Africa Tax *Spotlight*

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Taxation and gender:

Why does it matter?

EDITORIAL

Welcome to the 5th edition of TJN-A's Africa Tax Spotlight, which is dedicated to issues about taxation and its relationship with men, women, gender equality and equity in Africa. There is no better time to release this edition than now following the world's recent centennial celebration of the International Women's day. I had the great privilege of spending it with the people of Kailahun in Sierra Leone. Personally, I spent the day reflecting on the numerous struggles and victories experienced and achieved over the years in the ongoing campaign for gender equality.

Historically, taxation has been one of the rudders for driving the treasure ship of revenue mobilisation, establishing social contracts and consolidating independence of nation states. It is also an instrument used to redistribute wealth (progressive income taxes) and encourage socially acceptable behaviour by re-pricing certain goods and services (e.g. excises on cigarettes and alcohol). Tax systems are important fiscal tools for directing the processes of economic growth. People's decisions about whether or not they should work (and how hard), save and invest, as well as what and how much they consume are sometimes influenced by the tax system.

Studies have revealed that tax systems are not gender neutral since they have differential impacts on men and women, given that, fiscal policies are influenced by underlying socio-cultural beliefs about gender roles and responsibilities. As such, tax systems can be tools to ameliorate, exacerbate, or simply reproduce existing gender inequalities. Studies reveal that the understanding of the household as a unit headed by a male breadwinner has created explicit tax biases in the personal income systems of some countries like Kenya as is revealed in one of the articles in this newsletter. Implicit gender biases have manifested more so in the cases of indirect taxes (e.g. Ghana) given the differential gender consumption patterns. High tax reliefs and benefits in formal employment are likely to benefit men more than women, but overlook the fact that it is predominantly women who provide unpaid care to the extended family (children, senior family members, etc).

With the renewed interest and commitment of increasing domestic revenue in most African countries, policy makers need to be cautious not to overburden poor women and marginalised men through taxation. Recent studies have revealed the reliance on indirect taxes as the major tool for domestic revenue mobilisation. Indirect taxes and in particular the VAT have been found to be regressive and tend to burden poor men and women. A shift from indirect taxes to direct taxes will serve as a more progressive and equitable system of taxation.

In this edition of the Africa Tax Spotlight, different writers share their research findings and experiences on gender and taxation in different sectors. One writer shares her perspectives on the historical trends of

Contents

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personal income tax and VAT in Kenya with emphasis on gender equality. The general thought in most circles is that the formal sector complies with tax obligations more than the informal sector thereby putting more pressure on governments to devise effective and efficient ways of collecting taxes from the informal sector. The SABMiller saga and Marta's story in the Action Aid Report questions this argument through the revelation that Marta in relative terms

High tax reliefs and benefits in formal employment are likely to benefit men more than women, but overlook the fact that it is predominantly women who provide unpaid care to the extended family (children, senior family members, etc).

has paid more taxes than SABMiller because of the tax dodging activities of the latter. Another writer also shares his findings and experiences on the challenges of women in the informal sector and tax compliance. Find in this edition extracts from an interview between Tax Justice Network-Africa and Dr. Imraan Valodia (co-editor of Taxation and Gender Equity) on some of the key issues on gender and taxation in Africa and its implication for policy making. Finally in this edition, a tax consultant shares his opinion on how to improve women's lot through taxation in Africa.

It is anticipated that this edition will encourage more debate on gender and taxation and the means through which taxation can be used to alleviate gender inequality on the continent. Read, share your thoughts and opinions via afritax and other mediums and let's keep the debate going until we attain the tax justice we want in our world. Happy reading

Ernest Okyere
Christian Aid Ghana

Report

Tax Us If You Can: Why Africa Should Stand Up for Tax Justice

Tax Us If You Can:
Why Africa Should Stand for Tax Justice, is TJN-A's flagship publication on tax justice in Africa. This report aims to help readers understand the issues behind Africa's fight for tax justice.

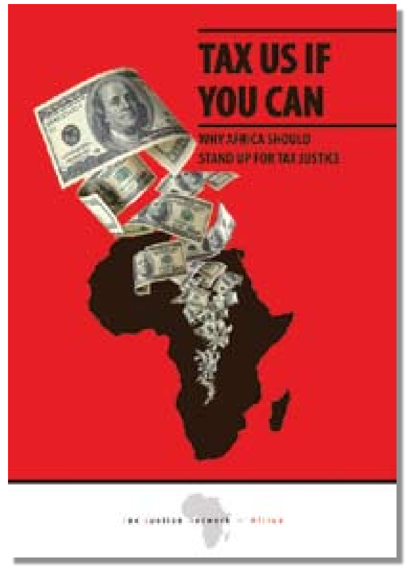
Tax revenues are necessary for any state to meet the basic needs of its citizens. In Africa, tax revenues will be essential for establishing independent states of free citizens, less reliant on foreign aid and the vagaries of external capital. Similarly accountability to citizens on the use of revenues from tax would stimulate interests in paying taxes and strengthening state-citizen interactions. It is hoped that the recommendations presented in this report would be useful to different stakeholders in the fight for tax justice and help all African states achieve a greater degree of self-reliance.

The report starts by exploring the meaning of tax justice in the African context, examines some of the main channels for tax leakages from the continent and the impact of these leakages in revenue mobilisation.

The key systemic causes of tax injustices in Africa are further set out. The report explains how decades of selective development or 'maldevelopment' in resource-rich states has left government funds depleted and many countries susceptible to conflict. It further examines the policies that have contributed to making taxes in Africa regressive, and concludes by looking at problems around ineffective tax and customs administrations.

The report moves on to presenting the 'Who's Who' of tax injustice in Africa. The tax avoidance industry is always keen to make a clear distinction between tax evasion, which is illegal in most countries, and tax avoidance, which usually involves exploiting legal loopholes. This section looks at some of the key players involved in exploiting such loopholes: accountants, lawyers, bankers, multinational companies and, crucially, secrecy jurisdictions. It also examines the role of governments, parliaments and taxpayers, and makes propositions on what stakeholders should do to help achieve tax justice.

A discussion on how multilateral agencies, such as the World Bank and the International Monetary Fund (IMF), have influenced tax policy in Africa is then provided. The report shows how the 'tax consensus' promoted by these organisations have led to a reduction in government revenues in many countries. It then looks at some of the international organisations working to tackle various aspects of tax injustice, particularly the United Nations and the Organisation for Economic Cooperation and Development



The full publication is available for download in English at: http://taxjusticeafrica.net/index.php?option=com_docman&Itemid=9&lang=En

(OECD). It also discusses the role of a range of African organisations and the growing contribution of civil society organisations towards tax justice.

Finally, the report emphasises the importance of taxation for Africa's development and explores a series of options to help achieve tax justice. Key among these include: raising awareness around tax issues and promoting a culture of tax compliance; increasing tax transparency among governments and multinational companies; increasing international cooperation on tax matters; and enhancing international assistance to help African governments improve their tax policies and administration. A glossary of tax jargons is provided at the end to help readers understand some of the technical terminologies around taxation.

What Does Tax Justice Have To Do With Gender Equity?

Interview with Vera Mshana

Tax Justice Network-Africa caught up with Dr. Imraan Valodia, Associate Professor in the School of Development Studies at the University of KwaZulu Natal in South Africa for an interview to seek his perspectives and thoughts on taxation and gender in Africa. Imraan Valodia with Prof. Caren Grown edited the book 'Taxation and Gender Equity" which is a study of the tax systems and their impact on men and women in 8 countries: South Africa, Ghana, Uganda, Morocco, Argentina, Mexico, India and the United Kingdom. He had worked earlier on examining the gender impacts of government expenditure and developed a keen interest in gender and economics. His focus on the expenditure side of budget subsequently stimulated an interest in the revenue side of it, in this case taxation, culminating into the development of the 8-country study on taxation and gender equity.

