even unloved, in reality it is our social superpower. Tax allows us to choose to organise our communities, at the local and national level, so that we can all live better lives, together.**
>
> Hon. Irene Ovonji-Odida

Adapted by: Kopin, Malta and Crosol, Croatia

Activity 3:
(Almost) All About Tax Justice in One Hour

Aim: To gain understanding of some principles underpinning tax justice
To consider the importance of tax justice to address global inequalities

Time: 60 minutes

Materials needed: Flip chart paper / board, markers

Media resource: Where Has All The Money Gone? Christian Aid (2014)
https://tinyurl.com/Where-has-all-the-money-gone

Part One: A Rights-Based Foundation (10 Minutes)

UNITED NATIONS DECLARATION OF HUMAN RIGHTS | ARTICLE 1

We are all born free and equal in dignity and rights.

Explore this statement in a group, with a walking discussion, or a show of hands to agree or disagree with the following statements

HAND SIGNALS

1) Thumbs up / agree

2) not sure, or 'it depends'

3) disagree / thumbs down

- All people *should* be born free and treated equally "in dignity and rights"
- Are all people born free and treated equally?

Think - Pair – Share: If we are not all treated equally, what are the factors that create and affect peoples' unequal experience?

Who decides on tax rules, whether they are fair, and if they are enforced equally?

Adapted by: VBplatforma and Kopin, Malta

Allow 5 minutes to consider the questions in pairs, then gather feedback for a whole-group discussion.

The causes of inequality are complex and multifaceted and therefore the solutions to inequality must be, too. There is not one single approach that can address complex, historic, deeply ingrained systemic injustices. However, we believe that tax is a good place to start, with the potential to create significant changes in the lives of individuals, communities, whole regions, and the environment.

Tax Justice stems from an acknowledgement of widespread inequality in our world.

The life chances of a child born today will be affected by a range of 'accidents of birth', including: place of birth, the family they're born to, their gender, ethnicity, perceived abilities and disabilities, and more. It recognises that resources are allocated unfairly and sees the tax system as one way to tackle these deeply embedded inequalities.

Part Two: What Is Tax Justice? (15 Minutes)

The class develops some definitions of their own.

- Begin with sentence starters: 'Tax Justice means…' 'Tax Justice is…' 'Tax justice involves…'
- Give individuals 30 seconds to think of words they associate with 'tax justice' to help complete these sentences.
- Pair up and take 90 seconds to combine the two sets of words into a sentence or phrase about tax justice.
- Finally, have two pairs work together to combine their phrases into one full sentence or phrase about tax justice.
- Go around the room and listen to the definitions that have been developed.
- Optional: Give each group a statement on tax justice and ask them to circle elements that reflect the group's own definitions.

Tax Justice benefits all:

Tax Justice is not charity. Nor is it a simple story of 'taking from the rich to give to the poor'. There is ample research to show that more equal societies are better for everyone, so the tax justice movement is ultimately about creating a better society, safer communities, a healthier environment, and better outcomes for *all*. It is fundamentally a rights-based approach, and rooted in the belief that all people deserve to have their needs met and be treated with dignity. To achieve this, a tax justice approach involves asking critical questions about how wealth and poverty are created in the first place and the role that a well-functioning tax system could play in creating the world we want.

“Tax justice refers to ideas, policies and advocacy that seek to achieve equality and social justice through fair taxes on wealthier members of society and multinational corporations.”

Tax Justice Network

“We want tax and fiscal policies that enable people to share in local and global prosperity; access the public services and social protections needed to fulfil human rights; and benefit from inclusive and sustainable economies that do not produce and perpetuate inequalities.”

Global Tax Justice Network, a Global South led coalition

“Tax is the mechanism for the delivery of a fairer world. What tax justice wants to do is to use the tax system to compensate for… inequalities and build a better world.”

Richard J Murphy, Tax Justice advocate

“Tax justice is a central concern for anyone working for social justice. We believe in genuinely progressive taxation: that is, tax systems that generate sufficient public revenue, while ensuring that this revenue is fairly redistributed and focused on rebalancing economic and gender inequalities.”

Action Aid

Tax justice means social and environmental justice. Tax justice offers a holistic, systemic vision for how to reorganise parts of the global financial system that will yield critical climate justice outcomes.

Tax Justice Network

“Tax is the only sustainable source of revenues for independent, sovereign states. The best way of funding universal public services including health and education. A key tool to combat inequalities. And the glue in the social contract, providing a crucial link between people and governments that are representative and accountable.”

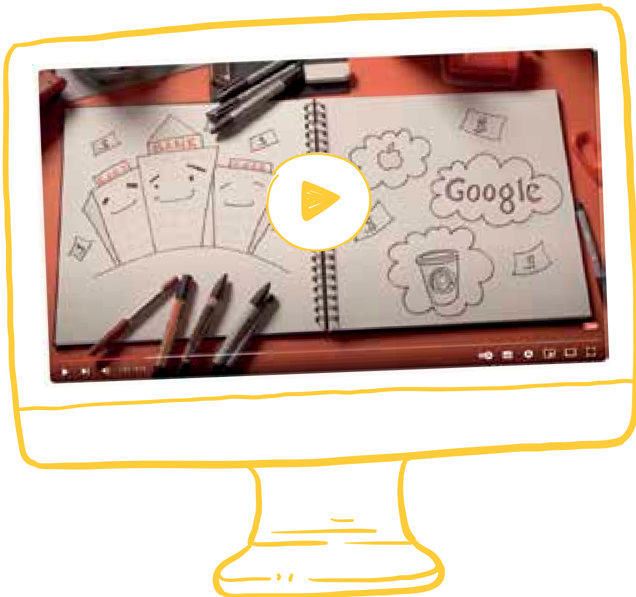
Hon. Irene Ovonji-Odida, Chair of the Tax Justice Network

Part Three: A Global Justice Perspective on Tax

VIDEO: Where Has All The Money Gone? (10 minutes)

https://tinyurl.com/Where-has-all-the-money-gone

Show students this 10-minute video from Christian Aid Ireland about Tax Justice in relation to tax avoidance by corporations and high-wealth individuals and the impact this has on communities in the Global South.



Watch the video and make notes about these questions:

1. How does tax avoidance impact economies and societies in the Global South [Developing World]?
2. What is meant by 'capital flight'?
3. How are activists and communities in the Global South responding to capital flight and tax dodging?
4. Note something you have learned from watching the video.

Discuss the group's feedback and any wider issues that have emerged from the video

In practice, tax justice involves removing unfair rules and loopholes that allow corporations to dodge tax, lifting the veil of secrecy and creating a transparent global financial system.

Tax Justice is a Global Issue:

Tax dodging is not just harmful, it is unfair. The State of Tax Justice by the Tax Justice Network in 2023 reported that countries around the world are losing US$480 billion in tax a year to global tax abuse. Of this, they estimate that US$311 billion is lost to multinational corporations shifting profit into tax havens, with US$169 billion lost to wealthy individuals hiding wealth offshore.

The Global South is Hit the Hardest:

The impact of tax dodging is not felt equally around the world. Lower income countries, which have historically had little to no say on global tax rules, continue to be hit harder by global tax abuse. While most annual tax losses are suffered by higher income countries ($433 billion), these losses are equivalent to 9% of higher income countries' public health budgets. Lower income countries' tax losses ($47 billion) are equivalent to half (49%) of their public health budgets.

Activity 4: How Should A Tax System Work?

Aim: To consider the features of a functional tax system

Time: 15 minutes

Age: 15 - 18 / Adult

Materials: Pens and paper for extension activity; access to the internet to search for images

Opening Discussion:

Historically, governments or invading armies could rely on force, if necessary, to extract taxes.

- What features should a tax system have to ensure that it works well and is accepted by people today?

Invite the group to have a 60 second brainstorm, either in pairs or small groups, and come up with some ideas.

Adam Smith is regarded by many as the 'father' of modern capitalist economics. In his book, 'The Wealth of Nations' (1776), he outlined four features that a tax system should have to ensure a tax system is effective.

Write or display Adam Smith's four features of a good tax system on the board:

Fairness **Certainty** **Convenience** **Efficiency**

Note any overlap with suggestions that came from the group in the opening round of ideas and any points of agreement or disagreement with these four features. Would the group change any of them? Are there features that are needed today which might not have occurred to Adam Smith back in 1776, such as environmental sustainability? Add any new features that emerge from this discussion to the board.

Using their own words and ideas, ask the students to work in small groups to consider what each feature should involve. For example, what does 'fairness' mean in relation to a tax system, in their opinion? If some social groups are already treated unfairly, how could a tax system work to address that?

Taking feedback from the groups, continue the discussion by considering these questions:

- Does the tax system in this country have the features described by the group, in your opinion? Give examples.

- Who should set the tax rules in a country? Whose interests should be at the heart of the tax system?

- Should the features of a fair tax system outlined by the group apply *between* countries, as well as within them?

- Should global tax rules be established to make it easier to collect from companies who operate in a number of different countries?

- Who might agree that the current system is fair/unfair? As the group works through the activities in this pack, they will encounter arguments that the current system offers big advantages to corporations and high-wealth individuals that most 'ordinary people' do not get. In fact, from the quote below, it seems that Adam Smith himself may have had concerns about this. These are questions of tax justice that will be explored further in the pack.

In the upcoming activities, there are questions that explore taxation within countries and whether different groups are treated fairly – and whether taxes have an unfair impact on lower-income people compared with those on higher-incomes, for example. There are also questions about tax justice globally, such as: how do tax rules affect countries of the Global South compared with the Global North? And: Who has a say in making and enforcing the rules and are they set in a way that is transparent and fair?

"No society can be flourishing and happy, of which the far greater part of the members are poor and miserable."

Adam Smith

Smith, Adam (1776) An Inquiry into the Nature and Causes of the Wealth of Nations. Book I, Chapter 11, Conclusion of the chapter. http://www.adamsmith.org/smith/won-b1-c11-conclusion-of-the-chapter.htm

Equity (Fairness):

A good tax system should treat everyone fairly. It means that people with more money or wealth should pay more taxes than those with less. This helps share the costs of funding public services like education and transport in an equitable way. A fair system should mean that everyone pays according to their capacity and that it should not be easy for wealthier people and their accountants to find loopholes or other ways that avoid paying their fair share.

Certainty:

People should know how much tax they need to pay and when they need to pay it. A good tax system is one that's clear and predictable, so individuals and businesses know what's due and can plan their finances without unexpected surprises.

Convenience:

Paying taxes should be easy and convenient; not too complicated, time-consuming or difficult. Overly complicated tax systems are associated with higher levels of tax evasion, more corruption, and less investment.

Efficiency:

Tax collection should be efficient and cost-effective, meaning that it shouldn't waste time or money to collect, so that most of the revenue collected can be used to fund public services.

Activity 5: Name That Tax

Aim: To become familiar with various forms of personal taxation
To compare direct and indirect taxation
To determine whether taxes are progressive or regressive

Time: 30 - 100 minutes (Four-part activity)

Age: 15 - 18 / Adult

Materials: Paper, markers, flip chart paper/whiteboard, Blu Tack, handout of taxes (cut into individual cards), Post-it/sticky note, string or washing line/clothes pegs.

Optional: Collage materials or cameras (phones) for creative activities (Tax Safari and Tax Hunt).

Media resources (optional):
Video: Three Types of Taxes. Quickonomics (2020)
https://www.youtube.com/watch?v=4M_iVOjE5wk

Video: How Tax Brackets Actually Work. Vox (2019)
https://www.youtube.com/watch?v=VJhsjUPDulw

This is a three-part activity that looks at a range of issues relating to personal taxation, which can be spread over a number of shorter sessions or carried out in one. Corporate tax will be addressed later on in the pack.

Part One helps the group to become familiar with the various forms of taxation. Part Two introduces the concept of *direct* and *indirect* taxation and the impact of each. Part Three looks more deeply at the impact of taxation on different groups of people, by understanding the concepts of *regressive* and *progressive* taxes. Part 4 considers the difference between income tax and wealth taxes, and the importance of the latter.

Part One: Types of Tax

Warm up: Begin by asking the group to name as many different types of taxes as they can in 60 seconds (or retrieve their list from Activity 3: All About Tax).

What kind of taxes are there? Most taxes fall into four categories: taxes on what you *earn, buy, use*, or *own.* Each form of tax may differ in terms of who pays it, how, when, and at what rate.

Write these four categories on the whiteboard or on the wall.

Split the class into small groups and give each group a number of taxes to define (cut these out from the handout below). Students should give their definition of each tax, which is clarified by the group, then checked against the definitions below.

Students should then place it in one of the four categories.

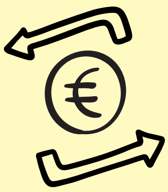
Extension Activity: Students can engage in the 'Find Out' challenges relating to each of the taxes, or these can be used for a class discussion or quiz.

Part Two: Direct and Indirect Tax

Write these two new categories on the board.

Ask students to define - or guess - what Direct and Indirect taxes are. Expand on this with the definitions below.

Revisit the list of taxes from Part One. Ask the students to consider each of them and say if they consider them direct or indirect forms of taxation.



Direct and Indirect Taxes: What's the difference?

- Direct taxes are taken directly from wages and earnings and paid directly to the government, for example, income tax.
- Indirect taxes are included in the price of goods and services that people buy, then paid to the government by the retailer or service-provider, for example, Value Added Tax (VAT).
- Direct taxes are calculated based on a person's capacity to pay, unlike indirect taxes where everyone pays the same amount, regardless of how much they earn.

Income Tax: Pay As You Earn (PAYE) In Ireland, tax on income that is earned from employment is known as Pay As You Earn (PAYE) and is deducted from wages by the employer on behalf of the Revenue Commissioners.	**Find out**: There is an income-tax exemption for some artists, authors and composers in Ireland. How much income can be earned tax-free under the Artists Exemption scheme? www.citizensinformation.ie/en/money-and-tax/tax/income-tax/artists-exemption-from-income-tax/
Pay Related Social Insurance (PRSI) This is paid by both employees and employers and is a contribution to some social welfare payments, such as Jobseekers Benefit and the State Pension.	**Find out**: Do young people pay PRSI in Ireland?
Universal Social Charge The Universal Social Charge is a tax paid on income. People earning €13,000 or less per year do not pay any USC. The rates are 0.5%, 2% and 4.5% depending on income (2023).	**Find out**: Why is the USC also known as the 'bailout tax' in Ireland?
Carbon Taxes Carbon taxes are paid on fuel and are calculated on the amount of carbon dioxide that the fuel emits when used. They apply to petrol and diesel, gas, and electricity, as well as coal and peat.	**Find out**: Is aviation fuel taxed in Ireland? https://tinyurl.com/aviation-fuel-tax
Stamp Duty Stamp Duty is a tax paid when you become a property owner. It's usually discussed in relation to homes, land, and commercial buildings, but rather than being a tax on the property itself, stamp duty is chargeable on the written documents that transfer the ownership of the land and buildings (e.g. the 'deeds'). In Ireland stamp duty is also paid on debit or credit cards, cheques, and ATM transactions.	**Find out:** How much is the stamp duty on credit and debit cards per annum?
Capital Gains Tax (CGT) Capital gains are profits made from the sale of a property or other asset that has increased in value since it was purchased. CGT is not usually due when someone sells their home, but would apply to the sale of rental properties, second homes or other investments.	**Find out:** Capital Gains taxes vary all over the world. Pick two countries from this list and compare them: https://taxsummaries.pwc.com/quick-charts/capital-gains-tax-cgt-rates

Customs Duty
Customs Duty is a tax paid on items bought from outside the EU. It's calculated on the cost of the goods, plus transport (including postage) and handling charges, and any insurance.

Find out: When the UK left the EU, Customs Duty became payable on purchases from the UK. What date did this happen?

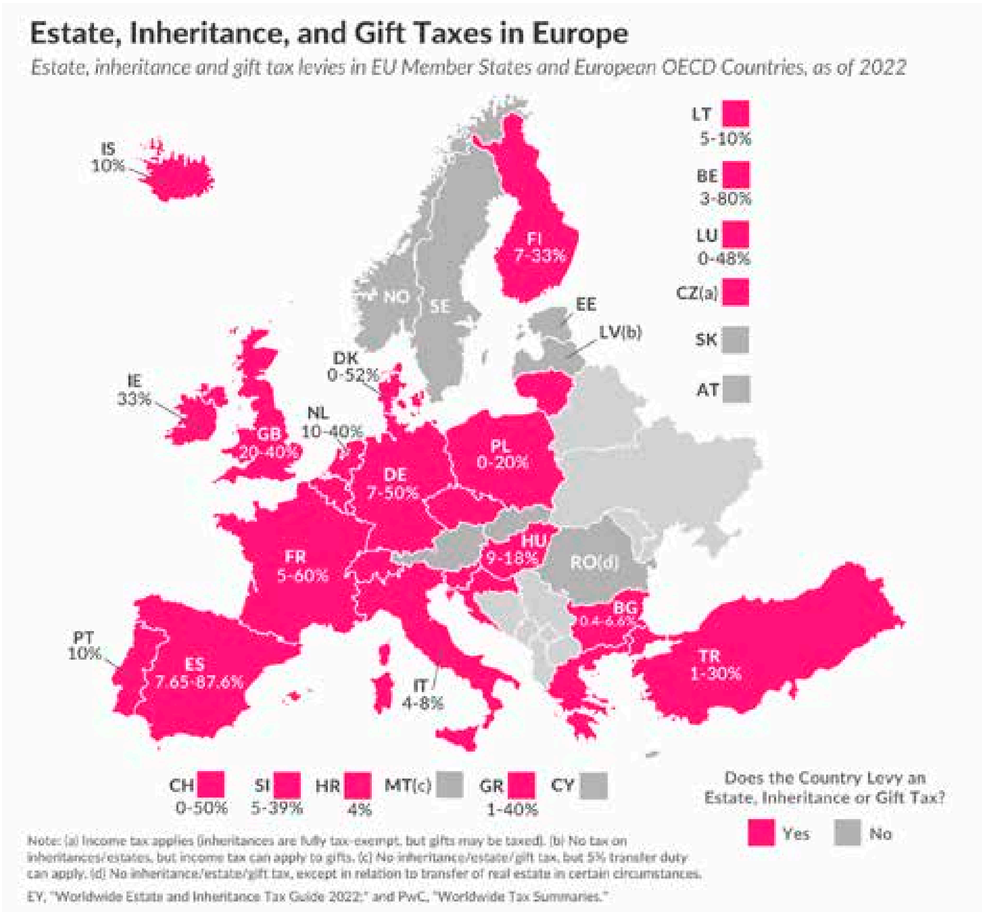
Excise Taxes/Duties
Excise taxes are levied on specific goods or services like fuel, tobacco and alcohol. Sometimes they are framed as 'sin taxes' when they're applied to goods that are considered harmful to society, like tobacco and alcohol or sugary drinks. Excise taxes are generally paid by businesses, but the cost is usually passed onto consumers through higher prices.

