

United Nations Special Rapporteur on extreme poverty and human rights

Consultation The human rights impact of fiscal and tax policy Deadline – 2 December 2013

Dear all,

In preparation for a forthcoming thematic report to the 26th session of the Human Rights Council (June 2014), the Special Rapporteur on extreme poverty and human rights, Magdalena Sepúlveda Carmona, invites civil society organizations and National Human Rights Institutions to submit contributions on **the human rights impact of fiscal and tax policy**.

The report will apply human rights principles and standards to different practices for revenue-raising, taxation and expenditure, with the objective to: (1) identify current trends in fiscal and tax policy and their impact on human rights, especially those of persons living in poverty; (2) highlight concerns raised by particular policies on taxation and spending, as well as good practices; (3) make concrete recommendations to States on how to ensure fiscal and tax policy is in accordance with human rights obligations.

The report will consider issues such as tax revenue and distribution, taxation of corporations and the financial sector, intergovernmental tax cooperation, tax evasion and illicit financial flows, austerity measures, and distribution of public expenditure.

The Special Rapporteur welcomes the submission of research studies or reports on this topic, particularly those examining how fiscal and tax policies impact the human rights of persons living in poverty. In particular, answers to the questions below are sought in order to collect views of civil society on policies and practices in various countries. Please note that **it is not necessary to reply in full to all the questions; partial responses are also welcome**.

Taxation

1. Is your government's tax policy compatible with the obligation to use maximum available resources to realize economic and social rights? If not, why? Do obstacles of a national or international nature impinge on your government's ability to mobilize the maximum available resources through taxation?
2. In general, would you say that the tax regime is regressive or progressive? Why? Please provide examples (for instance: proportions of wealth, income, and consumption taxes in total revenue; distributional impacts of tax schemes between and within households, including deduction and exemptions for women, people living in poverty, single household heads, or based on marital status). What are the shares of tax revenue paid by different groups and the rate of taxation on different social groups?
3. What is the tax/GDP ratio of your country? Would you say that the tax regime allows the State to:
a) raise adequate resources to ensure the realization of human rights, including sustainable financing of social protection systems; b) mitigate poverty and inequalities; and c) ensure that rights of disadvantaged and marginalized individuals and groups are not disproportionately affected? Please explain. If the answer was negative, why are different rates or other types of taxes not in place?
4. How does the government guarantee that the design and implementation of taxation measures, as well as monitoring of their impacts, are carried out in accordance with principles of public participation, transparency, non-discrimination and accountability? Are there special mechanisms to

protect these guarantees, in particular for marginalized and vulnerable groups?

5. If the government has recently introduced tax cuts, which sectors of society have benefited most? How has your government justified any reduction in revenue, which may result from these tax cuts? What is your country's corporate tax rate?
6. What is the fiscal pressure on the financial sector? Would you characterize the financial sector as paying a fair share of taxes? On what basis?
7. Are there any particular industries that receive tax subsidies (for example, agriculture, housing)? Are these subsidies related to government's commitments to specific human rights (for example, right to adequate housing or food), or do they follow other human rights-based rationale?
8. Has your government proposed or supported increased intergovernmental tax cooperation? What is its official position on tax havens? What is its official position on illicit flows of capital, e.g. measures to stop transfer pricing, proposals on country-by-country reporting, automatic exchange of information, disclosure of beneficiary ownership?
9. Has your government proposed or supported international tax policies such as a financial transactions tax? If so, please specify in which form. If not, please explain the nature of its objection. Do revenues from such taxes (if in place) go into general revenue or are they earmarked for specific sectors or programmes? If the latter, which programmes?
10. Is your government party to international investment or trade agreements that curtail your country's capacity to levy taxes, or the capacity of your partner country/ies to levy taxes? Is your government party to investment contracts or concessions that restrict your government's ability to levy taxes on certain companies or sectors? What measures (if any) were taken to mitigate impacts of these limitations on your country's (or other countries') ability to raise adequate resources in order to fulfil human rights obligations?

Spending

1. Are gender equality and economic and social rights criteria considered in budget planning and execution? If so, how are they integrated and monitored? Since when? Have you or your government been able to track the effect of these criteria? If so, what results have you obtained by applying these criteria?
2. Has your government engaged, or is it planning to engage, in fiscal austerity measures, such as cutting spending on social services? If so, what safeguards did, or will, it put in place to ensure that such measures are consistent with human rights obligations? Are the cuts temporary or permanent? Are they necessary in the sense that their absence would have meant greater harm to economic and social rights of the population? Has the government identified the minimum content of rights that should not be affected? Have the cuts been accompanied by mitigating measures to ensure that vulnerable and marginalized populations are not disproportionately affected? If yes, please provide examples of some of those measures.
3. What measures were put in place to ensure public participation, transparency, non-discrimination and accountability in the design and implementation of spending cuts and in the monitoring of their impacts? To what extent do these rely on disaggregated data by sex, age, income and place and up-to-date information on poverty?
4. What is the distribution of expenditure between different social groups (e.g. women-men, rural-urban, different age groups)? What percentages of the national budget does your government allocate and spend on health services, public education, and social welfare compared to military expenditure?
5. What percentage of the national budget goes to service debt? Is that level of payments consistent

with the spending needed to comply with your government's human rights obligations?

6. What is your assessment of the Government's capacity in terms of tax collection, treasury management, budget execution, accounting and auditing?

Should you need more information, please check the website of the mandate of the Special Rapporteur on extreme poverty and human rights

<http://www.ohchr.org/EN/Issues/Poverty/Pages/Fiscalandtaxpolicy2014.aspx>

Please send your contributions, in English, Spanish or French, in MS Word document, PDF or compatible format no later than **2 December 2013** to: sxtremepoverty@ohchr.org