Dr. Valodia (IV) responded to some questions from Tax Justice Network-Africa (TJN-A) on the link between tax justice and gender and the extracts of this are below.

TJN-A: ***Why is it important to make the link between gender and tax?***

IV: The tax system brings in resources and allows for social expenditures which are absolutely critical in generating resources for programs in health, education and social welfare. If such programs are reduced or removed, the lives of women and girls will be disproportionately negatively impacted since spending, particularly consumption of social spending is gendered.

Taxation therefore represents a key means to increase gender equity in society. But, the tax system hinges on certain concepts that are themselves gendered (e.g. 'breadwinner,' 'household,). Furthermore, trends in tax reform indicate a big shift away from taxing income to taxing consumption, through value-added taxes, and this is significant given there are gendered patterns to how we consume. That is, women take care of a larger proportion of household expenditure. Therefore, to the extent that VAT is applied to basic consumption goods such as food, women may be disproportionately affected. It is important to collect and analyse data to determine the gender impact of these changes in the tax system.

There are also some important gender issues related to income taxes. For example, does the tax system apply taxes on individual income, or joint household income? In some tax systems which tax joint household income there may be a strong disincentive for women to seek paid employment since the pooling of income, for tax purposes, increases the tax rate on the income. Since women tend to earn less than their male partners, they may opt not to seek paid work. There may also be gender issues related to tax credits (see the example of Morocco below).

Examining the interaction between gender and taxation also challenges policy-makers (and society as a whole) to reflect on what objectives we think the tax system should fulfil: are taxes there to primarily raise revenue or can the tax system serve social objectives? If we say it is the former, it needs to be borne in mind that not all spending programs can reach those who are most in need of them. But at the same time, we must also be cautious if we take the latter position.

TJN-A: ***Based on your research and experience what would you say are the most pressing issues with regard to gender and tax in Africa?***

IV: First, there is a general need to mobilise tax resources. However, trends in tax reform show that many African countries are likely to increase their reliance on the Value Added Tax (VAT), since the formal sector is small in most countries (and therefore direct taxes have a limited reach), and reliance on trade taxes will decline due to pressures from trade liberalisation to remove such tax instruments. Further, VAT is a relatively easy way to raise a lot of revenue, and if it is reformed to become more broad-based (by removing domestic zero-rating and exemptions), it will reach a larger proportion of the population. Therefore, it is very important to be aware of the gendered impacts of this (increasing) reliance on indirect taxes and policy-makers need to ensure that tax outcomes are more gender equitable. There is also likely to be increasing pressures on governments to raise taxes from the informal sector (e.g. Zimbabwe applies presumptive income taxes) which link to some very important issues given that informal employment is gendered. Without careful consideration of the design of these tax instruments, it is likely that they will hurt poor and female households disproportionately.

Secondly, tax systems have been designed with a particular view of households, premised on the nuclear household model, which is extremely Eurocentric. It is not the norm for most African households. Policy makers must engage with and address this complexity, and design tax instruments accordingly.

Finally, as much as they are on the decline, more research needs to be done in this area vis-à-vis trade taxes, since African countries still heavily rely on them to raise revenue and there are gender distributional issues that flow from the policy decisions to protect certain goods over others. Equally more attention and research need to be done regarding corporate and business taxes and their gendered impact (e.g. shift towards female concentration in employment in the services sector, and what differential impacts the tax system has on how women and men make investment decisions, if any).

TJN-A: ***What in your view was the most striking finding from your studies on tax and gender issues in the 8-country study?***

IV: Prior to our study, there had been no gendered tax incidence studies in the developing world, and none that looked specifically at indirect taxes, particularly of the VAT (the 'big change' in tax policy over the past 20 years), therefore this study was innovative in this respect. Further, the study systematically analysed direct taxes across the 8 countries.

One of the most striking findings of the study was that the incidence of the VAT was not disproportionately borne on poor female households. This is mainly due to extensive domestic zero-rating and exemptions in all but one of the 8 countries. Without such zero-rating and exemptions, the VAT burden would have been pushed disproportionately onto poor female households. In other words, our studies showed that zero-rating of basic consumption goods such as food, significantly protected low-income households, where most women are to be found. Without this zero-rating, the tax system would have placed a huge burden on these households.

In all 8 countries, income tax is imposed on individuals, and not on the household, but there is a need to find fairer ways to tax jointly-owned assets and ensure that tax credits are equally available to men and women. The study reveals that much of these gender inequalities are largely as a result of the assumptions the income tax system makes regarding the nature of households. For example in Morocco, if the breadwinner is male and the spouse is a dependent, then the male breadwinner automatically receives a tax credit. However, if the breadwinner is female, she must first prove that her husband is a dependent spouse before accessing the tax credit. The imposition of this burden of proof on married women who are breadwinners in their family represents a discrimination against women in the income tax system, since it does not apply to their male counterparts. Similarly, if the tax credit is available to assist in the payment of childcare, often times this will be allocated to the man, who is assumed to be the breadwinner in the family, even if he is not. The income tax system also discriminates against women in how it treats income that flows from jointly-owned assets. They are assumed to be owned by the male spouse, who must therefore pay the tax on the income that flows from the asset. As much as this may reduce the female's tax liability, it is also likely to reduce her claim to ownership of the asset.

TJN-A: ***What do you think are the immediate measures to address gender inequalities in taxation in Africa?***

IV: There are still large amounts of gender inequalities in the income tax system, and these formal inequalities, must simply be removed. With respect to the VAT, policy makers must think carefully about the set of goods and services that should be domestically zero-rated or exempted.

TJN-A: ***What is the link between gender taxation and tax justice?***

IV: The idea that tax systems need to be fair and just is a cornerstone of most tax system. That is, people with the same level of income should pay the same amount of taxes and people with different levels of incomes should pay a disproportionately different amount of tax – this is the principal of progressive taxation. These tax principles interact closely with the principal of gender equity. Because of their sex, women are, among other things, more likely to earn less in paid work, they are more likely to do greater amounts of unpaid care and household work, they are more likely to spend greater proportions of their income on consumption and care goods, and they are less likely to save for their old-age. All of these issues interact with the principles of equity in taxation.

The agenda of the tax justice network is to get all taxpayers to pay their equitable portion of taxes. This is important for gender. For example, through tax havens, many large corporations are able to evade taxes. This undermines governments' social expenditure programmes on things such as health care and social services. Where, as a result of a lack of resources, governments reduce expenditure on social services, women tend to fill this gap by providing more unpaid care work.

TELL ME WHY I SHOULD PAY TAX AND I WILL PAY MORE!!

Women form a greater proportion of those employed in the informal sector in Ghana. Available statistics reveal that up to about 80% of those employed in the informal sector in Ghana are women. This has been explained by the relatively lower education attainment levels of women, the lower capital requirements for start-ups and the ease with which to combine economic activities with care-giving responsibilities.

Literature suggests that the overall income tax contribution from the informal sector is minimal. The combination of poor record keeping, cash-based transactions, and low profit margins, makes tax compliance and administrative cost generally high. Additionally, some informal business activities in Ghana take place at night and are therefore difficult to be monitored and tracked for tax purposes. The mobile nature of businesses (both geographic and sectoral) also makes it difficult to monitor and trace such activities for planning and taxation purposes. Most of these studies have however not considered the specific challenges that workers of the informal sector and in particular women encounter in meeting their tax obligations.


Picture by Nana Yaw Aboagye, GII

Interview with a woman entrepreneur

It is in the midst of these challenges and limitations that Christian Aid, Ghana Integrity Initiative (GII) and Ghana Association of Women Entrepreneurs (GAWE) teamed up to explore and document the challenges and disincentives of tax compliance from the perspective of women entrepreneurs in the informal sector. The emphasis on women rather than men is due to over-representation of women in this sector. The research aims to help facilitate and support the creation of a tax system that favours the growth of small businesses and secondly, to help improve revenue mobilisation from the informal sector.

