**Tax Justice for Social Justice:**

**World Social Forum 2013 Declaration**

The prevailing International Tax rules practice are more and more undermining the ability of government in the Global South and the North to compel corporatons and wealthy Individuals to pay their fair share of Taxes. Multinatnals and wealthy individuals continue to dodge taxes with impunity; ordinary people carry a disproportionately heavy burden of taxes. As a result, governments lack resources to provide citizens with adequate social services. They are implementing austerity measures which are aggravating poverty and inequality everywhere. The poor are being made to pay for a crisis they are not responsible for Social and economic justice now and feature sustainablity are possible only.

- When Tax dodging by multinationals and wealthy individuals are stopped.
- When race to the bottom tax competition between countries is ended and replaced by multilateral tax cooperation.
- When governments raise revenue through redistributive and progressive taxation and are held accountable for the provision of adequate social service to their citizens.

Continuing the tradition of the World social forum which, at the WSF in Port Alegre in 2002. Issued a “Universal Declaration on the right to tax justice as a component part of social justice’, we demand the following to promote tax justice across the world.

**To promote the Tax justice agenda we commit ourselves:**

a. **Country by country reporting by multinationals.**
b. **Automatic information exchange between jurisdictions.**
c. **Public register of beneficial ownership.**
d. **Look for alternatives to transfer pricing rules by the OECD.**
e. **End to tax haven secrecy – the major facilitator of tax dodging.**
f. **Rigorous regulation of the finance sector including the imposition of a Financial Transaction Tax (FTT).**
g. **Legitmate international governance mechanism to facilitate multilateral cooperation in tax matters.**

To deal with the all-pervasive and growing nature of tax evasion, tax avoidance, and tax havens, there is a need to use all available tools and techniques to ensure the fair collection of taxes. One: To continue strengthening our advocacy and campaign to influence decision makers to implement policies to stop tax dodging. We are encouraged by initial successes in this regard, such as the recent decision of the French Parliament (and further endorsed by the European Parliament) to enforce country by country reporting by French and European banks; the introduction of a Financial Transaction Tax as a result of global campaign in 11 European countries; the successful campaign of a French activists to get 18 out of 22 departments to declare their territories tax haven free; and similar campaigns for tax haven free cities in the Nordic countries.

b. To enhance our efforts to mobilize citizens and create strong social movements locally and globally to force governments and multinationals end tax dodging. The evidence based campaigns to expose the pillage of developing countries by multinationals in individual countries (such as the campaign of Zambian citizens against Glencore); the successful campaign for “Juastica Fiscal” in the Dominical Republic for an increase in education budget raised by hir tax.

c. The new Global Alliance for Tax Justice can serve as a platform to coordinate and create global synergy for advocacy and campaigns and citizen mobilization for tax justice.

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**SUPRO’s Campaign News**

**SUPRO, a leading civil society network in Bangladesh, has been engaged in a mission to promote collective actions towards establishing better accountability and transparency in the governance system. It envisions a society and a state where the citizens will enjoy and exercise their economic, social, cultural, political and environmental rights at full scale and where the marginalized will be fully integrated into the mainstream society.**

For facilitating grassroot activism in favor of the rights of the marginalized and excluded, SUPRO has critically analyzed global and national policies, laws and regulations, pointed out the areas that are corrosive for their rights and designed and engaged in campaign to reform these areas. The network has also become engaged in campaign, mobilization and advocacy on the process of Poverty Reduction Strategic Paper, national budget tracking, economic justice, trade justice, climate justice, policies of international financial institutions and debt cancellation.

