

A PEOPLE'S MANIFESTO

Tax the Rich, Not the Poor! Make Taxes Work for People and the Planet!

21 JANUARY 2022

We, as members of civil society and mass organizations from different countries in Asia and other regions, come together in recognition of the urgency of transforming our tax and fiscal systems to make them 'work for people and the planet.' These must be reoriented to turn away from blind subservience to corporate, profit-driven interests and towards the peoples' agenda for economic justice and social transformation. At a critical time when tax revenues are gravely needed to fund essential public services and meet sustainable development targets, anti-poor tax policies and illicit financial flows have only deepened widespread inequalities within and among countries in the world.

Fighting for survival amidst multiple crises of health, joblessness, violence and exclusion has become the "new normal" for many communities and sectors in Asia, with 89 million more plunged into extreme poverty and an average unemployment rate of 20% across the region in 2020. The social toll of the COVID-19 pandemic continues to be heavy for many countries with over-capacitated health systems, lower school completion rates, increasing hunger and malnutrition resulting from inadequate and misdirected government responses.

The historical imperative to correct imbalances and fundamental flaws of tax and fiscal systems at the national and global levels is undeniable. We commit to strengthening our campaigns and collective struggles towards these **demands for tax and fiscal justice:**

1. Tax the Rich, Not the Poor!

While the vast majority of peoples in Asia continue to struggle for health, safety, and decent work, a small minority wallow in unimaginable wealth. 41% of billionaires in the world can be found in Asia, with the highest share vis-a-vis other regions with 8% of high-net-worth individuals involved in the health and technology-related businesses. Their combined wealth is estimated at US\$ 4.7 trillion. This staggering figure is vastly underestimated, as revealed by the Pandora Papers. The Pandora Papers extensively documented the blatant circumvention of national and global regulations by wealthy political and business elites in order to hide profits and assets in offshore jurisdictions with more lax regulations on corporate taxation.

We firmly believe that governments must proactively step in to ensure that the wealth of billionaires—socially generated through labor and natural resources of our countries—must not be allowed to accumulate without shared social benefits. That is only right and fair especially when the poor are forced to bear unjust tax burdens.

We demand that governments take measures to adopt tax policies that will ensure that all incomes and profits of corporations and elites from both productive and financial activities are taxed. We call on governments to institute a progressive tax on wealth and accumulated assets of high net-worth individuals, and for countries around the world to establish cooperative mechanisms to strengthen the effective enforcement of wealth taxes by plugging loopholes that allow for illicit financial flows of untaxed wealth.

2. Make Taxes Work for Women and Other Marginalized Sectors

Across Asia, tax and fiscal systems are riddled with gender biases and discriminatory policies that deepen inequalities and reinforce economic and social exclusion. Taxation can be instruments for advancing gender and economic justice only when these biases are first addressed.

Women face multiple and intersecting forms of discrimination, take on a disproportionate share of paid and unpaid care work, face heightened exposures to violence, and have to contend with unjust tax burdens.

Women's share of unpaid care work went up as much as ten times more than men during the pandemic lockdowns when state responsibilities for children's education and family health fell on women's shoulders. Women's vast contributions to economic activity through social reproduction are rendered invisible by governments and economic systems that narrowly focus on production. Women's unpaid care work must be proactively recognized and redistributed by the state by strengthening public services and rewarded through the provision of tax credits and other support systems for women.

Despite spending a greater share of incomes on household necessities such as food, childcare, and privatized utilities, tax burdens disproportionately fall on women, especially those from poor and marginalized sectors. Tax systems that heavily rely on regressive taxes on consumption such as Value Added Tax (VAT), Goods and Services Tax (GST), and excise taxes on fuel and other household necessities—rather than taxing wealth and income—are regressive and unjustly burdensome for women and other marginalized sectors.

Communities of indigenous and tribal peoples in many parts of Asia are often sites of corporations' wealth extraction from their land and natural resources. Since many essential goods and services are out of reach in rural areas, regressive excise taxes on fuel and mineral products create additional barriers for access to transportation, cooking, and housing for these communities.

Workers from indigenous and tribal peoples in Asia are also 25% more likely to be employed in the informal sector, while those formally employed earn 18.5% less than non-indigenous workers. On top of landlessness and limited access to public services, workers from these marginalized backgrounds are forced to pay the same level of income taxes, contributing to higher rates of intergenerational poverty.

We believe that gender biases and other discriminatory policies in tax and fiscal systems must first be removed or corrected before taxation could be considered as a tool for advancing gender justice and reducing inequalities.

3. Reclaim public services; increase and mobilize public funds for fulfilling peoples' rights and needs!

COVID-19 has painfully shown us what it means when public health systems are underfunded and when health care and essential services remain out of reach for the vast majority of peoples. For many decades, governments have accelerated the privatization and financialization of public services in compliance with structural adjustment programs and the neoliberal paradigm of free markets imposed and peddled by international financial institutions like the IMF, WB, and the ADB. Struggles of many poor countries to meet greater public demands in this critical time underscore the failure of privatized corporations in health, energy, water, education, and telecommunications to provide comprehensive, quality, affordable, and accessible services. Profit-driven service provision has also led to massive vaccine inequality, leaving many poor countries in Asia behind despite their vulnerability to risks and social impacts of local mass transmissions.

Today, public services are further undermined by austerity measures, inadequate government spending from weak domestic resource mobilization, and false solutions offered by public-private partnerships. The massive tax abuses of wealthy individuals and corporations that have remained unchecked have also gravely eroded governments' abilities to generate revenues for funding public services.

