LABOR OBSERVATORY OF THE AMERICAS

CSA TUCA

ITUC CSI IGB

TAX JUSTICE

in Latin America and the Caribbean: A Trade Union Agenda

SPECIAL REPORT 20

CSA TUCA

ITUC CSI IGB

With the support of

ULANDSSEKRETARIATET – DTDA

Trade Union Confederation of the Americas (TCUA)

EXECUTIVE SECRETARIAT TUCA

Fred Redmond - President

Francisca Jiménez – Deputy President

Toni Moore - Deputy President

Rafael Freire Neto – General Secretary

Cícero Pereira da Silva - Secretary for Trad Union Training and Education

Kaira Reece - Secretary of Sustainable Development

Content and writing: Gabriel Casnati, Adrián Falco

Review and editing: TUCA team

Translation: Victoria Brown

Graphic design and lay out: Soy Gata

All rights reserved © 2023, Trade Union Confederation of Workers of the Americas

Buenos Aires 404/406, CP 11000, Montevideo, Uruguay, www.csa-csi.org

November 2023

Content

Introduction.
Why is tax justice a trade union agenda?

Tax justice is a core issue of relevance to all workers across the world. Although it may seem a technical issue restricted to a few economic experts, taxation is fundamentally a political discussion as taxes directly influence the coverage and quality of public services, employment, national infrastructure, i.e. economic, social, environmental development, social justice and the exercise of human rights.

Latin America is a region historically characterized by high rates of social inequality, which is now undergoing the dismantling social protection, decent work and democratic institutions. In recent years, the social gap widened between rich and poor, aggravated by the Covid-19 pandemic, along with the reduction of public budgets and a rise in the debt of several countries.

All this is largely due to the trend of tax regressivity imposed on almost the entire globe, especially since the 90s, after which workers, especially the most vulnerable, are paying proportionally (much) more taxes than the billionaire elites, either due to unfair tax systems, due to maneuvers to transfer profits to "tax havens" or to tax privileges granted by the State to corporations, in some cases associated with spurious links between governments and private stakeholders. For example, the 400 richest billionaire families in the United States paid an average federal tax rate of only 8.2%. In comparison, the average US taxpayer paid 13% that same year (OXFAM, 2022) [1].

---

1 https://www.oxfamamerica.org/explore/stories/do-the-rich-pay-their-fair-share/

Along that path, the countries of the Global South call for tax reforms at the national level to reduce the tax burden on workers, while raising the rates for corporations and ensuring that the billionaires pay their fair share, based on an imperative process of reducing inequalities and strengthening States and their social protection systems.

Given the complexity of today's globalized economy controlled by financial capital and multinational corporations, a profound reform of tax regulations at the international level is necessary to guarantee that the business sector and the richest pay more taxes to finance quality universal public services and promote decent work.

Latin America also needs to establish permanent spaces for regional cooperation on fiscal matters, strengthening transparency, progressivity, tax bases and the fight against illicit financial flows.

Fiscal Scenario in Peru, Ecuador, Colombia and the Region

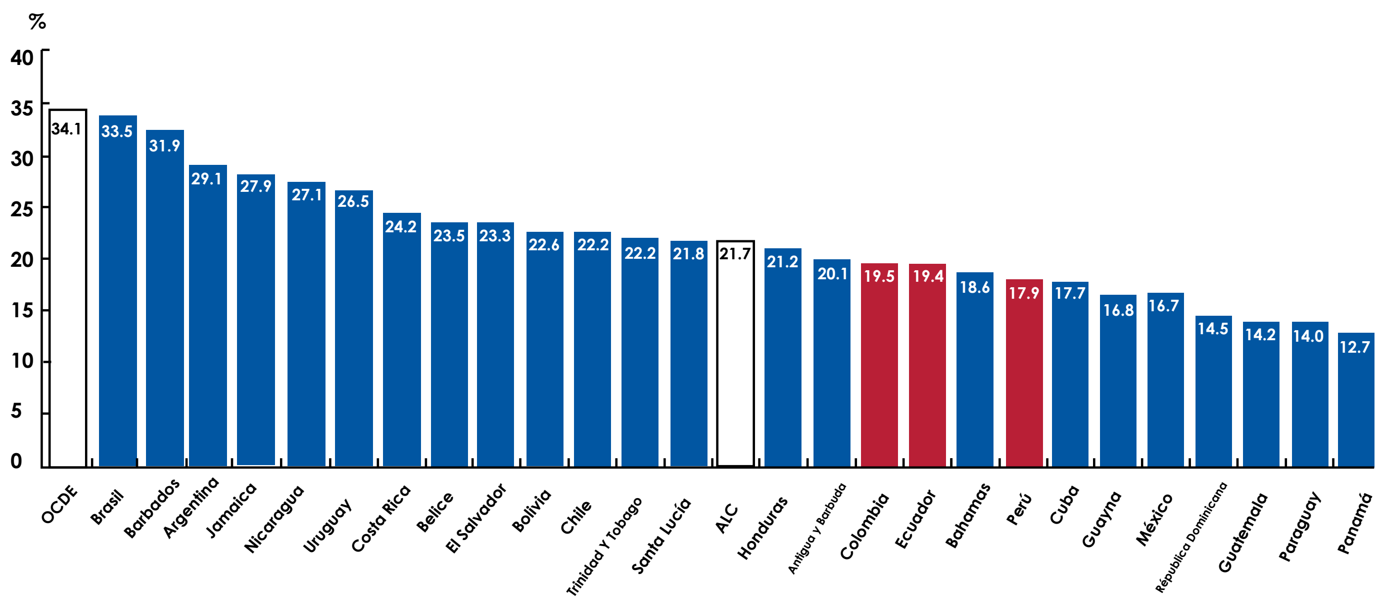
Colombia, Ecuador and Peru have many common characteristics, among themselves and with other countries in the region, which differentiate them from the rich OECD member countries. Their tax systems, far from reducing inequality, are a clear and manifest expression of the influence of large corporations in the fight for political and economic power. The tax system is a battlefield where the fight for the social and economic development of our nations is continually waged. It is where the cornerstone of social equality or inequality is cemented.

