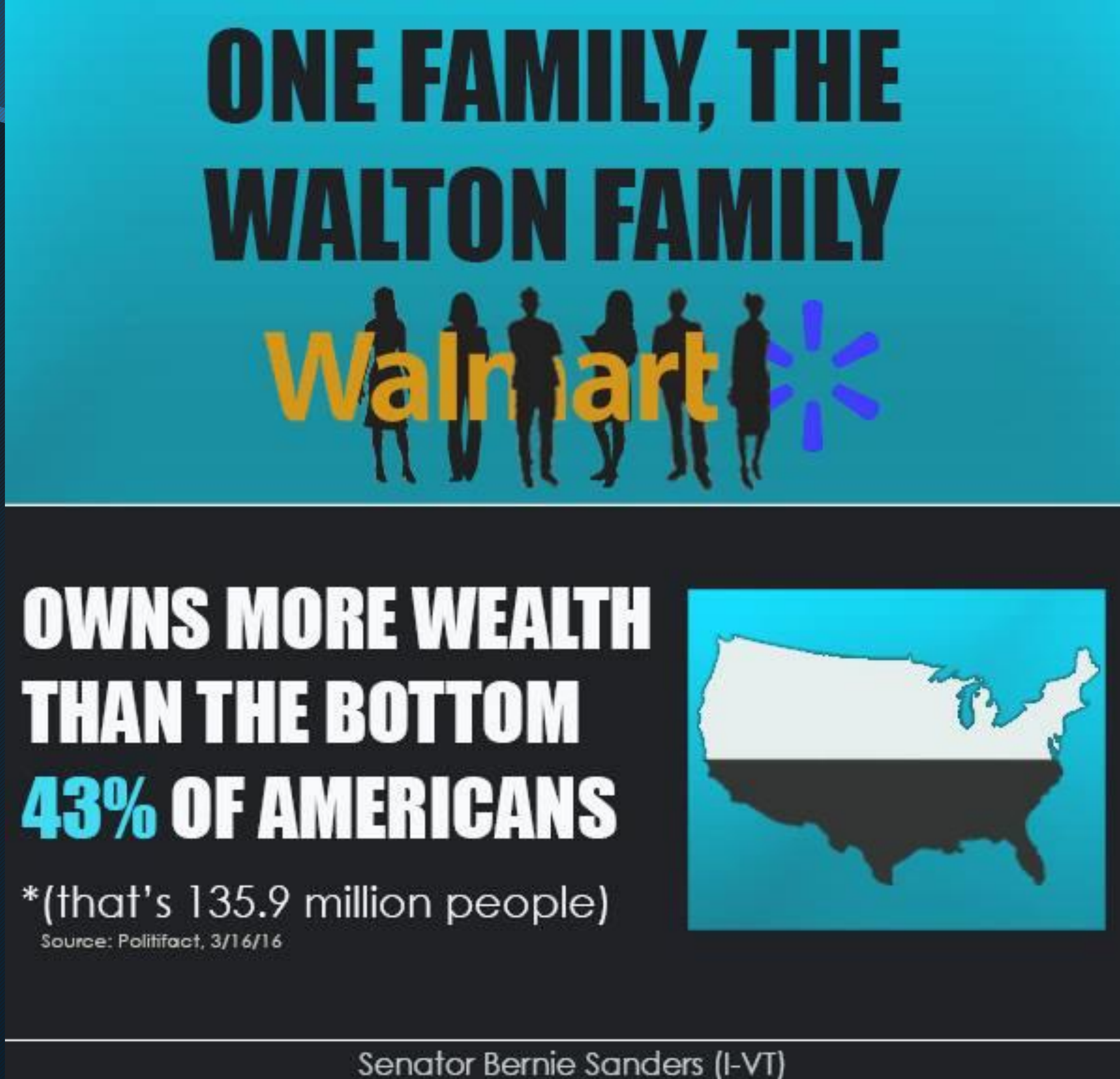
ICRICT

Independent Commission for the Reform of International Corporate Taxation

Erika Dayle Siu

PSI Tax and Gender Conference

30 June 2016


ONE FAMILY, THE
WALTON FAMILY
Walmart
OWNS MORE WEALTH
THAN THE BOTTOM
43% OF AMERICANS
*(that's 135.9 million people)
Source: Politifact, 3/16/16
Senator Bernie Sanders (I-VT)