Find out: Which country has the highest tax on cigarettes in the EU? And which has the lowest?

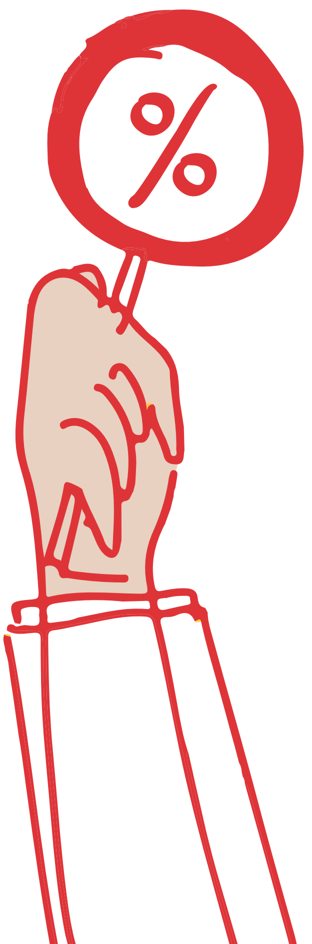
https://tinyurl.com/smoking-tax-global

Inheritance Tax
Inheritance Tax is a form of Capital Acquisitions Tax (CAT), which is a tax paid on the property, money, and possessions of someone who has passed away. Gift tax is another form of CAT. Spouses and Civil Partners do not have to pay inheritance or gift tax when they receive money or property from their partners.

Find out: Use this map to find out which countries in Europe have the highest and lowest inheritance tax. Are there any that do not levy inheritance taxes at all?



Value Added Tax (VAT) VAT is a tax that is applied to the purchase price of certain goods, services and other taxable supplies that are sold within the country. In Ireland, rates vary from 0% for some essentials to 23% for luxury items. Import VAT is payable on all goods entering the EU, regardless of value.	**Find out:** What items or services are exempt from VAT in Ireland or in your country?
Property Tax In Ireland, the Local Property Tax (LPT) is paid on residential property, including people's homes and other properties. Some argue that LPT is unfair to those living in cities because property values are higher and therefore residents pay more in property taxes. Others argue that city locations have advantages, like greater access to jobs, transport, education, health, culture and sports.	**Find out:** LPT raised €2.6 million for Dublin City Council (DCC) in 2023. Calculate how much this contributed to DCC's overall budget for spending on services. https://tinyurl.com/DCC-Propertytax
Vacant Home Tax (VHT) VHT is a 0.3% tax on the value of a vacant home in Ireland. This tax was introduced in 2022 in the midst of the housing crisis, as a way of making more homes available.	**Find out:** Some critics of VHT in Ireland say that the rate is too low to make a difference. As a comparison, find out what rate of tax is paid on vacant homes in France?



Find Out - Answers

Income Tax: Pay As You Earn (PAYE)
Answer: The maximum amount exempted is €50,000

Pay Related Social Insurance (PRSI)
Answer: People aged under 16 and over 66 are exempt from PRSI.

Universal Social Charge
Answer: When it was introduced in 2011, USC was known as the 'bailout tax' as it was brought in during the financial crisis, shortly after Irish banks were bailed out.

Carbon Taxes
Answer: Aviation fuel is not taxed in Ireland. Across the European Union commercial aviation fuel (kerosene) is exempt from tax for international flights. Ireland is one of five countries with a 0% tax rate for domestic flights, too. This has been criticised on environmental grounds.
https://www.irishexaminer.com/news/arid-41181892.html

Stamp Duty
Answer: Stamp duty on credit and debit cards in Ireland is €30 per card.

Customs Duty
Answer: The UK left the European Union on 31st January 2020. From 1st January 2021 additional import charges apply when you buy from websites in the UK.

Excise Taxes/Duties
Answer: As of July 2023, Ireland has the highest tax applied to cigarettes at €9.30 (per pack of 20). France (€6.95) and Finland (€6.76) have the next two highest rates. Bulgaria levies the least tax in the EU at €1.85 ($1.95), with the next lowest taxes being in Poland (€2.05) and Croatia (€2.46).

Value Added Tax (VAT)
Answer: The EU exempts 'social goods' like medical and dental care, social services, and education from VAT. Items with 0% VAT in Ireland include all exports, tea, coffee, milk, bread, books, newspapers, children's clothes and shoes, seeds and fruit trees, fertiliser, farm animal feed, medicines, disability aids such as wheelchairs and hearing aids, and aviation fuel. There is no vat on lotteries, betting, or online gambling by people in Ireland.

Vacant Home Tax (VHT)
Answer: France has a 17% tax for the first year of vacancy, rising to 34% in the second year in areas with pressure for housing.
www.service-public.fr/particuliers/vosdroits/F17293?lang=en

Part Three: PROGRESSIVE - PROPORTIONAL - REGRESSIVE

Tax systems fall into three main categories: progressive, regressive, and proportional. They impact high and low income groups differently.

- A progressive tax takes a bigger percentage of income from higher-earning groups than from lower-earning groups.
- A regressive tax takes a larger percentage of income from lower-income groups, than higher-earners.
- A proportional tax takes the same percentage of income from all income groups.

A regressive tax is applied uniformly to everyone – no matter how much they earn – so people on both high and low income pay the same rate of tax. The impact of this is that people on low incomes pay a bigger *proportion* of their wages on tax. Progressive tax is the opposite of regressive tax: it increases based on the amount earned, so those on higher salaries pay more. Progressive tax takes people's ability to pay into account, but regressive tax doesn't.

Regressive taxes disproportionately affect people on low incomes, especially because a greater proportion of income is spent on essentials like food, rent or mortgage, transport and healthcare.

Examples:

In a **progressive** income tax system, the more you earn, the higher tax rate you pay (until you reach the cut-off point of the top tax rate). Here are two examples:

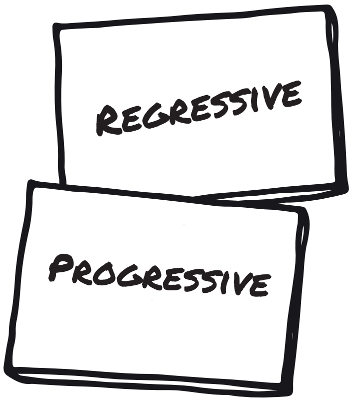
- France has a 0% rate for people earning up to €10,777 a year, rising to 11%, 30%, 41% and 45% for people earning above €168,994 (as of 2023) that increases as people earn more.
- Croatia has two tax brackets: People earning less than €47,780 pay 20% and those earning more pay 30%.

Question: Both of these income tax systems are progressive because higher earners pay tax at a higher rate. Do you consider one to be more progressive than the other? Explain your answer.

Regressive taxes have a greater impact on lower-income people compared with the wealthy.

Value Added Tax (VAT) is an example of a regressive tax because those on lower incomes pay the same rate as wealthier people; a bigger proportion of their income is spent meeting their day-to-day needs, such as food, rent or mortgage and transport etc., with little left to save.

Proportional tax – also called a flat tax – requires all income earners to pay at the same rate. It appears to treat low, middle, and higher-income earners relatively equally, because they all pay the same tax rate, regardless of income. What are your thoughts on this?



Activity: Regressive and Progressive Tax

Time: 20 minutes

Write 'Regressive' and 'Progressive' on opposite sides of the board or on cards (place the cards on the wall, some distance apart).

Return once more to the list of taxes from Part One and Part Two and ask students to evaluate whether they are progressive or regressive, and why.

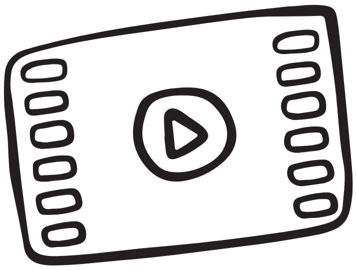
Place each tax on the 'regressive' or 'progressive' side.

If a tax is regressive, who will be the most negatively affected and why?

Extension Activity: **Comparing tax systems around the world**

Work in small groups – or invite students to search the website shown below to find out more about the tax system in their country – including rates of income tax and VAT. Then select two other countries of your choice and find out more about how they levy taxes. Compare these three examples and assess if you find them progressive or regressive.

https://taxsummaries.pwc.com/



Video Activities:

Video: Three Types of Taxes. Quickonomics (2020)

Summary of the distinction between flat, progressive and regressive taxes, 3.30 minutes.

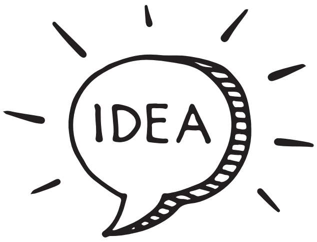
https://www.youtube.com/watch?v=4M_iVOjE5wk

Video: How Tax Brackets Actually Work. Vox (2019)

https://www.youtube.com/watch?v=VJhsjUPDulw

There can be confusion about how tax rates are measured and discussed, making some debates about progressive taxation misleading. This video clarifies what is meant when talking about 'top tax rates'.

The video explains, "When Rep. Alexandria Ocasio-Cortez proposed a 70% top income tax rate, many conservatives started saying, 'Democrats want to take away 70%of Americans' hard-earned money.' This is not only wrong, but it takes advantage of something people often misunderstand: tax brackets."



Creative Activities:

Tax Treasure Hunt

Materials: Pieces of card and a marker. Phone with camera per group.

Time: 30 - 60 minutes

In small groups, participants should go outside and take 20 minutes to gather photographs that illustrate or represent as many different forms of taxation as they can. Alternatively, if it's not possible to go outside, they can stay in and use old magazines and newspapers to create a collage.

Tax Safari

Materials: A 'safari kit' (chalk, paper speech bubble, and marker). Phone with camera per group.

Time: 30 - 60 minutes

In small groups, participants should go outside and take 20 minutes to identify important parts of the community and services that are provided through taxation. The group can use the speech bubbles or chalk messages on the ground as part of their photo. They should give each photo a title.

Display the images on screen and have the rest of the class interpret the images before each team shares the title or relevant tax related to each of their photos.

Part Four: Income Tax and Wealth Tax: What's the Difference?

Debates on inequality usually focus on income tax, but many equality campaigners point out that taxation of wealth is an even greater issue.

Wealth is linked to greater inequality for a number of reasons: wealth can be hoarded, for example, and it can be inherited. For all the talk of 'self-made' millionaires, a great amount of wealth is not earned, it's passed on.[1]

This can have a big impact on race and gender inequalities, for example, because while progress is certainly being made in terms of challenging discrimination and gaining access to better paid jobs, wealth-inequalities are much more entrenched.

Oxfam's 2022 report, Inequality Kills, indicated that the wealth of the world's ten richest men more than doubled to €1.3 trillion during the first two years of the pandemic. The wealth of Ireland's nine billionaires rose by 58% to €49.7 billion during the same period. Meanwhile, Oxfam claims, the incomes of 99% of humanity stagnated and fell, and over 160 million people were pushed into poverty.

1 Professor Mike Savage. www.lse.ac.uk/International-Inequalities/Research/Wealth-Elites-and-Tax-Justice/Q-and-A

Income tax alone will never address inequalities of this scale. Wealth can be readily invested in property, invested in assets, locked away in trusts, and hidden in tax havens. The campaign for wealth taxes is growing across the world, from the Democrat's US presidential election campaign, to the European citizens' initiative currently in progress, involving the collection of a million signatures from seven member states in support of a wealth tax.

Oxfam is one of the many campaign groups calling for the introduction of a wealth tax to tackle rising inequality in Ireland and in other countries. They suggest that a 1.5% wealth tax on Irish millionaires above €4 million would raise €4 billion each year. And if the same rate was applied to Irish billionaires, it could raise more than €700 million annually.

Extension Activity:

Invite the group to discuss the most common arguments against the introduction of new wealth taxes.

Read Tax Justice UK's points in favour of a wealth tax, and their response to common arguments against it. (2023)

In small groups discuss the pros and cons of a wealth tax, such as the proposals from Oxfam, and consider one of the three common myths about wealth taxes.

Give feedback to the larger group and share your own opinions.

https://www.taxjustice.uk/blog/wealth-taxes-will-cause-the-rich-to-flee-11-wealth-tax-myths-debunked

Reflection: Conclude with a 3-2-1 reflection in small groups or individually:

- 3 things we learned
- 2 things that surprised us
- 1 question, or something, we'd like to learn more about.

If wealth taxes are increased, won't rich people just move abroad?
(Myths 3 & 4)

Wealth taxes would be bad for the economy and business
(Myth 10)

Billionaires create jobs; will they stop doing so if we tax them?
(Myth 11)

Activity 6: The Taxation Jigsaw

Aim: To explore the purpose of taxation and the goals of tax policies

Materials: photocopies of The 4 Rs: Information Sheet and The 4 Rs Placemat, plus pens for each student.

Age: 15 - 18 / Adult

Time: 1 hour

Media resources: What's Tax For? The 4 Rs of Taxation. Tax Justice Network (2021) https://www.youtube.com/watch?v=HoSUuxbD9k8

Steps:

1. Introduce the concept of the four "Rs" of tax to your students. You might want to play the short video clip by Tax Justice Network as an introduction, or as a summary at the end of the activity.
2. Split the class into teams of four. Ask the groups to appoint a team reporter and choose a team name.
3. Assign each team member one segment of the 4Rs. The 4Rs are Revenue, Redistribution, Repricing and Representation.
4. Each team member should read the first sentence of their R segment to the group, so that all of the 4Rs are outlined to the whole group (5 minutes).
5. Now form four new study groups; one for each of the Rs. Each study group will discuss and clarify their understanding of their specific R, then think about any further information they would like to find. If possible, online research can be done at this point (10 minutes).
6. Students should return to their original teams and share a summary of what they have learned about their specific R. Team members can also ask questions to ensure that everyone understands this function of tax (20 minutes).
7. Students should complete a placemat exercise to fill in their R segment and, as a group, complete a conclusion statement for the centre of the mat.
8. They should share conclusion statements with the whole group

Information Sheet: The 4 Functions of Tax

The 4 functions of tax include:

- **Revenue:** to fund public services, infrastructure and administration.
- **Redistribution:** to reduce inequalities between individuals and between groups.
- **Repricing:** to limit public 'bads', such as tobacco consumption and carbon emissions, and promote public 'goods'.
- **Representation:** to build healthier democratic processes, recognising that higher reliance of government spend on tax revenue is strongly linked to higher quality of governance and political representation.

INFORMATION SHEET

4 Rs of taxation

Revenue	Redistribution
Tax revenue is necessary to meet a broad range of needs for a healthy and well-functioning society including legal, education, health, housing, and transport systems, as well as funding and support for arts and culture, and providing for people who are vulnerable because of poverty, unemployment, or discrimination. In almost all countries, taxation is the most important source of government revenue. Total tax revenues account for more than 80% of total government revenue in about half of the countries in the world – and more than 50% in almost every country. Ireland took 71.45% of government revenue from taxation in 2021. How tax revenue is spent is also a big issue. For example, the Irish government's policy on housing involves paying large subsidies to private landlords through rent allowances and subsidies (a transfer of public tax revenue to private pockets) and less on building new social housing. The allocation of tax revenue for public services and supports (such as water, housing, education and welfare) is ultimately an issue of human rights, which most countries have committed to by signing the United Nations Declaration of Human Rights. At a global level, meeting the Sustainable Development Goals by 2030 will also require government contributions and funding through taxation. A report from the Tax Justice Network with Oxfam and ActionAid (2016) suggests that a global wealth tax of 1% could meet the funding requirements for the SDGs in full.	Governments can use taxes to help make sure that there is a more equal distribution of wealth, income, and resources within the economy. Income inequality has been rising in most western countries over the last decades. To address inequalities, governments can redistribute income by means of public services, social transfers (welfare payments), and taxes. Taxes are an important source of revenue for providing public services, and progressive tax systems ensure that those on bigger incomes contribute at a higher rate of tax than those on lower income levels. Social transfers can be provided as cash payments, in-kind (often as food) or as vouchers. Examples of social transfers include pensions, child benefit, and disability payments. Redistribution is often framed solely as 'taking from the rich to give to the poor'. In fact people on higher incomes also benefit from public services and receive benefits (in the form of children's allowance, childcare, and pensions, for example). Most recent figures from Social Justice Ireland (2023) show that for people on the lowest incomes, social transfers make up the majority of their income. However the wealthiest 10% of people actually receive over 15% more in social transfers than the poorest. Social transfers and redistribution also benefit the whole society in broader terms. Research shows that societies with higher levels of equality have better outcomes for all. People in more equal societies tend to live longer, have better health, and experience lower levels of crime.

