



STRATEGIC CHALLENGES

Responses from our 2019 retreat

In November 2018 we invited a range of stakeholders to present us with a 'challenge' to our current strategy, or activities, or objectives, that we could consider and discuss at our team retreat in early 2019.

This document details the challenges that we received, and our responses to them. In each case we discussed these challenges in small groups before coming together to craft a unified response.

Each of the responses considers the arguments for and against the challenge, before proposing a way forward.

Our responses have been written by a range of TJN staff members, with different linguistic styles!

All comments on the challenges and our responses to them are welcomed and can be emailed to info@taxjustice.net with the subject line '2019 challenge comments'.

TJN should do more to engage with organisations in the global south

TJN debería hacer más para actuar de forma conjunta con organizaciones del sur global

The challenge

TJN should incorporate in a real way, the view from the South on the issue of tax justice.

The TJN Secretariat could hold strategic meetings to learn about the work plans of Southern organizations. On the one hand, this would allow the Secretariat to know the activities carried out in the South, which would allow them to frame or try to find common points in order to program joint actions, for example:

- Develop - in a complementary way with organizations from the South - research and publication actions on topics that have greater specificity in Asia, Africa and Latin America.
- Even establish some kind of annual activity that allows to build a more strategic view on some issues trying to incorporate the views from the south and from the north, allowing TJN to have a truly global vision.

And on the other hand, to know the demands of the organizations to provide support in those issues in which they consider can help to strengthen the actions for the fight for fiscal justice:

- In TJN's lobbying on global governance in tax matters, there are feedback processes with organizations in the south so that TJN's proposals are not only seen from the north.

TJN debe incorporar de manera real la visión del Sur sobre el tema de la justicia tributaria.

La Secretaría de TJN podría realizar reuniones estratégicas para conocer los planes de trabajo de las organizaciones del Sur. Por un lado, esto permitiría a la Secretaría conocer las actividades que se llevan a cabo en el Sur, lo que les permitiría enmarcar o tratar de encontrar puntos comunes para programar acciones conjuntas, por ejemplo:

- *Desarrollar - de manera complementaria con organizaciones del Sur - acciones de investigación y publicación sobre temas que tienen mayor especificidad en Asia, África y América Latina.*
- *Incluso establecer algún tipo de actividad anual que permita construir una visión más estratégica sobre algunos temas tratando de incorporar los puntos de vista del sur y del norte, permitiendo a TJN tener una visión verdaderamente global.*

Y por otro lado, conocer las demandas de las organizaciones para brindar apoyo en aquellos temas que consideren pueden ayudar a fortalecer las acciones de lucha por la justicia fiscal:

- *En el cabildeo de TJN sobre la gobernanza global en materia tributaria, llevamos a cabo consultas con las organizaciones del Sur para que las propuestas de TJN no sólo sean vistas desde el Norte.*

Our response

We acknowledge the need to actively engage with the global south and to focus more on tax justice issues in developing countries. As part of this goal, we have secured grants from Norad that have allowed us to employ more staff members to expand our research work on financial secrecy issues to Africa and Latin America. We have complemented this regional research focus with communications products aimed at these regions; we are now producing monthly tax justice podcasts not only in English and Spanish but also in Arabic, French and soon in Portuguese as well. The website of the Financial Secrecy Index will soon be translated to Arabic and French to become more accessible for developing countries. In the next few years we hope to expand our work also to Asia, the Middle East and BRICS countries.

While we mainly coordinate with southern organisations through our involvement with umbrella tax justice organisations such as the Global Alliance for Tax Justice (GATJ) and the Financial Transparency Coalition (FTC), we are also making efforts to directly increase our engagements with these organisations as well as with global south researchers. As such, we have recently written a paper together with the United Nations Economic Commission for Africa and collaborated with the African Development Bank, and we are working with the African Tax Administration Forum to organise a conference in Burkina Faso, which will be attended by many African tax administration representatives and Ministers of Finance. In July 2018 we organised our TJN annual conference in Lima – the first conference outside the UK - in coordination with LATINDADD, and we will hold this conference in a different part of the global south every two years (with London as the venue for the intervening years, as is the case in July 2019).

