



PUB 04

Together for Justice: Our Collective Action on Tax Justice

COVER NOTE

This statement has been developed by the ACT Community of Practice for UN Tax Convention, in consultation with the Advocacy and Policy Group. Tax Justice has also been discussed by the ACT Europe Forum and by the ACT AU Level Advocacy Consultative group.

TOPIC

Inequality is growing worldwide. According to the World Bank, we are seeing the biggest increase in global inequality and poverty since World War II. Meanwhile, financing for addressing development, humanitarian assistance and the climate crisis is stalling. In many countries around the world the social security net is weakening, causing more people to fall through the gaps. The most vulnerable are paying the price for an unfair system designed to benefit the richest. By abolishing long-standing tax privileges and loopholes that benefit only the wealthiest, we can allocate more money to free, quality public services like education and healthcare.

STATEMENT

Together for Justice: Our Collective Action on Tax Justice

We live in a world where multiple crises reinforce each other and under an economic system that prioritises profit over people and planet. The financial needs to address increasing poverty, armed conflicts and climate change are massive. But every year 480 billion USD is lost to global tax abuse. According to the Tax Justice Network, 245 billion USD is directly lost to corporate tax abuse by multinational corporations and 182 billion USD to private tax evasion. Multinational corporations paid billions less in tax than they should have.¹

Financial secrecy, international tax dodging, tax avoidance and abuse are destroying our prospects for achieving the Sustainable Development Goals (SDGs), meeting the pledges on climate finance, or preparing for the next pandemic.

Despite this growing and pervasive global problem, the international tax system is not fit to tackle illicit financial flows, and global decision-making on tax has so far not been inclusive, transparent, and democratic. However, there is hope. A recent historic vote at the United Nations has set the terms for the first-ever global treaty on tax cooperation. Civil society worldwide is now joining forces to ensure that this process is inclusive and human rights centred. This is a great opportunity for the members of our Alliance to add their weight by pushing their governments to support a UN Tax Convention as a powerful tool for sharing wealth equitably within and across countries and which provides the means for states to fund their collective efforts to tackle the multiple crises.

The 2024 UN Secretary-General's report on the Promotion of Inclusive and Effective International Tax Cooperation underscores the need to "build fairer, more inclusive, and effective tax systems, which are essential for fostering trust and advancing the transformation outlined in the global sustainable development agenda." As members of ACT Alliance, we are committed to upholding human dignity and human rights. We believe that religious actors play a crucial role in shaping norms that support human development. However, we cannot focus only on development assistance without addressing the structural rules of the global economy. By addressing the structural barriers in the way revenues are collected, vastly under-invested sectors like humanitarian and climate financing might finally be able to tap into substantial resources.

In 2024, the United Nations General Assembly approved the start of negotiations for a UN Tax Convention. As faith-based actors, we have a historic opportunity to decolonise the international tax architecture and make sure that the funds recovered address systemic

¹ The State of Tax Justice, 2020, Tax Justice Network <https://globaltaxjustice.org/news/427-billion-lost-to-tax-havens-every-year/>

inequalities and realise human rights. We must advocate for a UN Tax Convention that is universal in approach and scope and considers the different needs, priorities, and capacities of all countries to substantially participate in effective international tax cooperation and to meaningfully contribute to the norm-setting processes.

The new instrument should contribute to ensuring that every member state implements progressive and redistributive tax systems to address and rectify systemic inequalities by prioritising inclusive and just tax policies, including a wealth tax, that centre on human rights, climate, and gender justice. International tax governance must be grounded in human rights, for this reason the new instrument must ensure that human rights obligations are at the centre of financial and fiscal decision-making and enhance the wellbeing and dignity of all people, especially the most marginalised.

We are committed to working towards inclusive solutions so that global problems can find global answers and believe that international tax rules must be negotiated in a multilateral arena where all states can negotiate on equal footing.

Commitments & Recommendations

ACT Alliance calls for a global tax architecture that delivers equity and puts an end to exploitation and injustice. Central to this is the aim of redistribution of resources towards impoverished communities to deliver social and public good.

The ACT Alliance General Assembly calls upon the Member States of the United Nations to:

- **Expedite the process of developing the proposed legally binding UN Convention on Tax**, ensuring that it is fair, just, and equitable and centred on human rights, climate, and gender justice.
- **Ensure transparency in negotiations and the meaningful participation and contribution of civil society**, including churches and other faith communities, in the process of drafting the proposed tax convention.
- **Reform the current international tax architecture** as part of a genuine effort to combat illicit financial flows, in line with human rights standards, including extraterritorial obligations.²
- Build on the current momentum and negotiate in good faith with the **goal of reducing inequalities** within and among countries (SDG10).

² Towards a global fiscal architecture using a human rights lens, United Nations Human Rights special procedures, Special Rapporteurs, Independent Experts & Working Groups.

PUB 04 – PUBLIC STATEMENT

A majority of the assembly has declared itself in agreement with the opinions expressed in this statement. While many ACT members agree with the public statement, there are members who have expressed differing perspectives on the content or tone. Their decision reflects the diverse viewpoints within our alliance, and we respect their choice to abstain or vote against. As always, we value the collective dialogue and encourage continued discussions on the matter at hand, recognizing the strength of our unity in diversity.