4 Rs of taxation

Repricing	Representation
Governments can use taxes to make goods or services more or less attractive by raising or lowering the price. Raising prices for goods through taxation can also be used to deal with wider costs to a society. For example, tax incentives can be used to encourage investment in housing, 'green' energy, or make public transport and biking to work more affordable. Conversely, higher tax on cigarettes, alcohol, or sugary foods can help reduce their consumption (these are sometimes referred to as 'sin taxes'). Similarly carbon taxes aim to lower the use of fossil fuels and help to reduce emissions by making their use more expensive. Repricing is also a way to address the wider costs of certain products, such as funding for health services to deal with the impact of smoking or using carbon taxes to pay for climate change mitigation measures. Repricing can also be a tax justice issue. For example, carbon taxes often disproportionately affect poorer households who pay a larger share of their income by paying tax on fuel. People living in rural communities may spend more on carbon taxes because they lack access to public transport. These problems could be countered by ensuring that such taxes are applied along with other policies that make more affordable public transport options available.	This function of taxation rests on the assumption that governments should be accountable to their citizens and that a fair tax system strengthens the 'social contract' between the people and the state. Historically, the first steps to democracy in early modern Europe involved monarchs being forced to give up some of their authority to parliamentary institutions in exchange for new taxes. In the United States, the War of Independence in 1775 grew out of the resentment of American colonists being taxed by the British parliament, despite having no elected representatives, as reflected in their slogan, "Taxation without representation is tyranny." Tax justice activists argue that taxation without representation still occurs today. Politicians often talk about representing the 'tax-payer' but some argue that large tax-avoiding corporations have a far greater influence than ordinary tax-paying citizens. Global tax rules are decided with little or no input from poorer countries, making them unrepresentative. This is particularly unfair, as countries in the Global South are disproportionately affected by tax avoidance, yet have the least say in setting or enforcing the rules.

INFORMATION SHEET

The 4 Rs Placemat

Student 1

Student 2

Group Conclusion

Student 3

Student 4

Follow up Discussion

The 4 Rs of taxation describe the role that tax can play to address inequalities, and other issues in a society. However, some tax justice activists argue that taxation could address deeper root causes of these issues, and help reshape economies to be more equal and sustainable. What other roles could tax play to build a more fundamentally just and sustainable world? Some examples include:

Reparations: This involves recognition and compensation for the impact of colonialism, or excessive carbon emissions, and the use of taxation to shift funds from countries and corporations that benefited from exploitative practices to nations and communities that were harmed.

Reprogramming: Activity 17 explores other ways that the economy could be reshaped using tax policies and practices towards a more just and sustainable model. The Tax Justice Network campaigns to 'Reprogramme the Tax System' in the interests of global justice, fair societies, and sustainability. Tax justice activist Richard Murphy calls for a 'reorganisation' of the economy along similar lines.

Learn More:
Watch to the Tax Justice Network's Reboot discussion on https://tinyurl.com/TJN-Reboot-Videos

Extension Activities:

Using the interactive map, work individually or in small groups, to create a table that compares the share of government revenue from taxation in countries around the world.

Country by Country Share of Government Spending Funded by Taxation

https://ourworldindata.org/grapher/share-of-central-government-expenditures-funded-by-taxes

Revenue:

- Tax Justice Network (2016) Global Taxation: Financing Education and the Other Sustainable Development Goals

https://taxjustice.net/reports/global-taxation-financing-education-and-the-other-sustainable-development-goals/

Redistribution:

- Social Justice Ireland (2023) The Social Welfare Myth https://www.socialjustice.ie/article/social-welfare-myth

- The Spirit Level: Why More Equal Societies Almost Always Do Better (2009) was written by Kate Pickett and Richard Wilkinson. This short interview with the researchers and two economists raises the issues of inequality and redistribution.

Video: How Economic Inequality Might Affect a Society's Well-being, PBS Newshour (2019) https://www.youtube.com/watch?v=oFpidadvTvs

Activity 7: Up in Smoke

Aim: To explore the impact of tax and repricing on tobacco and carbon

Time: 60 minutes (3 x 20 minutes)

Approach: Class discussion

Materials: Whiteboard.

This three-part activity looks at the potential benefits of repricing on health and environmental grounds, alongside some tax justice considerations. Students will consider the positives and negatives attached to repricing policies for smoking and carbon and apply a tax justice perspective to both issues. Part One introduces and explores the concept of repricing in more depth, looking at tobacco taxes and their impact on health. Part Two involves a class discussion on the social and environmental impact of carbon taxation, and Part Three invites students to consider the effects of carbon taxes and other tax-related policies on a range of people and groups.

Part One:

Introduction

Ask the students to give examples of health or environmental repricing measures they're aware of. Examples include: so-called 'sin taxes,' like taxes on cigarettes, sugary foods and drinks, carbon taxes, and the Plastic Bag Levy in Ireland.

These are all examples of raising the price of some goods to *discourage* consumption. Ask the students to think about examples of repricing to *encourage* consumption. For example, repricing was used as a strategy in several countries during the Covid-19 period, when the hospitality industry was hit hard with the closure of restaurants and hotels. Governments in some countries cut taxes to reduce prices and stimulate business and protect jobs.

The VAT rate for restaurants and catering was temporarily reduced to 9% in Ireland and Bulgaria, while Austria and the UK reduced it to 5%.

Tobacco Taxes:

Globally, tobacco use is the leading cause of preventable death*, killing eight million people every year (WHO 2021). Ask the class what kind of measures they're aware of that might reduce smoking rates in their country. Write these on a whiteboard.

Invite the students to dot-rank the anti-smoking measures according to the ones they see as being the most effective. For example:

- Health warnings on cigarette packs and 'plain packaging'
- Ban on smoking indoors
- Media campaigns to show the dangers of smoking
- Ban on advertising or sponsorship by tobacco companies
- High taxes to push the prices up

What role does tax/repricing play in reducing tobacco use?

- How much tax is paid on cigarettes in your country?
- How effective is repricing in reducing smoking amongst young people?

Evidence shows that high excise tax/price is the most effective way to reduce tobacco use overall* (WHO 2021). In Ireland there was a very large drop in the numbers of young people smoking between 1998 and 2018** (HSE 2023).

What makes this a tax justice issue?

Given the stresses that people on low incomes face, smoking rates tend to be higher in disadvantaged areas than in more affluent areas: in Ireland the rates are close to double, and almost three times higher amongst people who are unemployed than those with paid work. Those on higher incomes tend to be better able to pay for support to stop smoking. Alongside repricing tobacco, Ireland recently removed VAT from nicotine replacement treatments (NRTs) and introduced publicly funded services to help people quit, including free phone support and NRTs. The government also found strong public support for a proposal requiring tobacco companies to pay the state for the health costs due to the harm caused by tobacco products (HSE 2024).

Find out more:

This article addresses government tax policies and the impact of repricing on health outcomes in Sri Lanka, Colombia, Oman, and the Philippines. It highlights examples such as how an increase in the taxation of cigarettes in Colombia was linked to a 34% drop in smoking, and the taxes accrued almost doubled the funding for Universal Health Coverage.

Article**:** Countries share examples of how tobacco tax policies create a win-win for development, health and revenues. World Health Organisation (2021):

https://tinyurl.com/cig-tax-global

Sources:

* https://tinyurl.com/WHO-tax-tobacco

** https://tinyurl.com/IRE-tobacco-stats

Part Two: Carbon Taxes

Begin by asking the group what 'carbon taxes' are and what kind of goods or services are taxed in this way in their country.

Carbon taxes are levied on fossil fuels or on the carbon emissions required to produce goods and services. Carbon taxes are intended to address the 'hidden' costs of carbon emissions, such as climate change.

Using the table opposite find information about your country's overall carbon tax rate. Find the country with the highest and the lowest carbon tax rates, and which countries were the first and the last to introduce them?

Carbon Tax Justice

Carbon taxes are levied on fossil fuels such as oil, coal and gas. The taxes may be paid by the supplier in the first instance but will be passed on to citizens through higher prices for electricity, petrol, home-heating oil or gas, and for other goods and services that depend on fossil fuels in their production. The aim is for these higher costs to push both producers and consumers to reduce energy use and shift to lower-carbon fuels or renewable energy sources. These shifts are, of course, urgently needed in order to tackle pollution and climate change. However, carbon taxes can have negative social consequences if they're regressive. (See Activity 5: Name That Tax for a recap of regressive and progressive taxation). This section opens discussion about these regressive impacts and whether more effective and progressive alternatives can be found without compromising the urgent need to limit carbon emissions.

- Draw two columns on the board – Pros and Cons.
- Invite students to work in small groups and come up with the pros and cons of carbon taxation.
- Take one suggestion from each group until all ideas have been shared.
- Ask the students to note any of the pros of cons that relate to tax justice.

2023 Carbon Taxes in Europe:

Carbon Tax Rates, Share of Covered Greenhouse Gas Emissions, and Year of Implementation in European Countries (March 31, 2023)

	Carbon Tax Rate (Per Ton of CO_2e) **Euros**	Share of Greenhouse Gas Emissions (2018)	Year of Implementation
Austria (AT)	€32.50	40%	2022
Denmark (DK)	€24.37	35%	1992
Estonia (EE)	€2.00	6%	2000
Finland (FI)	€76.92	36%	1990
France (FR)	€44.55	35%	2014
Germany (DE)	€30.00	40%	2021
Iceland (IS)	€35.40	55%	2010
Ireland (IE)	€48.45	40%	2010
Latvia (LV)	€14.98	3%	2004
Liechtenstein (LI)	€ 120.16	81%	2008
Luxembourg (LU)	€44.19	65%	2021
Netherlands (NL)	€51.07	12%	2021
Norway (NO)	€83.47	63%	1991
Poland (PL)	€13.27	4%	1990
Portugal (PT)[a]	€23.90	36%	2015
Slovenia (SI)	€17.30	52%	1996
Spain (ES)	€14.98	2%	2014
Sweden (SE)	€ 115.34	40%	1991
Switzerland (CH)	€ 120.16	33%	2008
Ukraine (UA)	€0.75	71%	2011
United Kingdom (GB)	€20.46	21%	2013

Sources:

The World Bank, "Carbon Pricing Dashboard," last updated Mar. 31, 2023, https://carbonpricingdashboard.worldbank.org/map_data;

TaxFoundation.org: https://tinyurl.com/eu-carbontax-23

Image: anthropocenemagazine.org

What are some of the justice issues relating to carbon taxes?

The use of carbon taxes to discourage the use of fossil fuels is often compared to tobacco or 'sugar taxes'. However, while people might have a degree of choice about whether to smoke or eat sugary foods, we all need energy for light, heat, and for transport, regardless of how expensive it becomes. People on low incomes already spend a far higher proportion of their incomes on basic living costs so taxes on energy and transport hit them much harder than those on higher incomes. This is unfair. To add to this injustice, they also contribute far fewer emissions than their wealthier counterparts. In the EU, the wealthiest 10% of society emit six times more carbon than the poorest 50%. In the United States, the rate is seven times higher.[1]

Carbon taxes can also have a much bigger impact on people living in rural areas where people tend to have far fewer options for public transport to get to work, school, or to access services.

Wealthier households can absorb price hikes more easily, therefore carbon taxes may not have a great impact on their energy use. A study[2] looking at more than 275,000 households across 27 European countries explored how carbon taxes might affect carbon emissions alongside justice issues, such as people's ability to pay for basic necessities. In addition to having a disproportionate impact on poorer households, the research found that carbon taxes alone aren't a very effective way of reducing emissions, because people still need to heat their homes and use transport to get around, whatever the cost. Used alone, carbon taxes were predicted to reduce home energy emissions by just 1.21% and motor fuel emissions by 1.56% across the 27 countries.

However, carbon taxes could be combined with other initiatives in ways that make them more effective and more fair. In the same study it was suggested that if carbon taxes were reinvested to provide vouchers for free public transport and renewably-produced electricity, the predicted energy savings would be much greater, leading to potential savings in home energy emissions of 13.4% and motor fuel emissions of 23.8%.

The difference with this policy approach - carbon taxes along with vouchers for free renewable energy - is that change is not only required of citizens, but of government and service providers too, and this creates a much bigger impact.

The lead author of the research Milean Büchs explains: "Giving everyone in society a basic amount of free renewable electricity and free public transport could significantly reduce emissions and ensure that everyone's basic needs are met…The provision of free green services has higher potential to reduce emissions because governments would need to invest more rapidly in renewable electricity and public infrastructures so that higher demand is met[3]."

This is an example of what tax justice campaigner Richard Murphy calls the 5th R of taxation: reorganisation of the economy. Tax policies like these have the potential to significantly reorientate policies and reshape practices towards a more sustainable model.

Targeting the Producers: Ending Tax Breaks and Subsidies for the Fossil Fuel Industry

Social Justice Ireland also calls for a rethink of the tax code that targets fossil fuel producers - not just the consumers - and addresses climate change in a just way. The group highlights the huge subsidies still given to fossil fuel companies and suggests that more effective taxation policies could cut emissions and address inequality.

1 World Inequality Database (2023) https://tinyurl.com/C02-inequality

2 Büchs M. et al. "Fairness, effectiveness, and needs satisfaction: new options for designing climate policies." Environmental Research Letters 2021.

3 www.anthropocenemagazine.org/2021/12/to-make-carbon-taxes-fairer-and-more-effective-give-people-free-green-services-rather-than-cash/

According to the International Institute for Sustainable Development (IISD), $1.4 trillion of public money went into fossil fuel subsidies in G20 countries in 2022[4], despite pledges to reduce reliance on carbon-intensive energy sources. In Ireland, fossil fuel subsidies have increased significantly over the past two decades.

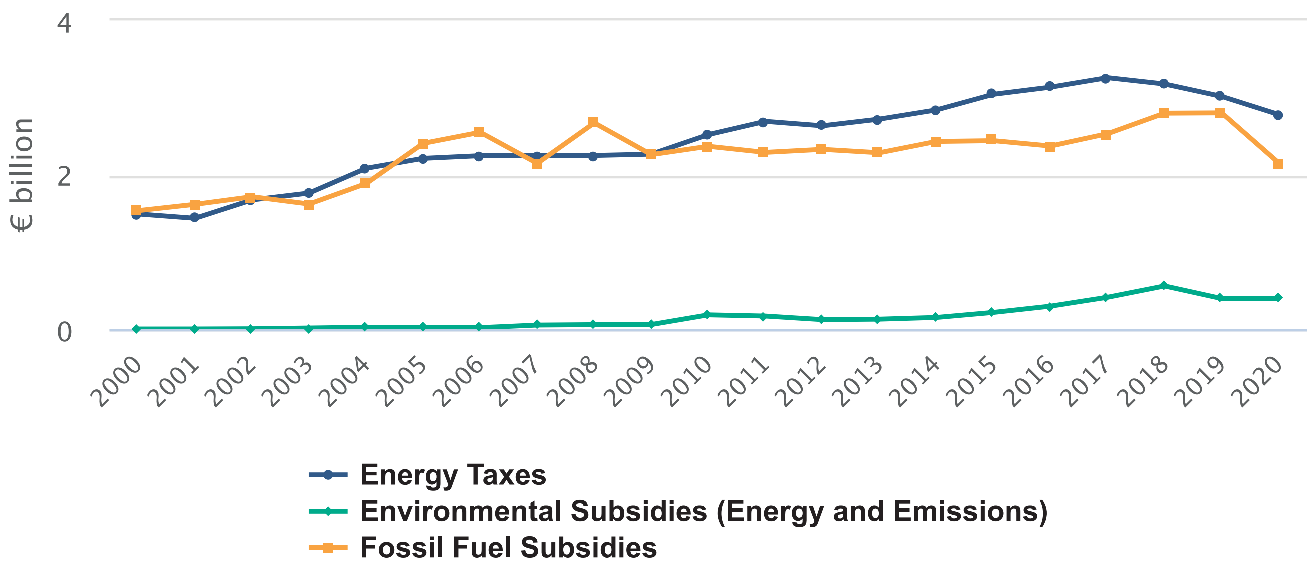
Figures from the Central Statistics Office indicate that €2.8 billion was raised in energy taxes in 2020, while fossil fuel subsidies were €2.2 billion.

Rather than raising carbon taxes, Social Justice Ireland suggested that the government remove those subsidies and invest the money raised in the communities and regions most affected by the shift to a lower carbon economy, ensuring a Just Transition to a more sustainable economy[5].

This echoes the demands of environmental campaigners around the world, who demand more structural changes, an end to tax breaks and subsidies for the fossil fuels industry, and more support for climate change adaptation and renewable energy.

In 2022 the International Monetary Fund (IMF) acknowledged some of these concerns when they updated their method of calculating the pricing of pollution from fossil fuels to include costs relating to health and climate change, giving a truer picture of the impact of burning coal, oil and gas. By this measure they calculated that the industry received direct and indirect subsidies of $5.9 trillion in 2020, leaving tax payers to plug the gap. The group Generation 180 argues that this figure is a low estimate, as it leaves out a number of other "expenses associated with, for example, the wars in Afghanistan and Iraq and their wider costs in terms of higher oil prices [and] lost lives, estimated at more than $5 trillion.[6]"

Energy Taxes, Fossil Fuel Subsidies and Environmental Subsidies (energy and emissions) 2000 – 2020



Source: CSO Ireland

4 www.theguardian.com/environment/2023/aug/23/g20-poured-more-than-1tn-on-fossil-fuel-subsidies-despite-cop26-pledges-report

5 Social Justice Ireland (2022) www.socialjustice.ie/article/time-review-fossil-fuel-subsidies

6 https://generation180.org/blog/the-absurd-truth-about-fossil-fuel-subsidies/

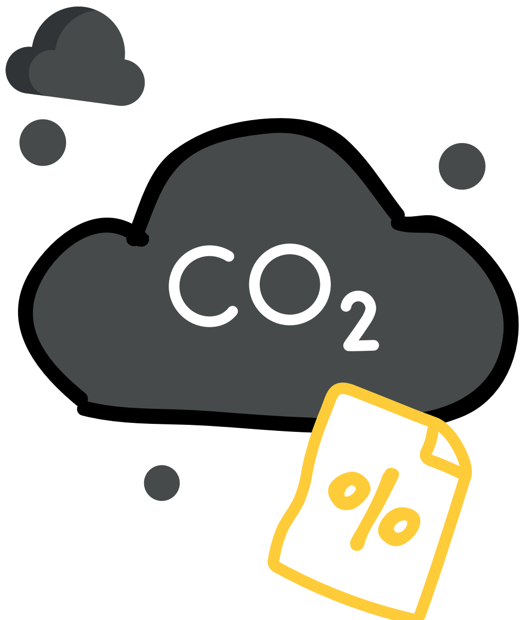
Invite students to work in small groups and consider the impact of these four policy options from the perspective of each of the people or family groups listed.