We should work more closely with the Global Alliance for Tax Justice to hear regularly about advocacy and research priorities, share our own strategic thinking and to seek feedback on our research, outcomes and advocacy. We will also organise regular calls with regional organisations and create additional communication streams, helped by our plans to recruit a new Network and Partner Relations Coordinator. Financial and carbon budgets allowing, we will aim to take up Latindadd's challenge directly by arranging regional partner visits. As much as we plan to increase our coordination with southern organisations, however, we need also to avoid duplicating the coordination roles of GATJ and the FTC.

Reconocemos la necesidad de colaborar activamente con el sur global y de centrarnos más en cuestiones de justicia fiscal en los países en desarrollo. Como parte de este objetivo, hemos obtenido subvenciones de Norad que nos han permitido emplear a más miembros del personal para ampliar nuestro trabajo de investigación sobre cuestiones de secreto financiero a África y América Latina. Hemos complementado este enfoque de investigación regional con productos de comunicación dirigidos a estas regiones; ahora estamos produciendo podcasts mensuales de justicia fiscal no sólo en inglés y español, sino también en árabe, francés y pronto también en portugués. El sitio web del Índice de Secreto Financiero (Financial Secrecy Index) pronto se traducirá al árabe y al francés para que sea más accesible a los países en

desarrollo. En los próximos años esperamos ampliar nuestro trabajo también a Asia, Oriente Medio y los países del BRICS.

Aunque principalmente coordinamos con organizaciones del Sur a través de nuestra participación en organizaciones coordinadoras como la Alianza Global para la Justicia Fiscal (GATJ) y la Coalición para la Transparencia Financiera (FTC), también estamos haciendo esfuerzos para aumentar directamente nuestros compromisos con estas organizaciones, y multiplicar el número de investigadores establecidos en países del Sur global. Como tal, hemos escrito recientemente un documento junto con la Comisión Económica para África de las Naciones Unidas y colaborado con el Banco Africano de Desarrollo, y estamos trabajando con el Foro Africano de Administración Tributaria para organizar una conferencia en Burkina Faso, a la que asistirán muchos representantes de administraciones tributarias y ministros de finanzas africanos. En julio de 2018 organizamos nuestra conferencia anual de TJN en Lima -la primera conferencia fuera del Reino Unido- en coordinación con LATINDADD. Ahora celebraremos la conferencia anual en un lugar diferente del sur global cada 2 años, manteniendo Londres como sede para la conferencia para los años intermedios (como es el caso en julio 2019).

Deberíamos trabajar más estrechamente con la Alianza Global para la Justicia Fiscal para estar al tanto de las prioridades en términos de campaña e investigación, así como para compartir nuestro propio pensamiento estratégico y recibir comentarios y reacciones sobre nuestra investigación, y resultados. Vamos a plantear llamadas regulares con organizaciones regionales y crearemos flujos de comunicación adicionales, gracias a un nuevo Coordinador de Redes y Relaciones con los Socios. Siempre y cuando nuestros presupuestos financieros y de carbono lo permitan, tendremos como objetivo cumplir el desafío de Latindadd directamente mediante la organización de reuniones con socios regionales. Sin embargo, por mucho que planeemos aumentar nuestra coordinación con las organizaciones del Sur, también debemos evitar la duplicación de las funciones de coordinación del GATJ y la FTC.

TJN should do more to shape the next generation international tax system, by analysing more 'second best' solutions and thus increasing our influence on OECD and other global processes

The challenge

Note that this challenge was written in November 2018, and thus does not describe accurately the BEPS IF process on digital taxation that was launched in January 2019.

TJN has had a pivotal impact on the international tax system, particularly with regard to transparency measures like country by country reporting, beneficial ownership transparency and exchange of banking information. Further, TJN has had an important voice on the design of the current corporate taxation regime, related to the BEPS process, transfer pricing etc., and developed and tabled the concept of unitary taxation as an alternative to today's system. However, could one argue that TJN has had less of an impact on the current system and decision-making processes for corporate taxation than on the overall transparency agenda?