We must press upon governments to reclaim public control of essential social services, generate more public revenues and increase allocation of funds for public services, and rechannel funds away from debt servicing and militarization towards the provision of public services to ensure that people's rights and needs are met.

4. Make MNCs Pay Their Share! Stop Corporate Tax Abuses and Other Illicit Financial Flows!

The Pandora Papers estimate that profits of corporations and wealth of elites held in offshore accounts may be as massive as one-third of global GDP. Legal instruments of tax havens have prevented these illicit financial flows from being subjected to public scrutiny or taxation in developing countries where wealth is generated, and where corporate tax abuses significantly

erode public revenues. **We must strengthen financial transparency and accountability mechanisms, ensure the full disclosure of beneficial ownership, and strengthen civil society-led initiatives to hold governments enabling IFFs to account.**

Tax competition in the region has heightened with governments' economic "recovery" programs, as seen in recent initiatives to lower corporate tax rates and maintain liberal tax incentive regimes. These have opened several loopholes for corporate tax abuses by multinational corporations (MNCs) through trade misinvoicing, profit-shifting to lower-tax jurisdictions, and taking advantage of overlapping fiscal regimes and tax treaties. To compel MNCs to pay their just share, we must **end tax competition** in the region and globally by instituting **a global minimum corporate tax rate of 25-30%**, closer to the recommendation of the United Nations High-Level Panel on Financial Accountability, Transparency, and Integrity (UN FACTI) that will be beneficial to developing countries than the rates proposed by tax havens in the current OECD-G7-G20 proposals. We must also call on governments to conduct an **audit of all tax treaties and incentives** to ensure that all agreements are aligned with domestic resource mobilization targets to fund peoples' urgent needs.

5. Advance Tax Justice in the Extractive Industry!

The social, economic, and environmental impacts of the extractive industry have long been the focus of many community struggles and campaigns of people's movements and civil society organizations. On top of the irreversible damages to the environment and in many cases to people's health, the mining industry is also rife with corruption, tax abuses and other types of illicit financial flows.

Economic restrictions imposed by governments since 2020 have been utilized as smokescreens by mining corporations to expedite the approval of projects despite peoples' resistance. Corporations in the extractives sector have historically benefitted from privileges of long-standing tax holidays and preferential fiscal regimes applicable to mineral resource extraction. Tax planning and avoidance of corporations, especially MNCs in extractive industries, result in massive erosion of public revenues and intense profiteering at huge costs to people, communities, workers, the economies and environment of Asian countries.

We must urgently institute and enforce tighter social, financial and environmental regulations and sanctions over the extractives sector; scrap tax incentives granted to extractives industries and curb illicit financial flows; impose resource taxes on the export of raw materials from mining and other extractivist activities; and uphold the rights of communities and women affected by mining and other extractivist activities, including their right to defend their communities.

6. **End Inequalities in global tax rules and rule-making! UN Tax Body Now!**

Through the **OECD-G7-G20 “tax deal of the rich,”** the world’s richest countries and biggest economies are seeking to bind our tax systems in a more vicious race to the minimum as they benefit in a much greater degree from the proposed distribution of taxing rights and the meager global minimum tax rate of 15%. Digital services taxes (DSTs) proposed in the ‘tax deal of the rich’ also pose a risk of reproducing the regressive impacts of VAT in our countries as the costs will certainly be passed onto consumers. As peoples of developing countries that have long been impaired by the fiscal stranglehold of underfunded public services and regressive taxes, it is imperative for us to strongly reject these false solutions and urge our governments to take leadership in forwarding a just, progressive, and democratic alternative.

To meet peoples’ urgent needs, we need fiscal systems and global tax rules that serve to reduce the entrenched inequities and injustices of tax norms and rule-making on the national and global levels. Negotiations and decision-making on global tax rules must be done within the auspices of the United Nations, in a platform where all countries sit as equals and voices of civil society can hold governments to account. **We reiterate our call for the establishment of an inter-governmental mechanism on tax matters—a UN Tax Body—that is genuinely inclusive, democratic, transparent and accountable, where all countries sit at the table as equals and where the voices of the peoples of the Global South and of marginalised sectors, those who are most affected by inequalities in global tax rules, are heard.**

7. **System Change, People First Before Profit!**

We strongly believe that rebuilding broken tax and fiscal systems is an urgent task, but it cannot be achieved only through minor fixes and band-aid solutions such as those proposed in the “tax deal of the rich” and by international financial institutions like the International Monetary Fund (IMF) and the Asian Development Bank’s Asia-Pacific Tax Hub. Tax and fiscal justice can only be achieved by addressing fundamental flaws in tax and fiscal systems.

Our campaigns for tax and fiscal justice is grounded on a vision for economic justice and must serve a bigger fight for system change—for thoroughgoing changes and transformation of economic systems, of gender and class relations, as well as a fundamental restructuring of the relationship between production and the environment.

Our struggle for tax justice must also be integrated with a systemic shift away from extractivism—the exploitation, plunder and destruction of natural resources to the huge detriment of people, communities and the planet—which is primarily driven by corporations, especially MNCs, in collusion with local elites, governments, and international financial institutions (IFIs).

Our vision for economic justice is founded on a fundamental reorientation towards prioritizing peoples’ needs and a rejection of neoliberalism and unbridled capitalism, reclaiming the central role of governments and civil society in regulating market and social relations.