- Is this policy likely to lead to lower emissions or help to reduce this person/group's 'carbon footprint'? Why?
- Does this policy offer environmentally-friendly alternatives for this person/group, or does it only penalise them with higher prices for energy and fuel?
- Would this policy be likely to cause hardship for this person/group? Explain.

Ask each group to prepare feedback:

After considering each of the 4 policy options, which do you see as most effective for lowering emissions, and the most fair?

Think of at least one other carbon tax policy that could help to lower emissions without increasing inequalities? It could focus on individuals, authorities, fossil fuel producers, or others.



Part Three

Activity: Whose Reality Counts?

The study outlined above looked at four different policy options for governments when deciding if or how to apply carbon taxes (Büchs M. *et al.* 2021)

A. *Carbon taxes alone*

B. *Carbon taxes with the revenue used to provide grants towards the cost of retrofitting energy inefficient homes*

C. *Carbon taxes with the revenue used to fund rebates [refunds] to electricity customers*

D. *Carbon taxes with the revenue used to provide vouchers for free renewably-produced energy for the home, and free public transport*

As noted above, option D is designed to promote change by individuals, along with changes in the provision of services, as it creates demand for more renewable energy and more public transport that the government and service providers need to meet.

Invite students to work in small groups and consider the impact of these four choices from the perspective of one of the people or families below.

How do you think an increase in carbon taxes would affect this character's behaviour?

Who would benefit most from the 4 policy options? Which options do you think would deliver the most energy savings? Encourage the groups to consider alternative policy suggestions, with tax and climate justice in mind.

Take feedback from each group, and weigh up their assessment of the 4 policy options, and any other suggestions offered.

Maya is a single parent raising two children. The family rents an old house which is not well insulated, but the landlord isn't doing anything to upgrade the energy rating. Maya can't afford to run a car but the cost of public transport is also quite high and it sometimes limits what the family can do.

Michael and Shireen are a couple who both have high-paying jobs. They recently got grants to install solar panels and to upgrade their heating system to be more energy-efficient. They live in the suburbs and both drive electric cars (also grant-assisted) to work in the city centre. They like to get away for holidays abroad, and also like to visit their holiday home in the country at the weekend when they have time. It's only a couple of hours drive.

The Cassidys are a farming family in rural Ireland, with two teenagers. The family relies on their cars to get to the nearest village for work and school. For grocery shopping and doctor's appointments it's a longer drive. There are no buses or trains in the area but there is a local campaign to introduce public transport options.

Oisín is a student sharing a flat in the city with friends from college. They all try to be environmentally conscious and cycle or use public transport wherever possible. Oisín works at the weekends but rent is very high and prices for basics like food, heating, and electricity have gone up a lot lately, and sometimes it's hard to make ends meet.

Feedback on Carbon Tax activity:

Option A / Carbon taxes alone:

This will increase heating and transport costs, but without offering any alternatives. This will hit people on low incomes like Maya and Oisín hardest, whilst having little impact on wealthier families like Shireeen and Michael, who can afford to absorb the additional charges.

Option B / Carbon taxes with retrofitting grants:

Just over 1 in every 8 people in Ireland are living in fuel poverty, with those in rented accommodation more likely to be affected than homeowners. This policy will benefit people like Michael and Shireen, and maybe the Cassidys, who own their own homes and can afford to pay the additional costs of retrofitting. It is less likely to help renters like Maya or Oisín because landlords tend to be disinclined to pay to insulate their rental properties as the cost of heating falls on the tenant, not them. In 2023, the Irish government introduced a €10,000 tax benefit for landlords to encourage retrofitting. It's unclear yet if they are taking up the scheme.

Citation: Threshold & St Vincent De Paul (September 2021) Warm Housing For All? Strategies For Improving Energy Efficiency In the Private Rented Sector. https://threshold.ie/wp-content/uploads/2022/06/warmhousingforall.pdf

Option C / Carbon taxes with rebates:

Refunds and rebates on energy bills do help people in immediate need. This measure is not targeted though, as refunds are also given to high-income earners, and it doesn't do anything to reduce carbon emissions. The implementation of such schemes may also deepen inequalities, as happened in the Netherlands when students were denied an energy refund in 2022.

Citation: https://nltimes.nl/2022/10/07/students-wont-get-energy-allowance-minister-reiterates-renewed-call-help

Option D / Carbon taxes with vouchers for free public transport and renewable energy:

Rather than placing all the responsibility on individuals, issuing vouchers creates demand for more renewable energy and public transport, which obliges governments, local authorities, and service providers to increase availability of services to meet that demand. Therefore this approach has the most potential to lower carbon emissions through improvements in the provision of more environmentally-friendly services, without widening inequalities.

What other tax policy options did the class consider? Note that only one of the four options above puts responsibility for change on producers and decision makers. Given the Global North's historic responsibility for over 90% of excess carbon emissions, the group could also consider the role that carbon taxes might play in the global climate justice movement.

https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(20)30196-0/fulltext

LEARN MORE:

Go to the Financial Justice Ireland Resource Page to find out more about Climate Finance and Climate Economics:
www.financialjustice.ie/learn/

Reparations / 'Polluter Pays' Carbon Taxes:

Wealthy, industrialised nations of the Global North are responsible for 90% of excessive levels of carbon dioxide emissions. A 2023 report estimated that they were liable to pay $170 trillion in compensation or reparations to countries of the Global South, to facilitate the rapid decarbonisation of their economies to ensure that climate change targets are met by 2050.

https://doughnuteconomics.org/news/study-says-global-north-owes-170-trillion-for-excessive-co2-emissions

Delivering Climate Justice Using the Principles of Tax Justice (2023)

This paper from the Tax Justice Network looks at the use of carbon taxes in a climate justice context, and how the international community might cooperate to address historic responsibilities for excess emissions, reform the global economic system, and find the finances needed to prevent and mitigate the damage caused by climate change.

https://taxjustice.net/wp-content/uploads/2023/06/Delivering-climate-justice-using-the-principles-of-tax-justice-Tax-Justice-Network-June-2023.pdf

Financing A Just Transition:

Watch the Tax Justice Network's Reboot discussion on on how to pay for a green energy transition

https://tinyurl.com/TJN-Reboot-Videos

Activity 8: Big Business Comes to Town

Aim: To introduce the role of corporation taxes.
To explore the range of services and support provided through taxation, and how employers benefit from these social goods.
To consider taxation as part of the social contract, and how corporate tax avoidance can support or undermine this.

Age: 15 - 18 / Adult

Materials: Paper and markers for each small group.

Time: 40 minutes

So far, much of the focus has been on the tax paid by individuals. This activity will focus on the role of corporate taxes for the delivery of social goods and services.

1. Working in small groups, ask students to imagine that they are a group of Trade Ministers meeting with the CEO of a big multinational corporation, whose company is considering setting up business in their country. (The students can choose to represent any country they like and should take a moment to introduce themselves in their new ministerial role to the others in their group. The facilitator can take on the role of CEO.)

2. People may have different views on the positives and negatives of a big multinational moving to their country, but for now we are thinking about the advantages. Invite the group to consider why they (as Trade Ministers) might want this company to come? Allow two minutes in their small groups to consider as many benefits as they can for their chosen country.

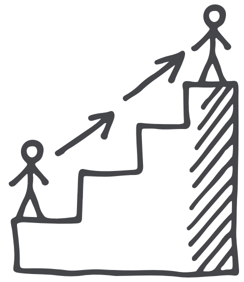
3. Take feedback from the groups. They are likely to mention 'jobs' very quickly, but you can note some other potential benefits, such as upskilling and training for workers, the possibility of attracting other corporations, and the hope that this industry will further stimulate the economy (e.g: contracts for suppliers and workers spending more of their wages on local goods and services).

   The main point for our discussion, however, is about jobs, which will be filled by workers. This point is obvious, but it's worth asking what it takes to create a 'worker' for this company to employ. Note that they didn't start their lives as 'workers' but that society spent years investing in them before they became workers whom the company can employ, benefiting from their labour.

4. Now give each of the groups a page and some markers and invite them to name all the ways their government and society has invested in and supported its citizens (from before they were even born). Think of as many ways as possible in 3 minutes. Include stick figures and sketches to illustrate their points.

5. Take feedback from each group and show their sketches. These will include everything from ante-natal and maternity services, to providing healthcare, education, transport, roads, and so much more. If there are gaps, the facilitator can add them.

6. Summarise by noting that the most important reason these 'Trade Ministers' had for the company to set up in their country was employment. Name the ways their countries have already invested in the workers the company is now planning to employ. Emphasise that one of the reasons to pay corporation tax is in recognition of the benefits the company gets from that investment made by society. So, tax is one of the other important benefits of having this company set up in their country. Paying their fair share of corporation tax is how companies uphold their end of the social contract and to ensure that society can continue to function.



7. But what happens if a company wants to set up their business and benefit from the skills and expertise of workers, profiting from their labour or from the natural resources of a country, without paying their fair share of taxes?

This raises three questions: How does this happen? What's the impact? And what can be done?

Activity 9: Another World is Possible: Tax and the Sustainable Development Goals

Aim: Explore the links between delivery of the SDGs and fair taxation

Time: 60 minutes

Age: 15 - 18 / Adult

Materials: Set of SDG cards. These may be available at your school, or download at www.globalgoals.org/resources/
A budget sheet for each group.

Media resource: a speaker for music (a phone would be fine).

Part One: Warm Up/Getting (re)acquainted with the SDGs

1. Distribute a set of SDG cards between students.
2. Musical Statues: Invite them to move around the room until the music stops (or you say *stop*).
3. When the music stops, tell them to stand with the person closest to them and in pairs discuss any connections between the SDGs they hold. This could be connections in how the problems are caused or how the solutions are interconnected.
4. Then see if they can think of any connections that these SDGS have with tax. When the music starts again, swap cards and start moving around the room.
5. Repeat in another pair, then for the third round try working in groups of three.
6. When a few rounds have finished, come back to the large group and take feedback on some of the connections made and any insights from the activity. What role could tax play in making sure that this could happen?
7. Ask the group if they feel that the SDGs can be delivered by 2030. (You could invite the group to stand along a line, from very optimistic to very pessimistic)

> **"For the world's 48 lowest income economies, the shortfall for delivery of the SDGs is estimated at $337 billion, annually, if they are to be equipped to take the required action on climate change, biodiversity loss and pollution."**
>
> From the report: Global Taxation: Financing Education and the Other Sustainable Development Goals (1 November 2016)

https://taxjustice.net/reports/global-taxation-financing-education-and-the-other-sustainable-development-goals/

Part Two: Meeting the Challenge of Funding the SDGs

1. Invite the group to imagine that they are a United Nations-type taskforce representing 48 ‘developing countries’ whose aim is to meet the SDGs in their countries, despite a significant gap in funding. In this imaginary scenario, the international community has decided to take a tax justice approach to the challenge of delivering the SDGs. So, this taskforce has been given the power to collect underpaid corporate taxes and use this money to meet the shortfall in SDG funding for the world’s poorest 48 countries.

2. Each year, $600 billion is lost to corporate tax avoidance and abuse. So, from this year, this group will have that $600 billion as their budget. Their task is to decide how much to allocate to each SDG. (Show the budget sheet)

3. Now split the class into smaller ‘sub-committees’ and distribute the SDG cards between these groups, and give each a budget sheet. Each sub-committee should consider the importance of the goals they are allocated and prepare to make the case for funding them. They should decide what percentage of the overall budget (€600 billion in total) they think should go to each goal. This can be shaded in on their budget sheet. Allow at least 5 minutes for this.

4. Ask each sub-committee to make their ‘pitch’ for funding, explaining what goals they’ve looked at, why they’re important, and showing how much of the overall budget they’re asking for. Explain that, if all the funding requests push the committee ‘over budget’, a second round will be held to decide what to cut.

5. Keep track of each sub-committee’s funding pitch by marking it on the facilitator’s budget sheet. Or project/sketch a 100 square table on the board and shade in the percentages as each pitch is made. This way the group will be able to see if and when they go over budget.

6. When each group has made their funding pitch, summarise some of the key points raised in terms of the importance of each goal and note how much of the overall budget is being requested. It’s likely that they will overshoot the €600 billion allocation and they will expect to now go into an ‘elimination round’ to reduce their proposed spending.

7. However, the facilitator/teacher can now reveal the actual estimated shortfall faced by these 48 countries to be able to deliver the SDGs: $337 billion - just over half of the amount estimated to be lost because of corporate tax abuse and avoidance. This information may both affirm the optimists in the group and offer hope to the pessimists.

8. Go back to groups of three. Remind them that tax justice groups in the Global South and North are campaigning to change tax policies to provide more funding for initiatives like the SDGs. Give each group a piece of card and ask them to come up with a campaign slogan based on a tax justice approach to the SDGs. (Give them an example to inspire them: 'Another world is taxable…?!)

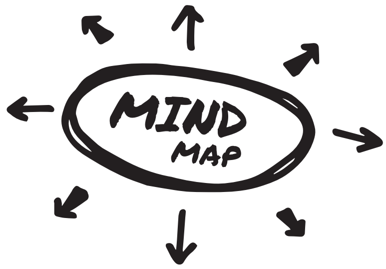
9. Share the slogans as the closing round to this session. Consider sharing them more widely on social media to highlight the issues addressed in this session.

> **"For many Africans, fulfilling the UN Sustainable Development Goals is a matter of life and death. Unfortunately, their ability to meet these aims is hobbled by illicit and hidden movements of capital that amount to vast billions each year. It is high time that the international community addresses this injustice in global taxing rights that is impoverishing millions, which goes back to the days of the League of Nations, when most member states were colonies, and which has been perpetuated by the monopoly that rich country clubs have held over international tax rulemaking."**
>
> UN representative from South Africa discussing a global tax framework, December 2023

https://taxjustice.net/reports/global-taxation-financing-education-and-the-other-sustainable-development-goals/"

Extension Activity:

Pick out some of the key sentences and statistics above and create a mind map or poster summary using infographics or other images.



TAX AND THE SDGs

The Global Alliance for Tax Justice highlights unfair tax burdens that harm those living in poverty, a majority of whom are women. The Alliance calls for the adoption of progressive and gender-equal taxation, including new forms of taxation of capital and wealth, combined with less reliance on consumption taxes.

SDG 1 aims to lift all people above the international poverty line by 2030. When the SDGs were launched in 2015, the international poverty line was $1.90 per day (it has since been updated to €2.15). However, it has been argued that this target is far too low when many NGOs estimate that $5-$7.40 would be required to meet the basic indicators of a full and decent life.

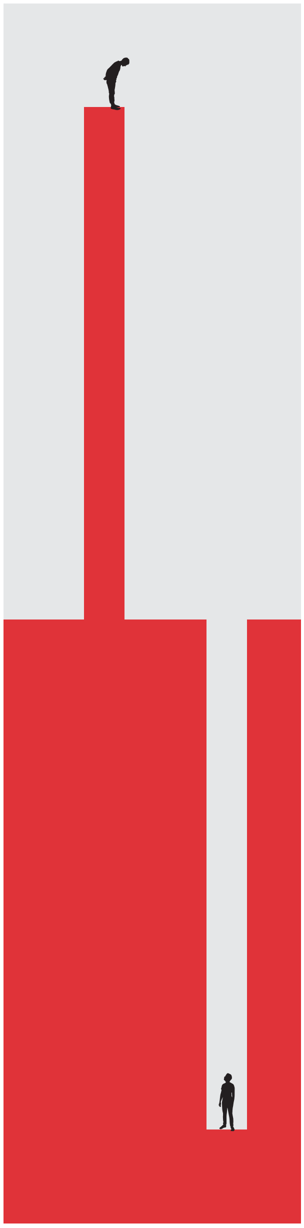
Jason Hickel, author of The Divide, claims that changes to taxation could impact on global poverty and the realisation of SDG 1, No Poverty:

"[People living in poverty] are the people who render the majority of the resources and labour that keep the global economy going. What they get in return for that is literally pennies...

For perspective, the richest 1% capture more than $18 trillion in income each year... We could tax the 1% a mere third of their income to put an end to global poverty.

OR **Poverty could be ended right now by shifting simply $6 trillion of existing global income to the poorest 60% of humanity. This would be enough to lift every human on the planet above the $7.40 line...**

OR **Change the rules of the global economy so that the world's majority can claim a fairer share of the yields they produce in the first place."**



Sources: Jason Hickel (2015)

blogs.lse.ac.uk/southasia/2015/09/23/five-reasons-to-think-twice-about-the-uns-sustainable-development-goals

www.theguardian.com/global-development-professionals-network/2015/nov/01/global-poverty-is-worse-than-you-think-could-you-live-on-190-a-day

BUDGET SHEET

TOTAL BUDGET

NOTES

SUSTAINABLE DEVELOPMENT GOALS

Activity 10: Tax for Teachers

Aim: To recognise the crucial role of dependable tax revenue in the provision of quality education

Time: 45 minutes

Materials: paper and markers/pencils

Optional additional data visualisation activity: 30 minutes

Part One: Warm Up

Work in pairs, sitting back-to-back. Give each pair a piece of paper and a marker. Take turns to describe and to draw.

"Take a moment to imagine a school. What is needed to make it a really good learning environment for young people? What would a great school have, in your opinion? What can you see in your mind's eye? "

Take 60 seconds each to describe your ideas to your partner, as they draw your vision. Swap, and include any other details that are missing from the drawing.

Hold up the drawings as the teacher/ facilitator goes around the room identifying the features they can see. This might include practical items, like desks and chairs, book shelves, computers, boards, art supplies. There may be sports facilities and an outdoor space. The drawings could also include a café, spaces to spend time with friends, a cinema – who knows? How many of the drawings include a teacher?!

Part Two: Funding for Education

Now the group is going to think about where funding should come from to run good schools so young people can get an education.

Ask the students what they think the biggest cost is in the education budget each year?

