

# Chester World Development Forum



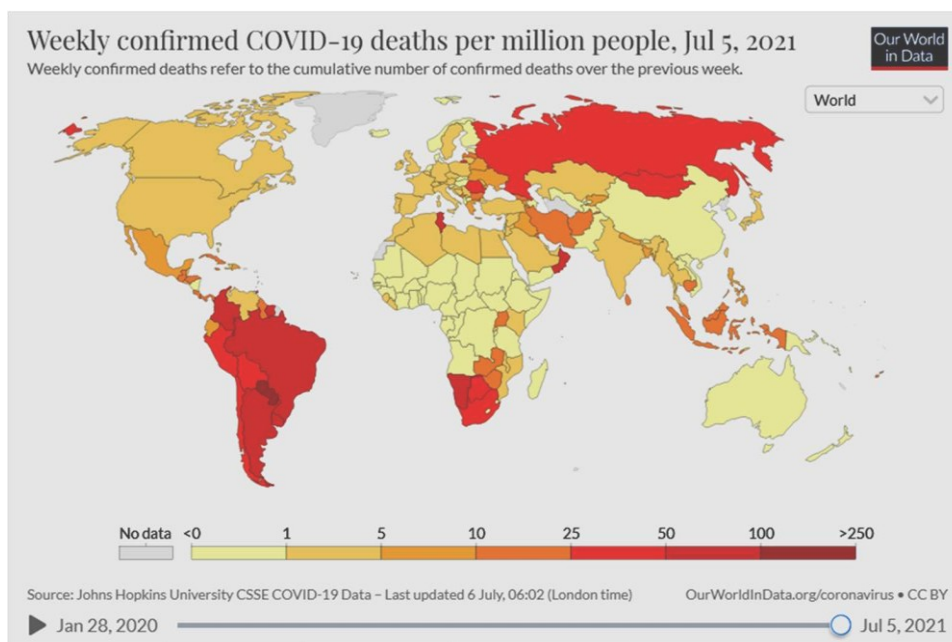
## Minutes of Forum meeting held on Tuesday 13<sup>th</sup> July 2021 via Zoom

Prior to the business meeting we welcomed:

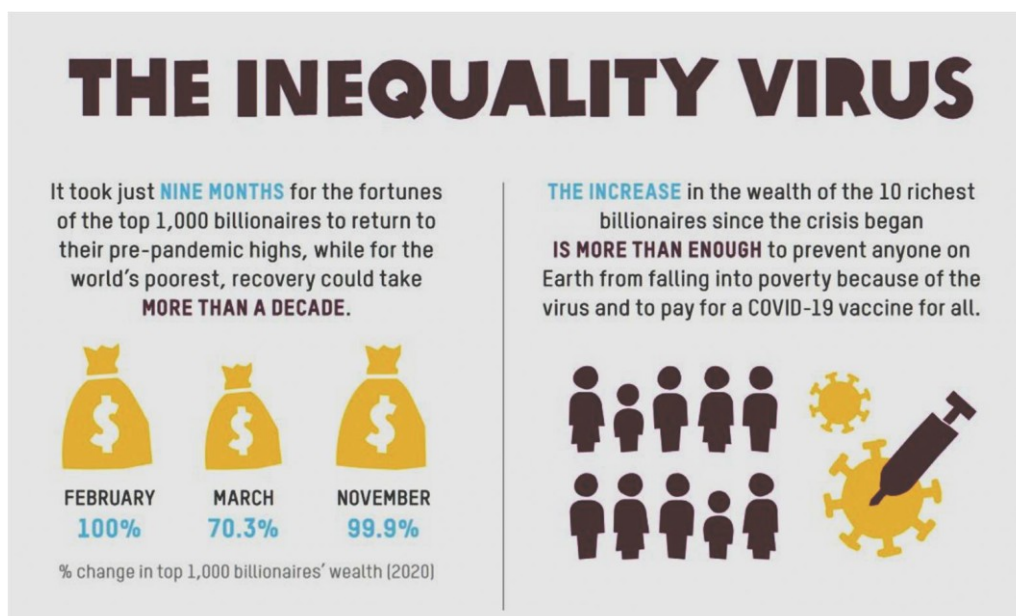
**Dr. Justin Thacker, Former Director of the Campaign “Church Action for Tax Justice”.** *This campaign group calls for fairer national and global tax systems and puts forward a range of policy proposals designed to make the tax system fairer for all. It is a programme of the Ecumenical Council for Corporate Responsibility*