A number of research methodologies including focus group discussions, questionnaire administration and interviews were used in this study. As part of the process, half day tax literacy was incorporated into the survey. More than 100 women across the regions benefited from this tax literacy session and over 1000 respondents including tax officials and women entrepreneurs took part in this survey.

Lack of accountability of the taxes collected emerged as one of the major disincentives to the payment of taxes by some women in the informal sector. Whilst this may be a national syndrome, it reinforces the need for accountability to every tax payer including those in the informal sector whose contribution may be regarded as minimal. A number of women were of the view that even though they pay various forms of taxes – local and national – they do not see their contribution going into service provision or public projects as manifested in the poor roads, absence of toilet facilities in markets and neighbourhoods and dilapidated school buildings. This situation is exacerbated by the perceived corruption of tax officials. In the words of one of the interviewees, 'we see workers (tax officials) with nice nice cars…and with their girlfriends'. As corroborated by a tax official, 'they (tax officials) know there are bad ones among them but they can't identify them'. Even though the need to pay taxes and demand accountability is recognised, most of the women do not know how to do this. Information sharing, dialogue on tax policy setting coupled with judicious and transparent use of revenue in the provision of social services by the government would go a long way in improving accountability in the tax system.

The study also revealed that, the numerous forms of taxes ranging from tax stamps to market tolls that they have to pay to different actors make it difficult for most of the women to identify what particular taxes they pay and for what purposes. The general lack of knowledge and understanding of the tax system among women coupled with the powerful position of tax officials expose them to some corrupt officials who exploit such situations for their personal benefit. The limited information on guidelines detailing the modality for assessing the tax liability of small individual businesses coupled with poor record keeping by the women has in a number of ways led to arbitrary determination of their tax liability. The effect of this is that most women are not able to pay the high tax liabilities on time and so have to suffer shop lockouts, seizure of possessions and in some cases public embarrassment. Even though some men also suffer similar fate, this is more common with women than men. In a number of cases, most of the women felt there is no avenue for them to complain and in cases where they have managed to file complaints; they did not feel their issues were adequately redressed.

Compared to local businesses, multinational companies (MNCs) enjoy enormous amount of tax incentives in the form of tax holidays. Beyond the tax holidays, they also benefit from public goods such as good roads, national security and health services which are funded by revenues from taxes. The non-payment of tax on the side of MNCs means that these public goods are left to other tax payers – including taxpayers in the informal sector – to compensate, which is unfair. This is worsened in situations where such organisations adopt tax dodging strategies as ways of shifting profits and tax obligations away from the country as was in the case of SABMiller in Ghana. Meanwhile, some workers in the informal sector continue paying taxes but also suffer from poor access to credit, high interest rates and unhealthy competition from foreign corporations with minimal interventions from governments. The poor interventions on the part of government in addressing some of these issues that affect them have been cited as factors that act as disincentives to the payment of taxes by workers in the informal sector.

Picture by Nana Yaw Aboagye, GII

Asana in her clothing shop

Some of these issues should be taken up with policy makers, revenue authorities and other relevant state institutions. Also capacity building of women on business management, tax literacy, record keeping and tax filing through a joint intervention between the Ghana Revenue Authority, National Commission for Civic Education and other CSOs doing tax related work would enable women to better engage on the issues of tax and also see taxation as an important part of national development. In a nutshell, the limited contribution from the informal sector could be an outcome of a number of factors the most important being the lack of accountability of taxes collected. Other challenges have been identified but what this means is that tax reforms, the relationship and information flow between revenue authorities and taxpayers should be strengthened to encourage people, especially those in the informal sector to see taxes as a tool for national development rather than a punitive measure.

Ernest Okyere
Christian Aid

Gender and Taxation in Kenya:
The Case of Personal Income and Value-Added Taxes

By Bernadette Wanjala

Introduction

From a public finance perspective, tax systems are evaluated in terms of three main criteria: equity, efficiency and administrative feasibility. Analyzing a tax system from a gender perspective entails identification of any gender biases in the system by discovering who actually bears the burden. This involves asking what constitutes a fair distribution of the burden of a given tax between men and women. Emerging literature indicates that taxation policies are likely to affect men and women differently, since they play different roles in society and also demonstrate different consumer behaviours. There have also been concerns worldwide that tax policy is biased against women because it tends to increase the incidence of taxation of the poorest women while failing to generate enough revenue to fund the programmes needed to improve these women's lives.

Personal Income Tax Reforms and Implications for Gender Equity

The way in which income tax returns are filed could result in gender bias. Kenya's experience reveals that, in the 1960s and 1970s, women's income used to be lumped together with the husband's for tax purposes. The practice was that the income of a married woman was deemed to be the income of the husband's for the purpose of determining his total annual taxable income. A wife who was engaged in gainful employment paid taxes on the basis of the PAYE system, which means that the taxes were directly deducted by her employer. However, at the end of each year, her income was lumped in with her husband's income, and since this moved her income into a high marginal tax bracket, it meant that she had underpaid her taxes through the PAYE system. Her husband was then required to pay this liability. This shows that the filing system was biased against married men, given that they had to bear the burden of the higher marginal rates resulting from their income being lumped together with their spouse's income. However, starting on January 1, 1978, a system was devised whereby, with the written authorization of the wife, the tax could be deducted from her salary by her employer at a higher income tax rate to avoid the income tax arrears at income tax filing time. Therefore, the entire burden of joint filing was shifted to the wife (representing a gender bias against married women).

In 1980, the wife's employment income was separated from the husband's for tax purposes. Further, the wife's professional income was separated from the husband's income in 1988/89 mainly to give impetus to women's increased participation in formal employment. This meant that a woman's professional self-employment income was given the same treatment as a wife's employment income. The practice today is that the income of a married couple are treated separately for tax purposes, even though there is still an option of joint filing. However, even with joint filing, the husband's and wife's incomes are not lumped together, and therefore they do not enter into higher marginal tax rates. In 2008-09, in order to grant women their own rights as taxpayers, women were allowed to declare income they had received from sources such as interest and rent (these had previously been declared by their husbands). The gender bias in joint filing has therefore been eliminated over time except for the fact that the Kenyan tax system still assumes that a taxpayer is male as evidenced by the language used in the income tax return forms.

Value Added Tax and Implications for Gender Equity

From a gender perspective, the biases in the VAT are mainly implicit and could arise through preferential treatment on some products or through differential consumption patterns by men and women. There is a general belief that women spend more of their income on basic services than men do and that they would therefore bear a greater burden if basic commodities were not exempted or zero-rated.

To assess the gender implications of VAT in Kenya, an incidence analysis was carried out using the Kenya Integrated Household Budget Survey (KIHBS 2005/06). From a gender perspective, this involved calculation of how much tax males and females pay, based on their levels of expenditure. An expenditure measure of tax burden (in monetary terms) was used as opposed to an income measure. The statutory tax burden was computed by multiplying the base (expenditure in this case) with the statutory tax rate. The rates that were applied were as specified under the VAT Act, whereby goods and services are characterized as designated, exempt or zero-rated.

The results showed no significant differences in consumption patterns between male-headed and female-headed households. For food consumption, results showed that households in lower expenditure quintiles bear slightly higher tax burdens, even with zero rating or exemptions, implying that the VAT is still regressive despite the exemptions and zero rating of basic commodities. The tax burden is also slightly higher for male-headed households, especially in urban areas. However, without zero rating or exempting certain food items from taxation, the tax burden would be higher for female-headed households than for male-headed households, especially for females who do not own any land. Hence, women would benefit more than men from zero rating and tax exemptions on food items, since they are likely to spend more on food than their male counterparts. For non-food consumption, the tax burden is higher for urban households (both male and female) than for those in rural areas. However, compared to male-headed urban households, female-headed urban households bear a slightly higher tax burden with zero rating or exemptions at higher quintiles. Hence, male-headed urban households benefit more from the zero rating and exemptions applied to non-food items than do female-headed urban households. The regime seems to favour products consumed mainly by men over products consumed mainly by women at higher expenditure levels. Moreover, regarding non-food items, the tax burden borne by single, never-married females is much higher than for single, never-married males, depicting gender differences in consumption patterns and the unique non-food consumption needs of women. In general, the tax burden on food items is slightly less regressive than the tax burden on non-food items.