The tax system will be progressive if the person who has most capacity to pay is the one who contributes most and, conversely, it will be regressive when most of the tax burden falls on those who have less, without taking into account the economic capacity of taxpayers. With the regressive systems currently implemented in Colombia, Ecuador and Peru, it is evident that the economic power allowed to the predominant bloc of the privileged class, multinational corporations, large local economic groups and the speculative capital financial system, is what ultimately determines the core characteristics of the tax systems, based on its private interests and partnered with the conservative sectors of the political class.

In Colombia, tax collection, as percentage of GDP in 2021, was 19.5% and below the LAC average, which was 21.7% (OECD, 2023). In turn, the difference of Colombia's tax collection with respect to the OECD average (34.1%) was 14.6 percentage points lower. (Graph 1).

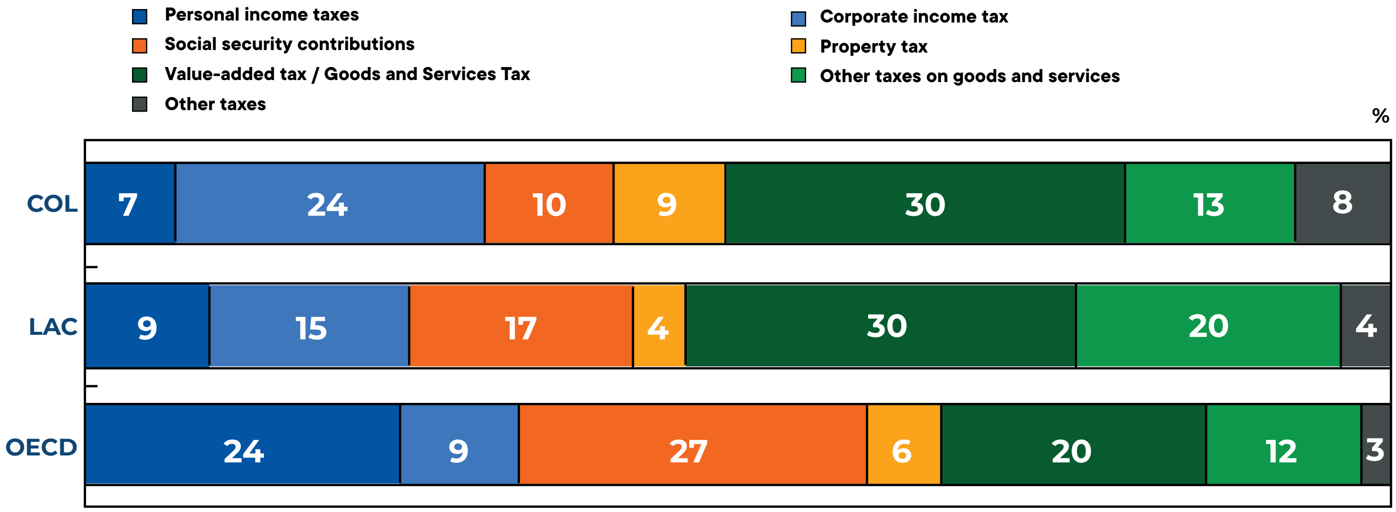
Most of Colombia's tax revenues in 2021 resulted from the value added tax on goods and services tax (30.5%). The second largest proportion of tax revenues in 2021 resulted from the corporate income taxes (23.6%) (Graph 2)

Graph 1. Tax collection as percentage of GDP. 2021



Source: Tax statistics in Latin America and the Caribbean (OECD 2023)

Graph 2. Tax revenues according to taxes collected. Colombia. 2021

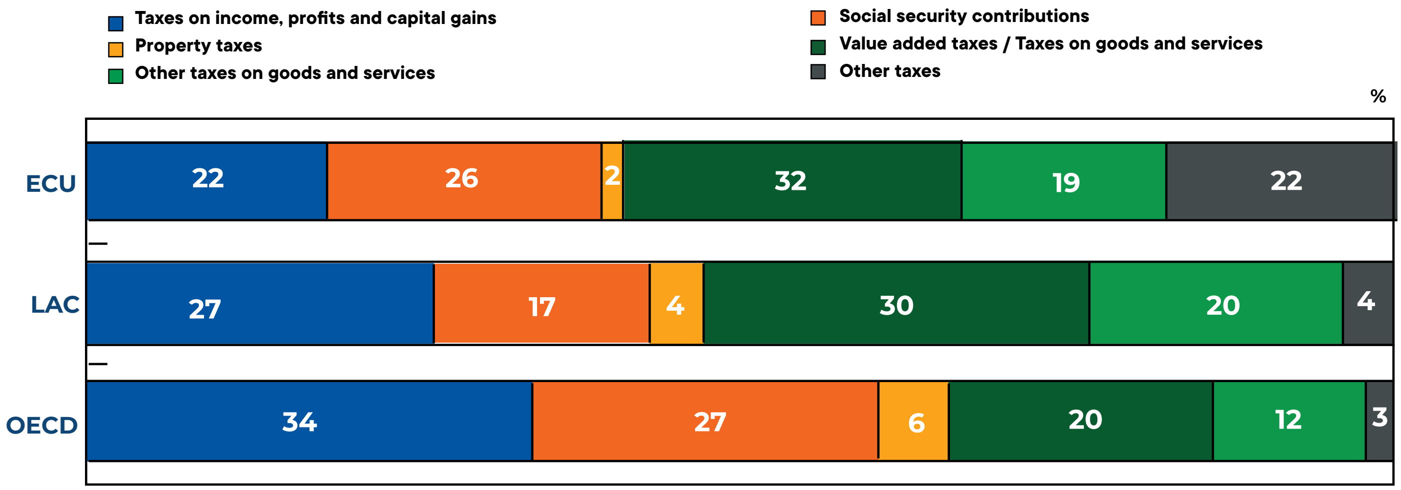


Source: Tax statistics in Latin America and the Caribbean (OECD 2023)

As in Colombia, in Ecuador, tax collection as percentage of GDP in 2021 (19.4%) was below the LAC average (21.7%) and 14.7 percentage points below the OECD average (34.1 %). (Graph 1).