The international tax system has undergone large changes over the last 10 years, and the pace of change is likely to be sustained over the next 10 years. A more unstable political environment, pressure on multilateralism and continued growth of the digital economy are but a few of the factors that can drive this change (see e.g. Morris 2018) and make the change less predictable. The interlinkages of tax with competitiveness / level playing field concerns can make the topic even more politically sensitive going forward. Recent discussions in the EU regarding digital taxation, a more wide-spread notion that the BEPS process has "failed" or at least that the arm's-length-principle needs rethinking, and messages from the U.S and China regarding market-based taxation, could signal that there will be a rethinking of taxing rights over the next five years.

TJN should start preparing for the next big shift in the international tax landscape, by going beyond the current position on the shortcomings of BEPS and by offering more options than unitary taxation. Is there a middle ground of "second best" options that TJN should analyse and/or develop? (See e.g. Aarsnes 2017a and 2017b) One of TJN's contributions could be to analyse how possible models or variants of taxing rights might impact different groups or types of developing countries, and thus shape policy positions of TJN, developing country officials and other actors concerned with how the international tax system can be made fairer for all.

Our response

We agree that TJN has had, at this point, a more visible impact on transparency than on corporate tax. The core policy platform that we assembled after our establishment in 2003 included the ABC of tax transparency: automatic exchange of financial information, beneficial ownership transparency for companies, trusts and foundations; and public country-by-country reporting by multinational companies. All three were written off as utopian, unrealistic, impossible – but just ten years later, all three had become fixed points on the global policy agenda, setting new international standards.

Our pursuit, at least equally unrealistic, of alternative international tax rules has in fact benefited from pragmatic analysis of second-best solutions from a technical perspective. For example, assessment of profit split approaches under the current rules, as an intermediate step towards unitary taxation, has helped to seed wider understanding and acceptance of formulary apportionment. We can also consider valuable pragmatic approaches to making the current rules work better for lower-income countries – most obvious of which is our proposal for Tax Inspectors Without Borders, since adopted as a UNDP/OECD initiative and increasingly credited with substantial revenue gains around the world.

Ultimately, however, we reject the view that a utopian approach has not served tax justice well. Nor is it certain that our success on transparency is in substance greater than that on tax rules. Support for alternative tax rules in international policy circles was completely absent when we began our work. Arguably, the current OECD consultations on alternatives to the arm's length principle, with substantial attention to unitary approaches including formulary apportionment, represents the biggest shift in global tax justice in many decades – and while many others have joined the fight for elements of the ABC, there are few if any organisations that have overtly made alternatives to the international tax rules a key goal. On transparency, it is in fact also true that we have pursued a radical agenda. The Financial Secrecy Index provides a clear example, compared to the reformist agenda of e.g. the Corruption Perceptions Index and setting instead what academic researchers have called a '[revolutionary benchmark](#)' ("The first is a reformist benchmarking cycle where organisations defer to experts to create a benchmark that conforms with the broader system of politico-economic norms. The second is a revolutionary benchmarking cycle driven by expert-activists that seek to contest strong vested interests and challenge established politico-economic norms."). Over time, this 'tax haven' ranking has become a central reference point for international debates and media, embedding both the principle of financial transparency, and an array of underlying, detailed policy specifics.

In a range of areas, we will engage with and even offer second bests – including in our forthcoming Corporate Tax Haven Index, which will reward a range of behaviours by jurisdictions that exploit the current international tax rules but are less damaging than other approaches. Similarly, we already recognise second best solutions in the Financial Secrecy Index, but we want to set the bar higher. Low-hanging fruit is good but not good enough. We do not see value in putting, for example, 10 years of campaigning into something that will not be durable. The 'Humpty Dumpty' of international tax rules cannot be put back together again, and it is the increasingly widespread recognition of our longstanding position on this that underpins the potentially radical reform process that the OECD has now embarked upon, and upon which the International Monetary Fund is urging greater radicalism.

