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## Policy Brief - #1.3

### Case study – United Kingdom

The impact of the United Kingdom's tax policies on  
Determinants of Health and Mortality rates



#### The consequences of tax abuse

Tax abuse is increasingly being recognised as a significant barrier to development. Government revenue in low-income-countries relies more heavily on corporate tax than in high-income-countries, and tax abuses by international players can have a much more significant impact on their ability to accrue government revenue and invest in healthcare and education ([Moore, 2015](#)). Our [peer-reviewed research on Government Revenue and Development \(GRADE\)](#) has demonstrated that an increase in government revenue in low-income-countries can have a significant impact on its ability to provide Determinants of Health (e.g. sanitation and drinking water) and reduce under-5 (U5) and maternal mortality rates.

#### Tax policies on the United Kingdom

The United Kingdom has been recognised both as a stark offender and victim of tax abuse. In 2020, the Tax Justice Network released [a report on the State of Tax Justice \(SOTJ\)](#). For the first time, the report revealed an account of how much each country loses annually to tax evasion and corporate tax abuse. In this report, United Kingdom is ranked both as the 2<sup>nd</sup> highest contributor to other countries tax losses. It also ranks 2<sup>nd</sup> on the list of countries which suffer the most losses. When taking all Crown dependencies and British Overseas Territories into account, the United Kingdom is responsible for 37.4% of global tax losses. British territories make up 4 out of 10 that have contributed most to tax avoidance, according to [another report by the Tax Justice Network](#).

There is ample evidence to support the effect of the UK Government's crown dependencies tax policies on developing countries (for instance, see our policy brief on the Cayman Islands). The ['Panama Papers' scandal](#) exposed 11.5 million leaked files on high-profile individuals who stored their finances in offshore accounts. Many of these accounts were stored in UK territories such as the British Virgin Islands and the Cayman Islands. The UK Government has also released many reports on the effect of tax abuse on the economy of the UK (see [here](#) and [here](#)). However, there seems to be little evidence of how tax policies and business dealings with or through the UK affects developing countries. A report on tax avoidance and abuse, commissioned by the UK Department for International Development in 2009, was released highlighting the need for more research on how tax abuses affect [developing countries](#). In 2019, the [HMRC published a report](#) on encouraging tax transparency and tackling safe havens, yet the issue still prevails. This report aims to contribute towards the growing

evidence base of the impact of tax abuse committed by UK businesses on the developing world.

## Harm caused by the United Kingdom's tax policies

We used the figure provided by the SOTJ to demonstrate the United Kingdom's role in total harm caused to other countries through tax abuses which is a total of corporate tax abuses and tax evasion, see figures 1 and 2.

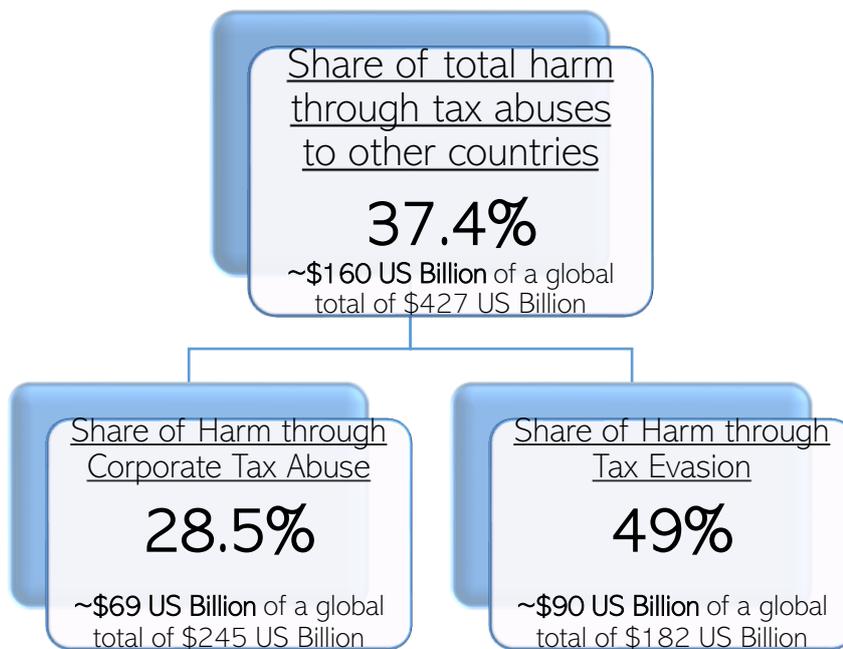


Figure 1 Harm caused by the tax policies of the United Kingdom, Crown dependencies and British Overseas Territories

