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27 May 2015

Informal Interactive hearings with NGO, CSO, Major Groups and the Private Sector on the Post 2015 development agenda
Trusteeship Council Chamber, United Nations, New York

Thank you to Office of the President of UN General Assembly, UNDESA and NGLS for inviting CSOs to these important hearings.

Distinguished panellists, delegates, my civil society and UN colleagues

In September of this year, the United Nations will host a Summit to adopt an ambitious and transformative post-2015 development agenda, including Sustainable Development Goals (SDGs).

It is our view that one of the most challenging tasks of all is to have a credible plan to support the agenda of SDGs. We have to overcome long-standing and structural constraints of financing development - tax evasion and illicit financial flows.

We need to combat tax evasion, tax avoidance and eliminate illicit financial flows, through a strengthened national regulation and increased international cooperation. And we need to ensure that a fair share of taxes is paid by MNCs, not just by the citizens. Since 2008, for every $1 dollar developing countries gain (through FDI, remittances, aid etc), they lose around $2 dollars (especially in illicit financial flows and debt repayments).

The second issue is about who shares the burden of tax. Our recent comparative research on tax policies of 3 countries (Indonesia, Brazil, and South Africa) shows that: The tax policies of the three countries do not reflect an equitable taxation system. In terms of personal income tax, all three countries impose relatively lower maximum tariffs compared to developed nations.

While the personal income tax of Indonesia and South Africa is more dominant than consumption tax, the revenue of personal income tax is mostly obtained from employees through PAYE systems. It shows us that tax is paid by the middle class (employees), not by self-employed individuals (or owners of company or owners of capital).

Indonesia, South Africa, and Brazil are always in top list of countries with largest loss from tax evasion as a result of international taxation schemes, which most likely can only be done by the wealthy individuals and multinational companies (MNC).
In a recent Financing for Development meeting, the Asia Pacific, leaders has said that “It is important to foster international cooperation in tax matters by dealing firmly with base erosion and profit shifting, and increasing global transparency and information exchanges.”

I believe The Financing for Development Conference in Addis is a crucial opportunity to put an end of tax dodging on the UN agenda.

However, we believe that we urgently need to go beyond G20/OECD – the BEPS Action Plan. Because BEPS Action Plan will not in themselves solve the problem of international corporate tax avoidance. The BEPS model has deliberately leaving out of the important issues, such as taxation in the extractive industry sector. There will be no reform of the taxing rights between “residence” countries (where multinationals are resident, usually in rich countries) and “source” countries (where many multinational corporations’ profits are sourced, often developing countries).

We believe that more in-depths and inclusive reforms are necessary to improve global tax cooperation and end corporate tax dodging – and there is a growing momentum to change the international tax architecture so that all countries are permitted to have an equal say.

I strongly support that the UN to play more prominent role in this matter. The creation of an intergovernmental body on tax matters under the auspices of the United Nations, with universal membership and adequate resources is necessary solution to address global problem. Therefore, We support The UN secretary general statement, that: «Member States should consider (...) the establishment of an intergovernmental committee on tax cooperation, under the auspices of the United Nations

The Financing for Development Conference in Addis represents a perfect opportunity to make an intergovernmental body on tax matters a reality with a clear path to holding the first meeting in 2016.

A first step to make it happen is to have an inter-ministerial roundtable in Addis dedicated to this issue. The outcome will be the set up of this new tax body, and we would like to ask you to support the organization of an inter-ministerial summit on tax as part of the agenda of the conference.

Thank you.

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