Our 'unrealistic' approach has not left us outside policy discussions, because of the combination with detailed, technical engagement – so that international organisations often use us as a technical sounding board in their work. The Tax Justice Network has always promoted the utopian with the aim to change what is feasible – to shift the Overton window, to 'change the weather' – and then to achieve justice. We have been happy to welcome incremental change when it has been in the right direction, but not to pursue it as an end in its own right. The risk of offering 'second-bests' is that governments will revert to these and go no further. If the Tax Justice Network does not offer more radical aims than the mainstream, which is often hampered by the lobbying of vested interests, then who will? If we do not raise the bar higher for justice, who will?

TJN should do more northern high-level advocacy on our key policy asks

The challenge

TJN should do more high-level advocacy (alone and in partnership with others) in Europe and the US on its key policy asks.

A related challenge from the FACT Coalition: TJN should do more to help bring the U.S. into the CRS and further the movement toward global automatic data exchange. Specifically, TJN should assist in the development of policy to harmonize CRS and FATCA.

Currently more than 100 countries participate in the Common Reporting Standard (CRS) in which data on foreign bank accounts held in one country are automatically exchanged with the appropriate country. While not perfect, it is a significant step toward reining in rampant tax evasion among wealthy elites. In 2010, the U.S. adopted the Foreign Accounts Tax Compliance Act (FATCA) requiring other nations to report back to the U.S. any U.S. account holders. Any noncompliant bank would face hefty penalties on their U.S. holdings. The strength of FATCA is the severe penalty associated with noncompliance. The weakness is that it is not reciprocal – other countries send data to the U.S. but the U.S. does not necessarily respond in kind. Given the size and relative stability of the U.S. banking system, it makes the U.S. a very attractive safe haven for those seeking to evade local taxation.

One U.S. financial trade group have recently expressed an interest in moving to one standard rather than continuing dual compliance regimes. That creates an opening for TJN and tax justice allies. Moving the U.S. to simply adopt the CRS (and drop FATCA) means that the U.S. (and tax justice advocates) would lose its enforcement mechanism and it would complicate the current U.S. citizenship-based approach to taxation. Can we draft and promote policy that gets the U.S. to participate in global data exchange, keep FATCA's strengths and create a pathway to eventually strengthen CRS?

Our response

We could usefully do more northern advocacy than we currently do on particular programmes (scale of tax injustice and human rights); we already do a fair amount on financial secrecy and the race to the bottom. We could do this ourselves; but what we could also do much more of, and which we used to do more in the past, is to co-ordinate and collaborate more closely with tax justice and transparency organisations in Europe and the US, including Tax Justice Europe and the FACT Coalition. We could also work more closely with our senior advisers in the US and Europe, and make an effort to involve them more both in our own work and in the work of those partner organisations. Finally, we could do more to provide targeted research and policy support where there are gaps in the technical capacity of partner organisations that are hindering their ability to carry out effective advocacy work (as in the specific case around the development of policy to harmonise CRS and FATCA).

However, our primary objective is to shift narratives ('change the weather'), above individual policy changes. We must focus on changing public opinion, as well as high-level advocacy. We have limited capacity to engage in ongoing co-ordination of advocacy work, which can be time-consuming, especially when we have a global agenda but, if anything, more of a focus on the global south. Most of our staff members are technical researchers, rather than advocacy experts, and that is where we can contribute most to the movement. In addition, there are already a number of excellent organisations advocating on tax justice and transparency issues in Europe and the US; they have the depth, breadth and technical expertise to do the job, as well as the regional or country-specific expertise that we lack, and we may not always add much value unless we are actively working on the priority issues at any one time. We also want to avoid stepping on the toes of partners who have their own agendas, priorities and relationships (and this also applies to partners in the global south), and are well able to undertake advocacy work without needing ongoing support from us (other than technical and research inputs, where appropriate).

On balance, we recognise the need to restore previous levels of high-level engagement with advocacy organisations and coalitions in Europe and the US, to ensure that our research and policy activities and priorities are aligned with their policy and advocacy goals. This has slipped in recent years. The new Network and Partner Relations Coordinator will take on this important work, looking to coordinate rather than to duplicate the advocacy activities that are quite rightly led by regional and national partners. Where appropriate, we will facilitate contact and collaboration between domestic and regional partners and the global movement, but focused on research and policy, since the Global Alliance for Tax Justice has a clear lead on the global coordination of campaigning work related to tax justice.