Most of Ecuador's tax revenues in 2021 also resulted from the value added tax on goods and services (31.9%). The second largest proportion of tax revenues in 2021 resulted from social security contributions (25.7%). (Graph 3)

Graph 3. Tax revenues according to taxes collected. Ecuador. 2021



1.Total income from taxes on income, profits and gains is presented as a sufficient breakdown between income from Corporate Tax (S) is not available and personal income tax (IRPF), due to problems with data quality. Local tax revenues are estimates for 2021.

Source: Tax statistics in Latin America and the Caribbean (OECD 2023)

Lastly, Peru and, as a constant in the three countries, tax collection as percentage of GDP in 2021 was 17.9% and below the LAC average, which was 21.7%; and the difference with the OECD countries was 16.2 percentage points. (Graph 1) Most of Peru's tax revenues in 2021 also resulted from the value added tax on goods and services (39.9%). The second largest proportion of tax revenues in 2021 resulted from corporate income taxes (25.1%). (Graph 4).

Graph 4. Tax revenues according to taxes collected. Peru. 2021

In short, the tax revenues of Colombia, Ecuador and Peru, as a percentage of GDP, are below the regional average and well below the average of OECD countries. The regressivity of tax systems is evident as most of the income stems from consumption taxes, and not by progressive taxes, such as corporate income or taxes on property or wealth.

According to a report by Public Services International, most of the tax collection in the region is the result of consumption taxes, which determine 47% of income and includes taxes on basic goods for the daily survival of the population (PSI, 2019); while direct income taxes account for only 25% of tax collection and taxes levied on large properties account for barely 4%. In the central capitalist countries, such as the United States, 48% of taxes are levied on income, 11% on property, and 17% on consumption[2].

The regressivity of tax systems focused on consumption taxes or low tax collection, in relation to the region or OECD member countries, are not

[2] *https://publicservices.international/resources/publications/justia-fiscal--possvel-na-amrica-latina?id=10225&lang=pt*

the only impediments affecting tax justice in Colombia, Ecuador and Peru. The abuse of transnational corporations has caused much damage worldwide. It is estimated that more than 483 billion US dollars are lost worldwide due to practices linked to the use of tax hideouts (tax evasion and avoidance maneuvers by mega-corporations)[3] (Taxation Justice Network-TJN, 2021). The fraudulent concealment of (undeclared) profits that these corporations generate in our countries is combined with the use of a global network of offshore territories, largely dominated by the United States and the City of London, to evade the reach of tax administrations and control agencies, and plunder resources, of the countries where these corporations operate physically. False sales operations, apocryphal billing, shell corporations and exploitation of legal "loopholes" are the resources used by those who facilitate tax fraud with impunity.

In Colombia, more than 1.8 billion US dollars are lost annually due to global tax abuse. This accounts for the equivalent of 10.35% of the health budget and 12.72% of spending in education (TJN, 2021).[4].

Ecuador loses 3.09% of the investment in health and 2.83% of the investment in education, which is equivalent to more than 1.4 billion US dollars. Preferred destinations by Ecuadorian elites are the USA, Bahamas, Panama and the British Virgin Islands.[5]

Lastly, due to fraudulent maneuvers by mega-corporations, Peru stopped collecting the equivalent of 11.44% of the health budget and the equivalent of 10.11% of the budget allocated to education. This represents about 840 billion US dollars a year for the country (TJN, 2021). [6].

[3] ***https://fsi.taxjustice.net/es/the-problem***

[4] ***https://taxjustice.net/country-profiles/colombia/***

[5] ***https://taxjustice.net/country-profiles/ecuador/***

[6] ***https://taxjustice.net/country-profiles/peru/***

Impact of International Taxation on Peru, Ecuador, Colombia and the Region

The problem of tax fraud has a gamut of nuances and configurations that give shape an extremely complex framework, the causes and effects of which social and union sectors seek to understand in order to reverse processes that undermine income redistribution and social justice. Different initiatives are undertaken across the world to start solving the issue. One of these initiatives is linked to the much-demanded democratization of decision-making spaces on fiscal matters.

In this report we mentioned the OECD (Organization for Economic Cooperation & Development), but we have not defined its role and interests in relation to global tax issues. The OECD, also known as "the club of the rich countries", is a conglomerate of European countries that, in actual fact, determine the rules of the game in tax matters at the international level, among others. Of course, along this process of dictating international tax regulations, only their own interest prevails over the interests of other countries. The majority of Latin American and Caribbean countries are not part of the OECD, except for Colombia, Chile, Costa Rica and Mexico that do not have great decision-making power within the OECD on these issues. But why does the OECD have power over these issues? By mandate of the G-20[7] granted more than ten years ago.

[7] The G20 is an international forum of States, created in 1999 and consolidated in 2008 as a high level forum after the global financial crisis; it is made up ofo the 20 largest economies of the world. Its members represent almost 90% of the global GDP, two thirds of the world population, 80% of international trade and more tan 80% of global investments in research and development.

That mandate granted in 2013 allowed the leading OECD countries to work on a proposal based on 15 actions on international taxation that was called BEPS (Base Erosion and Profit Shifting). The response of the G-20 and the OECD aimed, among others, to counteract the different tax planning strategies of large corporations that take advantage of gaps and discrepancies in the tax rules of the countries to transfer, artificially and by means of vehicles, apparently legal, the economic benefits to jurisdictions (tax havens) with low or no taxation and with cero or minimal economic activity, giving rise to the fraudulent reduction of corporate taxes with the purpose of not paying taxes, or paying less than what they

A simple example: If Peru-based company X gains a profit of US$ 100 in a given year, via mechanisms and tools designed and offered by tax hideouts and law and accounting firms, it will seek false invoicing and intra-company loans, thus declaring an amount less than US$ 100 to the tax authority and paying much less taxes in Peru than they should according to their actual profit. This simple example can be extrapolated to all Latin American and Caribbean countries.

should, in the countries where the actual profit was made.
The OECD proposal did not consider low-income or developing countries that, as mentioned above, systematically suffer the plundering of their resources through the use of fraudulent corporate practices. In 2016, the OECD created a figure that it called the "Inclusive Framework" (IF) to expand its "domination" on non-OECD countries (in an effort to legitimize its proposals on the two central issues described below). This "limited membership", which costs €20,500 annually, presents a serious difficulty: the economies of the Global South, which are part of the "Inclusive Framework" and the countries left out, do not have the same size nor the same development as the rich OECD countries. Although the underlying problem is the same and linked to the drop in corporate tax revenues across the world, the difference is too big and the proposal ends up benefiting the richest countries to the detriment of the poorest ones.