Tax justice has become an important focus of SUPRO’s activism for last two years as the impact of the tax system on the poor and marginalized is complex and diverse. With the Bangladesh government gradually expanding its tax jurisdiction, even more people now have to pay different types of direct and indirect taxes. As a result, tax system demands to become an important issue for the civil society actors to focus on to learn, examine and raise citizens’ concerns around it as well as take a proactive role to resolve those concerns. Nevertheless, tax issue still remains low-key among the development agenda the country’s civil society actors are currently dealing with, leaving only a very few actors, SUPRO one among them, to work on it. After engaging in a series of dialogue, seminars and training SUPRO, with support from Oxfam Novib, started a flagship project titled “Promoting Tax Justice in Bangladesh” in January 2013.

This being the first issue of SUPRO’s newsletter focusing on tax justice, it will contain briefs of the organization’s related activities in the previous two years, besides presenting the highlights of its engagement in 2013. The content on tax justice issue will also include Bangladesh situation and the views of policymakers and other important stakeholders.

On this occasion we should also express our thanks and gratitude to all, especially to Oxfam Novib and the Capacity for Research and Advocacy for Fair Taxation, CRAFT in short, for their active support to our engagement.

We welcome your feedback, comments and criticism from the readers will inspire and guide our effort to improve our next issues.

**SUPRO’s study on tax system in Bangladesh: First civil society initiative**

Not much substantial research and academic work is currently available on the country’s tax administration. As a civil society organization, SUPRO, for the first time, conducted a study in 2011 on the issue titled “Tax and Representation in Bangladesh: Black Money, Tax Exemptions and Pro-Poor Tax Policy”. Supported by the International Tax Justice Network, TJN in short, the study aims at to increase understanding and awareness of the civil society, media and stakeholders on tax issues.

The study covered historical overview of Bangladesh’s tax system; tax effort in Bangladesh; banking industry case study, including financial intermediaries and micro-finance; income in Bangladesh; tax administration; and features of local tax systems. The study also covered the impact of tax system on social, economic, political and environmental rights and analyzed the tax legislation, laws, regulations, and policies.

One: A critical review of the direct tax expenditure measures suggests that income from a few welfare organizations operating with profit-driven motive can be considered for taxation. Exemptions on salaries of foreign technicians require a careful review and should be specifically defined since a large number of foreign
The specific objective of CRAFT is to support and strengthen the capacity of civil society organizations in Uganda, Mali, Senegal, Egypt, Nigeria and Bangladesh to engage with the state and effectively advocate for accountable, fair and pro-poor tax systems in order for the national Governments in these countries to increase tax revenues fairly, practice transparency and refrain tax revenue malpractice and social injustice.

The CRAFT is being operated through a consortium of nine organizations of nine different countries of Africa and Asia and Oxfam Novib as the lead from the Netherlands. The members are as follows:
1. African Forum and Network on Debt and Development (AFRiDAD), ZIMBABWE
2. Civil Society Legislative Advocacy Centre (CSLAC), NIGERIA
3. Egyptian Centre for Economic and Social Rights (ECESR) EGYPT
4. Forum Civil (FC), SENEGAL
5. PubbliCe Ce Vous Payez (PCQVP), MALI
6. Southern & Eastern African Trade, Information and Negotiations Institute (SEATIN) UGANDA
7. Tax Justice Network-Africa (TJN-A), KENYA
8. Third World Network-Africa (TWN-A), GHANA
9. Shushaahoner Jonno Procharavizan (SUPRO), BANGLADESH
10. Oxfam Novib, The NETHERLANDS

Advocate Khan Tipu Sultan, MP, also a member of the Standing Committee on the Ministry of Law, Justice and Parliamentary Affairs and an honourable member of SUPRO, attended the launch of CRAFT held in the first week of April 2012 in Uganda. A total 81 participants from Africa, the Middle East, Asia, Tax Justice Network of Africa, TJNA in short, Oxfam Novib, and high officials and policymakers of Uganda attended the event.