TJN should develop credible and high-quality research to help guide tax justice campaigns

The challenge

TJN was born as a campaigning organisation and was remarkably successful as such. However, from the beginning its founders understood the importance of ensuring that its advocacy was guided and backed by good research. This was possible because those founders themselves had considerable knowledge and experience of the issues. This was reinforced by establishing an annual research conference, beginning in 2003 at Essex University. The success of TJN led to a fundamental restructuring, with the creation of national TJNs in many countries (including now the UK) coordinated regionally under the umbrella of the GATJ. However, I suggest that TJN has not yet adequately redefined its role in relation to this wider movement. At present, the TJN website states “We could very loosely be described as a fast, flexible, expert-led, activist think tank”. I suggest that more thought and effort should be given to the “expert-led think-tank” role rather than the “fast” and “activist” aspects.

There are inherent tensions between establishing and maintaining expertise on the one hand and activism or advocacy on the other (see table below). It’s not impossible to resolve these tensions, but to do so requires adoption of clear methods and procedures. I suggest that these include clearer demarcation between campaigning/advocacy and research/evidentiary material and establishing transparent procedures for quality control of TJN outputs claiming expertise. More widely, I suggest that TJN should give greater priority to developing its role as an expert think-tank. The tax justice movement as a whole devotes far more resources to campaigning and advocacy than it does to research. This has already damaged the credibility of some of its campaigns and positions. TJN should recruit a Research Director to tackle this key challenge.

<i>Expertise</i>	<i>Activism</i>
Strategic: long-term perspective, identifies issues needing in-depth research	Reactive: responds to fleeting news and policy agendas
Long timeframe: needs care, extended timetable (weeks/months/years), hard to stick to	Short timeframes: deadlines are often very tight (days/hours), and must be met
Investigative: adopts critical open-minded approach, assumptions should be made explicit and open to challenge/reversal	Evidentiary: looks for data or evidence to prove a point, argument, or policy position.
Evaluative: avoids good/bad dichotomies in favour of identifying better and worse aspects of a policy or initiative	Opinionated: attacks defects of a policy or initiative and supports or defends preferred alternatives
Attested: has been subject to checking, evaluation or review, backed by data or evidence from independent sources	Self-certified: asserted by individual or small group, self-referential

Our response

TJN acknowledges the importance of producing high quality research. We use research in the four workstreams – financial secrecy, tax justice and human rights, scale of tax injustice and race to the bottom – to develop long-term evidence-backed positions as a basis for advocacy. The scale of tax injustice workstream, for example, estimates the costs and other impacts of specific tax injustices. Another example of transparency and the use of quality control procedures is the Financial Secrecy Index, which adopts a transparent methodology that was improved in 2018 based on broad stakeholder consultation. TJN is also developing regional research hubs in Africa and Latin America to carry out locally-focused policy analysis and enhance dialogue with these regions regarding research activities.

Strong emphasis on research can help us consider new, evidence-based, policy solutions, and keep us up to date with new empirical evidence regarding the policies we advocate for. Furthermore, in the long term, academic research may have the potential to influence students and to encourage them to research tax justice issues. In respect of major controversies in the field, such as those over the scale of tax losses due to avoidance and evasion, we are at the forefront – for example, publishing a forthcoming volume with Oxford University Press on the estimation of illicit financial flows.

We believe that research must be accessible and well communicated to reach a wider audience and to have an impact on policy decisions. TJN has built strong relationships with academic institutions and professionals, as well as with civil society organizations, and is in a good position to act as a bridge and to help communicate high-quality research to different audiences. Moreover, we invest effort in producing accessible pieces, such as short technical articles, which tend to have influence, credibility and impact. Besides allowing us to reach different audiences, strong communications and advocacy capacities are important to control the message that arises from research, avoiding misinterpretations or misconceptions.