Conclusion

From the analysis, it has been shown that effective progressivity for personal income taxes has been achieved through a flatter tax structure, accompanied by a more gender-equal structure of exemptions and reliefs. For food consumption, VAT incidence analysis indicates that the VAT is still regressive despite the exemptions and zero rating of basic commodities. For non-food consumption, the tax burden is higher for urban households (both male and female) than for those in rural areas. However, compared with male-headed urban households, female-headed urban households bear a slightly higher tax burden with zero rating or exemptions at higher quintiles. In general, the tax burden on food items is slightly less regressive than the tax burden on non-food items.

This paper has sought to contribute to the gender mainstreaming debate by showing that the Kenyan tax policies are not gender-neutral, as previously assumed. It is hoped that as a starting point, this study will serve as a platform for further research in the area of gender and taxation.

Who Pays More, Marta or SABMiller?

ActionAid exposes systematic tax avoidance in Africa by beer Giant

The general knowledge and thinking is that tax compliance from the informal sector is far less compared to the formal sector. Even though there have been some studies into the benefits people from the informal sector receive, there is no doubt that Multinational Corporations (MNCs) receive a lot more benefits through the various tax incentives available to them than most local enterprises. Ordinarily, one would expect them to 'reciprocate' by honestly paying their taxes because of the enormous benefits they enjoy. In some circles, it is even suggested that, in the midst of tax avoidance MNCs pay less taxes than those employed in the informal sector.

The write-up which follows demonstrates a contrast in tax compliance between an informal sector female entrepreneur and a multinational company with a small and large capital base respectively. It compares the stories of Marta and SABmiller and demonstrates how SABmiller uses varied means to run away from its tax obligations. There could be many more Martas out there trying hard to pay their taxes and possibly paying more than SABMiller and many others who are engaged in tax dodging (Editor's Addition in italics).

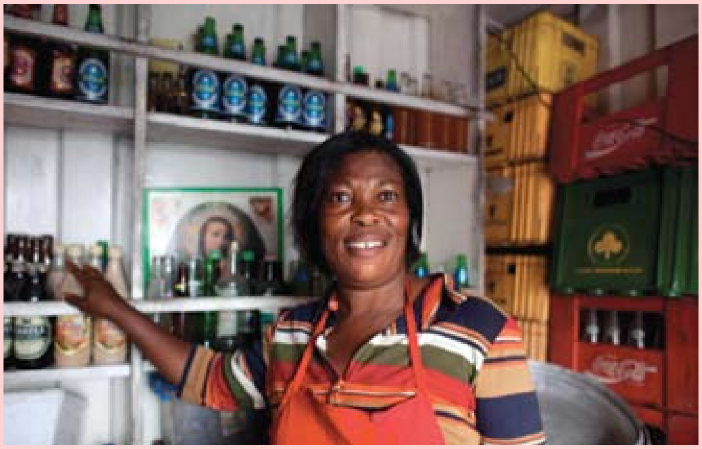
The Accra Brewery is Ghana's second-biggest beer producer, pumping out £29 million (Gh¢69 million) worth of beer a year, and rising. Yet in the past two years it has made a loss, and it paid corporate tax in only one of the four years between 2007 and 2010.

"Wow. I don't believe it," says Marta Luttgrodt on hearing this. Marta sells Club beer at her small beer and food stall, in the shadow of the brewery in which it is made, for 90 pence (Gh¢2) a bottle. She and her three employees work hard, preparing food from 6.30am every day, and finishing at 8pm. At present Marta thinks that "Business is difficult. The market has come down. People don't have money to buy things."

Accra Brewery is owned by the SABMiller, the world's second largest brewer, which owns over 200 iconic brands including Castle, Stone, Peroni, Grolsch and Miller. From roots in South Africa, it now makes over £2 billion in profits every year.

Marta's business makes a profit of around £220 (Gh¢500) per month. As a taxpayer she must obtain and keep two income tax stamps as proof that she has paid fixed fees of £11 (Gh¢25) per year to the Accra Municipal Authority, and £9 (Gh¢20) per quarter to the Ghana Revenue Authority. Marta's tax payments may seem small in absolute terms, but astonishingly she has paid more income tax in the past two years than her neighbour and supplier, which is part of a multi-billion pound global business.

Ghana's government wants to bring more informal sector traders like Marta into the tax system – and is taking a tough approach to stallholders who can't afford to pay their tax bills. "We small businesses are suffering from the authorities – if we don't pay, they come with a padlock," says Marta.



Jane Hahn/Action Aid

Marta Luttgrodt

But it's not just the people of Ghana who are losing out. ActionAid found evidence that the owner of Accra Breweries, SABMiller was also avoiding corporation tax in Mozambique, Tanzania, Zambia, South Africa, and India.

In the report, 'Calling time: why SABMiller should stop dodging taxes in Africa', we show how the company, uses a complex system of tax havens to siphon profits out of subsidiaries in developing countries, depriving governments of significant amounts of tax. Four ways the company avoids tax are:

1. Going Dutch

Many of the local brands sold by SABMiller subsidiaries in developing countries are not owned in the country in which they were invented, and where they are brewed and consumed, but in the Netherlands. A Dutch subsidiary owns African brands such as Castle, Stone and Chibuku – and takes advantage of a novel set of tax rules offered by the Netherlands that enables companies to pay next to no net tax on the royalties they earn.

We estimate that SABMiller's African operations transfer £43 million into this Dutch subsidiary, which corresponds to an estimated tax loss of £10 million.

2. The Swiss Role

In this second tax dodge, SABMiller's African and Indian subsidiaries pay huge 'management service fees' to sister companies in European tax havens where effective tax rates are lower, mostly to Switzerland. In Ghana, the fees amount to 4.6% of the company's revenue every year; in India, they are enough to wipe out taxable profits entirely.

SABMiller says one of its strategic priorities is "to constantly raise the profitability of local businesses, sustainably" yet the payments for these high value-added services are routed through tax havens.

In Ghana, the existence of an agreement to pay management fees can be enough to comply with local regulations, but the head of the Ghana Revenue Authority told ActionAid that "management fees is an area that we know is being used widely [to avoid tax], and it's mainly because it's difficult to verify the reasonableness of the management fee".

ActionAid estimates that management fee payments by SABMiller companies in Africa and India amount to £47 million each year, depriving these governments of £9.5 million of tax revenue.

3. Take a trip to Mauritius

How would you ship goods from South Africa to Ghana? Ask a school geography student and you would hope to be told to turn right from the Cape and head up Africa's west coast. Ask a tax planner and he would tell you to make sure you send the paperwork in the opposite direction. In this third type of dodge, goods are procured by Accra Brewery from another SABMiller subsidiary in Mauritius, 7,000km away in the Indian Ocean. The Mauritius company, Mubex, makes a profit on this transaction, though tax haven secrecy means we can't see how much. But when its profits are taxed at 3% compared to 25% on its trading partner in Ghana, there's plenty of incentive to ensure it makes as much profit as possible. This dodge is too new to be able to

Ghana

draw any conclusions about the tax lost, but it may be as much as £670,000 per year in Ghana.