Although the campaign is calling for a fairer tax system nationally and globally, Justin concentrated on global tax justice in his talk and considers the situation urgent in light of the pandemic.

At the G7 meeting in June in Cornwall, the rich nations of the world agreed on a new corporate tax for multinational companies by setting a minimum rate but this agreement went nowhere near far enough.



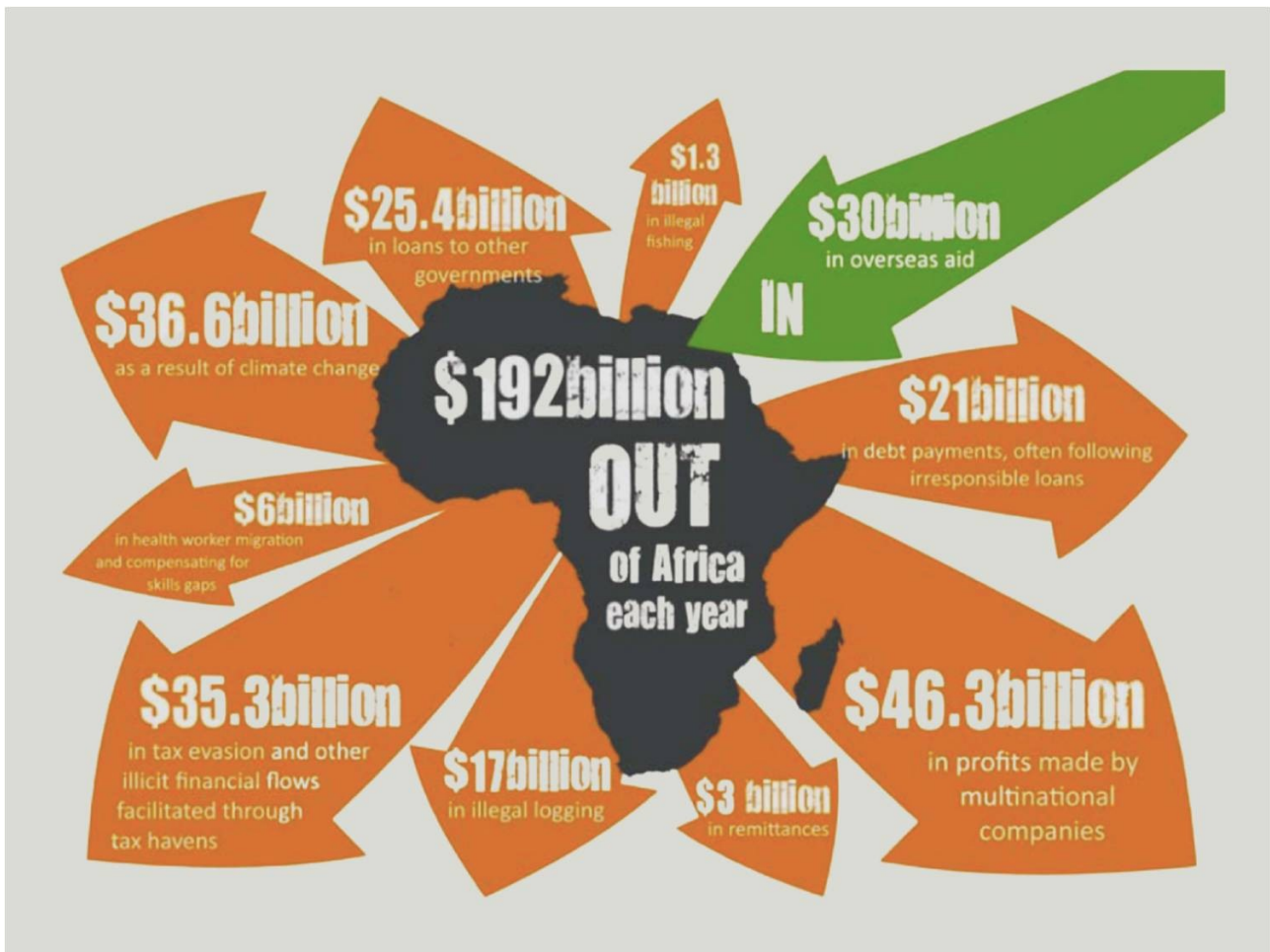
The pandemic has exacerbated the problem and highlighted the gross inequalities in our world as shown by the map of weekly confirmed deaths per million people. The poorer countries simply cannot afford the vaccines. Global vaccination has been starkly unequal and Oxfam are calling this “The Inequality Virus”