So far, this IF has incorporated two pillars into a work plan (Pillars 1 and 2) that seek to unravel the complexities of the digital economy in fiscal matters, further aggravated by the pandemic. On the one hand, the complexities are the difficulty of taxing corporations that are not physically located in certain countries, that do not have offices or branches, i.e. do not have a duly registered tax domicile in the country in question. On the other hand, the use of "intangible" inputs, such as data, patents, brands, developments/software, licenses, etc., to create value.

Their strategy is to find the location of the corporations in tax havens that hold intellectual properties of certain goods, and then assemble the parts that link subsidiaries and parent companies, and ensure that the former (subsidiaries) pay the licenses or rights to the latter (parent companies) at the corresponding prices (much higher than the usual ones), thereby generating much higher expenses in the subsidiary (where taxes must be paid) and a revenues from the sales of the parent company in the tax hideout (where little or no taxes are paid now).

The proposal (approved by the OECD) for the new global minimum tax for corporations is based on two pillars, called Pillar 1 and Pillar 2. Pillar 1 introduces a new tax, in addition to the existing ones, for multinationals with higher turnover and profit margins worldwide, aimed especially at big techs. The scope of Pillar 1 is limited, as it will only apply to multinationals with annual global revenues of at least €20 million and marginal profit rates higher than 10%. Current estimates suggest that only 100 large multinationals coincide with these figures, of which a considerable portion are big tech and approximately half are from the United States. This new tax is based on the unitary taxation of multinationals: a single global tax of 25% will be created only on the extraordinary profits - those obtained with marginal profit rates higher than 10% - of these 100 multinationals, which will be distributed proportionally between countries, based on the amount of sales made in each country, regardless of where the company declares its profits.

Pillar 2 seeks to introduce a global minimum tax of 15% on corporations, to put a floor in the current tax war. In the event that the subsidiaries of a multinational are paying taxes below the established minimum, the countries will be entitled to claim the taxes not collected in the low-taxation country of up to 15%. It is important to highlight that the countries that are headquarters of these multinationals will have priority at the time of claiming the refund of these taxes. As in Pillar 1, Pillar 2 applies to a restricted set of multinationals: only those with a global turnover of more than €750 million per year will be covered by the new global minimum tax rate of 15%. In addition, a number of as yet undefined economic sectors could be exempted, which would reduce the scope of Pillar 2.

(…) Although it is possible to identify unprecedented opportunities for the future of international corporate taxation, from the perspective of the trade union movement and the countries of the Global South, the result of the agreement is extremely disappointing.

Casnati, G. 2022. "The proposal for a new global minimum tax on large corporations: progress, weaknesses and the central role of the regional trade union movement." Bulletin 12, Labor Observatory of the Americas, TUCA.

An Unequal Proposal for Colombia, Ecuador, Peru and the Entire Region.

According to a report by Abdul Muheet Chowdhary and Sébastien Babou Diasso, members of the South Centre[8], , if the mega-corporations of the digital economy were countries, with 736.9 billion US dollars, the combined revenues of Google, Apple, Facebook/Meta, Amazon and Microsoft 2020 alone would make them the 19th largest economy in the world. It would be larger than 168 countries and jurisdictions, including major economies such as Poland, Sweden, Ireland and Israel. Not to mention how far it would be from Peru, Ecuador and Colombia.

According to OECD estimates, the 15% global rate proposed in Pillar 2 would raise nearly 270 billion additional US dollars per year in tax revenues. The main beneficiaries of these resources would be the G7 countries and a few countries in the Global North, which would keep approximately 60% of what tax revenues, while the remaining 120 nations would share the remaining 40%. According to estimates by ICRICT and the Tax Justice Network, with the global minimum tax at a 15% rate, the United States would receive about 83 billion US dollars, while Peru would receive US$ 471 million and Ecuador would receive US$ 105 million, i.e. the White House administration would receive 144 times more money than both countries together. The equation is similar for the remaining countries analyzed. The Global North wins.

[8] *State of Big Tech: Dismantling Digital Enclosures (2022).*
Disponible en https://projects.itforchange.net/state-of-big-tech/taxing-big-tech-policy-options-for-developing countrys

This proposal reaffirms the history of domination of the richest countries even though, in theory, the process should be fair and inclusive in terms of recovery of profits generated by corporations and effective participation of these countries in the new global rules. Confronted with this unfair landscape in terms of incorporation and participation of many countries in international discussions on taxation, it is a priority for governments and social and labor movements to promote the creation of a space for dialogue and definitions of global taxation within the UN in order to achieve tax justice.

For a long time, the predominantly low-income countries of the Group of 77[9], countries have been demanding that tax regulatory matters be analyzed and promoted at the international level, and with more countries to be incorporated into an inclusive global process under UN mandate. Today we are near that goal, but it requires the orchestrated work of social movements, trade unions and progressive governments. In November 2022, the Economic & Financial Committee of the UN General Assembly approved the draft resolution for the creation of a democratic Tax Convention. It should be ratified in December 2023 by vote of the General Assembly and then, after many years of struggle, we will be certain about the beginning of a new chapter in the democratization of the spaces where international taxation is resolved.