4. Thinning on top

In this final tax dodge, Accra Brewery borrowed a large amount of money from the same Mauritius Company mentioned in tax dodge 3. The loan is bigger than any mortgage lender would permit, more than seven times Accra Brewery's capital. This means that the company is 'thinly capitalised'. We estimate that the interest costs on this loan will wipe out £76,000 of Accra Brewery's tax liability each year.

ActionAid has launched a campaign demanding that SABMiller stop using tax havens, and incorporate tax justice principles into its corporate social responsibility programme. ActionAid also wants SABMiller to make its tax affairs more transparent by publishing a basic set of accounts in every country in which it operates.

Despite the SABMiller chief executive publically stating that one of "the greatest contribution[s] business can make to development is through ...paying taxes", the company responded to our research with the claim that it "does not engage in aggressive tax planning". We don't think Marta would agree and our campaign continues.

Download the research, get the latest news and take action at www.actionaid.org.uk/schtop

Chris Jordan
ActionAid

IMPROVING THE "LOTS" OF WOMEN

THROUGH TAXATION TO IMPROVE COMPLIANCE-SOME PERSPECTIVES

Isaac Nyame
Managing Partner,IKAN PARTNERS

Taxation is an important fiscal tool for governments across the world. It is also used to influence the behaviour of citizens, drive economies and strengthen good governance. For purposes of meeting its obligations to the people, tax revenue in addition to other funding enables governments to provide public goods such as infrastructure, social services and several needs. Provision of these needs stimulate growth and also mitigate the impact of economic and social insecurity[1]. Taxes are the main source of recurring revenue under government control and tax policy is at the heart of the debate on what services government should provide and who should pay for them, including the share paid by men and women as workers, employers and consumers[2].

The aftermath of the recent global economic and food crises, has seen most developed countries which hitherto provided budgetary support to developing countries refocusing their financial and other resources on their own economies thereby cutting support to developing economies. Developing countries including Ghana on their part have no option than to look in-country for the necessary funding to undertake development programmes. The focus now is to reform the existing tax system by broadening the tax base of personal income taxes, property taxes and corporate taxes to increase domestic revenue mobilization. In doing this, there is also the challenge to ensure that the incidence of tax does not fall heavily on the poor especially women who form a greater percentage of the poor.

[1] Caren Grown, American University, Washington, DC & Imraan Valodia, University of KwaZulu-Natal , South Africa-Taxation and Gender Equity, An eight-country study of the gendered impact of direct and indirect taxes, page 1

[2] As (1) above.

Women have and continue to play significant roles in the fiscal arena of taxation over the years. Provisional results of the Population and Housing Census of 2010 of Ghana have revealed that the total female population is 51.3%. In the absence of details (yet to be released by the Statistical Service) relating to occupational distribution of women in terms of formal, informal workers, unemployed, home carers etc, it is obvious that women are engaged in various economic activities across the country thereby paying taxes on their incomes accordingly and are active players in the current tax system in Ghana.

Studies by Grown and Valodia (2010) have revealed that ideas about gender roles influence and inform the way in which economic policies, including tax systems, are organised, since men and women's decisions about employment, spending, saving and investments are shaped by such policies. Unfortunately, tax systems in most cases do not respond to these gender differences. The tax system appears to be gender-neutral, but can actually reproduce gender inequalities and thereby place some extra pressure on women due to their roles in the family system and society as a whole.

The Convention on Elimination of All Forms of Discrimination against Women (CEDAW) recognises the role women play in family systems and society and proposes that gender roles should inform the way economic policies including tax policies with a view to first recognising the inequalities that tax policies may create and, where possible seek to transform them.

Tax policy should be designed to be equitable and fair whereby taxpayers with equal abilities to pay should pay the same amount of tax (horizontal equity); and those taxpayers with greater ability to pay should pay more (vertical equity). The presence of horizontal and vertical equity in a tax system is believed to make the tax system fair.[3] This means that men and women must have the same tax burden in instances where they have the same ability on the basis of earning and different burden in different situations in order to achieve substantive equality.

Women in Ghana (as elsewhere) are engaged in activities both in the formal and informal sectors of the economy. Those in the formal sectors pay tax the same way as their male counterparts. The Income Tax Laws do not have any bias in the way women are taxed in the formal sector despite the special circumstances imposed on them by their role in the family and the society at large. Reliefs available to employees in the formal sector and the self employed in the informal sector are somehow the same for men and women irrespective of the additional responsibilities placed on career women whether single or married who have additional responsibilities in their families and society. The Internal Revenue Act 2000, (Act 592) and related regulations are therefore very much gender neutral. In Ghana, an individual is a tax unit and the chargeable income of each individual whether married or not is determined separately. Each spouse is required to file his or her annual personal income tax returns separately. The individual system of filing does not contain any form of gender bias because men and women are assessed the same way. The tax rates of the individual are progressive in nature with the minimum rate of 5% to a maximum of 25%. All resident individuals incomes derived from business, employment or investment received in Ghana during any fiscal year are liable to pay income tax in that year at the same rate for both sexes.

Reliefs such as personal, disabled, aged-dependent, child education and dependent relative are available the same way to a woman as to a man. In the case of aged-dependent relief and dependant relative, it is important to comment that women provide the necessary support and attention for the upkeep of such persons than men do. Indeed the Ghanaian tax law treats women and men as if they both play the same role in society and have the same personal circumstances, which may not be the case.

Ghana relies heavily on indirect taxation especially the Value Added Tax (VAT). VAT affects the prices at which final consumers procure certain goods and services. Once again, women who by societal norms in Ghana see to the upkeep of their homes spend a reasonable amount of their disposable incomes on such items whose prices are influenced by VAT. In spite of the exemptions on agricultural produce in their raw state and pharmaceutical supplies, some household items are still subject to VAT. The tax system has once again ignored the differential circumstances of women and men on matters of disposable income. Under the Internal Revenue Act 2000 (Act 592), exemptions are available to certain specified sectors such as farming of tree crops, cash crops, fish, poultry which are mostly dominated by men.

There are several men and women in the informal sector in the area of buying and selling in the markets, corner shops at homes as either working part-time whilst taking care of their homes etc.

[3] GTZ, Gender Bias in Tax Systems: The Example of Ghana, page 39

The Income Tax Laws do not have any bias in the way women are taxed in the formal sector despite the special circumstances imposed on them by their role in the family and the society at large.

who could be roped into the tax net if they see the incentives to do so and would wish to file their tax returns and meet their obligations. Governments and policy makers need to reconsider ways to attract several women who do not currently have any incentives to join the tax net. It is important to introduce into the Ghanaian tax laws some reforms and reliefs that benefit women as they are in most cases the disadvantaged.

TJN ACROSS THE GLOBE

Activités de sensibilisation et de renforcement des capacités des organisations de la société civile camerounaise pour la justice fiscale.

Des activités de sensibilisation et de renforcement des capacités des organisations de la société civile camerounaise ont eu lieu respectivement en novembre 2010 et février 2011, à Yaoundé, organisées par le CRADEC, en collaboration avec Dynamique Citoyenne et avec l'appui financier de Programme d'Appui à la Structuration de la Société civile (coopération Cameroun-Union Européenne). Ces activités font partie du plan d'action national des OSC camerounaises, à la suite de l'atelier régional Afrique central, organisé par le Réseau pour la Justice Fiscale-Afrique, en septembre 2010.

Si la journée de sensibilisation de novembre 2010 a regroupé une cinquantaine d'organisation et médias sur des thèmes généraux et variés tels que (i) La mise en œuvre des politiques fiscalo-douanières pour la Croissance et l'Emploi au Cameroun, (ii) Expériences des acteurs de l'économie nationale de la politique fiscale et la (iii) Mobilisation des ressources internes et Aides publiques au développement: enjeux du partenariat international, l'atelier de renforcement des capacités, regroupant une vingtaine d'organisations pendant deux jours a d'avantage mis en exergue les différentes caractéristiques de l'injustice fiscales en Afrique ainsi que les différents acteurs et les champs d'application de cette déviance. Le rapport Taxez-Nous si Vous le Pouvez ainsi que le guide sur la pratique du plaidoyer pour la justice fiscale, lancés au cours du Forum Social Mondial de Dakar et d'autres supports électroniques ont été distribués aux participants de l'atelier de renforcement des capacités.