Whilst acknowledging the importance of producing high-quality research to back up our positions, we believe that the ability to act fast and to be listened and understood by a wider audience is essential to influence policy decisions and to create awareness around the policies we advocate for. To strengthen TJN's research side as well as investing in communicating research, we will:

- (i) Aim to produce more research in partnership with academic institutions, as co-producers or co-authors, while continuing to collaborate with top academic institutions to help communicate their research and increase its impact
- (ii) Continue to produce short and accessible technical articles that are credible and have been successful in influencing public opinion
- (iii) Consider the idea of having research fellows for time-bounded or topic-specific fellowships (following the upcoming collaboration, with Sheffield University, to host a doctoral student)
- (iv) Set up a channel (email list or similar) before or during the 2019 TJN conference to encourage people to share research more proactively

TJN should contribute to rethinking financial accounting and audit, and how it relates to financial secrecy and tax injustice

The challenge

There are currently many structural problems in commercial capitalism as it is practiced globally and in most countries. At the core this is among other things an issue of what and who creates value that is counted and distributed in society. A significant part of the problem relates to how corporations account for their income and cost, and how it is audited.

There are obvious problems with how rules and standards are currently set and upheld both internationally and nationally, where the main interested parties dominate on all sides of the table. A recent report by an independent group of professionals headed by Professor Prem Sikka have delivered some important input on this as it relates to auditing. Unless the rules and standards of accounting and auditing are improved, upheld and overseen in a different way in international finance and business, efforts to secure economic justice including taxation, can only come so far.

Can TJN use its unique network of specialists and strong reputation in many camps to convene the multitude of stakeholders needed to rethink financial accounting and audit, and develop new practices and standards that promote tax justice?

Our response

The international community has not focused in key intermediaries such as accountants and auditors so far, and these are often enablers of tax avoidance and financial crime. The current patchwork of accounting standards and methods (IFRS, US GAAP, UKGAAP, HKFRS, SFRS) creates an environment where international tax evaders and criminals can exploit inconsistencies and mismatches. Aiming for equality and justice, new standards should account for the value of dignified labour, the value of unpaid care work, and environmental externalities linked to economic activity. Also, there are synergies between financial accounting and current TJN research. For instance, several indicators in the Corporate Tax Haven Index are relevant to accounting practices (tax and financial). In line with our research and advocacy for country-by-country reporting, TJN is in a good position to promote an international financial reporting standard on tax accounting. We have been active participants in the creation of the new Global Reporting Initiative (GRI) standard on tax and payments to government; and have promoted the convergence of the much weaker OECD country-by-country reporting standard towards this, including last year at the 35th annual meeting of the UN intergovernmental expert group on international standards of accounting and reporting, ISAR.

This proposal would be an excellent opportunity to complement team expertise with accountants. Using its expert network and international recognition, TJN could assemble a multidisciplinary group of specialists to discuss the essential elements of consistent accounting under the banner of economic and tax justice. Technical solutions as well as legal environment requirements (enabler's liability, sanctions, double criminality) should result from such organized discussions.

However, we currently do not have sufficient accounting expertise to tackle the issue comprehensively. The development of this new research and advocacy effort would require significant resources, that are now devoted to tax & transparency matters. With additional but limited budget, we could assign the core effort to external parties, while ensuring coordination internally. In addition, there are already efforts around integrated reporting (IASB, FASB) with the aim of developing a core set of sustainability standards to be included in financial accounting standards (such as the GRI standard on CBCR), and Richard Murphy is seeking to set up an accounting network under the COFFERS project with characteristics similar to those considered above.

Starting at the 2019 TJN conference, the keynote will present the need for change in global standards. Building on current efforts by Richard Murphy and COFFERS, TJN will help develop the conversation and provide communications support, while maintaining independence and without committing major resources. For adequate involvement in the conversation and conscious organization of conferences and workshops for academics and accountants, TJN needs to conduct baseline research on the accounting and audit landscape, identifying clearly nefarious practices. An in-house accountant would greatly improve the outcome. Over and above this level of involvement, the predominant view is that TJN should simply facilitate the work of external parties insofar as they share our social justice values, without committing directly. Alternative views suggest that, with additional resources, it would be possible to contribute more robustly to improved accounting and audit standards by monitoring jurisdictions' progress using parts of CTHI and FSI data, together with additional datapoints to be determined (in coordination with existing efforts).