[9] ***The G77 is a group of developing and underdeveloped countries acting specially in the UN framework made up of 134 member countries, including China that is not considered a full member.***

Country	Tax revenues from 15% rate on transnational corporations (OECD) (Millions of US dollars)
USA	83.924
Germany	19.985
France	12.806
United Kingdom	11.188
Brazil	3.341
México	3.076
Chile	664
Argentina	618
Peru	471
Ecuador	105
Costa Rica	94
Panama	74
Dominican Republic	65
Uruguay	58
Guatemala	35
El Salvador	24
Bolivia	15
Nicaragua	11

Source: Our own based on: https://datawrapper.dwcdn.net/2BhFm/5/

The Latin American and Caribbean Proposals for Fiscal Integration

Latin America and the Caribbean do not have spaces for tax integration. This eloquent reality reveals part of the results that we have sought to express in this report. There are no supranational agencies for us to analyze fiscal issues on a regional basis. The lack of cooperation, of joint and results-based training, of information sharing, undermine the possibilities of forming a regional bloc to address these issues.

Throughout the recent history of Latin American integration, there have been clear attempts to advance economic integration. A notable example was the Union of South American Nations (UNASUR) and its Working Groupon Financial Integration (WGFI). UNASUR instructed the creation of the WGFI to work on three theme areas: 1. The creation of a monetary stabilization fund; 2. A countervailing system between national currencies in order to remove the US dollar from intraregional trade, thereby avoiding the distortions introduced by that currency's high volatility; and 3. Trade facilitation between UNASUR countries in relation to their financing and overcoming non-tariff barriers.[10]. Although it did not address taxation issues, it is important to take into account that WGFI sought to retain and discuss the issues associated with improving the sources of State financing as the core pillars of social development. Unfortunately, the right-wing governments that emerged in the region in the 2014/2019 period demolished any integrationist attempts focused on economic sovereignty and social development.

[10] ***https://www.alainet.org/es/active/59273?language=es***

Parallel to these governmental bodies (or promoted by governments), currents constituted by social organizations, movements and trade unions have always been developed built during decades of non-governmental integration. Hundreds of analyses, documents, meetings, events, articulations, gained more and more space at the regional level, constituting a real network of social articulation on taxation issues. For example, the Trade Union Confederation of the Americas, Public Services International, trade unions of employees of tax administrations of the region, among other labor organizations, were undoubtedly the great architects of the construction of the agenda based on the workers' movement. Also networks of social organizations such as the Latin American Network for Economic & Social Justice (Latindadd) and the Tax Justice Network of Latin America & the Caribbean were core pillars of the generation of a regional taxation movement. This regional social movement promoted that which the Colombian government later materialized in 2023: a Latin American taxation platform promoted by the governments of Colombia, Chile and Brazil. with support of ECLAC (Economic Commission for Latin America and the Caribbean), the Latin American social movement and other governments.

The process of establishing this platform was not simple. In December 2022, and in the framework of the fifth meeting with congress members of Latin America and the Caribbean, social and trade union organizations and movements met in the city of Bogotá stated that, given the scenario of multiple crises, Latin America and the Caribbean had the opportunity to mark a turning point and choose to promote tax policies that levy the wealth of the elites, the excess profits of large transnational corporations and combat tax fraud (evasion and avoidance), in order to use these resources to finance programs to combat poverty, public policies of social inclusion, comprehensive care policies and quality public services in order to eliminate inequality and social exclusion in our region. For this reason, we requested the Government of Colombia to urgently coordinate a Regional Summit to decide on a new Fiscal Pact in Latin America. For said

Summit to be the starting point to articulate an integration of tax policies and reinforce a new way of fighting against tax havens and realize the taxation of wealth[11].

During January 2023, the now former Minister of Finance of Colombia, José Antonio Ocampo, launched the initiative for a fiscal workspace at the regional level at the World Economic Forum in Davos. As of that moment, the social/labor movement reinvigorated its efforts to accelerate the processes for the proposal of the Colombian government not to be left to oblivion and disinterest, as has happened on other occasions with other governments and processes. In May 2023, an official academic and civil society event was held in the city of Bogotá in preparation for the Ministerial Summit to be held in Cartagena in July under the slogan "For Global Inclusive, Equitable and Sustainable Taxation". Some of the organizations participating in this space were especially critical of the prioritization of issues and stakeholders to address a Latin American and Caribbean issue that required, and still requires, Latin American and Caribbean insight and response. During those days we said that "it was an event with a concept restricted to civil society, whose development initial conclusions and part of its components are a synthesis of concepts difficult to imagine a priori. Mechanisms linked to the coloniality of power, presentations voiced by speakers who had emerged from "revolving doors" between corporations and the State, with the clear intention of preserving corporate interests. It became very clear that the concept of "State capture" had resurfaced to explain a process that was not initiated in a participatory manner and gradually had started restricting other dissident voices" and that "the event held in Bogotá—unfortunately—was mostly co-opted by corporate lobbyists. "Lawyers specializing in litigation against the States, specialists in tax planning, eager to show the way for

[11] *https://www.latindadd.org/2022/12/03/resolucion-n-1-del-v-encuentro-con-congresistas-de-la-region-sobre-pacto-fiscal/*

their clients to pay less taxes by exploiting legal loopholes." We conclude with a warning on the need for "these regressive proposals not to be successful on the path towards the Summit that should be materializing policies in Cartagena in July 2023... because if they succeed in imposing their perspective, it will undoubtedly be a captured summit" [12].

Weeks later, also in May 2023, the XXXV Regional Fiscal Policy Seminar was held at the ECLAC headquarters in Santiago Chile, with the participation of authorities of the finance ministries of 14 Latin American and Caribbean countries[13]. Colombia, Chile and Brazil presented their proposal for a regional tax cooperation platform at the meeting, with ECLAC support as Technical Secretariat. An interesting point of view of the English-speaking and French-speaking countries of the Caribbean emerged that is not taken into account by the rest of the region. The delegation of Bahamas expressed: "We feel pressured, the threat of the blacklist has forced us to work on vacation, to adapt to the imposed bureaucracy. "The idea of fiscal cooperation has become a euphemism for foreign intervention." This intervention makes it clear that the Law is not the same for everyone, as on so many occasions, the Global North sets the rules and the Global South has to deal with them.