SUPRO becomes a member of CRAFT, engages in global activism for fair taxation

SUPRO became a member of Capacity for Research and Advocacy for Fair Taxation (CRAFT) in short, in 2012. Oxfam Novib and Tax Justice Network-Africa (TJNA) together played important role to initiate this project. Years of advocacy by the Tax Justice Network (TJN), Global Financial Integrity (GFI) and others raised awareness of the magnitude domestic tax revenue losses. A number of civil society organizations across the world have started to demand transparency on tax revenue regulation and enforcement, monitor state expenditures and denounce cases of corruption, evasion and tax injustice. Yet in general, there is still a substantial lack of capacity in civil society in the technical-fiscal domain and insights and the effective advocacy skills and alliances to be fully effective. Civil society organizations in Uganda, Mali, Senegal, Egypt, Nigeria and Bangladesh are eager to acquire knowledge and awareness on the impact of sizable tax losses and 5% of total direct tax expenditures respectively. Thus, there is a possibility of mobilizing revenue from these sectors through reducing the expenditure measures. It is also necessary to review the tax expenditure measures in the category of business taxes as revenue loss due to different measures in this category is estimated at about 58% of total direct tax expenditures.

To deal with the all-pervasive and growing nature of corruption, the approach should be to adopt a two-pronged strategy: (i) implement reforms that reduce the discretionary power of the bureaucracy and the politicians; and (ii) use information technology and other mechanisms to empower the people with the right to information along with transparent laws and regulations which are essential to ensure accountability.

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SUPRO participates in 1st Global CRAFT Training in Kenya 2012

SUPRO Chairperson Mustafizur Rahman Khan and Director Samia Ahmed participated in the first global CRAFT training on fair taxation held at the Kenya School of Monetary Studies, Nairobi, Kenya from October 30 to November 2, 2012.

The main objective of the training was to enhance technical and advocacy capacity of civil society organizations to enable them to provide strong advocacy for bringing about change and mobilizing public pressure for tax justice.
Baseline study conducted on tax, tax gap analysis and tax system

Bangladesh, as an emerging economy, needs to increase its revenue while achieving fiscal discipline to attain sufficient self-reliance. With this goal in view, the government has initiated several administrative and policy reforms in the tax system. Nonetheless, the performance still lags considerably behind that of the other countries crossing similar stage of economic development. The two most important factors behind low domestic resource mobilization in Bangladesh are tax avoidance and tax evasion. Again, tax burden on the poor people is another vital issue to focus on this in the country. As the government is more dependent on indirect taxes, especially on the Value Added Tax, than on direct taxes, the larger share of the taxation falls on the general people, the majority of which is poor. To change the situation by establishing a more efficient, disciplined and pro-poor tax system in the country, the grassroots must reach their strong voice to the policymakers and every other quarter concerned.

As part of SUPRO’s activism to facilitate the process, the organization has launched a pilot project titled ‘Promoting Tax Justice in Bangladesh’ with the support of Oxfam Novib. It has also successfully conducted a baseline survey on ‘Tax, Tax Gap Analysis and Tax System’ of Bangladesh’s the objectives of which are as follows:

- Present a thorough analysis of Bangladesh’s tax system
- Present an outline of current debates around the country’s tax policy
- Identify challenges and opportunities for interventions and their likely outcomes
- Create baseline data on different issues of tax
- Identify the issues and gaps regarding formulation of pro-poor tax policies
- Find effective ways to engage people to raise voice demanding pro-poor tax policy
- Find effective ways to engage policymakers and government administrators in introducing pro-poor tax policy

The study covered six districts, Barisal, Kustia, Shariatpur, Rajshahi, Rangamati and Habiganj. Both quantitative and qualitative methods were applied. The analytical report is in its final stage while we expect to include a summary of the findings in our next issue of the newsletter.

Study report launched on tax system of Bangladesh

Jointly with the Tax Justice Network, SUPRO organized a national seminar titled ‘Tax System of Bangladesh’ was launched at the event at the business faculty conference room at Dhaka University.

Retired colonel Shawkat Ali, deputy speaker of the National Parliament attended the event as the chief guest. Dr Akhbar Ali Khan, former adviser of the Caretaker Government was present as the key speaker. Matori Kohonen and Dr Attiya Waris, TJN researchers who conducted the study also took part in the discussion.

Uma Chowdhury, director, SUPRO, welcomed all and Abdul Awal, chairperson, SUPRO, moderated the session while Oxfam Novib Bangladesh’s Country Coordinator Kazi Shafiqur Rahman presented the summary of the study report. Following recommendations have been made by the study:

1. Tax payer education: If people could properly understand the tax system, if they understood the purpose of taxes and saw some benefit they would be willing to pay taxes.
2. No exceptions: All people and industries should pay tax. Any exemptions granted must be done with public explanations and valid reasons. Foreign technicians or wealthy nationals people should not be exempt from tax.
3. Indirect taxes should not be the main vehicle to collect taxes as they are borne disproportionately by the poor. However, they can exist as part of a broad-based tax system where all factors of production and types of income are taxed according to their capacity.

4. Direct taxes should be collected and the tax base should be widened as much as possible, as direct taxes on income, capital gains, land and property can be adjusted to the persons of business entity’s capacity to pay.
5. Voluntary contribution to non-profit educational institutions and hospitals, charitable or religious organizations benefiting the public may be considered for some kinds of incentives in order to formalize private charity that plays an important part in Bangladesh society.
6. Implement reforms that reduce the discretionary power of the bureaucracy and the politicians, and when discretion is allowed they should be made a matter of public record and losses to tax collection counted as part of a detailed tax expenditure calculation.
7. Use information technology and other mechanisms to ensure that the people have the right to information along with transparent laws and regulations, information about tax collection and spending that are essential to ensure accountability.
8. Building the capacity and training of the media is a very effective tool in dissemination of tax information and utilizing them to build tax literacy would be a great step forward in state-building.
9. Building capacity of technical knowledge within the country of academics, researchers and civil society through specialist academic seminars, courses on tax law and public finances, and facilitate to participation international associations and events where issues are discussed.
10. Enhance the efficiency of increasing public expenditure. To ensure the country’s tax policy is implemented in terms of sector and goods e.g. quality of projects implementation can be improved, there can be both on side of expenditure and tax to enhance quality and increase collection.
11. The tax administration should be more taxpayer friendly so that people would not be afraid of going to the NBR. There has to be closer interaction and understanding and citizens must know they have to pay tax and the taxman must treat them like citizens with good customer services.
12. CSOs, researchers and other lobby groups should come together to develop an advocacy group that would be able to promote the agenda to convince politicians on the actions to be taken.
13. There must be more policy research on all areas of taxation.
14. Tax amnesty laws must be completely abolished.
15. The government should showcase companies who are proud taxpayers.
16. There should be a tax on land, and real estate specifically in urban areas as well as large scale farmers earning over a certain amount.
17. There ought to be a wealth tax, based on an estimated value of a household estate above a certain threshold.
18. Tax laws should be simplified and drafted in both English and Bengali.

Among others, Lady Nacyil of ISAPMDD, Dr Keshob Khadka, professor of economics, Tribhuvan University, Nepal; Binay Kumar Kushiyait, economist from Nepal; and SUPRO National Committee members Manju Rani Pramanik and Mathad C Dutta also participated in the discussion. Matti Kohonen and Attiya Waris discussed the methodologies and key findings of the study, observing that Bangladesh’s severe tax system is directly affecting the poor. They also said the government falls short in its service delivery to the poor despite they are paying high level of tax.

Dr Akhbar Ali stressed three issues in this regard: 1. Transparency and accountable government, B. Pricing of essential services considering poor people’s affordability and C. Subsidizing essential services enabling better access of the poor. He also recommended establishing a commission for determining prices of essential services.

Retired Colonel Shawkat Ali criticized the international financial institutions, IFIs in short, saying that they often unjustly interfere in the country’s policymaking that affects the government’s tax policy also. Loan dependence of Bangladesh government on the outside agencies increases its obligation towards the IFIs and their prescriptions, which has direct impact on the country’s tax system.

Recommendations of the Study

Supplementary recommendations include making the poor and marginalized people the focus of pro-poor tax policies so that they are able to pay tax and the taxman must treat them like citizens with good customer services. More policy research should be done on all areas of taxation. Tax amnesty laws must be completely abolished.

National seminar on ‘Pro-poor tax system in Bangladesh: Reality and recommendations’ held

SUPRO organized a national seminar titled ‘Pro-poor tax system in Bangladesh: Reality and recommendations’ at CIRDAP on October 1, 2012.

Civil society members, journalists, development professionals, including SUPRO Executive Board members, National Council members, district representatives and Dhaka Campaign Group members took part in the opening discussion.

SUPRO chairperson Mustafizur Rahman Khan presided over the session and director Samia Ahmed gave the welcome speech. Organization coordinator Kazi Shafiqur Rahman presented the keynote paper that focused on the reforms of tax system in terms of making it pro-poor.

Former state minister Abdul Mannan, Advocate Khan Tipu Sultan MP, politician and media personality and Mahbub Ahmad Mannan, first secretary of the National Board of Revenue, also made presentations.

The seminar included a summary of the findings in our next issue of the newsletter.
SUPRO’s press conference on Amended VAT Law 2012

Organization coordinator Kazi Shafiqur Rahman presented the keynote paper. The keynote paper raises the following demands of SUPRO for urgent action:

- Amended VAT Law 2012 has to be reformed through public participation
- Amendment to the VAT Law 2012 should entirely or in most part exempt the extreme poor of VAT
- Pro-poor People should be considered under exemption of VAT

The paper argues that the direct tax should get priority where increase in revenue is considered but as the amended tax law depends more on VAT which is indirect tax it will end up putting more pressure on the poor people while the well-off and the rich will remain free of the burden they should share. Moreover, the amendments to the tax law have been brought according to the suggestion of the International Monetary Fund, IMF in short, without any visible public consultation.

Consultation Meetings with Grassroots Leaders on Fair Taxation

As part of fair tax campaign, SUPRO with grassroots and district-level campaigners organized two consultation meetings, one on tax governance in Bangladesh and the other on the country’s tax justice situation. The main objective of the consultations was to sensitize grassroots activists about fair taxation issues.

The first meeting was held at Hotel Sea Crown, Cox’s Bazar on March 1, 2012, attended by community-based organizations from 45 districts, SUPRO policy leaders and Secretariat staff. Highlighting the country’s current tax structure and demanding pro-poor taxation, a presentation was given by SUPRO coordinator Kazi Shafiqur Rahman and Saif Uddin Ahmed. Organization general secretary MA Quader moderated the sessions and its director Uma Chowdhury gave the welcome speech. Among other SUPRO policy leaders, vice-chairperson Harunur Rashid Lal, national council members KGM Faruque, Matiur Rahman, Monju Rani Pramanik, MA Salam, Madhab Chandra Dutta, Sharifa Khatun and Shamima Akter Moonmoon were present.

The second consultation meeting was organized on July 1, 2012 at GDB Hope Center at Savar participated in by SUPRO grassroots campaigners. Organization general secretary MA Quader moderated the event while its coordinator Kazi Shafiqur Rahman gave a presentation. Among SUPRO policy leaders, KGM Faruque, Monju Rani Pramanik, Matiur Rahman, Madhab Chandra Datta took the part in the discussions.

The meetings discussed wider spectrum of tax justice that focused on: (i) Reform tax system ensuring pro-poor. (ii) Make tax policy poor friendly. (iii) Exempt essential services from VAT. (iv) Ensure people’s participation in the process of budget formulation.