



Tax Justice

Purpose of brief:

- To inform EB-148 of activities in Tax since EB-147; and
- To inform EB-148 of proposed action in tax for 2016.

Relates to:

- ✓ EB-147 tax justice brief.

Background: Following resolutions from Congress 2012 and previous EB meetings, PSI has established itself as a global leader in the fight for tax justice. PSI was at the centre of three of the largest global tax justice initiatives designed to influence a number of tax-related global decision-making forums in the previous year, including the Financing for Development Ministerial meeting and the conclusion of the OECD's Base Erosion and Profit Shifting (BEPS) project. PSI has invested in a valuable partnership with FES that has resulted in financial support increasing each year since 2014. In 2015, it totalled 98,000€ and in 2016, this has risen to 171,000€.

Discussion:

Global Labour Tax Summit

The broken global tax system affects all workers; to be successful, the fight for tax justice requires all the labour movement to be engaged. Despite the current opportunities, private sector unions, national union centres and the ITUC have not prioritised tax justice highly in their work. PSI, with the support of FES, organised a global labour tax summit to ensure that unions across the globe understand the importance of tax justice to workers, understand the opportunities to make change and build commitment to act.

http://www.world-psi.org/sites/default/files/en_detailedprogramme_final.pdf

The tax summit was attended by union leaders from over 25 countries. Speakers included: Simon Bowers, Business Correspondent, The Guardian; Rudy De Leeuw, ITUC Vice-President and President FGTB, Belgium; Krishen Mehta, former partner of PricewaterhouseCoopers; Raffaele Russo, Head of OECD BEPS Project, and Adriano Campolina, CEO of ActionAid. PSI and the International Transport Workers Federation launched a tax exposé of the global oil giant Chevron's multi-billion dollar tax avoidance scheme.

<http://www.world-psi.org/en/chevrons-aggressive-tax-avoidance-exposed-global-summit>

The Summit achieved a high degree of consensus on the importance of targeting multinational corporate tax dodging, taxing corporations where economic activity takes place and supporting an intergovernmental tax body. It also committed to a range of priority actions including more company research, greater co-operation between private and public sector unions, more gender perspectives on the tax debate and production of tax justice material.

ICRICT

PSI is a founding member of the Steering Committee (SC) for the Independent Commission on the Reform of International Corporate Taxation (ICRICT) and this year took the Chair's position. The ICRICT was established to ensure the global tax debate has credible, high profile policy alternative views presented on the global stage. The Commission is chaired by former UN Under-Secretary-General José Antonio Ocampo and includes Commissioners Joseph Stiglitz, Magdalena Sepúlveda Carmona, Eva Joly and Ifueko Omoigui Okauru. PSI represents the global labour movement on the

SC and amongst other things was involved in drafting the declaration; it has organised the ICRICT media strategy, funded and developed the ICRICT website and led the fundraising activities (including brokering the generous support of FES). <http://www.icrict.org/>

The ICRICT delivered its findings last year in Trento, Italy, and PSI General Secretary, Rosa Pavanelli, spoke at the launch. <http://www.icrict.org/declaration/> The findings were reported widely in the international media including on CNN, BBC, Reuters, Financial Times, Le Monde, La Repubblica, Handelsblatt, Wall Street Journal, The Guardian, Bloomberg, Al Jazeera and many more. <http://www.icrict.org/category/resources/press/>

The ICRICT held sessions in Addis Ababa, Ethiopia, in advance of the Financing for Development Conference (FfD) and lobbied in favour of the inclusion of a global tax body in the FfD text. Whilst a global tax body was not part of the outcomes, our pressure resulted in the UN Tax Committee being upgraded. ICRICT Commissioners also attended the G20 Leaders' Summit, G20 Finance Ministers' meeting, UN Tax Committee, meetings with the IMF and World Bank and other global events.

Most recently, PSI appealed to its affiliates to financially support the ICRICT, as corporate and philanthropic donors have refused. The story was reported in the Huffington Post and Washington Times. It is widely recognised that without PSI support, the ICRICT would not be in existence today. PSI thanks the many generous affiliates for the donations made. Affiliates wishing to support the ICRICT can do so via PSI head office and are encouraged to forward the appeal to their branches.