Walmart

- Walmart recently disclosed that it holds $21.4 billion in undistributed earnings overseas through a network of 78 subsidiaries and branches in 15 different tax havens.
- The company spent more than $41 million lobbying Congress between 2008 and 2013 and listed taxes as its top lobbying issue for the last four years.
- $16 billion in profits (2013) on revenues of $473 billion
- Walmart employs 815,000 women — 57 percent of its U.S. workforce
- *Dukes v. Walmart* — the largest class action gender discrimination lawsuit in U.S. history — 1.5 million female employees accused Walmart of discrimination in promotions, pay and job assignments. The case included 120 affidavits relating to 235 stores
- In 2001, female workers earned $5,200 less per year on average than male workers.

ESTIMATED ANNUAL SUBSIDIES AND TAX BREAKS TO WALMART AND THE WALTON FAMILY

WALMART	COST TO TAXPAYERS
Cost to taxpayers of Walmart workers relying on public assistance programs due to low wages and benefits (p. 5)	**$6.2 billion**
Cost of federal tax breaks benefitting Walmart (p. 5)	**$1 billion**
Cost of direct economic development subsidies by state and local governments (p. 6)	**$70 million**
WALTON FAMILY	**COST TO TAXPAYERS**
Cost of preferential tax rate on Walmart dividends claimed by the Walton family (p. 7)	**$607 million**
ANNUAL TOTAL	**$7.8 billion**

Estimated number of teachers that could be hired with $7.8 billion (p. 8)
105,131

ESTIMATED ONE-TIME TAX BREAKS TO THE WALTONS

Cost of tax avoidance by Walton family through use of special estate tax trusts (p. 8)	**$3 billion** potential for additional tens of billions

OTHER TAXPAYER-FUNDED BENEFITS TO WALMART

Estimated annual revenue from food stamp sales (p. 5)	**$13.5 billion**

Who are we?

We are a group of leaders from government, academia, and civil society, including the faith community. Our backgrounds, experience, and expertise span the globe.

Ms. Eva Joly
Rev. Suzanne Matale
Mr. Manuel Montes
Mr. José Antonio Ocampo (Chair)
Ms. Ifueko Omoigui Okauru
Mr. Léonce Ndikumana
Mr. M. Govinda Rao
Ms. Magdalena Sepúlveda Carmona
Mr. Joseph E. Stiglitz

our declaration

Our system of taxing global profits is broken and the rules and institutions governing the international corporate tax system must change.

The world has changed and so should its tax system. The current system has become obsolete and ineffective in preventing tax abuse by multinational corporations.

Tax abuse by multinational corporations increases the tax burden on other taxpayers, violates the corporations' civic obligations, robs developed and developing countries of critical resources to fight poverty and fund public services, exacerbates income inequality, and increases developing country reliance on foreign assistance.

our declaration

The primary enabler of international corporate tax abuse is the separate entity principle—a legal fiction that enables the flow of vast amounts of taxable income away from the underlying business operations.

The reform efforts of the G20/OECD Base Erosion and Profit Shifting initiative is a step in the right direction but fundamentally inadequate because it maintains the separate entity principle. Representation in this process is also problematic. The challenges of tax abuse demand global tax solutions that cannot be created outside of an inclusive global tax body with all nations at the table.

our declaration

Therefore, States should take domestic and international action to:

I. **Tax multinationals as single firms**

In the long term, the system for taxing a multinational corporation's subsidiaries as separate entities should be replaced by a system of taxing multinational corporations as single and unified firms, using formulary apportionment based upon objective factors.