The next step in this intense process was the preparatory event of the Central American and Caribbean civil society, with the notable participation of that region's trade union movement, which had not always been present in these discussions. The meeting sought to discuss the challenges of the tax systems of the two regions, Central America and the Caribbean, and to prepare proposals to share with the Ministers of Finance of Latin America and the Caribbean who were to meet in

[12] ***https://www.eldiarioar.com/opinion/debate-urgente-pacto-fiscal-america-latina-caribe_129_10192760.html***

[13] ***https://www.cepal.org/es/comunicados/reducir-restricciones-al-crecimiento-desarrollo-que-impone-servicio-la-deuda-es***

Cartagena Colombia on July 27 and 28. The discussions focused on the profiles of the tax collection policies of the two regions and on specific topics related to State income, such as human rights, gender, race, climate, public services in general and education, in particular.

Lastly, on the 26th and 27th, in the city of Cartagena Colombia, the First Latin American and Caribbean Ministerial Summit was held on "Global, Inclusive, Sustainable and Equitable Taxation". The social/trade union movement was part of the over 50 organizations that gathered in Cartagena to make their voices heard and demand real and effective transformation of the regressive tax systems, progressivity in taxation and an end to tax hideouts that cause million-dollar losses to the States.

Today the process is advancing with the leadership of the Colombian government (pro tempore presidency of the Latin American Tax Platform), the active incorporation of ECLAC as Technical Secretariat and the formation of Advisory Councils, both of civil society and the private sector, in which the trade union movement is represented through the Public Services International of the Americas (PSI) and TUCA support. Regarding content, the proposals of the social/trade union movement focused on 10 recommendations:

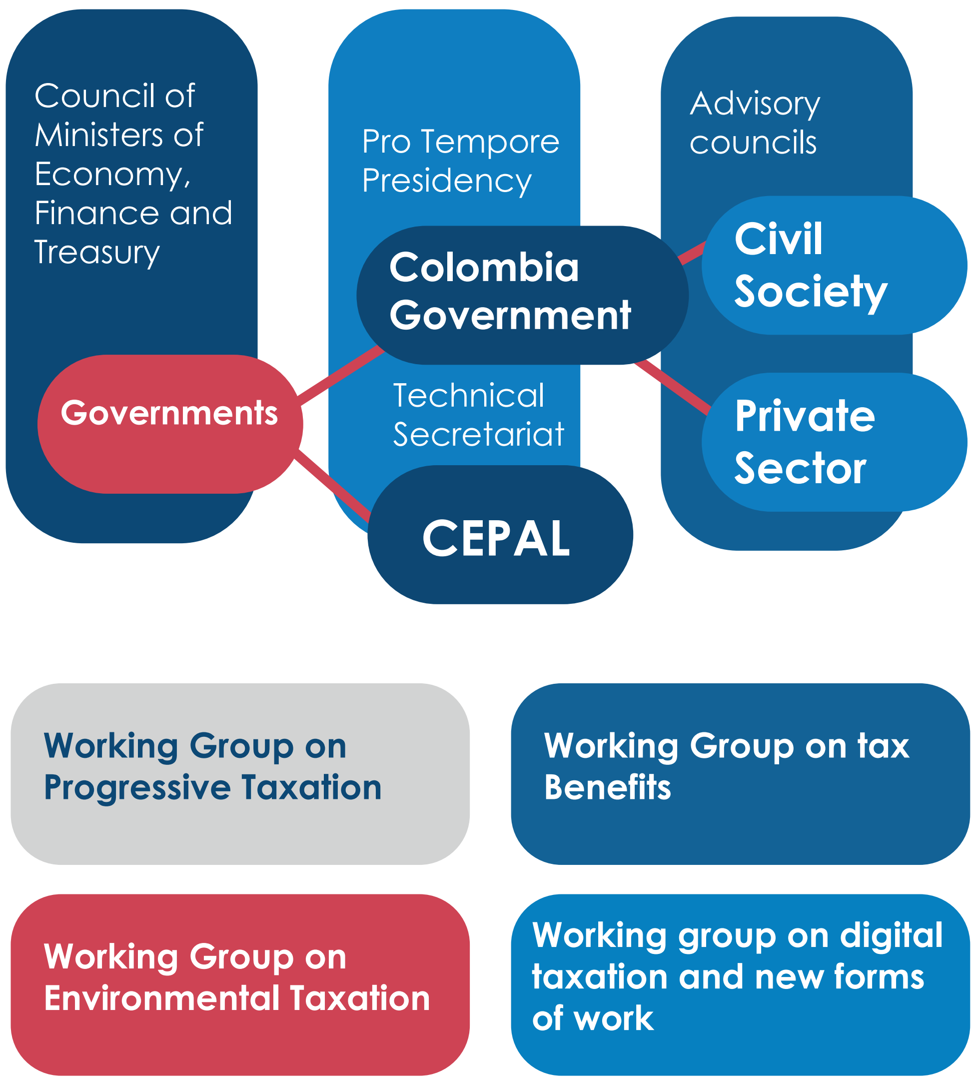
1. Fiscal policies based on human rights.
2. Progressive fiscal policies.
3. Taxation of multinational corporations.
4. Fiscal transparency.
5. Taxation and climate.
6. Review of tax benefits.
7. Inclusive global tax governance (United Nations).
8. Gender approach.
9. Decolonization of international tax rules.
10. Social participation.

For its part, the pro tempore presidency of Colombia proposed an agenda based on:

1. Progressivity of the tax system
2. Environmental taxation
3. Digital taxation and new forms of work
4. Tax benefits

Human rights and SDGs as cross-cutting themes

Regarding the platform's functioning, which is still under discussion, the following organizational chart is emerging:



In late 2023 the institutional framework of the PTLAC (Tax Platform for Latin America and the Caribbean) is expected to have taken form and the social/trade union movement will be able to make the necessary contributions and recommendations for greater tax justice in the region.

