

Tax Working Group Public Submissions Information Release

Release Document

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Response to the Tax Working Group Interim Report October 2018

Oxfam New Zealand (“Oxfam”) is a New Zealand registered Charitable Trust that is a legally autonomous member of the global Oxfam Confederation. Oxfam welcomes the opportunity to submit its views on the Tax Working Group Interim Report released 20th September 2018. We look forward to discussing international taxation further, particularly at our meeting on the 1 November 2018. Oxfam’s contact for this work is our Advocacy and Campaigns Director, Jo Spratt:
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Interim Report – Oxfam’s assessment

We congratulate the Working Group on their hard work, bringing together thousands of submissions on tax. We were pleased to see so many people care about a fair tax system. Oxfam has been campaigning on unfair tax avoidance by multinational corporations for some time now, and we were pleased to see that the Working Group recognised that tax avoidance reduces the tax system’s integrity and undermines social capital.

We welcome the Working Group’s aim to build a tax system that is founded on principles of wellbeing, manaakitanga/care and respect, kaitiakitanga/stewardship, whanaungatanga/relationships and ōhanga/prosperity, and that can protect our environment. We support the recommendations that the IRD’s investigatory capacity continues to be invested in, and that more information be placed into the public realm. Oxfam has also been asking for more public information to be made available.

We note that one of the Working Group’s key guiding questions was whether or not the tax system minimised “opportunities for tax avoidance” (p. 23). Yet, while the Working Group agreed the IRD could make more information public and that our tax system benefits from participation from diverse stakeholders, the Working Group did not recommend that the New Zealand government require multinational corporations to publish the financial information we need to assess how much governments may be losing due to tax avoidance.

Oxfam’s position is that the Interim Report fails to fully address a significant threat to the tax system’s integrity and fairness: multinational tax avoidance.

We believe the Working Group has an opportunity to strengthen its final recommendations on transparency. **We request that the Working Group:**

1. recommend that the government consider enacting legislation that requires multinational companies to publish country-by-country reports of their key financial information
2. make stronger comment on transparency in the international tax chapter
3. rewrite recommendation 17.1 (p. 129, 134). As we read it, this recommendation currently states that the IRD should make available no more information than what is already publicly available. This does nothing to improve transparency or participation in the tax system. In fact, releasing the information in aggregate will potentially make it harder to understand what is happening. At the very least, the qualifier regarding individual and corporate information contained in brackets should be removed.

Integrity and fairness through transparency

The transparency facilitated through public disclosure upholds the integrity of our tax system and improves perceptions of fairness. The Working Group highlighted the importance of involving diverse societal groups in the design and administration of the tax system. Oxfam agrees. Requiring multinational corporations to publish key financial information will put the information we need in the public realm, to allow civil society, journalists, academics and other interested groups, to contribute their expertise and perspectives to the conversation about how to strengthen our tax system.

The legal loopholes that allow multinationals to avoid paying tax deprive New Zealand (and other governments) the money they need to tackle poverty and inequality. This is unfair. It is also unfair that most other businesses pay their taxes, while multinational companies have the global reach and resources to manipulate the rules to avoid tax. Tax avoidance is inherently an issue of fairness and one that can be addressed with sufficient political will.

Whanaungatanga and Manaakitanga

As we stated in our original submission, Oxfam is concerned about the exclusion of international tax reform under the Base Erosion and Profit Shifting agenda. This is not a technical issue but goes to the heart of the principles the Working Group wishes to see integrated into our tax system. We note that the Group's Chair, Sir Michael Cullen, stated in an interview with The Spinoff's Duncan Greive ([here](#), 8 April 2018) that in terms of the international tax environment, the Working Group was not "precluded from repeating" the BEPS work or from "considering the wider issues". Oxfam suggests that our recommendation for greater transparency, specifically public country-by-country reporting, is a wider issue that the group could make a recommendation on.

The New Zealand tax system is intertwined with the global tax system. It makes no sense to concentrate on some aspects of the system while excluding others. To fully ensure the integrity of the system, Oxfam suggests that the Working Group comment on the interactions between different parts, and the importance of understanding how they connect, rather than examining specific components in isolation. Focusing only on one area risks overlooking the interdependence and interfaces with other national and global tax systems. Countries must work collaboratively to remedy global tax avoidance. New Zealand needs to be part of a global solution if it is serious about tackling inequality domestically and globally. Public country-by-country reporting contributes to this effort.

Further, the New Zealand Cabinet has agreed to five new Pacific diplomacy principles, one of which is "mutual benefit" (Office of the Minister of Foreign Affairs, 'New Zealand in the Pacific Cabinet Paper', 2018, pp. 6-7). To achieve mutual benefit, New Zealand "must actively identify win-win opportunities and avoid negative consequences" (ibid.) when developing domestic and foreign policy. The principle is further articulated as, where appropriate, asking the question "how will this affect the Pacific Islands region" when making decisions. Consideration of public country-by-country reporting is consistent with this mandate, as public information in New Zealand can be used by other governments.

To grow a tax system with integrity, based on fairness, kaitiakitanga, manaakitanga, whanaungatanga and ōhanga, and to have the public conversation we need to achieve this, governments like New Zealand need to demand greater transparency from multinational corporations.