Golden Dodges: McDonalds tax avoidance campaign

PSI and EPSU have worked with SEIU to support its Fight for Fifteen Campaign. A significant component of this has been the joint work between global public sector unions, food unions and civil society to expose McDonald's significant tax avoidance practices. The release of both the Golden Dodges

<http://www.world-psi.org/en/golden-dodges-how-mcdonalds-avoids-paying-its-fair-share-tax> and the Unhappy Meal report

<http://www.world-psi.org/en/unhappy-meal-unions-expose-mcdonalds-tax-practices>

<http://www.notaxfraud.eu/>

received significant media coverage and have placed pressure on McDonalds across the globe.

ILO Workers' Symposium

PSI has been successful in building commitment for tax reform at the ILO, within GUFs and at the Council of Global Unions. Significantly, PSI General Secretary was invited to address the opening panel of the International Workers' Symposium on Decent Work in Global Supply Chains, on 15 December 2015, where she stressed the impact of MNE tax avoidance on the socio-economic development of countries and communities involved in global production. This marks significant progress in building international support for tax justice. The Symposium was in preparation for the forthcoming general discussion on "Decent Work in Global Supply Chains" at the next ILC in June 2016, and the conclusions include reference to tax justice and reform of the global tax system.

http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/meetingdocument/wcms_453849.pdf.

BEPS

Much of PSI's activity in the last 2 years aimed to influence the OECD BEPS review of global corporate taxation rules. The OECD released the final outcomes in October 2015. Union and civil society lobbying has forced significant progress in tackling multinational corporate tax abuse including country-by-country reporting, automatic exchange of information and tightening of the rules on treaty shopping and harmful tax practices. This progress is significant given the decades of resistance to any change. However, a range of other possible tax reforms in areas such as digital presence, controlled foreign companies and transfer pricing rules were not accepted, as corporate interests

have redoubled their lobbying of major players such as the USA and EU. PSI participates in the BEPS monitoring group which produced a final analysis of the outcomes.

<https://bepsmonitoringgroup.wordpress.com/2015/10/05/overall-evaluation/>

Post-BEPs Policy Agenda

The success of union and civil society pressure generated around the BEPS process has created momentum for tax justice beyond the BEPS final report. In particular PSI has exposed the growing trend towards acceptance of tax competition, or the race to the bottom in effective national tax rates for corporations. PSI's work in 2016 will broaden our policy focus to oppose tax competition, continue to call for a global tax body and argue that governments should be open and transparent in granting tax breaks and incentives to corporations – preferably by reporting them annually to parliament. The ETUC Congress has recently called for a minimum 25% corporate tax rate and PSI supports this call.

FES Partnership

Planned work for 2016 centres on PSI's partnership with FES and includes national tax meetings in Argentina, the Caribbean, Brazil, Mexico, Indonesia, Nigeria, Benin, South Africa and Jordan, as well as regional tax meetings in Latin America and Africa. Addressing the significance of achieving tax justice for gender equality, PSI will hold a Gender and Tax Justice Forum in July this year. PSI will also produce material and briefs for affiliates' use. Importantly, this year PSI will hire a tax justice organiser in Africa to assist with this work.

Due to understaffing, we have been unable to cover all the planned activities and to fulfil all the commitments with FES. Our work plan for 2016 will accommodate this.

Budget implications: Nil

Next steps:

- Recruit the tax organiser in Africa;
- Implement the programme of work agreed with FES;
- Produce tax justice materials.

It is recommended that EB-148:

1. **NOTE** this brief;
2. **ENDORSE** the shift to the post-BEPS policy agenda.

YES / NO
YES / NO

Related documents:

- ICRICT Declaration <http://www.icrict.org/declaration>
- OECD BEPS analysis <https://bepsmonitoringgroup.wordpress.com/2015/10/05/overall-evaluation/>
- OECD BEPS Report <http://www.oecd.org/tax/beps-2015-final-reports.htm>
- Golden Dodges Report <http://www.world-psi.org/en/golden-dodges-how-mcdonalds-avoids-paying-its-fair-share-tax>