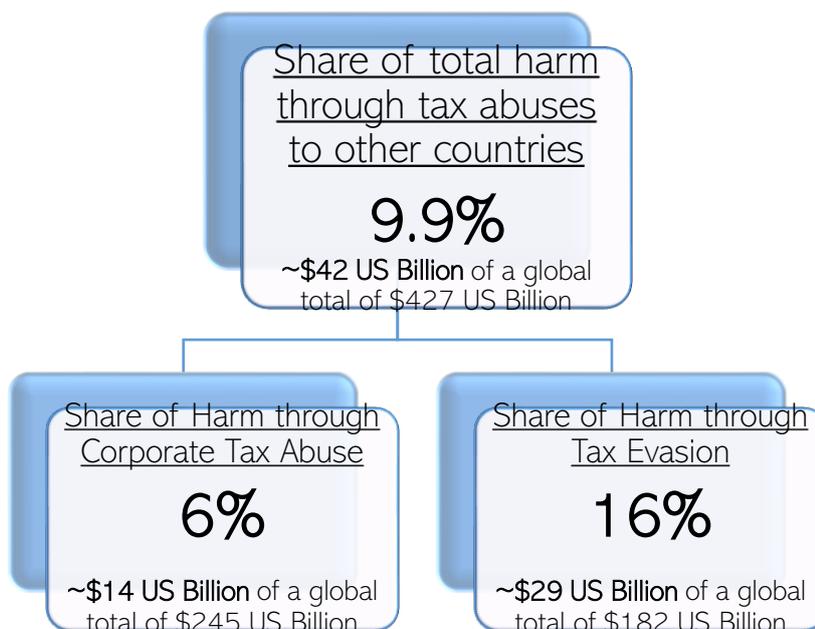
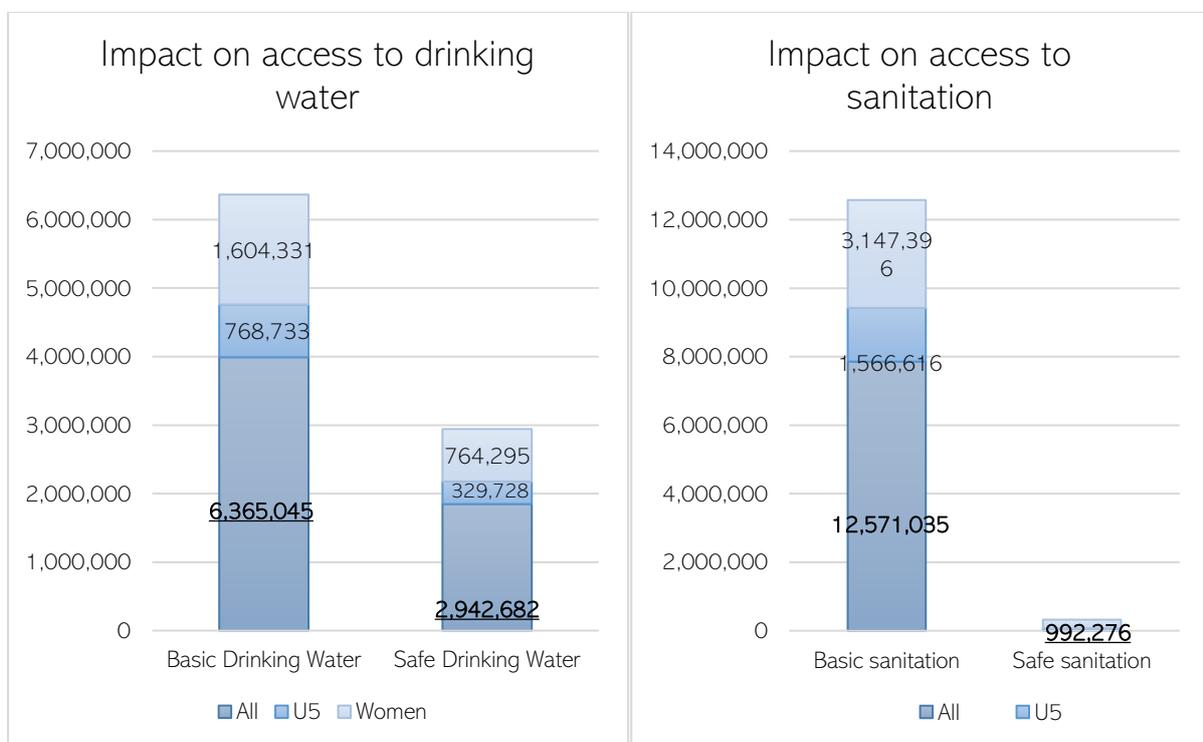