UK believes that they are being very generous in terms of aid but it is a fact that more is extracted from poorer countries than is actually put in. Take Africa for example:

**”Africa is poor and we help its people. Africa is rich and we steal its wealth”.**

The following diagram illustrates the various ways in which money is “extracted”

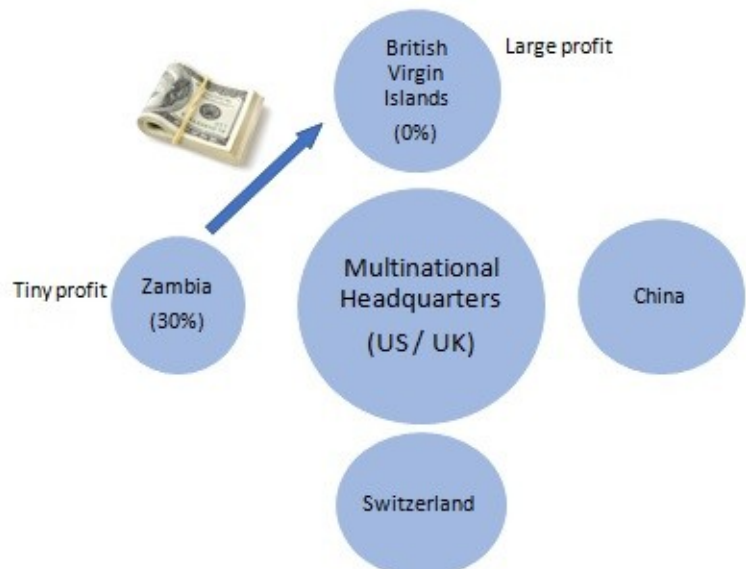


“So aid addresses the symptoms but not the disease”.

Tax havens are just one of the ways that multinational companies manage to manipulate paying fair taxes. The “havens” are mostly British controlled islands and it is estimated that 18 trillion dollars is sitting in these islands and that 200 billion dollars is lost in tax revenue (data taken from UN report). Tax dodging affects all countries but the poorest countries more.

Clearly this system works to favour the big multinational companies.