For most countries, the biggest cost in the education budget will be salaries for teachers. While the cost of providing school buildings and equipment can be high, these are not costs that recur year after year in the way that wages do. A stable and reliable source of funding is required to meet salary costs, which makes taxation particularly relevant when it comes to providing education.

According to 2023 estimates from the United Nations Educational, Scientific and Cultural Organisation(UNESCO), the world needs an additional 44 million teachers[1] to ensure that every child receives an education. For countries in sub-Saharan Africa, another 15 million teachers are needed to meet the Sustainable Development Goal 4 of ensuring primary and secondary education for all by 2030.

1 UNESCO (2023) The teachers we need for the education we want: the global imperative to reverse the teacher shortage; factsheet https://unesdoc.unesco.org/ark:/48223/pf0000387001

Part Three: How can countries in the Global South meet the costs of training and paying for more teachers to provide an education for all and meet the targets associated with SDG 4?

Options could include:

- Call for increased levels of international aid from donors
- Introduction or raising fees to attend school
- Cut teachers' pay levels to save money and make education budgets more manageable
- Raise taxes to provide revenue to meet these needs
- Any other ideas?

Take 5 minutes to work in small groups to discuss the pros and cons of each of these measures and then discuss as a class.

- Aid levels may rise and fall and donors sometimes divert funding to new or different projects. Aid can't be relied on as a long-term source of revenue. While aid for education was rising for a number of years, the impact of the pandemic meant that two-thirds of low and lower-middle income countries cut their public education budget.[1]
- Charging school fees makes things hard for low income families and also may discriminate against girls getting an education.
- Cutting teacher's salaries will make the job less attractive and make it more difficult to recruit and retain teachers.
- When discussing taxes, what kind of taxes could be introduced to raise revenue?

Class Discussion Questions:

Which of the above funding sources do you think would be the most effective, sustainable and fair in terms of delivering the human right to quality education? Did the groups think of any others?

It's important to note that education is a human right guaranteed under the United Nations Declaration of Human Rights and the Convention on the Rights of the Child. Should this have an impact on decisions about how education should be funded?

Ask the group to consider how meeting the targets for SDG 4 on Quality Education could support the delivery of other SDGs as well? Some are obvious – for example, the goal of ensuring decent work (SDG 8), but others might be less obvious. See if the group can find examples of how meeting the goal of Quality Education can support the realisation of the other SDGs.

Learn More: Education, Human Rights, and Tax:

Tax avoidance robs countries of their rightful tax revenue and this inevitably leads to underfunded public services. A coalition of Irish, Ghanaian and international NGOs submitted a report to the UN to highlight the problem and impact of tax avoidance. As a result of this work, and for the first time ever, the UN Committee on the Rights of the Child reviewed Ireland's role in facilitating tax avoidance and, crucially, the impact it can have on the lives of children in developing countries.

"The submission concludes that Ireland has knowingly taken actions which undermine the capacity of developing countries to secure children's economic, social and cultural rights and that these actions constitute a failure to comply with the Convention of the Rights of the Child."

https://taxjustice.net/reports/ireland-to-face-un-grilling-over-child-rights-impacts-of-fiscal-policies/

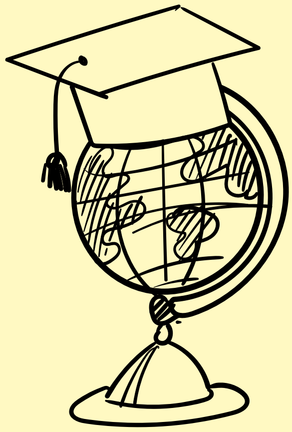
1 https://www.worldbank.org/en/news/press-release/2021/02/22/two-thirds-of-poorer-countries-are-cutting-education-budgets-due-to-covid-19

Breaking out of the Bubble to Transform Education Financing: ActionAid (2023)

The Tax Justice Network, TaxEd Alliance, and others, published this policy paper looking at how 89 low income countries in the Global Partnership for Education (GPE) could achieve dramatic increases in financing the right to education through action on tax, debt and austerity.

https://actionaid.org/publications/2023/breaking-out-bubble-transform-education-financing

A 2023 report by the Tax-Ed alliance, which includes ActionAid International, Education International, the Global Campaign for Education (GCE), Tax Justice Network, and the Global Alliance for Tax Justice, stressed the importance of reforming the global tax system to provide more long term funding to ensure that the right to education is realised for all young people.



Education is labour intensive and having a sufficient number of well-trained teachers is crucial for quality education. The number of primary school teachers in low income countries needs to increase by nearly 50%, and meeting these costs requires stable funding to ensure that education, and teacher's salaries, can be properly resourced in all countries.

Shrinking budgets sometimes lead to pay cuts for teachers. This leads to poor employment conditions (working against the targets for SDG 8 on decent work) and also has an impact on gender equality (SDG 5) as a significant proportion of teachers are women.

Aid and loans – when given without conditions – can play a role, but these sources of funding can be of limited value for financing education because they are often short-term and unpredictable. While aid can be useful to support shorter-term initiatives, such as classroom construction, scholarships, or curriculum development, many governments only move to recruit new teachers when they have a secure, predictable source of revenue, and that almost invariably means tax revenue.

Extension Activity: Visualising the Data

The students should read Carolina Rodrigues Finette's blog about her experiences as a young teacher in Brazil and how this opened her eyes to the connections between tax justice and the right to education. Then break into small groups to share and develop your ideas about the points raised.

As A Former Schoolteacher, Our Students Need US to Fight for Tax Justice (2024) https://taxjustice.net/2024/01/24/as-a-former-schoolteacher-our-students-need-us-to-fight-for-tax-justice/

- Each person in your small group should select and share a quote from the article that you find powerful or impactful, and explain why.
- As a group take note of the key statistics in the article.
- As a group select some quotes and statistics to illustrate.
- Consider ways to visualise or illustrate your chosen points and data to make it them relatable and engaging for your audience. Use infographics, graphs, collage, cartoons, storyboards, photography, or any other visual form. Statistics and percentages might not be the most important element for your group; for example you might instead look for ways to illustrate the impact of tax avoidance on the availability of funding for education, or the potential for transformation of the education system through tax justice.
- Add a tax justice slogan to your piece to encourage action in support of SDG 4, and the human right to education.
- Finish with a gallery walk to view each of the pieces. The students can give feedback on elements they find particularly striking and impactful.
- Consider sharing your pieces on social media to amplify campaigns for SDG 4, like the Global Partnership for Education.

"If properly implemented, tax and education are the most powerful tools to reduce inequalities.".

Caroline Othim, Global Alliance for Tax Justice

Activity 11: Tax Dodges

Aim: To gain understanding of tax havens and tax avoidance mechanisms, such as transfer mispricing

Time frame: 60 - 90 minutes

Age group: 15 and above

Materials needed: Worksheet 1 (Tax Havens), Worksheet 2 (Transfer Mispricing)

Media Resources: Selection of videos (see below)

Through this activity, participants will examine some of the practices and systems that facilitate tax dodging, such as trade mispricing and tax havens. Some of these are illegal, while others are technically legal but involve the use of 'loopholes.' Part One uses a worksheet to learn about tax havens. Part Two offers a range of short videos to explain and discuss tax havens and tax avoidance mechanisms like transfer pricing from a variety of perspectives. Part 3 consolidates the group's understanding of transfer pricing with another worksheet, and Part 4 offers two case studies to explore.

Part One: Introduction to Tax Havens (Worksheet 1)

Begin by explaining that there are a number of ways in which companies can dodge taxes without breaking the law. In fact, paying as little tax as possible, regardless of the social consequences, has become an acceptable way of doing business for many.

Define 'tax avoidance' and 'tax evasion' and explain the difference, whilst acknowledging that the nature of aggressive tax avoidance can blur the line between the two. Though it may not be strictly illegal, tax avoidance is often seen as unethical.

TAX EVASION	TAX AVOIDANCE
Not paying tax	Minimising tax bill
Illegal	Legal (though may stray into illegality)
Fraudulent means (e.g. non-declaration of funds)	Making maximum use of tax loopholes
Penalty or Imprisonment, if caught	Risk of penalty or imprisonment if rules are broken or stretched too far

'OFFSHORE' TAX SYSTEM:

- Countries or locations with minimal tax and higher level of secrecy than in a company's home country.
- Various locations outside of a company or individual's home country, when funds can be banked with minimal tax, few regulations, and high levels of secrecy.

TAX AVOIDANCE AND EVASION ARE BOTH FACILITATED BY 'TAX HAVENS'

Adapted by: DemNet, Hungary

Participants now work in pairs using a 'Read and Explain' method to gain information on tax havens, then explaining what they've learnt to their partner.

1. Each pair is given a copy of *Worksheet 1: Tax Havens*. To begin with, both should skim read the entire text to get the gist of it.
2. Then take turns to read and summarise each paragraph. Both should read the first paragraph, then one person summarises it (without looking at the text) while the other checks the paragraph for accuracy and offers prompts to help if anything is left out.
3. They then read the next paragraph and change roles until they have completed the entire text.
4. Conclude by considering and sharing their own opinions on what they've learned.

"There's no generally accepted definition of a tax haven. Mine boils down to two words: "escape" and "elsewhere." To escape rules you don't like, you take your money elsewhere, offshore, across borders. I prefer such a broad definition because these havens affect far more than tax: they provide an escape route from financial regulations, disclosure, criminal liability, and more."

Nicholas Shaxson - October 2019

https://www.imf.org/en/Publications/fandd/issues/2019/09/tackling-global-tax-havens-shaxon

"The majority of companies in Ireland - both Irish and foreign-owned - pay little or no corporate tax. In 2014, 68% of all companies liable for the tax paid nothing. In 2000 the figure was 48%. The narrowing of the tax base means that the burden of paying for the running of the state, as well as meeting the interest repayments due on the bank bailout loans, falls more and more on ordinary working people and their families. This has significant consequences in terms of social cohesion and state viability, as can be seen in the ongoing funding crises in health, housing, education, and infrastructure."

Conor Mc Cabe, in Money (2018, pg 64)

Part Two: Video Activity Introducing Transfer Pricing

One tax avoidance measure is transfer pricing. This is essentially the price a company charges itself for goods or services transferred within the company, via a subsidiary in another country.

A corporation creates a subsidiary company in another country - one with a much lower tax rate - to manage its Intellectual Property (IP), for example. IP includes patents, copyright, trademarks, etc. The subsidiary can then charge the parent company a fee for the use of its own Intellectual Property; for example, paying royalties for using the company logo on sports clothing. So, this is essentially the price a company charges itself for goods or services transferred within the company, via a subsidiary in another country.

1. Watch video (a) as a class and follow with a short discussion on how transfer pricing is used by companies and high-wealth individuals to avoid paying tax.
2. Choose/allocate videos (b) (c) (d) to small groups. Watch, then write and present a short summary to the rest of the class.
3. As a class watch video (e) or (f) together (or split into two groups and watch one each, and give a short report.)

   These videos approach tax avoidance from a business perspective.

   As a class, discuss the video(s) using the same questions on your feedback sheet.

   What perspective does the video come from? How is tax avoidance viewed? What impacts are discussed? Also ask: are any perspectives left out? Whose? Why do you think this is?

Invite the group to share anything that strikes you about how transfer pricing and other tax avoidance measures are discussed by the speakers.

a. Transfer Pricing and Tax Havens. Khan Academy / 6.30 minutes

   https://tinyurl.com/khan-taxhavens

b. Tax Havens Explained TLDR (2018) / 6 minutes

   https://tinyurl.com/taxhavens-explained

c. Where Has All The Money Gone? Christian Aid (2014) / 9.10 minutes

   https://tinyurl.com/Where-has-all-the-money-gone

d. The Panama Papers, Explained With Piggy Banks, Vox (2016) / 2.06 minutes

   https://tinyurl.com/shell-companies

e. How Corporations Use Tax Havens to Maximize Profits, Stanford Graduate School of Business (2019) / 7.50 minutes

   https://tinyurl.com/taxhaven-business

   (Play up to 2:56 for the input on Corporate Income Shifting and from 6:20 – 7:55 for questions on 'Paying Your Fair Share.')

f. Why Does Starbucks Pay So Little Tax? - MoneyWeek Investment Tutorials (2011) / 13 minutes

   https://tinyurl.com/starbucks-tax

Part Three: Tax Havens and Transfer Pricing

Participants again work in pairs using the 'Read and Explain' method to gain information on transfer mispricing from Worksheet 2, and then explaining what they've learnt to their partner.

Part Four:

Invite small groups to look in more depth at the two case studies on pages 56-57, and create a summary.

WORKSHEET 1: TAX HAVENS

Tax havens – so what's the problem?

Tax is the foundation of good government and a key to the wealth or poverty of nations. Yet many places allow big companies and wealthy individuals to escape their responsibilities in relation to paying fair taxes.

Tax havens not only offer low or zero taxes, but something more. What they do is provide facilities for companies or high-wealth individuals to get around the rules, laws and regulations of other jurisdictions, using secrecy as their prime tool.

The offshore system is a blind spot in international economics– which helps explain why so few people have woken up to the scandal of tax havens. Yet tax havens enable billions of dollars to be robbed from poorer countries.

How big is the problem, and what is its nature?

Assets held 'offshore' - beyond the reach of transparent and effective taxation - are equal to about a third of total global assets. Over half of all world trade passes through tax havens. The amount of money lost by developing countries due to tax havens is far greater than annual aid flows. As corrupt dictators and other élites strip their countries' financial assets and relocate them to these financial centres, developing countries' economies are deprived of local investment capital and their governments are denied desperately needed tax revenues. Countries that lose tax revenues may also become more dependent on foreign aid.

Using secrecy and tax loopholes to avoid tax does not only happen in islands and small states. The largest financial centres such as London and New York, and countries like Switzerland and Singapore, offer secrecy and other special advantages to attract foreign capital flows. Ireland is considered a major corporate tax haven, and ranked by some tax academics as the largest in the world[1].

In 2023 The Tax Justice Network estimated that globally, countries are on course to lose $4.8 trillion in tax to tax havens over the next 10 years

So, what do tax havens have in common?

- Secrecy
- Allow non-residents to open bank accounts
- Low or no corporate tax rate
- Little or no disclosure of information to other countries

Where are they?

Many locations around the world are considered tax havens, though there is no one list everyone agrees on. The following are tax havens according to the Tax Justice Network[2], in order of how much they facilitated tax dodging in 2021:

- British Virgin Islands*
- Cayman Islands*
- Bermuda*
- Netherlands
- Switzerland
- Luxembourg
- Hong Kong
- Jersey**
- Singapore
- United Arab Emirates
- Ireland
- Bahamas

1 "Ireland is the world's biggest corporate 'tax haven', say academics". Irish Times. 13 June 2018.

2 https://cthi.taxjustice.net/en/
*British Overseas Territory;
** British Crown Dependency

WORKSHEET 2: TRANSFER MISPRICING

Transfer mispricing

Transfer mispricing, also referred to as 'cooking the books', may at first glance seem like a matter that's only of interest to accountants or lawyers. However, it is relevant to anyone who cares about tackling global poverty and inequality.

It's about the manner in which businesses, in particular multinational corporations, shift billions of euros of profits between countries to reduce their overall tax bill, or even dodge it completely.

With multinationals, a system called transfer pricing works when a subsidiary of a parent company sells something to another subsidiary in another country – it could be anything from nuclear reactors to cornflakes. It may also apply to the sale of things, such as management services and insurance. As long as the subsidiaries of the same multinational charge each other a fair market price – known in regulatory circles as an 'arm's length' price – such transactions are perfectly legal.

So what's the problem?

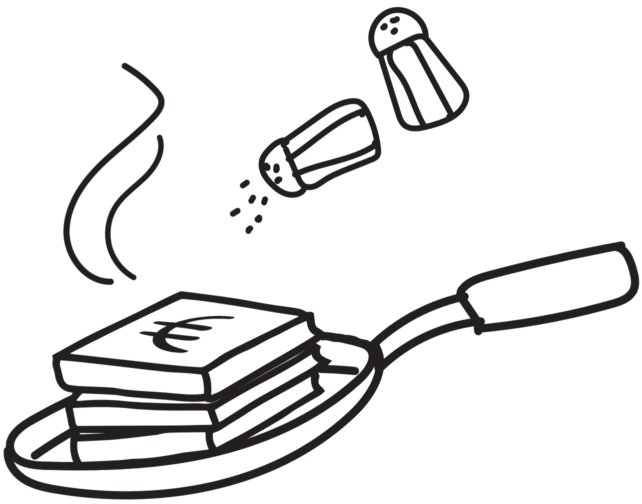
In practice, transfer pricing means that a subsidiary of a company can charge a vastly reduced, or inflated, rate for goods and services to another subsidiary elsewhere to minimise their tax liability. So goods are exported and sold to a sister company at knockdown prices from the country where they were produced, which keeps the profits low. That means the tax paid in that country is also low.

The company buying them then sells them at their true market value from a country where the tax rate is much lower. This practice is usually not possible where there is a rival product to provide a price comparison, like cornflakes, made by another manufacturer, but it often works when the company has a unique product, e.g. its own trademark, which is harder for revenue authorities to place an independent value on, or, in some cases, where it claims that the original product has had value added in some way in the second, lower-tax country.

In other situations, goods from wealthy countries are sold to developing countries at hugely inflated prices to enable the company that is the buyer to shift large amounts of money abroad, while, at the same time, reducing its tax bill at home.

The OECD introduced global tax reforms to address the abuse of transfer pricing called the BEPS process (Base Erosion and Profit Shifting). However, many activists are concerned that it doesn't go far enough, and that developing countries weren't involved in writing the rules.

With 60% of world trade now taking place within, rather than between, multinational companies, this practice has been called 'the ugliest chapter in global economic history since slavery' by businessman and author, Raymond Baker.



CASE STUDIES

Case Study 1: 'Supersizing Profits and Minimising Tax'

McDonald's is one of the largest fast food companies in the world. Outside of the USA, Europe is Mc Donald's biggest market, with 7,850 outlets returning massive profits for the corporation. Instead of being run directly by Mc Donald's over 70% of the restaurants in Europe are operated as franchises which pay rent, royalties, and other fees to the parent company for use of 'Intellectual Property' (IP) such as the famous logo, branding, IT systems, restaurant decoration, recipes, and more. This is an important aspect of McDonald's tax strategy.

