**It is time for those who have the most to pay the most.**

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The coronavirus pandemic that has been ravaging our planet for almost a year now has not only killed at least 1.33 million people, caused an explosion of unemployment and deprived hundreds of millions of children around the world of schooling.  It has probably also provoked deep disruptions in the world’s economy, the long-term impact of which promises to be far-reaching.

This is true geographically -by the end of next year, according to forecasts by the Organisation for Economic Co-operation and Development (OECD), the US economy will be the same size as it was in 2019 but China’s will be 10% larger. It is also true between sectors: while hospitality, the travel industry or the entertainment world have experienced a collapse of their activities, some companies have found business booming in the new normal. This is especially the case for the tech giants who have seen huge gains as the world has gone almost entirely online for working, shopping, schooling and socializing. Take Amazon, it reported that its net sales increased by an impressive 40% in the second quarter of its fiscal year compared to the same time last year, totaling US $88.9 billion.

Ironically, these multinational digital companies are also the champions of tax avoidance. The GAFA, as they are called – Google, Apple, Facebook and Amazon – are not the only ones who do not pay taxes according to their activities, but, because they are dematerialized, they are able to exploit the loopholes in the international tax system more easily. By manipulating transactions between their subsidiaries, they are reporting record profits in tax havens and very low ones – when not losses – in countries with higher corporate taxes, even though they are actually operating extensively in the latter.

Every year, the world is losing over $427 billion in fiscal resources to international corporate tax abuse, as just revealed by“The State of Tax Justice 2020”, a report launched jointly by Tax Justice Network, Public Services International and the Global Alliance for Tax Justice. It means that countries around the world are on average losing 9.2% of their health budgets to tax havens every year. Pakistanloses the equivalent of 127% of what it spends for health, an amount that would allow paying the yearly salaries of over 1,2 million nurses.

Of the $427 billion, multinational corporations are to blame for nearly $245 billion, thanks to the practice – mostly legal! – of “profit-shifting” described above. Wealthy individuals have absconded with the astonishing remaining $182 billion, through the hiding of undeclared assets and incomes in tax havens, beyond the reach of the law.

Already scandalous, this situation has become more unbearable than ever while the global economy is plunging into the worst recession since the Great Depression. In its latest report on the East Asia and Pacific region, the World Bank predicted an annual contraction of activity between 3.5 and 4.8 per cent, with the emergence of a class of “new Covid poor” for the first time in 20 years. Even with the inclusion of China, which has seen a better than expected recovery from the pandemic, the organization expects the region to grow between 0.3 and 0.9 percent this year, the lowest rate since the 1960s.

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As everywhere in the world, building back will have a cost. It means more money for public services, which have been hard hit by this crisis, especially the health and education sectors. But it will also require countries to spend more on boosting employment and helping small businesses, while investing in preventing future pandemics and fighting climate change.  A perspective that sows panic in many governments, which speak of empty coffers and are instead tempted by austerity programmes.

It is time for those who have the most to pay the most.The OECD has been promising for years to put an end to the aberrations that allow the richest and multinationals to escape their tax obligations. But a misplaced sense that national interest is served by protecting multinationals has prevailed over global public needs, and the publication, last month, of the organization’scomplex and disappointing proposals, showed that no major changes are expected in the coming months.

In this context, governments should move regionally or unilaterally to introduce interim measures to raise immediate tax revenues, as suggested by ICRICT, the Independent Commission for the Reform of International Corporate Taxation, of which I am a member. They should, for example, apply a higher corporate tax rate to large corporations in oligopolized sectors with excess rates of return.

And since multinationals have owners – even if they are often in hiding – there is also an urgent need to rethink the taxation of individuals in a more progressive way. Indeed, world’s billionaires did very well during the pandemic, increasing their wealth by more than a quarter (27.5%) from April to July, as unveiled recently by a report by Swiss bank UBS. It also means establishing comprehensive public registers of the beneficial owners of companies, trusts and foundations to stop tax evasion from flourishing.

From multinational corporations to the wealthiest individuals, governments now have the technical means to track down tax evaders. It is time for them to demonstrate their political will.The costs of the pandemic are already being borne disproportionately by the poorest and most vulnerable. The economic burden of rescue packages should not fall on them as well.

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