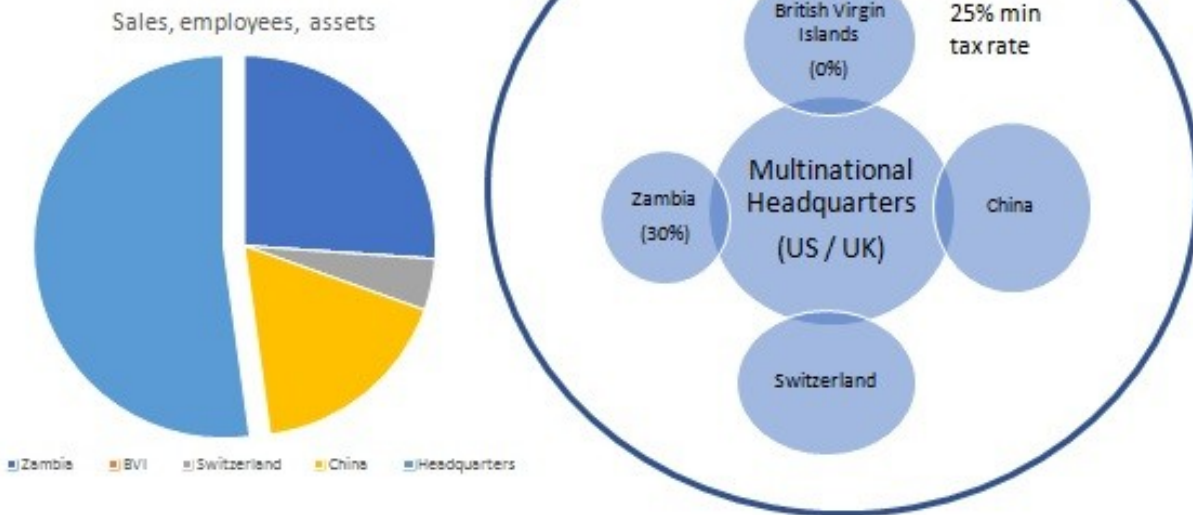
To explain how the system works, Justin used an example of cobalt extraction in Zambia. The company which mines the cobalt is an Anglo-Swiss multinational mining and trading company. The cobalt, which is in great demand for use in batteries for mobile phones, is mined in Zambia and is then transported to China for production. The company has 2 other “subsidiaries” – one in British Virgin Islands and headquarters in Switzerland. Basically the multinational company then “declares” the large profit in the country which has the lowest corporate tax rate – in this case The British Virgin Islands



(0%). A tiny profit is declared in Zambia which has a high corporate tax rate of 30%. So Zambia does not receive its fair share of the taxes.

One solution to the problem would be to treat the multinational as one company rather than different subsidiaries and have unitary taxation with formulary apportionment ie take the profits and share out depending on the number of employees, sales, assets etc as shown in the following diagram.

### Unitary taxation with formulary apportionment



At the recent G7 meeting in Cornwall, a deal was agreed which would see the corporate tax rate increased to 15% for multinational companies but it is not enough. The subsidiaries have not been considered in the deal so the tax system remains unfair. The G7 deal is a slight improvement but still low income countries (LICs) do not get a fair share of the profits.

A recent report published by Church Action for Tax Justice stated that lower income countries lose out almost £6bn in the new G7 tax deal.

If the LICs had a fair tax deal then they would have been able to buy vaccines themselves.

“A higher effective global minimum tax rate, coupled with fairer distribution of the resulting revenues, would deliver greater benefits for almost every country. But instead the OECD is forcing through a proposal that gives little to lower-income countries, and leaves much of the incentive for profit shifting intact.

To force through such an unfair reform, giving the lion’s share of revenue to the largest OECD members when lower-income countries lose the greatest share of tax revenue to corporate tax abuse, is shocking. To do so during a global pandemic, when the need for revenue to support public health and economic recovery is greater than ever, is unthinkable.

*Alex Cobham, Tax Justice Network*

### No wonder Covid is called “The Inequality Virus”

And finally:

#### **Tax Justice Now – some proposals:**

- Move global tax negotiations to a UN body
- Increase global minimum corporate tax rate to 25%
- Prioritise needs of low income countries in global tax talks by implementing unitary taxation with formulary apportionment
- Implement full country by country reporting

**Stop stealing from the global south!**

## Q and A

GM: How do governments get away with it when it's so obviously immoral? JT: Political parties are partly funded by some of these big companies so then not going to increase tax to such a level that they won't be elected.

