

## Tax reform to support a fairer and greener future

### June 2020

The coronavirus pandemic is a stark reminder of the value of those that provide the vital services on which we all rely - carers, nurses, bus drivers and others. Over the long term, we need to be spending more money on health, care and other areas to ensure we have a resilient society and economy. However, this cannot happen without substantial reform of the tax system.

The UK's approach to tax is dysfunctional: we don't raise enough money, avoidance is rife and wealth is under-taxed. Despite some recent progress, estimates suggest that [£35 billion](#) to [£90 billion](#) of tax goes uncollected per year. The government also spends over [£164bn](#) a year on tax reliefs - many of which are badly targeted and largely benefit the well off and big companies. The corporate tax rate has been slashed from 28% in 2010 to the current 19%. The UK also contributes through its reliefs and loopholes to a broken international tax system, which deprives other countries, and in particular those in the Global South, of revenue.

The Covid-19 crisis shows that the government has huge financial power, flexibility and choice over how to support public spending, with an ability to draw on very cheap debt supported by Quantitative Easing. As the immediate coronavirus crisis fades there will be big political debates about how to [build back better](#). A fair tax system should underpin more investment in high quality public services. As well as making the positive case for reform, it is vital to challenge those who are already arguing for austerity 2.0, restoring business as usual and cutting public services.

### What we want to happen

- **No bailouts for tax dodgers:** [Require companies receiving large bailouts](#) to end artificial tax avoidance arrangements and tax haven structures, publicly disclose where profits are made and who benefits, and publish their tax policy.
- **Tax companies properly:** [Close down loopholes](#), end the tax subsidies many companies enjoy, bring in a higher effective tax rate and [require the publication of corporate tax affairs](#).
- **Tax wealth more:** Ensure that income from wealth is taxed at least as much as income from work. Reform areas where wealth is currently under-taxed, such as [property](#), [inheritances](#), [capital gains](#), [dividends](#) and [pensions](#). Actively consider a [wealth tax](#).
- **Stop undermining the tax systems of other countries:** Shut down the [tax loopholes and secrecy provisions](#) that deprive other countries of revenue.
- **Enforce the rules:** Clamp down on tax dodging. Properly fund HMRC and Companies House, and give them the tools so that they can enforce our laws.

**Signatories:**

Tax Justice UK  
New Economics Foundation  
Women's Budget Group  
Church Action for Tax Justice  
Oxfam GB  
Christian Aid  
Institute for Public Policy Research  
Jubilee Debt Campaign  
Common Wealth  
Centre for Local Economic Strategies  
Positive Money  
Quakers in Britain  
Equality Trust  
Tax Research UK  
War on Want  
Taxpayers Against Poverty  
Ethical Consumer  
We Own It

Tax Justice UK has developed more detailed policy recommendations, which can be read [here](#).