



The government must back the emerging UN Tax Convention to boost revenues and restore Britain's international reputation

'Our Labour Party will not talk down international institutions like the UN. Instead, we will build them up.' - David Lammy, 21 May 2024

Right now, a new, fairer global system for governing tax is being developed within the United Nations. By supporting it, the new government can tackle international tax dodging, recoup much-needed income for domestic spending, set a level playing field for British business and restore the UK's international reputation. The UN Tax Convention is a reality. With talks taking place July - November 2024, the new government must define a new position and constructively engage to strengthen the Convention.

Background

Tax abuse starves governments of revenue for public services. Multinational corporations exploit legal loopholes to shift an estimated [\\$1 trillion](#) in profit to tax havens annually. The public are rightly outraged: [85%](#) believe tax dodging by multinational corporations is wrong.

The problem is not getting better. The OECD, which has been responsible for international tax rules for over sixty years, has [failed](#) to significantly reduce tax abuse. Its reforms have been insufficient. Global South countries - which are not OECD members, but lose the greatest share of national income - are shut out of policy development.

In response, in November 2023, the United Nations General Assembly (UNGA) [voted](#) to establish a UN Framework Convention on Tax. The Convention - which covers corporate taxation, financial transparency and tax justice - will create an ongoing international forum for developing and agreeing binding policy. Its terms of reference are currently under negotiation, with substantive policy discussion due to begin in January 2025.

Tackling Tax Abuse

The new government's commitment to tackle tax dodging - including the plan to raise [£5 billion](#) a year by investing in HMRC - is an important step. However, the success of efforts to tackle tax dodging by multinational corporations and the globally-mobile super-rich will be limited without coordinated, international policy. As eminent economists like [Joseph Stiglitz](#) have argued, such international problems require coordinated action at the UN level.

The UN Tax Convention can achieve this by establishing an enforceable framework to tackle tax abuse. It could enable key transparency measures, such as country-by-country reporting and public registers of beneficial ownership, which are vital for tackling the issue. Moreover, if it is made legally binding on the states that ratify it, the Convention will have a long-term impact, beyond individual governments.

Furthermore, it will create a much-needed forum to develop major tax reforms - including carbon taxes, wealth taxes, and global minimum tax rates. Such measures could drastically increase governments' revenue-raising and drive the transition to a just and sustainable financial system.

Recouping Revenue for Domestic Spending

The new government has inherited a tough economic situation and faces competing spending priorities. Labour has acknowledged that cracking down on tax abuse will be key to financing its policy programme. However, without major reforms to the international tax system, this crack down will have diminishing returns, while the cost of public services will continue to grow.

In 2021, the UK lost [£2 billion](#) to big tech firms shifting profits offshore. Such cases are common, but there is little the UK can do to tackle them under the current international tax system. To ensure it can fund vital public services - such as education, social care, and the NHS - in the years ahead, the government should adopt a decisive and long-term strategy to tackle tax abuse. Active participation in the UN Tax Convention should form a cornerstone of this strategy.

Restoring the UK's Reputation and Delivering Global Economic Fairness

Supporting the UN Tax Convention offers the UK a chance to restore its international reputation. The UK and its overseas territories are responsible for around a [third](#) of global tax avoidance and have been seen as a facilitator of 'dirty money'. By championing the Convention, the UK can show commitment to a fair and transparent global tax regime.

The Convention, which has been led by the Africa group at the UN, is a chance to respond to the priorities of lower-income countries, which are most impacted by tax avoidance and most in need of finance to tackle climate change. It will help those states raise revenue, at a time when high-income countries have failed to increase development budgets in line with need.

With the political direction of the US and EU uncertain, and the G77 coalition of developing nations becoming increasingly vocal, the UK has an opportunity to build new partnerships and take a new role on the world stage. Positioning itself as a champion of transparency and tax justice would be a significant step in this direction.

Timeline

2023, November	—	UN General Assembly passed a resolution to establish the Convention
2024, May - June	—	First round negotiations on the Convention's ToR
2024, July - August	—	Second round negotiations on ToR
2024, September	—	UN General Assembly discussion on the Convention
2024, November	—	ToR adoption and negotiation of timeline
2025, January	—	Substantive negotiations begin
2026	—	Finalisation and adoption

Recommendations

We encourage MPs and Ministers to advocate for the following:

- **Publicly Support the Convention:** The government should state its support for the Convention as a matter of urgency, emphasising that it represents an important step in tackling tax abuse and promoting global economic justice.
 - **Engage Constructively in Negotiations:** The government should work with other key supporters of the Convention, such as the African Group, to strengthen the Convention's terms of reference and substantive policy outcomes.
 - **Support Decision-Making by Vote:** The government should support the use of majority vote, rather than consensus, as the method of decision-making within the Convention. This is standard within the UN and prevents decisions being blocked or watered down.
 - **Embed Justice Principles in the Convention:** The government should advocate for the inclusion of human rights, workers rights and climate justice principles within the Convention's terms of references and substantive sections. Moreover, it should argue for the creation of new international systems to redistribute global wealth, reduce economic inequality between countries, address the climate crisis and support a just transition.
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Contact

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Supporting organisations

Amnesty International UK, Equal Right, Greenpeace UK, Oxfam GB, Save the Children UK, Tax Justice UK, War on Want.



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