

## Tax and Fiscal Justice Asia calls for heavy taxes on big business and the wealthy, and cutting corporate tax perks, as key steps in raising public finance for COVID-19 responses



As the COVID19 public health crisis continues to intensify, deep flaws in our societies and economies have become abundantly clear. It is a system that puts profits before people, privileges corporations and the wealthy, and deepens many forms of inequality and injustice, including gender inequality and inequality among nations.

Here in Asia, like other places of the Global South, the poor and impoverished rank among the most badly hit by the raging pandemic and millions more face horrific, multi-faceted hardships in the weeks to come. More than 9,000 people have died in Asian developing countries as of this writing, a figure bound to soar as tens of thousands lie seriously ill and new cases increase by the thousands daily. The extent and depth of this contagion may never be fully known, given severely limited access to testing kits, medical supplies and hospitalization services.

The shadow of a profound, prolonged economic crisis lengthens before us, foreboding sharper inequalities and greater impoverishment and deprivation. The result of loan conditionalities and neoliberal policies such as austerity measures and privatization, we are burdened by poorly-resourced, weak public health systems; little or no access to adequate water and sanitation services; economies that produce for the global market rather than securing food staples and other basic needs. Unemployment is feared to reach unprecedented levels. Around 11 million are likely to be pulled back into absolute poverty, says the World Bank. A majority of Asian countries already registered serious to extreme signs of food deprivation and malnutrition in 2019 Hunger benchmarks. Women will bear a heavy toll, with the increasing weight of unpaid care work as well as paid care work in the health sector of which they comprise 70% globally. An estimated 60% of women worldwide are in low-paid, unprotected informal work.

These impacts could have been mitigated, or at least, weathered today with much less torment and suffering, had our governments valued people's interests over greed and private gain. Billions of foregone revenues from tax breaks generously granted by governments to big corporations and the individuals who ultimately own them could have been used in strengthening essential public service delivery to ensure our rights to health, access to water and sanitation, decent housing and sufficient mass transportation services, among others. In the rush of quarantine guidelines, let us not forget to hold our governments accountable for time lost, resources and opportunities squandered, and most agonizingly, for the lives lost and futures forfeited in this crisis.

We urgently call on governments to mobilize adequate public resources for immediate emergency assistance, with the highest priority given to those most in need. Financing emergency responses should be based on a **people-first, people-centered** fiscal program. They should not reinforce the very economic policies that have eroded our resilience in the face of shocks, such as the COVID-19 crisis.

We demand that governments alleviate the economic burdens of the poor and low-income through such measures as –

- Repealing regressive consumption taxes such as Value Added Taxes or Goods and Services Taxes.
- Tax credits for Micro, Small and Medium Enterprises (MSMEs), low income earners, dependents, etc.
- Implement fiscal spending policies that invest in public capacity to care through quality public services for all.

We insist that states uphold their core mandate to protect and aid their people -- not banks, corporations and the rich, and embark on a fiscal path that provides stimuli and support for the **real economy**, not the financial sector.

We urge governments to mobilize revenue through policies that include but are not limited to --

- Scrapping wasteful tax incentives benefitting wealthy elites and corporations.
- Levying excess profits taxes on multinational firms, especially those profiting massively from the crisis today.
- Embarking on progressive reforms that heavily tax large incomes, assets and wealth.
- Cancelling bilateral tax treaties disadvantageous to developing countries.
- Introducing a digital services tax without depending on the OECD BEPS process.
- Preventing multinational corporations from shifting profits to low and zero tax countries by taxing them as a single entity, based on a unitary enterprise principle.
- Introducing a global minimum corporate tax rate that is sufficient to fund quality public services and universal social protection, including universal health coverage, but without any country being pressured to reduce their existing corporate tax rate.
- Establishing a global tax body under the auspices of the UN that can support the global reconstruction strategy that will be required to avoid depressions that impact most adversely on the most marginalised workers and communities.

We ask states to –

- Move away from the discredited economic policies of neoliberalism.
- Work towards building healthy societies, economies and sustainable futures through progressive public spending, starting with meeting the needs and interests of the most vulnerable and the working poor.

### **TAX AND FISCAL JUSTICE NOW!**

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