II. **Curb Tax Competition**

Developed countries should establish a minimum corporate income tax. States should examine spillover effects of their tax preferences for multinational corporations and eliminate those that facilitate tax avoidance in another country.

our declaration

III. Strengthen Enforcement

States should ensure that their tax administrators have adequate resources, independent authority, and legal protection to collect taxes owed from multinational corporations.

IV. Increase Transparency

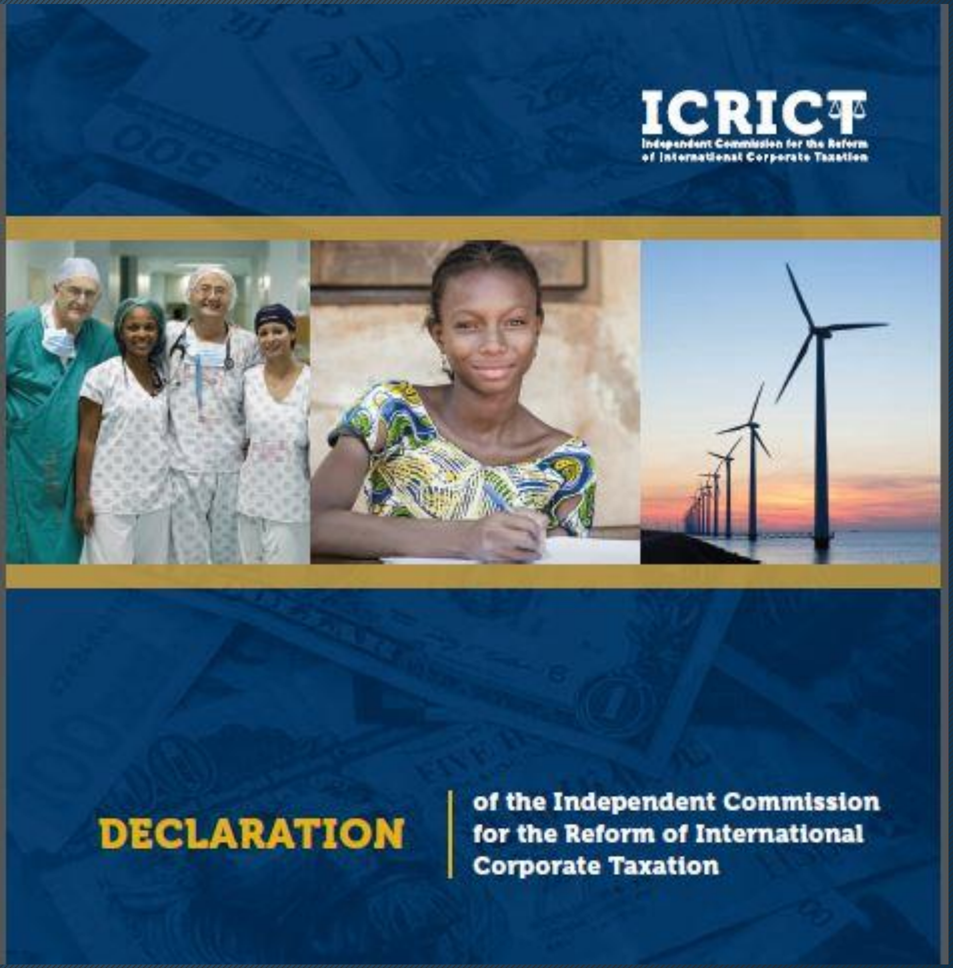
States should require multinational corporations, both public and private, to file country-by-country reports and, upon filing, make those reports freely available to all tax administrators, without requiring separate treaty or other agreements, so as not to disadvantage developing countries and to facilitate efficient and cost-effective tax administration.

States should also make country-by-country reports available to the public within 30 days of filing.

our declaration

V. Build inclusivity into international tax cooperation
States should establish an intergovernmental tax body within the United Nations and begin drafting a UN convention to combat abusive tax practices and eventually adopt a consolidation and apportionment system for taxing global corporate profits.

thank you


ICRICT
Independent Commission for the Reform of International Corporate Taxation
DECLARATION
of the Independent Commission for the Reform of International Corporate Taxation