McDonald's parent company is based in Chicago, USA, but in 2008 it set up a subsidiary company (also known as a 'daughter company') in Luxembourg and branches in Switzerland and Delaware (all tax havens). McDonald's then began to transfer the payments for fees and royalties from all its European franchises to Luxembourg, where they paid an extremely low rate of tax - as little as 1.4% - on profits from Intellectual Property.

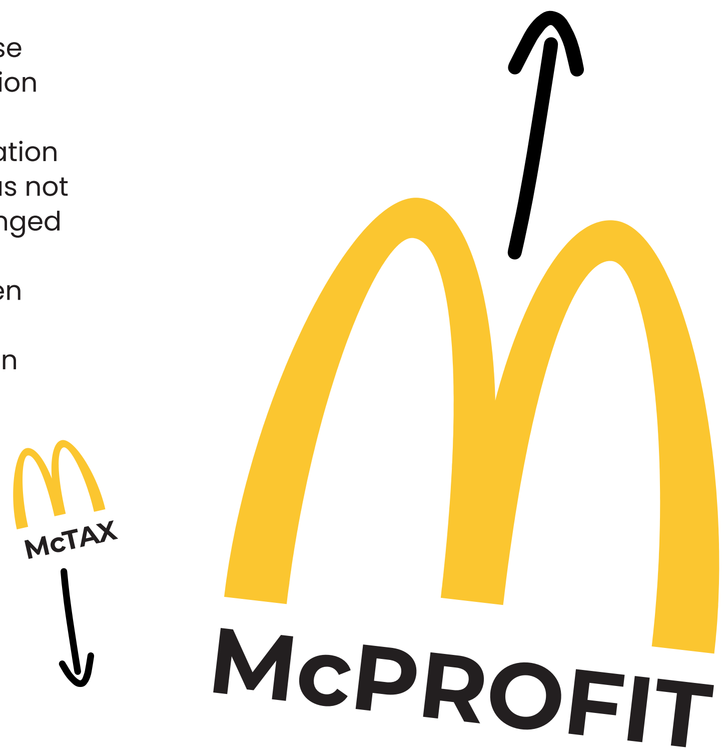
In 2015, a coalition of European and American trade unions, along with the anti-poverty group War On Want, highlighted McDonald's deliberate avoidance of over €1 billion in corporate taxes in Europe using these methods. This prompted an investigation by the European Commission into the company's tax practices. The investigation ultimately found that the company was not breaking the law, and McDonalds changed their tax strategy, using an even more complex range of transactions between subsidiaries and other companies in Singapore, Hong Kong, the UK, Cayman Islands, Bermuda and Guernsey.

As noted by Oxfam, "when employers don't pay people enough to survive, those workers are compelled to seek government assistance, meaning taxpayers are essentially subsidising the corporations." When these companies then also use tax havens to drastically reduce their tax bill, this places even greater burden on citizens to foot the bill. The European Public Service Union declared it "shameful to see that a multibillion euro company, that pays low wages to its workforce, still seeks to avoid its responsibility to pay its fair share of much needed taxes to finance public services we all rely on."

In a victory for tax justice campaigners McDonald's made an out-of-court settlement of €1.2 billion with the French government in 2022, made up of fines, penalties and back taxes due because of the alleged shifting of profits earned in France to Luxembourg and other low tax jurisdictions.

Read More:

www.epsu.org/sites/default/files/article/files/enUNHAPPYMEAL_final.pdf



CASE STUDIES

Case Study 2: Apple Tax

At 12.5%, Ireland has the second lowest corporation tax rate in the EU, but in reality many companies pay even less, and the country's role in assisting big firms to avoid tax is also coming under increasing criticism from tax justice activists, and from its European neighbours. Apple is one of the companies that uses Transfer Pricing as a mechanism to minimise their tax bill.

While the tech-corporation Apple is based in California, the company's European headquarters – Apple Operations International (AOI) – is based in Ireland. 6,000 people are employed at Apple in Cork, where they build and test laptops and tablets, deal with logistics like arranging transport to get new products to shops, and other kinds of work. Siri's voice recognition technology, and her jokes, were tested in Cork, for example. However despite being based in Ireland, most of AOI's profits actually come from outside of the country.

That's because AOI's profits include those from Apple's subsidiary companies in all countries outside the US[1].

In August 2016; the European Commission (EC) ruled that for more than two decades Ireland granted undue tax benefits of up to €13 billion to Apple, which is illegal under EU state aid rules, because it allowed Apple to pay substantially less tax than other businesses. The Commission claimed that Apple's effective tax rate in Ireland was as low as 0.005% in 2014. This judgement was not about whether Apple's tax arrangements in Ireland were unfair to citizens, but whether Apple had been given preferential treatment over other companies.

The EC ruled that Apple's tax arrangements had led to an underpayment of tax, and ordered the Irish government to recover the unpaid taxes from 2003 – 2014, which amounted to €13 billion plus interest.

1 www.irishtimes.com/business/2023/04/07/apple-reports-635bn-profit-at-main-irish-subsidiary/

(As a comparison, this is equal to Ireland's full education budget for 2023. Or, more than enough to build the country's long awaited National Children's hospital six times over.)

In 2020 Apple and Ireland took a joint case to oppose the EU ruling and were successful. The EC appealed to a higher court, which the Irish government and Apple again opposed. As of October 2023, the case is ongoing. Apple declared profits of $63.5bn profits at its Irish subsidiary in 2023, and the directors state that sales outside Ireland still represent the majority of the group's net sales[2].

While the Irish Government has engaged with some important reforms and tax initiatives since the Apple case, such as the OECD's Base Erosion and Profit Shifting (BEPS) programme, it has strongly resisted others, including EU plans for greater tax transparency, proposals for a UN-led tax convention, and most the recent efforts to agree an ambitious global minimum corporation tax rate[3].

The Irish government fought against meaningful reforms to deter corporate profit-shifting.

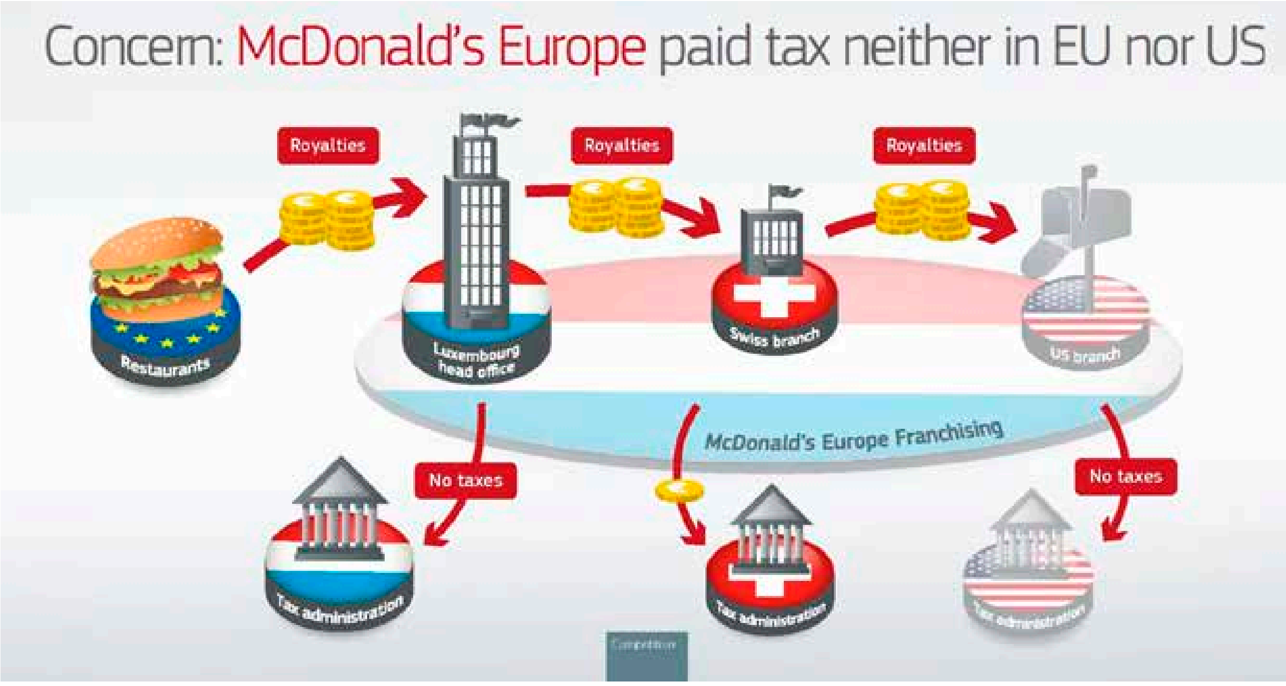
In a letter to the leaders of the G20 countries, a number of leading economists criticised the countries that resisted these moves towards global tax cooperation:

"This process has been watered down in such a way that it will overwhelmingly benefit rich countries. Proposals for a global effective minimum tax have been rejected in the pursuit of the lowest common denominator of 15%, a success for Ireland, a loss for the rest of the world."

2 https://www.irishtimes.com/business/2023/04/07/apple-reports-635bn-profit-at-main-irish-subsidiary/

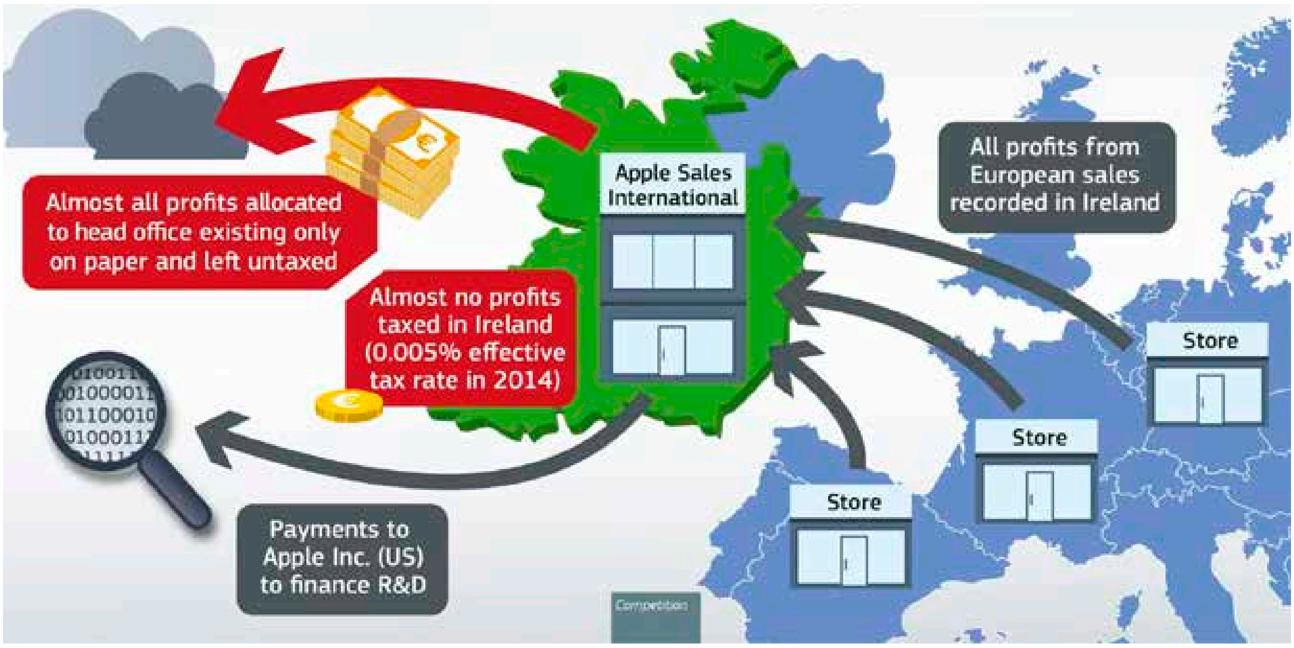
3 https://www.christianaid.ie/news/news-and-blogs/irelands-role-enabling-tax-avoidance-under-spotlight-un

Case Study 1: 'Supersizing Profits and Minimising Tax'



Credit: European commission

Case Study 2: Apple Tax



Credit: European commission

Activity 12 : Snack-a-tax

Aim: To learn about the global nature of taxation and the role of transfer pricing

Time frame: 50 minutes

Age group: 15-18

Materials needed: Flipchart, A4 photocopies of the 'banana profits map'.

Optional opening activity: Fair Trade Bananas

Bananas are one of the most popular fruits around the world. Five million tonnes are imported by the EU every year and, in Ireland alone, 5 million bananas are eaten each week. Many schools explore fair trade issues by looking at the share of profits gained by banana producers, compared to corporations and multinational retailers, such as the activity outlined in this CAFOD resource: https://tinyurl.com/fairtrade-banana-activity

This activity complements prior learning about fair trade, by expanding awareness and understanding of how unfair tax arrangements place workers at a disadvantage in a system rigged to the advantage of wealthy corporations.

1. Can the group think of any link between bananas and the payment of tax? Invite the group to call out their ideas.
2. Working in small groups, give each group a copy of the 'Banana Profits map' or display it on the whiteboard. Explain that the map shows a breakdown of the profits from the sale of a banana produced by the 'Yellow Banana Corporation', and where the profits are declared. Ask the group to discuss if they notice anything interesting about some of the places where the banana corporation earns profits from the production of a banana. What questions does this raise for the group?
3. Watch this video of journalist Felicity Lawrence using 'The Banana Case' to explain transfer pricing. Invite the group to see if they can follow the story of the tax avoidance outlined and link it to the Banana Profits map. https://tinyurl.com/unfair-tax-bananas

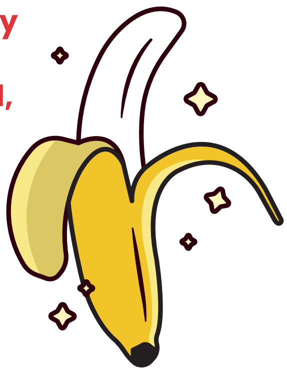
Adapted by: Crosol, Croatia

Ask each student to make a note of:

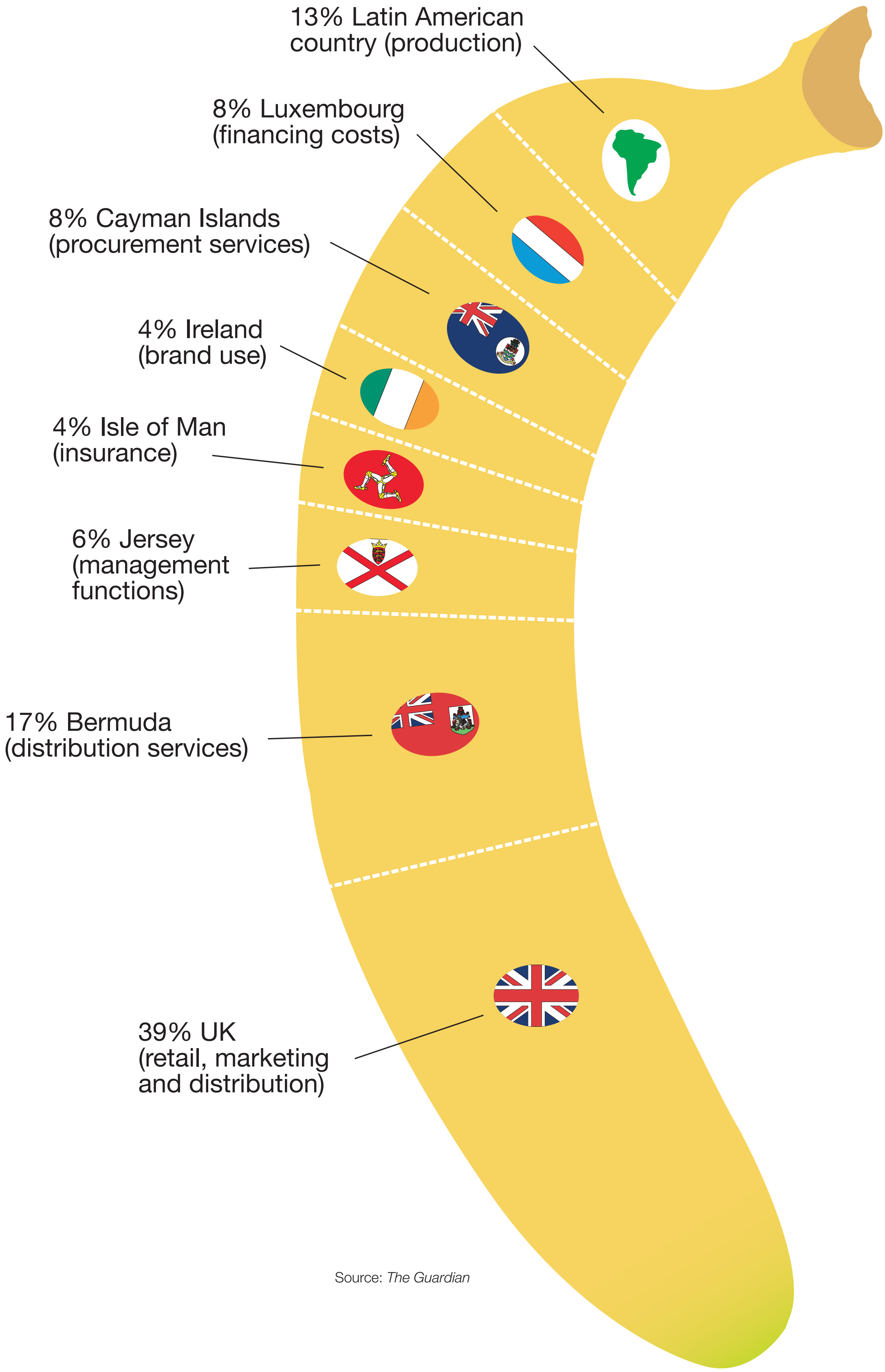
- 1 thing I already knew about this subject
- 1 thing I learned
- 1 thing that surprised me
- 1 question I have on this subject
- Something I want to learn more about

Banana Republic?