Taxation Proposals of the Trade Union Movement

At national, regional and global levels, the union movement has played an active role in fiscal agendas. It has developed the necessary political articulations to build, without losing its identity and together with other movements and networks, a discourse supported by concrete actions to unmask the abusive tax practices of concentrated economic power that affect public services and access to quality jobs and decent wages for all workers.

Its advocacy on decision-makers goes beyond the just demand for quality jobs, improved wages, and safe and healthy working conditions. It is an approach based on a two-way strategy: on the one hand, the critical analysis that reveals the structural causes of the issue of job generation and its development in the framework of a neoliberal capitalist system, with special emphasis on decent work policies and strengthening the public and universal social protection systems based on the principles of universality, inclusion and solidarity.

The proposals of the trade union movement to solve the aforementioned issues are part of the ongoing struggle for progressive tax systems, in conjunction with the struggle to grant broad regulatory powers to States. While the minority elite demands and accumulates more and more wealth, they are destroying quality public services: health, education, drinking water, environmental protection. These cuts are undermining the opportunities for workers and their families, and are a threat to the foundations of democracy, eroding equity and weakening civil society.[14].

[14] ***https://www.world-psi.org/es/justicia-fiscal-temas-de-debate***

To stop this onslaught of mega-corporations, often in alliance with political power, proposals of the trade union movement are arising to give transparency to an obscure global financial system and fraudulent elusive practices that continuously evade the actions of tax administrations and control agencies. Due to their disproportionate influence over governments, corporations and the wealthy are paying less and less. When tax systems favor the rich, ordinary people pay more than their fair share[15].

Therefore, the TUCA, in coordination with Public Services International, emphasizes the following:

1- An end to tax havens: Companies transfer profits to tax havens and then tell workers there is no money to meet wage demands. As a first measure, the trade union movement proposes to reduce operations to and from tax havens until they become null and void. Meanwhile, impose higher tax withholdings on all payments intended for hideouts and support global efforts to crack down on jurisdictions that offer financial services based on obscure information. Prohibit corporations from deducting (such as interest payments, royalties or fees) from their tax invoicing costs that are paid to associated corporations in tax havens. Lastly, insist that all governments of the world automatically receive information about the assets that their citizens and corporations own in other countries, regardless of whether they are in tax havens or not.[16].

2- Promote a global tax on the digital economy: The wealth of Jeff Bezos, Amazon CEO, increased by $73.2 billion in the first six months of the pandemic. Facebook's Mark Zuckerberg increased his wealth by $45

[15] ***https://www.world-psi.org/es/justicia-fiscal-temas-de-debate***

[16] ***https://publicservices.international/resources/publications/5-acabar-con-el-uso-de-parasos-fiscales?id=11230&lang=es***

billion, and Google's Larry Page by $18 billion. The trade union movement proposes that the best way to effectively tax global technology giants is through a multilateral agreement to reform the entire global corporate tax system[17].

3- Implement a global tax on large corporations: The first measure is to move the discussions of the OECD and the G20 to a space where all the States of the world have a seat and a vote: the United Nations (UN) via the Tax Convention. Second, expand the number of corporations that could be reached by this tax. Multinationals with a turnover of less than 750 million euros should also be included. The global minimum tax should be at least 25%, instead of the current proposal of 15%. Lastly, keep in mind the commitment of the States to the social protection floors highlighted in ILO Recommendation 202 and the alternatives that must be taken for these systems to be sustainable through taxation of large capital.

4- Proposals for tax reforms at the national/regional level: Transform the regressive nature of national tax systems. Stop increasing consumption taxes – even reduce them in some cases – and significantly increase direct taxes on property, capital gains, wealth and inheritances; technical review of tax exemptions granted to multinationals in order to drastically reducing the weight that these tax privileges have on the GDP of the countries of the region.

5- Strengthening the tax administration: To enable the expansion and improvement of the national tax bases, it is essential to rely on a strong, independent tax administration with adequate resources and staff – a scenario that contrasts with that of most countries of the region[18].

[17] *https://publicservices.international/resources/publications/informe-especial---impuesto-digital-global?id=11251&lang=es*

[18]*https://publicservices.international/resources/publications/la-propuesta-de-un-nuevo-impuesto-mnimo-global-sobre-las-grandes-corporaciones-del-movimiento-sindical-regional?id=13486&lang=es*

6- Mobilize standards of transparency and access to information:
Tax evasion is easier to hide because current accounting rules often do not require multinationals to break down their profits and tax payments per country. Tax evasion impedes countries from raising income for public services, such as education and healthcare, on which workers and their families depend. Because women tend to be the most frequent users of these services, women suffer a disproportionate loss. Distributing reports per region would identify where corporations make their profits and pay taxes, which would help identify the dangers of tax evasion and inform employees where the profit is hidden. Public pressure on corporations would benefit from transparency, which would also help tax authorities[19].

7- About the PTLAC (Latin American and Caribbean Tax Platform):
First, the Platform needs to work on proposals to increase taxes on large corporations and the rich through more efficient and progressive collection, while incorporating standards of greater transparency to create and maintain a regional registry of public assets and their beneficial owners and automatic sharing of tax information in the region; to evaluate possible tax reforms as part of greater transparency in the use of public budgets to guarantee more financing for public services and sustainable investments in line with economic, social, environmental and cultural rights; lastly, to give more importance to the role of the region in the development of international tax regulations[20].

[19] *https://publicservices.international/resources/publications/la-propuesta-de-un-nuevo-impuesto-mnimo-global-sobre-las-grandes-corporaciones-del-movimiento-sindical-regional?id=13486&lang=es*

[20] *https://publicservices.international/resources/publications/demandas-desde-los-sindicatos-para-la-cumbre-ministerial-tributaria-para-amrica-latina-y-el-caribe-?id=13973&lang=es*

Conclusions

This report has examined the regressivity of the tax systems in Latin America, penalizing workers, public services, decent work and democracy. The report has also questioned the current international tax governance, led by the OECD and which, in addition to its weakness, is configured as a space dominated by the interests of the Global North.