En plus du fait qu'une rencontre d'interpellation est prévue avec les Députés au cours de la session parlementaire de mars 2011, les organisations de la société civile se référant aux Déclarations de Nairobi et Yaoundé ont formulé la résolution d'engager (i) une étude nationale sur la Taxe foncière au Cameroun et (ii) une étude régionale sur l'exploitation forestière dans la sous-région Afrique centrale au cours de l'année 2011. Ils ont aussi vivement encouragé la publication du rapport national Cameroun sur la fiscalité engagé par le Réseau pour la Justice fiscale-Afrique.

TJN at the World Social Forum

Tax Justice Network Africa (TJN-A) was part of the 2011 World Social Forum held in Dakar, Senegal from the 6th to the 11th of February.

The TJN delegation comprised representatives of the following organizations: the Tax Justice Network International Secretariat, the Tax Justice Network-Africa, CIDSE (an international alliance of Catholic development agencies), Kairos Europe, Misereor, Christian Aid, SOMO - Netherlands, Latindad, AFRODAD, Ghana Integrity Initiative, Policy Forum -Tanzania, SEATINI -Uganda, Poder Ciudadano - Argentina, CTPD - Zambia, Initiative Locale pour le Développement Intégré - DRC, Social Justice - Côte d'Ivoire, National Taxpayers Association-Kenya, Oxfam Novib -Netherlands, Centre for Budget and Governance, Jubilee South - Philippines, Action for Economic Reforms - Philippines, Perkumpulan Prakarsa - Indonesia, the Centre Regional Africain pour le Développement Endogène et Communautaire - Cameroon, the Integrated Social Development Centre -Ghana, .

The following activities were successfully conducted during the period.

A Pan African Seminar on tax justice

The seminar brought together various actors including Civil Society Organisations, journalists and others interested in tax justice issues. The seminar held on the 7th of February aimed at sharing experiences and best practices on tax justice related activities around the continent. Panelists at the meeting were Michael Otieno from the National Taxpayers Association-Kenya, Jane Nalunga from SEATINI-Uganda, Julien Tingain from Social Justice-Côte d'Ivoire, Jean Marie Bolika from the Initiative Locale pour le Développement Intégré-DRC. Michael Otieno shared their experiences around budget monitoring, particularly on the Constituency Development Fund. He spoke on the impact of the management of devolved funds and citizens' awareness of their right to demand accountability for the usage of public funds. Jane Nalunga presented the way SEATINI made the link from fair trade to tax justice and how they are working with other civil society to raise awareness on the importance of taxation as a sustainable way of development financing. Julien Tingain shared their work on transparency of revenues from extractive industries within the Publish What You Pay Coalition and specifically, their work on budget monitoring. Jean Marie Bolika presented the work they have been doing on transparency and monitoring of revenues from natural resources and the way mismanagement together with unplanned tax incentives have led to the loss of precious resources that would have been used for development projects. Participants appreciated the worked and called for more synergies between the initiatives.

The launch of the 'Tax Us If You Can: Why Africa Should Stand Up for Tax Justice'

The manual titled 'Tax Us If You Can: Why Africa Should Stand Up for Tax Justice' was launched on 8th of February. The manual ¤ produced by TJN-A ¤ summarizes why African states and citizens should engage in the campaign for tax justice. The manual gives an overview of the sources of tax injustices in Africa, the actors on the issue, the agencies influencing tax policy in Africa and finally a way forward for the tax justice campaign on the continent. During the launch, members of the African Steering Committee (the governing body of the Tax Justice Network-Africa) gave a summary of each section of the manual. The manual was officially launched by Dr. Dereje Alemayehu (Chairperson of the African Steering Committee) and Bruno Gurtner (Chairperson of the TJN Board of Directors).

Download full document from the TJN-Africa website; http://taxjusticeafrica.net/index.php?option=com_docman&Itemid=9&lang=En

The launch of the Tax Advocacy Toolkit

On the 8th of February, an event titled 'What does tax has to do with development' was held, gathering various organizations working on tax issues. The event was an opportunity to launch a toolkit titled 'Tax Justice Advocacy: A Toolkit for Civil Society.' The toolkit explains in simple language why civil society organizations should engage in tax justice and gives simple tools to start advocacy on the issues. Presenters at the meeting included Alvin Mosioma (TJN-A), Maria Castro (ICEFI-Guatemala), Rakesh Mittal (INSAF-India),Ria Sinha (Center for Budget & Governance Accountabilty-India) and Lidy Nacpil (JS-APMDD). They shared their experiences on tax research and advocacy linked to their primary focus areas such as debt and budget monitoring. At the end of the meeting, the toolkit was officially launched by Dereje Alemayehu (Christian Aid Country Manager for East Africa) with Lidy Nacpil. The toolkit was produced by Christian Aid in collaboration with TJN, TJN-A, SOMO and Action for Economic Reforms (Philippines).

Download full document at http://www.christianaid.org.uk/images/completetaxadvocacytoolkit.pdf or http://taxjusticeafrica.net/index.php?option=com_docman&Itemid=10&lang=En

A workshop on how to use the Tax Advocacy Toolkit

On the 9th of February, a workshop was held on the theme 'Building Campaigns on Tax Justice.' During the workshop the different sections of the tax toolkit were presented to participants. This was followed by an interactive session where some case studies were presented by the specific people working from the organizations who presented them. Examples presented included the Christian Aid tax campaign in the United Kingdom, the Action Aid Campaign to SABMiller with regard to tax dodging and the tax campaign in the Phlippines since the 1990s. Participants had an opportunity to ask questions for clarification. The workshop ended in a good mood with more organizations interested in joining the tax justice campaign.

TJN

A workshop on 'Reforming Tax Policies in Francophone Africa'

The Comité Catholique contre la Faim et pour le Développement CCFD organized on the 8th of February a francophone workshop targeting organizations from French speaking countries in Africa. Panelists at the workshop included Jean Marie Bolika (ILDI -DRC), Julien Tingain (Social Justice - Côte d'Ivoire), Jean Mballa Mballa (CRADEC - Cameroon), Sandra Kidwingira (TJN-A) and Laurent Gathier (Syndicat National Unifié des Impôts). African panelists presented their work on tax justice advocacy together with the tools (such as awareness raising workshops, informative materials on tax issues and the tax justice campaign, etc) while the SNUI representative explained why citizens should be concerned about tax. The workshop provided social justice activists from the francophone world an insight on the tax justice campaign. It was also an opportunity to network for future collaboration.

A convergence meeting on tax justice

Finally on Friday 11th of February, a convergence meeting on tax justice was held. The meeting was an opportunity to summarize all the tax justice activities held at the WSF. During the meeting the main campaign themes of the tax justice campaign were presented. Participants further agreed to merge the Nairobi Declaration on Taxation and Development together with 8 other identified issues of why citizens should engage on tax justice (from SNUI presentation at the francophone workshop) in order to come up with a comprehensive 'charter' for the tax justice campaign.

Overall, the World Social Forum was an opportunity for tax justice activists to meet face to face and exchange on the various work they conduct in their respective countries. The Forum was also an opportunity to meet and network with other economic justice activists to whom various materials on tax justice were distributed.
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IMF meeting on domestic revenue mobilization

One of African governments' priorities is to reduce poverty levels amongst their populations. In order to do this, they need to create jobs and provide their citizens with the necessary infrastructure and services such as schools, hospitals, teachers, etc. This cost money and all governments need to figure out where to get this money. Options include borrowing from both national and external partners; however this has limitations. It is therefore paramount that governments raise enough domestic resources through taxation to finance their expenditures.

According to the IMF, 'African countries have made important strides in boosting revenue collection in recent years—from around 11½ percent of gross domestic product (GDP) in 1995 to 15 percent in 2009.' However, there is still a lot to do to reach the levels of developed countries. However, in African countries where successes have been recorded, the importance of an increased domestic revenue collection for poverty reduction has been demonstrated.

In order to capitalize on such successes, a conference on Revenue Mobilization in Sub-Saharan Africa was co-hosted by the IMF and Kenyan government in Nairobi on 21st and 22nd of March 2011. The primary goal of the meeting was to provide African policymakers with an opportunity to learn from each other, and to identify lessons on what has and has not worked in their efforts to mobilize revenues."The event coincided with the launch of two **Topical Trust Funds** created specifically to support the delivery of IMF technical assistance in tax matters: one in the area of Tax policy and r**evenue administration**, the other for the **management of natural resources.**

Discussions in Nairobi were to inform a global conference on resource mobilization to be held on April 17-19, 2011 in Washington, DC, and responded to an ongoing initiative by the Group of Twenty industrialized and emerging market economies on enhancing revenue mobilization in developing countries."

(Source: http://www.istockanalyst.com/article/viewarticlepaged/articleid/4993309/pageid/1)

TJN-A was represented at the meeting by Jack Ranguma, member of the African Steering Committee.

Strategy meeting in Cape Town

The EJN in collaboration with the SACC, TJN-A, and Christian Aid invited a select number of leading Southern African-based civil society actors that concentrate on economic justice issues to a strategy meeting between March 22 and March 24 in Cape Town. The purpose of the meeting was to deliberate on 1) the relevance of tax justice issues to the region, with particular emphasis on the ongoing global campaign to end tax haven secrecy and tackle tax dodging , and 2) the potential to develop a shared strategy to influence the South African government in the run-up to the G20 Summit in November 2011, given the important role the G20 can play in addressing these 'global-level' harmful tax practices that severely undermine the tax sovereignty of developing countries. It was expected that the strategy developed in the meeting would include the identification of follow-up activities involving a wider range of actors.

> ... in African countries where successes have been recorded, the importance of an increased domestic revenue collection for poverty reduction has been demonstrated

It was agreed that alternative policy proposals to improve existing weaknesses in African tax systems need to be targeted at different 'spheres' of tax policy design and administration: national (e.g. shift towards direct taxation through broadening the income tax base), regional (e.g. tax harmonisation to contend with tax incentives and the attendant 'race to the bottom' phenomena), and global (e.g. country-by-country reporting and automatic information exchange treaties to address tax dodging and tax havens). Delegates agreed that whilst this meeting provided an impetus to consider and develop alternative policy proposes that could form the basis of national and regional-level campaigns, the present emphasis would be on developing a shared strategy to address 'global level' harmful tax practices, given the immediate opportunity the G20 process presents and the G20's primary role in influencing the global financial system (i.e. its influence on the IASB and ability to bring about a multilateral agreement on automatic information exchange).

End Tax Haven Campaign

A campaign named 'End Tax Haven Campaign' was launched in February 2011 during the World Social Forum in Dakar by several organizations including Christian Aid, CCFD, Oxfam France, TJN, TJN-A.

In November 2011, leaders of the world's 20 largest economies (the G20) are meeting in France. The organizations believe that the leaders have the power to end tax haven secrecy, which allows tax dodging to thrive and deprive developing countries of vital funds. The aim of the campaign is therefore to press the G20 leaders and especially the chair (French President Nicolas Sarkozy) to take concrete actions towards ending the harmful practices of secrecy jurdisctions.

For more information please check http://www.christianaid.org.uk/ActNow/trace-the-tax/

Panos media survey in Uganda and Kenya

Panos Eastern Africa in partnership with Panos London is working with editors, journalists and researchers to improve reporting of research on tax and governance issues in the Ugandan and Kenyan media. To inform the project, Panos commissioned a baseline survey to determine existing practices and gaps.

Participants to the survey included researchers, journalists and editors. The survey highlighted limited interaction between the researchers and the media. Researchers regarded the journalist as not relaying the information gathered accurately. Journalists on the other hand encountered challenges of timely release of information by researchers as well as utilisation of scientific jargon which made it difficult to write a "selling" story that can be beneficial to the people. Both however regarded the other's role as important and recognised the need to work together in order to improve reporting of tax and governance. Most of the respondents were grateful for the initiative by Panos to address this need.

Recommendations included the need to increase utilisation of technology through the internet as a means of disseminating information, regular updates on ongoing research on tax, establishment of a database and discussion of key issues on tax and governance through an online forum. Also suggested, was the inclusion and involvement of journalists in the gathering of data by researchers, training of journalist in research communication, inclusion of other stakeholders who are already working with the media on tax and governance research.

CRAFT project

TJN-A has partnered with Oxfam Novib to develop a four year project titled 'Capacity for Research and Advocacy on Fair Taxation.

The overall objective of the project is *To contribute to more democratic, accountable and responsive states in Mozambique, Angola, Uganda, Rwanda, Mali, Senegal and Egypt, advocating for transparent, efficient, accountable and redistributive tax systems, that would prevent the uncontrolled outflow of resources and widespread tax evasion and corruption, reinforce pro-poor policies, decrease inequalities, and ultimately create markedly more domestic budget space for progress towards the millennium development goals (MDGs).*

The project targets seven countries in Africa namely Uganda, Mali, Senegal, Egypt, Rwanda, Angola and Mozambique. A first and second stakeholders' meeting for the CRAFT project were held respectively on 14th and 15th of January in Nairobi and 12th of February in Dakar. The project is currently at a fundraising level where Oxfam Novib, TJN-A and the other partners are raising funds from various sources.

It is expected that the project will increase capacity, knowledge and awareness of various actors to deal with tax issues. The project is also expected to build a strong alliance of tax campaigners on the African continent. The alliance will conduct a strong civic awareness campaign that will make Africans aware of the paramount role of tax in the development of the continent.

Five NGOs file an OECD complaint against Glencore International AG and First Quantum Minerals for violation of OECD guidelines

SHERPA (France), the Center for Trade Policy and Development (Zambia), the Berne Declaration (Switzerland), l'Entraide Missionnaire (Canada) and Mining Watch (Canada) have filed a complaint against Glencore International AG and First Quantum Minerals Ltd before the Swiss and Canadian National Contact Points (NCP) for violating the OECD guidelines for multinational enterprises.

The cause for the complaint lies in the financial and accounting manipulations performed by the two companies' subsidiary, Mopani Copper Mines Plc (MCM), in order to evade taxation in Zambia.

Those allegations are based on the results of a 2009 audit performed at the request of the Zambian authorities, with support from Norwegian government, by international accountants Grant Thornton and Econ Pöyry. Among the anomalies revealed by the report, an unexplained increase in operating costs in 2007 (+ $380 million), stunningly low reported volumes of extracted cobalt when compared to similar mining companies operating in the region, and manipulations of copper selling prices in favour of Glencore which constitute a violation of OECD's "arm's length" principle. The result of those various processes was to lower by several hundreds of million dollars MCM's net income for the 2003-2008 periods, thereby substantially lightening the company's tax burden.

Those actions are all the more deplorable when one considers that the Mopani consortium operates in an already attractive fiscal environment, one highly favourable to foreign investment, and that Mopani also enjoys the effects of a 2000 development agreement with Zambia that provides massive financial and tax exemptions.
According to Global Financial Integrity, multinational corporations' tax evasion, when averaged per year over the last ten years, amounts to a global net loss of $400 to $440 billion for developing countries[1].