TJN should stop focusing primarily on tackling tax avoidance and evasion and make a broad case for progressive taxes, for example smarter taxes on wealth

The challenge

TJN has done a remarkable job at getting the issue of tax avoidance and evasion into the public's imagination and setting the terms of the public policy debate. Around the world, the public backs action to clamp down on this sort of abuse, resulting in a number of policy victories for tax justice. This work is supported by a movement of activists demanding change. However, there is a danger that by prioritising work on tax avoidance, this activity creates the impression in the public's mind that public spending challenges can be solved if only big multinationals paid their fair share.

To date TJN hasn't engaged in a substantive way in broader questions about the shape of tax systems and how to make them fairer. Over the last decade, the issue of inequality has risen up the political agenda, with the work of Piketty and Zucman contributing to a greater public and political awareness of the problem. In countries such as the UK, a majority of people believe that the economy doesn't work for them. This has led to calls from progressive politicians and organisations for smarter taxes on wealth, as well as even more progressive income taxes. For example, in the US the newly elected member of Congress Alexandria Ocasio-Cortez called for a 70% marginal tax rate on incomes over \$10million.

TJN should look to engage and lead these broader global debates on what fairer tax systems look like and advocate for better taxes on wealth, more progressive income taxes and reduced consumption taxes. This would complement the work of organisations like Action Aid, which has recently [published](#) a series of briefings on what progressive tax systems could look like, as well as the national-level work of groups such as Tax Justice UK.

Our response

TJN's focus on inequality is fundamentally tied to a need for more and better progressive taxation at the national level. Strengthening our work by developing a compelling narrative on wealth taxes, which might include both personal wealth and corporate wealth, provides a counter point to the continuing policy orthodoxy of using indirect taxes, especially VAT, to generate revenue. Such a narrative, backed by data, would serve to support political and technical acceptability of progressive taxation. Progressive redistribution is an important argument in tax justice thinking especially of unearned incomes. A re-focus on progressive wealth tax would help to amplify the general point that indirect taxes burden those on lowest or no incomes and disproportionately impact on women. Counter arguments suggest that targeting wealth through, for instance, high marginal tax rates cause high earners to reduce or withdraw their labour effort. There is no serious evidence that lower tax rates encourage higher investment. Our current policy thread on establishing public registers of beneficial owners, and automatic exchange of tax information promotes progressive taxation and an additional focus on wealth taxes would be complimentary

to this. Finally, we might consider the development of a Wealth Tax Index (property, wealth, land) to complement the Financial Secrecy Index, which tackles secrecy around personal wealth, and the soon to be launched Corporate Tax Haven Index.

However, there are arguments against working more on progressive taxes. TJN has developed a comprehensive tax transparency policy platform which underpins much of the work of the wider tax justice movement. With regards to wealth taxes, TJN would be better to continue to advocate that jurisdictions have the necessary tools to tax wealth (transparency, offshore data); rather than take in charge the comparative study/advocacy for wealth taxes itself. Add to this that tax transparency is a prerequisite for wealth tax; a jurisdiction with wealth tax but no offshore transparency would simply create an incentive to move assets abroad. Moreover, TJN already works on progressive tax. Our work on tax justice and human rights, and in particular our advocacy for gender equality and women's rights incorporates powerful arguments to strengthen progressive tax and minimise reliance on regressive consumption taxes. The work on the Race to the Bottom similarly sets out the arguments for strengthening the way in which corporations are taxed through taxes levied and highlighting the harm of financialisation. The 'Scale of Tax Justice' workstream would need to radically recalibrate to accommodate analysis in support of wealth taxes i.e. going beyond tax evasion and avoidance. TJN focuses on increasing fiscal sovereignty and empowering countries to set their own tax system (in terms of data and policy space), rather than pushing countries to set their domestic policies in a particular way.

A focus on wealth taxes could both amplify and be complementary to existing work streams and well-established tax justice arguments on progressive tax, financial transparency and inequality. However, TJN is better placed to focus resources in continuing to develop a tax and financial transparency policy platform which has not only been the cornerstone of the tax justice movement's advocacy but is an essential pre-requisite for others to pursue research and advocacy on wealth taxes.