The challenges to achieve tax justice have also been described, both nationally and internationally, evidenced by the international network of tax havens that drain the public budgets of all countries on a daily basis.

Given this scenario and the social and tax inequality of the region, historically Latin America has not managed to deepen its fiscal integration in areas such as transparency, information sharing, technical support, policy coordination of digital taxation, progressivity, human rights and climate change.

After years of struggle and mobilization of the trade union and social movement, also based on the successful experience of the African continent, the Latin American and Caribbean Tax Platform (PTLAC) was created in 2023, with the participation of civil society.

Faced with this unprecedented opportunity in our region and considering the historic setback in Latin American integration since the rise of conservative governments, it is imperative for the regional trade union movement to act as lead player in the PTLAC process. It is essential to pressure governments to make commitments and implement them, involve countries that are not part of the platform, including the Caribbean, and carry forward the agenda of priorities in favor of tax justice to build quality public services, social protection and decent work.

With today's globalized capitalist economy, the fight for tax justice and equality must take place in the local and international arena. Therefore, in times when more and more progressive governments are seeking progressive tax reforms, it is crucial to harmonize actions at the national and regional levels. In the TUCA and the PSI, the trade union movement has organizations with continental and global representation and reach to continue promoting the tax justice agenda and building regional integration.

Bibliography

- Oxfam. (s/f). Do the rich pay their fair share? Oxfamamerica.org. Recuperado el 24 de noviembre de 2023, de: **https://www.oxfamamerica.org/explore/stories/do-the-rich-pay-their-fair-share/**

- Justiça fiscal é possível na América Latina? (s/f). Public services .international. Recuperado el 10 de noviembre de 2023, de: **https://publicservices.international/resources/publications/justia-fiscal--possvel-na-amrica-latina?id=10225&lang=pt**

- El problema. (s/f). Taxjustice.net. Recuperado el 05 de noviembre de 2023, de **https://fsi.taxjustice.net/es/the-problem**

- Ecuador. (2023, septiembre 11). Tax Justice Network. **https://taxjustice.net/country-profiles/ecuador/**

- Colombia. (2023, septiembre 11). Tax Justice Network. **https://taxjustice.net/country-profiles/colombia/**

- Perú. (2023, septiembre 11). Tax Justice Network. **https://taxjustice.net/country-profiles/peru/**

- Garcia-Bernardo, T. J. (s/f). A less complex and fairer tax reform: the Minimum Effective Tax Rate (METR) for Multinational Corporations. Dwcdn.net. Recuperado el 10 de noviembre de 2023, de **https://datawrapper.dwcdn.net/2BhFm/5/**

- El GTIF se salva de Castilla. (s/f). América Latina en movimiento. Recuperado el 08 de noviembre de 2023, de **https://www.alainet.org/es/active/59273?language=es**

- Resolución N° 1 del V Encuentro con Congresistas de la Región sobre Pacto Fiscal. (2022, diciembre 3). LATINDADD. **https://www.latindadd.org/2022/12/03/resolucion-n-1-del-v-encuentro-con-congresistas-de-la-region-sobre-pacto-fiscal/**

- (S/f). Eldiarioar.com. Recuperado el 05 de noviembre de 2023, de **https://www.eldiarioar.com/opinion/debate-urgente-pacto-fiscal-america-latina-caribe_129_10192760.**

- CEPAL (s/f). Reducir las restricciones al crecimiento y desarrollo que impone el servicio de la deuda es fundamental para una política fiscal que favorezca el desarrollo económico y social. Cepal.org. Recuperado el 01 de noviembre de 2023, de **https://www.cepal.org/es/comunicados/reducir-restricciones-al-crecimiento-desarrollo-que-impone-servicio-la-deuda-es**

- Justicia fiscal: temas de debate. (2013, mayo 29). PSI. **https://www.world-psi.org/es/justicia-fiscal-temas-de-debate**

- La propuesta de un nuevo impuesto mínimo global sobre las grandes corporaciones: del movimiento sindical regional. (s/f). Public services international. Recuperado el 01 de noviembre de 2023, de: **https://publicservices.international/resources/publications/la-propuesta-de-un-nuevo-impuesto-mnimo-global-sobre-las-grandes-corporaciones-del-movimiento-sindical-regional?id=13486&lang=es**

- Acabar con el uso de paraísos fiscales. (s/f). Public services international. Recuperado el 02 de noviembre de 2023, de **https://publicservices.international/resources/publications/5-acabar-con-el-uso-de-parasos-fiscales?id=11230&lang=es**

- Informe Especial - Impuesto Digital Global. (s/f). Public services international. Recuperado el 05 de noviembre de 2023, de **https://publicservices.international/resources/publications/informe-especial---impuesto-digital-global?id=11251&lang=es**

- La propuesta de un nuevo impuesto mínimo global sobre las grandes corporaciones: del movimiento sindical regional. (s/f). Public services international. Recuperado el 06 de noviembre de 2023, de **https://publicservices.international/resources/publications/la-propuesta-de-un-nuevo-impuesto-mnimo-global-sobre-las-grandes-corporaciones-del-movimiento-sindical-regional?id=13486&lang=es**

- Presentación de informes públicos desglosados por países de las corporaciones. (s/f). Public services international. Recuperado el 05 de noviembre de 2023, de **https://publicservices.international/resources/publications/6-presentacin-de-informes-pblicos-desglosados-por-pases-de-las-corporaciones?id=11231&lang=es**

- Demandas desde los sindicatos para la Cumbre Ministerial Tributaria para América Latina y el Caribe. (s/f). Public services international. Recuperado el 04 de noviembre de 2023, de **https://publicservices.international/resources/publications/demandas-desde-los-sindicatos-para-la-cumbre-ministerial-tributaria-para-amrica-latina-y-el-caribe-?id=13973&lang=es**

- OECD et al. (2023), Estadísticas tributarias en América Latina y el Caribe 2023, OECD Publishing, Paris, **https://doi.org/10.1787/5a7667d6-es**

CSA TUCA

ITUC CSI IGB

With the support of

ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY