

## **GENERAL SYNOD 2013**

### **Motion N0 7 – Taxation and Development**

**Proposed by Bishop Trevor Williams, Bishop of Limerick, Killaloe & Ardfert**

**EMBARGOED UNTIL DELIVERY**

**CHECK AGAINST DELIVERY**

What would you do with 160 billion dollars?

You could do a lot!

- You could reach the UN Millennium Development Goals several times over.
- You could save the lives of 350,000 children every year
- You could give to poor counties of the world almost twice what they receive in international aid.

\$160bn is what poor countries are losing through tax dodging

This tax dodging isn't always illegal. Multinational companies with subsidiaries across the globe can shift the paper trail of trade from county to county around the world, so that little or no tax is due to the country where the produce originated, maximising profits for the multi-national. There is no law to prevent this.

But now Irish British European and other Governments in the developed world are now realising how much they are losing through Tax Dodging and steps are now being made by the OECD, the EU, the G8 and the G20 to combat aggressive tax avoidance, to close the loopholes and make multinational companies report what they earn, where they earn it, and what taxes they pay. The OECD, who have established themselves as the global authority on this, concede that the rules governing multinationals- created decades ago- have not kept pace with modern business environment and those antiquated rules are enabling companies to avoid tax all over the world.

How does tax dodging work? There are umpteen sophisticated schemes and some more simple ones. Take a diamond mining company. They mine diamonds in country X. Suppose a particular diamond is worth 100 pounds. But the diamond company sell that diamond to its subsidiary in another country Y for 50 pounds. The diamond company books say that it cost 50 pounds to extract that diamond. No profits were made. So no taxes are due to the country X where the diamond was mined.

This type of activity becomes even harder to spot when the commodity being sold between a company and its subsidiaries are more intangible costs like management fees, or insurance costs- there is lots of scope for manipulation!

One of the real successes of the Irish Presidency of European Council so far is the

introduction an EU extractive transparency law, arguing that mining companies should be obliged to disclose publicly what they pay to the governments for exploiting gold, gas and other minerals. A similar law has been passed in the US for US mining companies

So progress is being made. But much more needs to be done.

Christian Aid has been campaigning on this issue for years. This year a Tax Bus visited Ireland, North and South, to raise awareness of politicians and the public to this issue.

- David Cameron, President of the G8 has put tax avoidance on the agenda of the G8 summit in Enniskillen next month. The OECD has made tax reporting a priority and is working with the G20 countries on this.
- Michael Noonan is raising the issue in Europe.
- The recently launched Irish aid policy paper recognises the need for developing countries to be able to move beyond aid, in part through raising their own revenue and tax.

The Presbyterian, Methodist, Society of Friends and the Irish Council of Churches have all voted in favour of the motion which is before us today.

Let's support the Church of Ireland's Development Agency, Christian Aid and the wide coalition of partners working on this issue as they work to enable the world's poorest countries develop their economies

I propose that the General Synod of the Church of Ireland

1. Recognises the importance of taxation in developing countries for ensuring development and building accountability between states and citizens;
2. Requests that both the Irish Government and British Government support the call for a new international accounting standard requiring companies to report on profits made and taxes paid in every country where they operation - so called country-by-country reporting.