ME: If more equitable arrangements on tax then would that necessarily translate into good development? It's all about accountability – it should be up to a country's own population to hold their government to account whether it be the UK government or LIC government. JT: Thinks we should campaign on tax justice because it's the right thing to do.

BP: Is it up to the UN to make a fairer deal? OECD (Organisation for Economic Co-operation and Development) deals are negotiated by rich countries. LICs have more of a voice in UN and asking for "Tax Body" to generate proposals for a fairer system which would be voted on

PS: Kat Jenkins been appointed as director of CAfTJ. Thanks to Pam Price for putting this speaker forward

GM: Would "naming and shaming" make any difference? JT: Google, Amazon and Facebook are some of the worst "offenders".

BR: Many companies tell us about philanthropic deals on their websites. Would it be possible to have a Fair Tax Foundation – like the Fairtrade Foundation – where companies receive a "mark" for paying their fair taxes?

Terry Green thanked Justin for time in preparing and presenting his most illuminating talk.

## Forum Business Meeting

**1 Welcome:** Terry Green chaired the meeting

**Present:** Terry Green, Bernard Payne, John Tacon, Gill Miller, Georgina Wilson, Ann McCarthy, Vicki Jenner, Katie and Brian Rowe, Peter Speirs, Heather Lannin, Mark Bendall and Martin Evans

**Apologies:** Angela MacQuiban, Heather Swainston, Lindsay Cussons, Stewart and Linda Shuttleworth

**2 Minutes and matters arising:**

- Committee meetings of 14<sup>th</sup> June and 5<sup>th</sup> July – mostly discussions about forthcoming meetings/speakers, resumption of face-to-face meetings (which may be possible in Sept) and what actions to take in the run-up to COP26 in November in liaison with other groups. GW gave us update on social media. CWDF Facebook page now receiving more "likes". The new CWDF leaflet will now be printed and ready for Sept.
- Forum 13<sup>th</sup> May – no matters arising

**3 Finance update:**

JT reported that he hadn't received a bank statement since the last meeting. Balance then was £565.44. Since then we have received a donation of £70 from Chester CND as they have ceased to function as a group. Several individual subs have been paid and CHAWREC have been paid £120 for hire of room in the Unity Centre. Balance will be approx £500-520

**4 Website/Social Media update:**

GW has been posting and sharing on Facebook and tweeting. Engagement is increasing gradually but showing definite improvement. We want people to "like" our page. Now have 10 followers on Twitter

**5 Future CWDF and related events, Zoom based (later ones possibly "Hybrid"):**

- **CWDF Forum Tuesday 14 September: "A Year of Summits"**

Gill Miller will provide an overview of the major international gatherings that have taken place and are still to take place over the course of 2021 – including the G7 and G 20 gatherings and, not least "COP 26"

*(Need to explore Zoom-hybrid option?)*

- **Monday 01 – Friday 12th November: COP 26 UN Climate Change Conference, Glasgow**
- **Friday 05 – Saturday 06 November: CWDF participation in Chester Sustainability Forum's Cathedral Exhibition?**  
CSF contacts Martin Preston & Steve Hughes
- Further suggestions for the 2021 and 2022 programmes?

**6 CWDF Diary:** No further additions

**7 AOB:**

BR: Just an interesting action that CFoP did -3 young people were up in court in Chester having daubed red paint on a company's walls in Runcorn, a company which makes goods to sell to Israel. Such companies are considered to be complicit in the suppression of Palestinians. Some members of CFoP went along to support.  
KR: Christian Aid will be holding public prayers for climate justice. Leaflets will be available soon for anyone who wishes to take part.

**8 Date of next meeting: Tuesday 14<sup>th</sup> Sept – possibly back in The Unity Centre**