Bananas were at the centre of a tax controversy when the Irish multinational Fyffes cut their tax bill by claiming that they were not importing and ripening bananas in Ireland, but actually importing raw materials and using them to 'manufacture' the fruit at its warehouses in Dublin. This was successfully challenged by Revenue in 2000.



BANANA PROFITS MAP



Source: *The Guardian*

ACTIVITY 13: Who Wants to be a Billionaire... Philanthropist?

Aims: To debate how social justice issues should be addressed
To explore opinions on the benefits and drawbacks of billionaire philanthropy

Time: 60 minutes

Materials: Two signs - Agree and Disagree, Blu Tack/sticky tack, screen and equipment for showing video.

Step One: Introduce the topic with one of the following statements:

It's ok if billionaires don't pay much tax, if they make big donations to charity instead.

Billionaires can do better with their money by giving it to charities rather than paying it in tax.

Debate the statements through a walking debate or 'pick a side'. (This is where students write their response to the statement, either agreeing or disagreeing with the statement. Then they discuss it with the others on the same 'side', sharing their reasons for taking this position, before moving into groups of mixed opinions).

Step Two: Further Discussion

Discuss these questions in small groups and take feedback and responses as part of a whole-class discussion.

- In a world with so much wealth, why is there so much inequality? Why does the need for charities exist in the first place?
- Should issues like hunger, poverty, health, and care of vulnerable people be left to charities? How is a rights-based approach to tackling poverty different from a charity-approach?
- Is 'tax' society's money? If so, who should decide how society's money is spent? How should these decisions be made? What connections do you see between taxation and democracy?

Step Three: Video and Discussion

https://tinyurl.com/Piketty-interview*

The economist Thomas Piketty begins by saying, "Private philanthropy is perfectly fine if it comes in *addition* to taxation, but if it comes *instead* of taxation, it can become a problem."

Share the questions below with the students before watching the video together, and ask them to take notes to prepare a response. Alternatively, give a question each to small groups to consider and give feedback to the class.

- What point does Piketty make about power and control when billionaires 'give' to charity rather than paying more in tax?
- Does billionaire philanthropy enhance democracy or concentrate power in fewer hands? Is this a problem? If so, why?
- The interviewer says that he should have control over where his money goes (in his case, he wishes to give it to charity). Is he mixing up the ideas of charity and taxation?

- What's the difference? Giving to charity is a personal choice whereas taxation is not meant to be an individual choice. How do citizens collectively decide how tax should be spent?

This last point is addressed by journalist Paul Vallely, who questions whose money is actually being distributed:

"The idea that a philanthropist's money is their own to do with as they please is deep-rooted...John Rawls, one of the most influential philosophers of the 20th century argued that citizens discharge their moral responsibility when they contribute their fair share of the taxes which governments use to take care of the poor and vulnerable. The better-off are then free to dispose of the rest of their income as they like.

But what the rich are giving away in their philanthropy is not entirely their own money. Tax relief adds the money of ordinary citizens to the causes chosen by rich individuals. Most western governments offer generous tax incentives to encourage charitable giving. Gifts to registered charities are tax free. Super-rich philanthropists, therefore, find themselves in a position where a large percentage of their gift is funded by the taxpayer. Thus it becomes far less clear whether the money philanthropists give away can rightfully be regarded as entirely their own. If taxpayers contribute part of the gift, why should they not have a say in which charity receives it?"

Conclude with a poll on the last question raised in the extract above: *If taxpayers contribute part of the 'gift', should they have a say in how it is spent?* If the answer is *yes*, the means for citizens to have their say (in Ireland and elsewhere) is currently through democratic processes, flawed as they might be.

* BBC Newsnight (2015) Thomas Piketty on Capitalism, Corbyn and why Zuckerberg is getting it wrong - https://www.youtube.com/watch?v=X6frECZhxJA

Reflection:

Invite the group to journal a short reflection on the perspectives explored in this activity.

- How does the activity relate to our topic of tax justice?
- How did the activity make you feel?
- Something new you learned from the activity.
- Something that surprised you.
- What action could be taken by the class on this issue?

Extension Activities :

Article 1:

This article sets out some of the key justice issues in relation to tax and philanthropy. Read or listen and make a short summary of the arguments put forward and give your own opinion. Consider sharing your summary with an online poll to engage a wider audience in the debate. An audio version is also linked below.

Paul Valleley. 'How Philanthropy Benefits the Super Rich' The Guardian 8/8/2020

www.theguardian.com/society/2020/sep/08/how-philanthropy-benefits-the-super-rich

Audio: www.theguardian.com/news/audio/2020/sep/28/how-philanthropy-benefits-the-super-rich-podcast

"There are more philanthropists than ever before. Each year they give tens of billions to charitable causes. So how come inequality keeps rising?"

Article 2:

This article presents differing views on philanthropy, put forward by billionaires.

Outline the arguments in the article made for and against the philanthropy/charity model of funding social goods like health, education, and culture.

What do you think?

Stephanie Strom. 'Big Gifts, Tax Breaks, and a Debate on Charity', New York Times, 06/09/2007

www.nytimes.com/2007/09/06/business/06giving.html

Article 3:

Consider arguments for or against the claims made in the article.

Who might agree or disagree with the perspective of the authors?

What's your opinion?

Carl Rhodes & Peter Bloom. 'The Trouble with Charitable Billionaires', The Guardian 24/5/2017

www.theguardian.com/news/2018/may/24/the-trouble-with-charitable-billionaires-philanthrocapitalism

"What smart, entrepreneurial philanthropists and their foundations do is get greater value for how they invest their money than if the government were doing it."

Eli Broad,
billionaire philanthropist

"What we are witnessing is the transfer of responsibility for public goods and services from democratic institutions to the wealthy, to be administered by an executive class... Charitable giving is translated into a business model that employs market-based solutions characterised by efficiency and quantified costs and benefits... [What this achieves] more broadly is the social justification of extreme wealth inequality, rather than any kind of antidote to it."

Carl Rhodes and Peter Bloom

Activity 14 : Bringing it All Back Home

Aim: To apply the group's understanding of progressive taxation to their own country's context

Time: 40 minutes

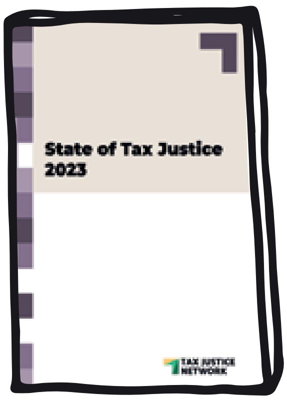
Age: 16 - 18 / Adult

Approach: For participants with a good grasp of tax justice issues, this activity offers the opportunity to examine data from a variety of countries and contexts.

Three reports are summarised below with links for each research activity. In small groups or individual self-study, participants should assess the level of involvement in tax avoidance in a variety of countries, and how progressive or regressive taxation looks in each case.

REPORT ONE:
The State of Tax Justice 2023 by the Tax Justice Network

http://tinyurl.com/StateOfTaxJustice-2023



The State of Tax Justice 2023 is an annual report by the Tax Justice Network. It reveals how much tax each country in the world loses to international corporate tax abuse and private tax evasion. While there have been estimates in the past about the global tax lost to tax abuse, it has been difficult to determine how much each country loses individually.

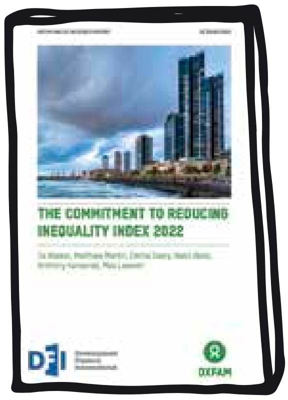
In July 2020, OECD released data on multinational corporations' financial affairs, making it possible to estimate each country's tax losses with unprecedented accuracy by analysing the new data. Still, released data is limited, as the regulation on which the data is gathered impacts only multinational corporations with consolidated group revenues of at least EUR 750 million, headquartered in any country which has adopted the country-by-country reporting regulation.

2023	Bulgaria	Croatia	Hungary	Lithuania	Malta	Slovenia
Amount lost in tax every year to global tax abuse (in US dollars)	41,628,373	31,227,339	411,400,888	99,781,709	389,065,115	213,882,104
Amount lost to global tax abuse committed by multinational corporations (in US dollars)	25 million	11,8 million	351 million	91 million	7 million	97 million
Amount lost to global tax evasion committed by private individuals (in US dollars)	16 million	19,4 million	60 million	9 million	382 million	117 million

REPORT TWO:
Tax and commitment to reducing inequalities (CRI) index

Oxfam (2022)

https://policy-practice.oxfam.org/resources/the-commitment-to-reducing-inequality-index-2022-621419/



Covid-19 increased inequality worldwide. The poorest people were hit the hardest by both the disease and its economic impacts. The Covid-19 crisis has led to a greater collapse in the economic output of the Global South compared with the North. This is mainly a consequence of the lack of fiscal space available to governments to support the economy and population in times of crisis. While extraordinary government spending in response to the crisis in the North averaged 11.7% of GDP, lower income countries were able to mobilise just 3.2% of their much lower GDP, widening global inequalities.

The 2022 Commitment to Reducing Inequality (CRI) Index looked at government policies and actions to fight inequality during the first two years of the pandemic. It reviewed public spending, tax, and labour policies and the actions of 161 governments during the period 2020–2022.

In 2021, low and middle income countries spent 27.5% of their budget on debt service, which was twice their education spending, four times more than their health spending and nearly 12 times their social protection spending. Every 1% increase in the rate of interest can represent another $35 billion in interest payments that must be made by low and middle income countries to rich creditors.

Meanwhile, the CRI 2022 Index reveals that most of the world's governments failed to adequately tackle this dangerous rise in inequality. Some 50% of low and lower middle income countries saw the share of spending on health and social protection fall during the pandemic, and 70% had cuts to their education spending.

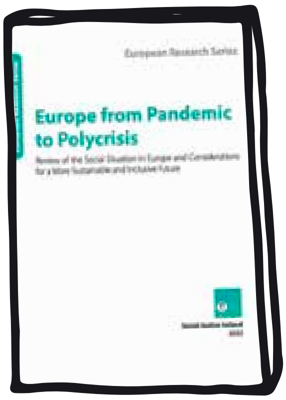
Worldwide, 95% of countries failed to increase taxation of the richest people and corporations, but the report notes that, "At the same time, a small group of governments from across the world bucked this trend, taking clear actions to combat inequality, putting the rest of the world to shame."

Some examples include:

- The Occupied Palestinian Territories increased anti-inequality social spending from 37% to 47% of its budget.
- Nepal increased health spending by more than half between 2019 and 2021.
- Costa Rica increased its top rate of income tax by 10%.
- Argentina and Bolivia introduced wealth and solidarity taxes on their wealthiest citizens.

REPORT THREE:
Social Justice Ireland (2023) Europe: From Pandemic to Polycrisis

https://tinyurl.com/sjireland-report-2023



Chapter 5 of this report deals with taxation in all EU countries and compares taxation rates to an index of six dimensions of social justice: poverty, education, the labour market, intergenerational justice, health, and social inclusion and non-discrimination. The Social Justice Index groups countries into three groups:

Group 1: Countries with a well-established social investment approach to many social challenges.

Group 2: Countries that are making progress in a few specific areas but have yet to develop a strong social investment approach overall.

Group 3: Countries where a social investment approach has not made many significant inroads.

Student Research:

Divide the list of countries amongst the students. Go to Table 6 in Chapter 5 (page 74) of the report:

- Where do you think your country will rank in terms of high or low tax?
- Do you think your country fits into Group 1, 2, or 3 for social investment?
- Do any of the rankings surprise you? If so, why?

Activity 15: Mining Rights and Wrongs

Aim: To explore the power dynamics between multinational companies (MNCs) and communities in the Global South regarding tax
To understand the impact of corporate tax avoidance on development in the Global South

Time: 45 - 60 min

Age: 15 - 18

Materials: Flipchart, markers, pens, paper sheets, photocopies of worksheets.

Opening Discussion:

Should there be any restrictions on companies and businesses? Or should they be free to do anything they like to make profits? What kind of rules or restrictions should there be on the mining industry?

Explain that the following activity involves coming up with a Code of Conduct to govern the mining industry, that covers fair tax, human rights, and sustainable development.

1. Recap the Sustainable Development Goals (SDGs), and the United Nations Declaration for Human Rights (as reminders of two global agreements that address social, economic and environmental issues.)
2. Break students into three groups and give each group one of three role cards.
    - A mining company
    - A Southern government
    - A Southern social movement
3. Ask them to read their role cards.
4. Give each group a copy of the background briefing on 'Zambia and the mining companies' to discuss. Ask them to identify the issues raised in this story that are or could be relevant to their role. How might the SDGs or UNHDR relate to this group?
5. Then ask each group to prepare a code of conduct on tax and mining, from the perspective of their role. Give them 20 minutes to generate their code and to nominate two people to present the details to the whole class.
6. Each group can then respond to the points made by the other groups.
7. Display the three codes produced by the small groups from the perspective of the mining company, the government, and the social movement. Are there any points that are common for all three groups? Are there any conflicting interests, and if so how might they be resolved?

    Work to create a single code that balances each group's needs, and reflects commitments under the UNHDR and SDGs.
8. In 2019 the Global Tax Justice Alliance formulated a set of demands for the mining and extractive industry, which sets out to establish a fair tax system for extractive industries, preventing tax avoidance by corporations. Compare their demands with the class code and note any additional points that could be added.
    - Stop the plunder and exploitation of natural and human resources,

Adapted by: Crosol, Croatia

and move away from reliance on extractivist economies characterised by over-production and over-consumption by the wealthy.

- Ensure payment of fair taxes to provide public services and benefit communities most affected by mining and extraction.
- End wasteful tax incentives for mining companies that enrich them at the expense of citizens.
- Insist that corporations act with transparency, accountability and in compliance with workers and environmental standards
- Increase government transparency, anti-corruption measures, and accountability.
- Enforce regulations and shut down harmful mining projects.
- Ensure that mining and extractive projects are wound down correctly by companies, with investment in protection of air and water quality, and community welfare.
- Protect democracy by resisting any efforts to limit government decision-making in agreements with mining and extractive companies.
- Safeguard the rights of affected communities, including women, workers, and indigenous communities (whose land, livelihoods, and culture are often threatened by mining projects).

Background Information:

According to the United Nations, the continent of Africa has 30% of the world's mineral reserves, along with 12% of the world's oil and 8% of natural gas reserves, 40% of gold, and 90% of platinum and chromium.

Read more on the wealth of Africa here: https://www.aljazeera.com/news/2018/2/20/mapping-africas-natural-resources

Zambia is a resource-rich nation in South-Central Africa with a population of approximately 20 million people. The country's abundant natural resources include copper, emeralds, gold, cobalt, zinc, and petroleum. Zambia generates up to 90% of its energy through hydropower, and exports electricity to neighbouring countries.

The mining sector, primarily focused on copper, plays a central role in the Zambian economy. In 2019, mining exports amounted to nearly US$7.4 billion, contributing approximately 10% of GDP and 28% of government revenue. However, the Zambian government has little to show for the profits that mining companies have made over the past two decades.

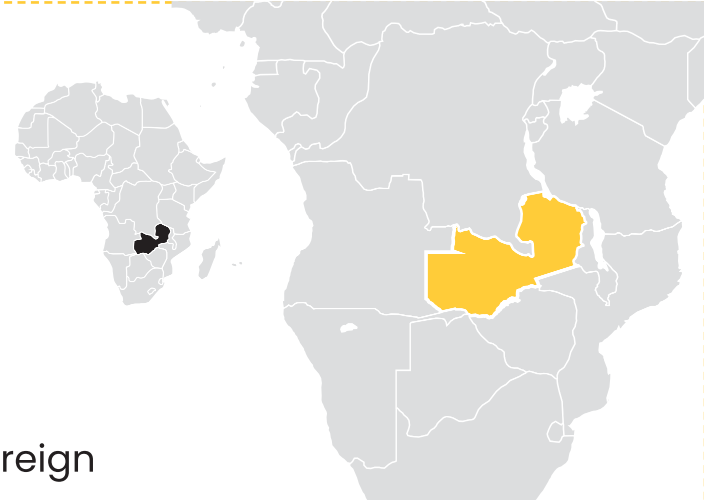
Despite the unprecedented surge in copper prices and historic highs in production and export revenues from 2003 to 2014, tax collections in Zambia remained relatively modest. For instance, in 2013, when copper prices exceeded US$7,000 per metric ton, Zambia exported over US$6 billion worth of copper but collected only US$197 million in income tax from the mining sector (including other minerals).

Despite its resource wealth, Zambia faces significant challenges. It ranks among the countries with the highest poverty and inequality levels worldwide. Over 61% of Zambia's population earns less than the international poverty line of $2.15 per day, with three-quarters of the poor residing in rural areas. Economically, Zambia is currently experiencing its most severe challenges in years. The Covid-19 pandemic has strained the healthcare system, economic activity, and public budgets. The nation grapples with rising inflation and soaring public debt, which has surged from 20.5% of GDP in 2011 to 78.1% in 2018[1].

The mining industry – particularly copper – is seen as crucial for Zambia's economic recovery.

1 WHO (2020) https://data.who.int/countries/894 World Bank (2023) https://www.worldbank.org/en/country/zambia/overview

ACTIVITY 15: WORKSHEET 1 – ZAMBIA CASE STUDY



Zambia and the mining companies

- Zambia is one of the world's leading producers of copper. Copper generates most of Zambia's foreign currency.
- In the 1990s, Zambia bowed to pressure from the International Financial Institutions (IFIs) to privatise its copper mines.
- New contracts for the mining industry were drawn up by a London-based law firm without any input from the Zambian parliament.
- The terms of the mining contracts were published due to lobbying and campaigning by civil society organisations in Zambia.
- The royalty rate for copper production was set at 0.6%.
- In 2011, five companies producing copper worth US$4.28 billion paid only US$310 million to the government in taxes.
- In 2008, a new government was elected in Zambia and cancelled the contracts, imposing a new royalty rate of 30% on the mining companies.
- The mining companies refused to accept the new contracts and appealed to the World Bank's International Centre for Settlement of Investor Disputes.