Figure 2 Harm caused by the United Kingdom's tax policies

These figures demonstrate that the United Kingdom play a significant part in the harm caused to other countries through tax abuses. At 37.4% of the global total, 28.5% of global corporate tax abuse and 49% of global tax evasion, the United Kingdom its Crown dependencies and British Overseas Territories play a significant role in the harm done to other countries through tax abuses. The impact of curtailing these losses in low-income-countries could make a great difference in their ability to provide healthcare and education and reduce mortality rates. If only a small amount of the \$160 billion lost to tax abuse by the United Kingdom were available to governments in these countries, it could potentially have a significant and long-lasting impact. If the total tax abuse were to be distributed equally across all 7.6 billion global citizens, it could increase government revenue per capita by \$20.85. Considering that the average government revenue per capita in low-income-countries lies at \$116, this would amount to an increase of 18%. Previous studies have demonstrated noticeable long-term impacts, with an increase of only 10% in national tax revenue leading to a 17% increase in public health expenditure in low-income- countries ([Tamarapoo et al., 2016](#)). A minor increase in government revenue within low-income- countries will assist in the promotion of fundamental human rights, a condition of treaties such as the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child, it is vital that the impact of tax abuses is recognised.

Increased coverage of the determinants of health and the number of child deaths averted associated with an increase in government revenue equivalent to the proportion of global tax abuse attributable to the United Kingdom, Crown dependencies and Overseas Territories (10-year projection)



**Figure 3 The potential of reconsidering the United Kingdom' tax policies**  
 We used our [GRADE tool](#) to calculate the effect of the United Kingdom' tax abuses on DOH and mortality rates of other countries. The United Kingdom, its crown dependencies and overseas territories contribute 37.4% of the total harm through tax abuses to other countries, if they did not enable these tax losses annually (\$160 US Billion), we estimate that over a ten-year period, 221,583 Under-5 deaths and 27,292 maternal deaths would be averted, children would attend school for an extra 1,230,627 years, 6.4 Million people (of which 768,733 are children and 1.6 million are women under 50) would access basic drinking water and 12.6 million people (of which 1.6 million are children and 3.1 million are women under 50) would access basic sanitation, see figure 3 (see appendix for figures on the UK without Crown

dependencies and Overseas territories). These figures demonstrate that the United Kingdom' tax policies have significant human consequences and must be carefully reconsidered. Equally they demonstrate the huge potential for children if these policies are reviewed.

## Call for Action

These figures demonstrate that the United Kingdom's tax policies come with a serious human cost and impact the right to health for many children. It is essential that governments worldwide recognise the impact tax abuses have on Determinants of Health and mortality rates, particularly within low-income-countries. Allowing tax abuses to continue actively undermines fundamental human rights, which stands in direct opposition to the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child. We are calling for action from the United Kingdom and leaders worldwide to take measures to prevent policies which allow tax abuses to continue.

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## Appendix

Increased coverage of the determinants of health and the number of child deaths averted associated with an increase in government revenue equivalent to the proportion of global tax abuse attributable to the United Kingdom (10-year projection)

