

Green Party urges Prime Minister to be more ambitious over global tax agreement



Green Party

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- **Molly Scott Cato: “As leaders of the G7 countries the UK should pledge to foster tax justice and to close UK tax havens”**

The Green Party has welcomed support for global tax cooperation to prevent corporate tax avoidance at the G7 in Cornwall later this month but called on the UK government to push for a much more ambitious agreement.

Green Party finance spokesperson Molly Scott Cato said:

“Tax shifting by global corporations has drained public coffers and led to growing inequality within and between countries across the world. We welcome President Biden’s initiative to fix a minimum corporate tax rate at the G7.

“Global tax cooperation is a classic example of enlightened self-interest where, by working together, every country can benefit, while the race to the bottom encouraged by corporations only swells their profits.

“But we need the UK government to be much more ambitious and to cover all global corporations rather than just 100 of the largest digital companies and to extend to smaller companies that drain wealth from the majority world by using tax havens. [1]

“The G7 countries should stick to Biden’s original proposal of a minimum global tax rate of 21%. Watering this down to 15% would add to pressure on many countries that currently have a corporate tax rate of higher than 15%, including the UK, and merely encourage the race to the bottom.”

The amount being lost is vast. The Institute of Public Policy Research has estimated that the Biden proposal would yield an extra £14.7bn annually for the UK, money that is vitally needed as we build back from the pandemic. [2]

Scott Cato said:

“To show real leadership as the chair of the G7 summit the Prime Minister

needs to pledge to shut down the UK tax haven network based in our overseas territories. Working through the City of London these make us the centre of the global tax avoidance industry. Without action on the UK overseas territories, all other promises of global tax cooperation ring hollow.”

ENDS

Notes

1

The deal under discussion will do little to help developing countries who lose most from global tax avoidance: <https://www.theguardian.com/business/2021/may/27/global-fair-tax-deal-on-a-knife-edge-says-uk-treasury-source>

2

IPPR

report: <https://www.ippr.org/research/publications/ending-the-race-to-the-bottom>

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