

CIVIL SOCIETY MEETING
Financing for Development in the Era of COVID-19 and Beyond
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Dialogue 2 – Illicit Financial Flows

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Your excellencies, and colleagues from civil society

I am speaking on behalf of the Civil Society FfD Group and the Global Alliance for Tax Justice (including Women's Working Group on FfD and the GATJ Tax and Gender Working Group). Today I would like to emphasize and reiterate CSO concerns and demands on the problem of Illicit Financial Flows (IFFs), including some process suggestions on how the UN tax process can shift gear.

I would like to reiterate the submission made by the CSO FFD Group on 23 July 2020 that curbing IFFs is possible by strengthening international tax cooperation by setting up an intergovernmental tax commission within the auspices of the United Nations. Particularly because, developing countries do not have any other forum to address this global issue and have been systematically excluded from policy reform processes. They can defend and safeguard their individual national interests only through collective action at the UN.

The COVID crisis has deepened and exposed socio-economic inequalities including gender inequality. Increasing illicit financial flows and widespread tax evasion and avoidance are a huge obstacle to domestic resource mobilisation. They perpetually reduce public revenue for the provision of adequate social services and to finance development. Now is the time for action and the way through which illicit financial flows and tax dodging could be overcome is for the current UN tax process to lead to a **UN Tax Convention**:

- It is time to back a truly universal, intergovernmental process at the UN to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows that obstruct redistribution and drain resources that are crucial to challenging inequalities, particularly gender inequality.
- Taxing income, wealth and trade should be seen to support the internationally agreed human rights frameworks, as without taxation we cannot mobilise the maximum available revenues.
- Tax abuse also needs to be considered under the extraterritorial obligations of states towards other states not to hamper the enjoyment of human rights via blocking financing through abusive tax laws, rules and allowing companies and wealthy individuals to abuse tax systems.