It is time for this scandal to stop! The five associations expect the NCPs to:1/ formerly recognize the violations of the OECD Guidelines committed by corporations Glencore International AG and First Quantum Minerals Ltd.; 2/ ensure by all necessary means that the above-mentioned corporations refund the tax money the Mopani consortium should have owed to the Zambian Revenue Authority had the companies' communication been lawfully conducted, and had transfer pricing not been manipulated; 3/ require the above-mentioned

[1] Dev Kar and Karly Curcio, « Illicit Financial Flows from Developing Countries: 2000-2009 », Global Financial Integrity, January 2011.

corporations to commit themselves to comply scrupulously with the OECD guidelines and with Zambian laws and regulations.

(Source: Press Release from CTPD)

Website launch

TJN-A has reworked on its website to provide a better platform to communicate tax justice work on the African continent.

The TJN-A website provides you with information on how members of the Network and other civil society groups are involved in activities that challenge harmful tax policies and practices that favour the wealthy and worsen inequality. For example, civil society organisations working on budget processes have been able to establish an informed position on tax levels, tax incentives, and equity issues as a result of their participation in awareness raising and capacity building campaigns. Look out for new information on our upcoming workshops and seminars as well as updates on topical issues both on the continent and beyond.

Our website is also a useful resource for students, academicians, or anyone simply looking for information on tax policy in general and

on African tax policy issues in particular, by accessing available materials from our virtual library online via our publications page.

TJN-A website is also a forum where you learn about the work of researchers, campaigners, civil society organizations, policy makers, and investigative media on tax related issues like illicit financial flows, tax evasion, tax competition and other harmful trends in tax policy and practice. For any further information or enquiries, please contact our Secretariat.

For more check http://www.taxjusticeafrica.net/

Profile

ATTIYA WARIS

1. What is your (academic) background? What are your areas of interest to which you are most dedicated?

I am a Lecturer at the Department of Commercial Law, School of Law of the University of Nairobi in Kenya and the Vice-Chairperson of the Tax Justice Network International Global Board as well as a Member of the African Steering Committee. I am also a member of the OECD Task-force on Tax and Development and the OECD GovNet.

I hold a PhD in Tax Law and Development from Lancaster University, UK. I also hold a Masters degree in Human Rights and from the University of Pretoria in South Africa and another in Business and Commercial Law from the University of London. I hold an Undergraduate Law degree from the University of Nairobi and am both a DAAD scholar and a scholar of the European Union.

I am an Advocate at the High Court of Kenya and a member of the Chartered Institute of Arbitrators (UK) and a Certified Public Secretary (Kenya). Having worked with law schools, law firms, Non-Governmental Organisations as well as the United Nations International Criminal Tribunal for Rwanda I have developed a strong academic and practitioner background in my field of work.

My research interests and focus include work on tax law and its relation to poverty alleviation, development and human rights.

2. What does your current job entails and what are the main focus areas? Why are you particularly interested on issues of Tax Justice in Africa?

I teach law at the Law School University of Nairobi focussing on Commercial law as well as Islamic Law in Kenya. I am particularly concerned with how to spearhead and ensure development in less developed countries using taxation. I am also a visiting lecturer at the Law School National University of Rwanda.

My interest in tax stems from my personal research and studies into taxation and how it affects the daily activities of people. In my travels, I have come across people who lack access to knowledge sometimes even on issues like simple tax procedures and laws. As a result, people who are unaware of how to pay taxes are also unable or limited in that demand for accountability on what their taxes are used for. These and other experiences continue to inspire and spur my interest for tax justice.

I am currently working on linking statistically the connection between rights and taxes and there are many ways of improving the lives of women through the tax system and the protection of their rights.

Also, I am voluntarily working with some students, building their capacities on tax for them to downstream the knowledge to the wider public. This public awareness on tax is an activity I am pursuing on my own as a way of encouraging improving general awareness of the tax laws, the requirements and the reliefs available *to Kenyans*.

3. In your opinion, what role should civil society organizations play in achieving tax justice in Africa?

I think CSOs should really build awareness creation on tax issues. Their involvement in the provision of legal aid to assist those with genuine tax problems with tax administrators would go a long way not only in encouraging citizens to challenge corrupt tax officials but also spurring interest in tax justice and demand for accountability from citizens. They can also play active role in advocating for tax laws that empower and promote economic growth of the local economy. Grassroot activities aimed at increasing knowledge and awareness of the existing tax laws the opportunities in it for them should also be encouraged.

CSOs in their pursuit of their objectives should see and understand the perspectives of state institutions in the area of taxation; it is only in these circumstances that they would be in a better position to influence the policies of states.

People with research backgrounds and agenda should be involved in the activities of CSOs in relation to tax justice.

There are other important roles they can play in addition to the above mentioned.

4. How would you describe and evaluate the progress in recent African public policies (at both national and regional levels) towards more justice, democracy and development for the continent?

It varies from country to country; whilst some countries are doing well, others are moving slowly and in some countries, there seem to be no progress at all towards tax justice, democracy and development. Most countries are antagonistic towards human right issues and do not consider economic rights on their development agenda even though this is gradually changing

Most countries spend tax receipts and revenues on recurrent expenditures rather than investing and providing support for development interventions. In Kenya, approximately 80% of total revenue is spent on recurrent expenditures and 20% on development interventions. This link between tax and development is very weak not only in Kenya but in most African countries.

Fewer countries within Africa really open their doors to CSOs for dialogue over tax and other development issues but this is not the case in most European countries where CSOs have access to MPs and Ministers as well as civil servants to discuss their concerns.

Even though some strides are being achieved, a lot more needs to be done by African countries especially in designing tax laws and policies making information readily available to people and also tackling accountability and human rights realisation.

5. What are in your view the most urgent steps that must be undertaken to ensure that African countries can finance their own development? Who should undertake these?

Capacity building on tax issues for both the society at large as well as government is the main challenge. Although tax administration should be improved, this should focus not only in the revenue side of it but also on the expenditure and accountability side of it. The state and society are key players and they need to work together to improve life through provision of social services and the protection of human rights. Policy makers instead of concentrating so much on getting people to pay should also consider letting people know what their monies are used for.

Experiences in both Kenya and Rwanda point to the fact that if people are aware of the benefits coming to them through their tax contributions, they would be more inclined to pay. Not many people are aware they are paying taxes indirectly either through taxes on mobile phone calls or VAT. People's understanding of how much they pay and don't pay and its implication on the benefits they receive could have a huge impact on tax administration in most African countries. In my opinion, tax literacy and accountability are the key things that need to be taken up by stakeholders within the tax administration towards tax justice

Dr. Attiya Waris

Finally, In Bangladesh and India for example, the first tax bracket for women is higher than it is for men; this assists single women households and also encourages women to join the workforce. I would definitely recommend a similar provision in African countries.

Upcoming Events

National conference on taxation in Kenya

The EATGN plans to organize a one day National Dialogue on the 23rd of August 2011. It is anticipated that this dialogue will catalyse public interest in tax justice issues and thereby increase citizen demand for change. It is further anticipated that a formal consultation process on tax, governance and justice issues in Kenya with key official policy makers will be borne out of the dialogue.

The conference generally aims at bringing together a multitude of state and non-state actors. Specifically, it will target state agents directly involved in tax policy and administration such as the Kenya Revenue Authority, Ministry of Finance, and the relevant parliamentary committees. Media institutions, civil society actors, academic institutions, tax and governance specialists, and community based organizations, will also be invited.

The East African Tax and Governance Network (EATGN) emerged out of a workshop held in November 2009 in Naivasha, Kenya to 'increase stakeholder engagement and public debate on tax and governance in Kenya.' A network steering committee was created thereafter comprising of civil society players with a presence in the region namely: Tax Justice Network-Africa, Panos Eastern Africa, Panos London, Society for International Development, Centre for Governance & Development/National Taxpayers Association and Action Aid International Kenya.

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