ICRICT
Independent Commission for the Reform of International Corporate Taxation

PRESS RELEASE

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ICRICT: "A new, feminist tax paradigm is needed".

As the world celebrates the International Women's Day, it is clearer than ever that economic recovery will only happen through a profound paradigm shift. There is an urgent need to change the economic framework to move towards a caring and inclusive society that places gender equality at the centre and recognises the interdependence between people and the environment. **This also requires a deep reform of taxation of multinationals and the richest in our society.**

The Covid-19 pandemic has made it clear that much of the work involved in maintaining the health and well-being of children, the elderly and other family members is done by women on an unpaid basis. **Advancing gender equality makes it imperative to recognize, reduce and redistribute domestic and care work.** This requires the establishment of quality public services such as nurseries, health centres and homes for the elderly. It is also necessary to invest in infrastructure such as drinking water, sanitation, and electricity. Such measures improve women's ability to enter the paid work force or to have time for productive activities or leisure.

But these efforts come at a cost. **States, which have spent so much in response to the pandemic, must not only recover their resources but increase them to finance this turnaround**. However, a renewed turn to fiscal austerity is already under way in many emerging and developing countries, even as the rich have never been richer. The combined wealth of all billionaires is now at an all-time high of $13.8 trillion. Meanwhile tax evasion and legal tax avoidance enable multinational corporations and rich individuals to pay lower tax rates than most workers.

The recent G20/ OECD global tax deal has not addressed unfair taxing rights that increase wealth for the super-rich by favoring multinationals and their headquarter jurisdictions largely in rich countries, at the expense of developing countries as market jurisdictions and FDI hosts as well as ordinary citizens everywhere. Thus, the global tax regime under the OECD deal continues to drive inequality between and within countries.

This is why we need a new fiscal pact: progressive tax systems must be designed, including fair taxation of women, and available fiscal resources must also be increased by combating tax avoidance and evasion. Multinationals and the super-rich who control them must pay their fair share of taxes, by increasing capital income taxes, rather than those on labor incomes.

When governments are failing to make wealthiest and rich companies pay their fair share, to address tax avoidance, and not to control hidden assets in tax havens or offshore, **they are failing women**. We need the courage to act now. Therefore, ICRICT is asking governments to take these four measures:

1) Create a national asset register, which should include publicly available information of ownership and valuation of relevant wealth, as the first step towards a global asset register as a network of national asset registries. The creation of asset registers would allow wealth inequality, include gender inequality in the distribution of wealth, to be measured and understood, facilitate well-informed public and policymaker discussions on the desired degree of inequality and support appropriate taxation to reduce the negative consequences of inequality.

2) Stop the secrecy surrounding offshore wealth by publishing summary data on overseas private wealth to enable all jurisdictions to adopt effective progressive wealth taxes on their residents and to be able to better monitor effective income tax rates on highest income taxpayers.

3) Apply higher corporate tax rates to large corporations in oligopolistic sectors with excess rates of return.

4) Adopt an ambitious effective minimum tax on multinationals, much higher than the 15% agreed by the G20/OECD Inclusive Framework, and as close as possible to the 25 % that ICRICT advocates, to put an end to harmful tax competition between countries and reduce the incentive for multinationals to shift profits to tax havens. Revisit the G20/ OECD BEPS deal and distribute taxing rights fairly between rich economies and developing countries to reflect the principle of taxation of multinationals' profits where they are made, with the central role in tax norm setting at the legitimate, inclusive forum of the UN.

Notes to editors:

- Everywhere, there are women the pandemic has pushed out of the labor force all together.
- Women spend on average 3.2 times more time than men on unpaid care work, 4 hours and 25 minutes per day compared to 1 hour and 23 minutes for men. When attempts have been made to measure the monetary value of these unpaid contributions by women, this figure rises to a staggering US$11 trillion a year or 9% of global GDP.
- Save the Children warns in a report that millions of girls are at risk of not being able to return to school after the pandemic. There will be 13 million more child marriages by 2030 than would have been the case without Covid-19.
- Gender inequalities are expected to get worse with the consequences of climate change. It is estimated that by 2025, up to 2.4 billion people will be living in areas without enough water, meaning that women and girls will be forced to walk further and further to find it. The emergence of serious public health crises will also place increasing demands on women's time.
- Men own 50% more of the world's total wealth than women. On average, women receive 77% of what men receive for equal work, education, and responsibility. The World Economic Forum itself estimates that it will take 202 years to close the gender wage gap.
- Every day, an average of 137 women around the world die at the hands of their partners or family members, according to the United Nations
- Globally, tax avoidance diverts 40% of foreign profits to tax havens shows ICRICT's Gabriel Zucman. Explore the world map to see how much profit and tax revenue each country loses (or attracts).
- A global minimum tax is one of the main recommendations of the Report on Financial Integrity for Sustainable Development - presented last February by a United Nations high-level panel, the FACTI.
- A 25% global minimum corporate tax rate would raise nearly $17 billion more for the world's 38 poorest countries (for which data is available) than a 15%. These countries are home to 38.6 % of the world's population.
- Women are strongly underrepresented at the top of the capital income distribution, even more acutely so than for labor income, so the rising capital share of income is entrenching gender inequality, aided by relatively lower taxation of capital income.
- A list of the 139 members of the OECD Inclusive Framework on BEPS is available here.

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ABOUT ICRICT:

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) aims to promote the international corporate tax reform debate through a wider and more inclusive discussion of international tax rules than is possible through any other existing forum; to consider reforms from a perspective of public interest rather than national advantage; and to seek fair, effective and sustainable tax solutions for development.