ACTIVITY 15: WORKSHEET 2 – ROLE CARDS

Mining Company

You want to cut down on the amount of tax you pay in order to increase your profit margins. There is big money to be made in the mining industry in Africa – for example, in 2022, copper exports from Zambia were worth $8.44 billion. In 2021, gold exports from Tanzania were worth $3.14 billion.

How can you maximise your profits and meet your human rights and environmental obligations?

Southern Government

You want to increase the amount raised in taxes from profits made by foreign mining companies based in your country. This revenue is needed to provide health, education, and welfare services for people living here. Mining corporations often pay very low rates of tax – in 2011, five companies operating in Zambia produced copper worth US$4.28 billion but paid only US$310 million to the government in taxes.

Southern Social Movement

You want the government of your country to increase its tax revenue so there is more money available for public services. You also want to hold your political leaders accountable to make sure they spend public money in the best possible way. You are very concerned about the environment and the impact that mining is having. For example, large chemical spills have recently killed many fish near a local mine. You are part of a 'No to Mining' women's rights movement that protests against the negative environmental, social and health impacts of mining in your communities. Mining corporations often pay very low rates of tax – in 2006, the copper companies operating in Zambia made €2.2 billion but only paid €12 million in tax. That's less than 1%.

Activity 16: Just Thinking About Tax

Aim: To deepen understanding of tax justice
To consider a range of justice dimensions linked to tax

Time: 40 – 60 minutes

Age: 15 - 18 / Adult

Materials: Set of Tax Dodging Statement Cards (cut out).

This activity allows for deeper consideration of the impact of tax dodging on societies and the environment. It is suitable for groups already familiar with the fundamentals of tax as a justice issue.

Introduction:

We've established that tax avoidance denies countries much-needed revenue for essential public services. While it's often stated that governments must raise taxes in order to spend on services, Modern Money Theory (MMT) holds that in fact governments more often spend first, and then tax afterwards: the need to provide additional health and welfare support during the Covid pandemic is one example. Though taxation is not the only way that countries meet the costs of providing these services, it is hugely important.

Depriving countries of revenue that they could otherwise put towards infrastructure, environmental protection, and services for their citizens is not the only thing that makes tax-dodging a justice issue. This section allows for deeper consideration of a wide range of factors that make tax such an important element in the building of fair, equitable, and sustainable societies.

1. Begin exploring this issue by asking the group for their thoughts on what makes tax a justice issue. For example, they might consider an issue:
   a) that affects their community or country
   b) that has a local and global impact
   c) that has an impact on health or education
2. Attach the title cards of each Tax Statment to the board/wall and open the discussion by inviting the students to consider and share their initial thoughts on how any of these problems might be connected to taxation.
3. Working in pairs or small groups, invite the participants to select a couple of Tax Statement cards to explore. The group should read each card and decide which Headline it relates to. Does the group agree with the headline statement being made? Would they add or remove anything, or rewrite the statement?

4. Invite the groups to come to the board/wall to pair their Tax Statement card with the relevant Headline groups and give a brief summary of the points made during their discussions.

5. Continue the discussion on the Tax Statements with the whole class. If additional points are made about the impact of tax injustice, add them to the board.

6. So what's the solution to these issues? Conclude the activity with ideas from the group about what could be done. Follow up with Activity 17 on Taking Action.

> **"Fighting harmful tax avoidance and abuse, tax-related illicit flows, and harmful tax competition, increases trust in government and thus the bond between citizens and their government as part of a new social contract to create opportunities for all."**
>
> Navid Hunaf

Navid Hunaf, Financing for Sustainable Development Office, United Nations Department of Economics and Social Affairs (UNDESA) 19th October 2021. https://prezi.com/view/DDFAOuQsHX3kGj5LkD1P/

ACTIVITY 16: TAX STATEMENT CARDS

Tax Dodging Makes Global Inequalities Worse	Tax avoidance by multinationals and high wealth individuals disproportionately affects the Global South, reinforcing global inequalities that make the rich richer and the poor poorer. Lower income countries have historically had little to no say on global tax rules. However they continue to be hit hardest by global tax abuse. The Tax Justice Network highlights that while higher income countries lose the equivalent of 9% of their public health budgets due to tax dodging, the figure for lower income countries is almost 50%. https://taxjustice.net/reports/the-state-of-tax-justice-2023/
Tax Avoidance Undermines Democracy	Bribes and corrupt payments are typically funnelled through secrecy jurisdictions to avoid detection. The ‘off-shore’ system of tax havens allows corrupt leaders and business people in the Global North and South to send and take bribes or to embezzle state funds and hide them in secret accounts. This not only robs countries of revenue that belongs to the citizens and is needed for public services, but also undermines democracy and accountability in these countries. Tax havens are also associated with ‘state capture’, meaning that financial interests become so dominant in a country that the media, and the political and legal establishment fall into line with their priorities. As a result little criticism is heard about tax avoidance or debated in public, regardless of the negative consequences.
Tax Dodging Creates An Unfair Business Environment	Tax avoidance by big corporations makes it difficult for smaller businesses and innovative start-ups to compete because they cannot access the same tax loopholes as their big-business rivals. Big companies can then easily buy out their smaller competitors and dominate their sectors. This undermines healthy competition and can lead to monopolies. For example, this type of activity contributed to the reduction of pharmaceutical companies in the USA from 60 to 10 in two decades, as well as a fall in vaccine producers from 26 to just 4 (which limited the capacity to respond to the Covid pandemic). tinyurl.com/just-tax-monopolies

ACTIVITY 16: TAX STATEMENT CARDS

Tax Dodging Makes The Financial System Unstable	The ability to move and hide huge amounts of profits outside of a country's tax-collection system also puts big banks out of sight of national banking and financial regulators. Banks that had become 'too big to fail' and were inadequately regulated were the main cause of the catastrophic financial crash of 2008. When these banks and insurance companies went bust as a result of reckless lending and trading, citizens were left to bail them out, and the bill ran into billions. This in turn led to higher taxes and cuts to public spending. Despite all this, these financial institutions didn't change their ways: a 2017 Oxfam report showed that the 20 biggest European banks (several of which received big bailouts, funded by tax-payers) registered around 25% of their profits in tax havens. http://tinyurl.com/just-tax-banks-taxhavens
Tax Havens Makes Countries More Unequal	In a democratic society, everyone's voice should be heard and treated equally. More equal societies have numerous benefits, including better health, lower crime rates, and better educational outcomes overall. However, corporations and high-wealth individuals often take advantage of loopholes to dodge tax in ways that ordinary people and smaller companies cannot. Over time, this creates massive inequalities in wealth, giving a very small number of companies and people a disproportionate amount of power and influence in society. Research by the EU Tax Observatory has shown that tax dodging corporations may also increase wage inequality within and between companies. Research on the benefits of equal societies: tinyurl.com/just-tax-equality Links between tax dodging and wage inequality: tinyurl.com/just-tax-wages
Tax Dodging Pushes Countries Into Debt	Countries that cannot rely on tax revenues to fund essential services may resort to borrowing. In turn, repayment of these loans requires higher taxes and puts more pressure on citizens to make up for the funding gap left by tax dodging.

ACTIVITY 16: TAX STATEMENT CARDS

Tax Dodging Worsens Gender Inequalities	Women and girls, especially those marginalised or living in poverty, suffer when public services are underfunded. This includes a lack of access to free, quality public healthcare, water, education, childcare, social protection, sexual and reproductive health services, and affordable public transport that makes travel safer. Overall women spend 2.5 times more performing unpaid care and domestic work than men. As social services are starved of public funding, women, in general, are pressured to take on an even greater share of unpaid work. tinyurl.com/just-tax-gender
Tax Avoidance Enables Environmental Damage	Investigative journalists have shown how big mining, forestry, fisheries, and agribusiness companies often take advantage of the secrecy provided by the offshore industry, for various purposes, including tax avoidance and to exploit natural resources in the Global South. tinyurl.com/just-tax-environment
Tax Dodging Undermines People's Human Rights To Services	Tax avoidance drains countries of the funds they need to meet peoples' fundamental needs and rights, like education, housing, health, welfare, and emergency responses, or to support culture and the arts. This concentrates the wealth and power of a small number of individuals or corporations. Over time, some of these public services become underfunded and run down. They may then be outsourced or sold to large private companies, which run those services for profit. Gaps in the provision of public services are then sometimes filled by charities, rather than being fulfilled as a right. tinyurl.com/just-tax-public-services

Activity 17: Action for Tax Justice

Aims: To explore examples of tax justice actions and campaigns at a local, national, and international level

Time: 30 – 90 minutes

The movement for tax justice has been growing for many years, with grassroots and community groups, trade unions, academics, NGOs, and development organisations campaigning for tax justice locally, nationally and internationally.

This section highlights a number of tax justice campaigns. The first example is a broad based campaign by the Tax Justice Network, which also details the kind of policy changes that are needed to reform the current tax system in favour of rights, justice, and sustainability.

The following three examples can then be explored, one at a time by the whole class, or as group projects, to learn about more specific tax justice campaigns, and what people in the Global South and North are doing to work for systemic change.

Step One:

Begin by watching this short video to introduce (or reintroduce) the idea of tax justice activism.

VIDEO: Gertrude Campaigns to Make Tax Fair | Tax justice | ActionAid UK (2016) 1:40 min

http://tinyurl.com/Tax-Justice-Activism

Gertrude Chirwa is a member of Activista Malawi youth network. She is extremely passionate about what a fair tax system could do to improve the lives of people in Malawi and around the world, and she uses this passion to educate and raise awareness about tax justice.

"What I would say to campaigners in the rest of the world is, 'let's keep up the good work. Let's keep fighting for tax justice. If we don't do it, then who will?'"

For the rest of this session, we'll be looking at what needs to change, and how to bring those changes about, with some examples of local and global tax justice campaigns.

ACTIVITY 17: EXAMPLE 1

Global Campaign to Reprogramme the Tax System

https://taxjustice.net/take-back-control/

While individual tax reforms can make a difference, the Tax Justice Network has long campaigned for a fundamental 'reprogramming' of the tax system.

- Take a look at the Tax Justice Network's opening visual report about the current state of the tax system as a class. Begin at https://taxjustice.net/take-back-control/#taken_over
- Break into six small groups. Each group should read, summarise, then create an infographic to explain one of the six suggestions shown. Discuss whether you think this proposal is positive or negative, and if you think it would make a difference. (The nounproject.com is a good source of images and graphics to illustrate your work, or create your own.)
- Each group then presents on the change that could help to make the tax system more just and sustainable to the rest of their group.
- As a class, consider sharing your work. You could add a hashtag and share on social media to raise awareness of the Tax Justice Network's campaign.

1. **Automatic exchange of information**
2. **Beneficial ownership registration**
3. **Country by country reporting**
4. **Unitary taxation**
5. **Equip tax collectors to do their jobs**
6. **UN tax convention**

ACTIVITY 17: EXAMPLE 2

Local Tax Justice Activism in Uganda and Ireland:

The Budget Advocacy Coalition, Uganda

When the budget speech was given by the Ugandan Finance Minister in 2014, civil society groups noticed that the government proposed to remove a tax exemption from some essential farming goods, such as equipment and fertiliser. They knew this could have a big impact on the well-being of millions of smallholder Ugandan farmers, especially women. As well as feeding their families and communities, farmers provide a great deal of food for the nation to help it to be food secure. Without affordable essential farming tools, farmers' livelihoods would be affected, and their workloads would increase. ActionAid worked with the partners in the Budget Advocacy coalition to inform farming groups about the problem. Together they started a petition that gathered one million signatures against the proposal.

The petition also demanded that, if the government wanted to raise more tax money, it could do so by removing harmful tax exemptions given to large scale agricultural corporations, rather than targeting smaller farmers. ActionAid worked with Local Rights Programmes to support women farmers and young people who protested against the proposal. Following lobbying at local and national levels by the farmers and civil society allies, many members of parliament took note, and the Ministry of Agriculture joined the call for the Ministry of Finance to drop the regressive tax proposal. There were celebrations when the proposal was dropped by the government.

From: Action Aid (2021) Tax Justice Reflection-Action Toolkit
https://actionaid.org/sites/default/files/publications/Tax%20Justice%20Toolkit_English.pdf

Right2Water Campaign, Ireland

Following the financial crash of 2008 and the subsequent bank bailout, the Irish government announced that it would introduce new water charges by 2013, and would shift responsibility for water from local authorities to a new company, Irish Water. This was met with a grassroots campaign to resist what was seen as double-taxation, and underpinned by the principle that water is a human right and should not be limited by the ability to pay. The campaign quickly grew to incorporate trade unions, community groups, academics, and a wide range of supporters with a strong anti-poverty focus, demanding that water should continue to be funded through general taxation and remain in public ownership. "Domestic water charges are extremely regressive in nature," the Right2Water campaign explained. "Those at home most, usually the most vulnerable, will generally use the most water. Unemployed, under-employed, pensioners, those with disabilities, [and parents with young children] will, in that scenario, be hardest hit with increasing bills." (2016, p.9). Professor Kathleen Lynch of UCD's Centre for Equality Studies warned that the proposed charges "redefine water from being a public good, provided and protected through general taxation, to being a personal service that can be removed if one is unable to pay. It represents the first step in diminishing a person's human right to water."

Through community organising, mass-protests locally and nationally, widespread refusal to register with the new company, and resistance to the installation of water metres, the campaign succeeded in making double-taxation of water a huge political issue, and forced a policy reversal. The campaign for a referendum to enshrine public ownership of water in the constitution is ongoing.

ACTIVITY 16: EXAMPLE 3

Campaign for a Windfall Tax

A windfall tax is a levy on companies that have benefited from economic or political conditions. For example, some pharmaceutical company's profits soared during the Covid epidemic, and energy firms gained massively when Russia's invasion of Ukraine raised energy prices.

In response to the record profits for some corporations during the Covid pandemic, and soaring energy prices, Oxfam and Action Aid are calling for permanent windfall taxes on windfall profits across all sectors.

Some 722 corporations gained $1 trillion a year in windfall profits during 2021 and 2022.

- A windfall tax of 90% on 2022 windfall profits could generate $941 billion.
- While profits soared, one billion workers across 50 countries took a $746 billion real-term pay cut in 2022.

Oxfam and ActionAid argue that this is money that could be used to address hunger, rising energy bills, and poverty in both the Global South and the North.

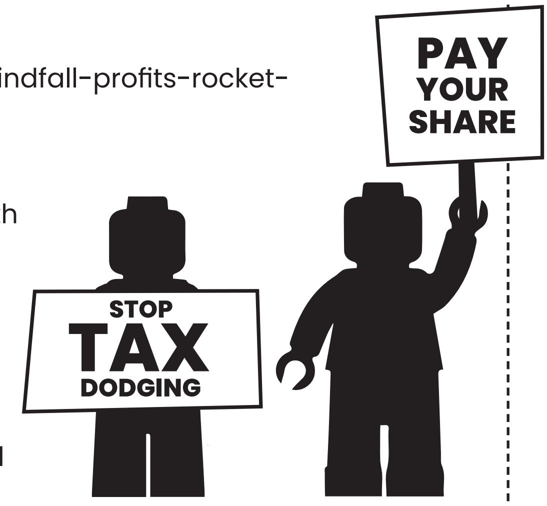
They argue that windfall taxes could provide the vital funding to meet urgent social and environmental needs:

- An injection of $400 billion into the fund for loss and damage due to climate change was agreed at COP27 in 2022. This finance is urgently needed: it's estimated that low and middle income countries could face loss and damage costs of up to $580 billion annually by 2030.
- Cover the financing gap ($440 billion) to provide universal social protection coverage and healthcare to more than 3.5 billion people living in low and lower-middle-income countries, and the financing gap ($148 billion) to provide universal access to pre-primary, primary and secondary education in these same countries, would support the hiring of millions of new teachers, nurses and healthcare workers across the Global South.

Activity:

Read more about this campaign here:
www.oxfam.org/en/press-releases/big-business-windfall-profits-rocket-obscene-1-trillion-year-amid-cost-living-crisis

Creative engagement: Use Lego® figures or other props to create a mini tax justice demonstration, with banners and slogans that highlight the links and importance of tax justice for health, education, culture, climate justice, and the environment. Draw links to these issues and delivery of the Sustainable Development Goals. Consider sharing photos of your mini-demonstration on social media to raise awareness, or sending these images to your elected representatives to push for tax justice.



ACTIVITY 16: EXAMPLE 4

The Campaign to Establish a United Nations Framework on Taxation

For decades countries of the Global South have led the campaign to move decision-making on global tax rules from the OECD - a small club of (mostly) wealthy countries - to the United Nations. The campaign calls for the establishment of an inclusive process at the UN to establish new and fairer ways to deal with taxation at an international level.

In December 2023, countries of the United Nations voted on a resolution for the 'promotion of inclusive and effective tax cooperation at the United Nations.' Despite opposition from some wealthier countries, the resolution passed by a landslide, with 125 countries voting in favour of a framework convention and 48 voting against. This has been described as an historic vote at the United Nations on where the power should reside for global tax rulemaking.

Read more here:
https://taxjustice.net/press/un-adopts-plans-for-historic-tax-reform/

Listen to the Tax Justice Network's podcast on this historic vote and the ongoing campaign here:
https://taxjustice.net/2023/12/18/overturning-a-100-year-legacy-the-un-tax-vote-on-the-tax-justice-network-podcast-the-taxcast/

"It's time for international solidarity to take precedence over selfish interests. African people are tired of [statistics on aid]. They do not request more assistance. They request that individuals and companies making profit should pay the right price, and a fair and just percentage in terms of tax. Then we could keep our promise to transform our world, ensuring the world we want, and the future we want, is a reality."

UN Representative from Cameroon

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