Irish tax policies and human rights overseas

December 2023

Summary

Irish tax policies and human rights deprivation overseas

Tax abuse deprives citizens of their economic and social rights. Ireland is an enabler of tax abuse and has been requested by the UNCRC **to ensure that its tax policies do not impact the availability of resources for the realisation of children's rights overseas.**

Using the Government Revenue and Development Estimations (GRADE) and the State of Tax Justice 2023 (SOTJ2023) report to translate the impact of revenue losses due to Irelands' contribution to global tax losses on human rights, it was found that **every day**, Irish tax policies deprive -

- more than one million people of their right to basic sanitation
- more than half a million of their right to basic water.
- more than 120,000 children their right to attend school.
- three children's right to life.

Introduction

Research has demonstrated that an increase in government revenue in low-income countries can have a significant impact on governments' ability to provide quality public services. Quality public services, including education, sanitation, and drinking water, contribute to a reduction in the under-5 (U5) and maternal mortality rates. Tax abuse (both avoidance and evasion) reduces revenue for public services and people's rights. Governments in low-income countries rely heavily on corporate income tax, and tax abuse by international players has a significant impact on their ability to invest in healthcare and education.

Irish Tax Policies

Ireland has been recognised as one of the main enablers of tax abuse, both within the developed world and globally. Concerns about the impact of Irelands policies overseas, resulted in a multi-agency submission to the UN Committee on the Rights of the Child (UNCRC) and as a result the UNCRC requested Ireland to

> ***"Ensure that tax policies do not contribute to tax abuse by companies registered in the State party but operating in other countries, leading to a negative impact on the availability of resources for the realization of children's rights in those countries"***

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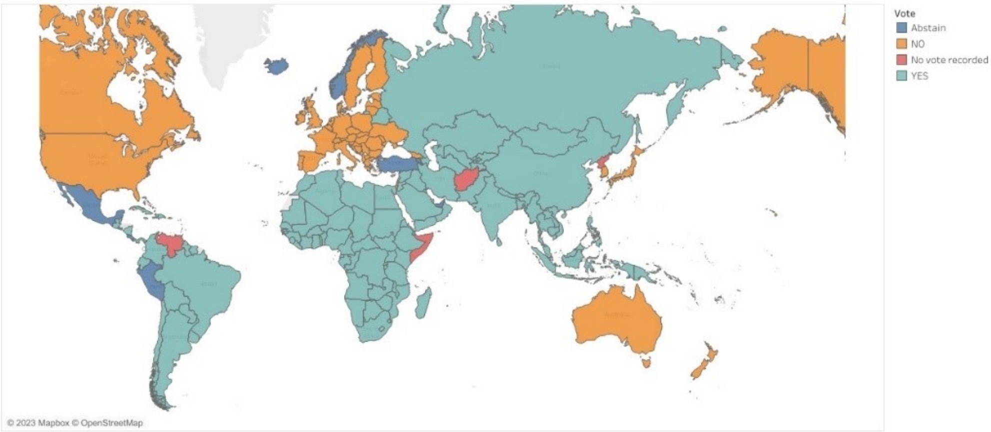
On 22 November 2023 Ireland, with 47 other UN member states, voted against a proposal by African leaders for inclusive tax cooperation at the UN. A total of 125 countries, mainly in the global south, voted for this proposal, and nine countries abstained. (see Figure 1).

Figure 1: Voting patterns by UN member states for inclusive and effective tax cooperation.



Objectives of the research

To analyse the economic and social rights deprivations which result from losses from government budgets **due to tax abuse attributed to Ireland**.

Methods

Data on tax abuse We use the State of Tax Justice (SOTJ2023) 2023 report which expresses tax abuse (both evasion and avoidance) from countries as a percentage of GDP. We convert this into a percentage of government revenue to translate these losses into economic and social human rights.

To '**translate'** the impact of global tax abuse, we use the Government Revenue and Development Estimations (GRADE). The GRADE allows the prediction of the impact of an increase in government revenue, equivalent to the estimates on tax abuse in individual countries for several Sustainable Development Goal (SDG) indicators, which are grounded in economic and social rights.

The research underpinning the GRADE modelled the effect of government revenue on basic and safe water, basic and safe sanitation, school attendance, and child and maternal survival [1]. Additional revenue has a greater impact in well-governed countries; in other words, good governance shifts the curve in figure 1 to the left (see Figure 1). Furthermore, when governments have more revenue the quality of governance improves, driving a virtuous circle[2]. Thus, by attracting corporate profits from other countries, tax abuse deprives citizens of their economic and social rights and the right to be well-governed.

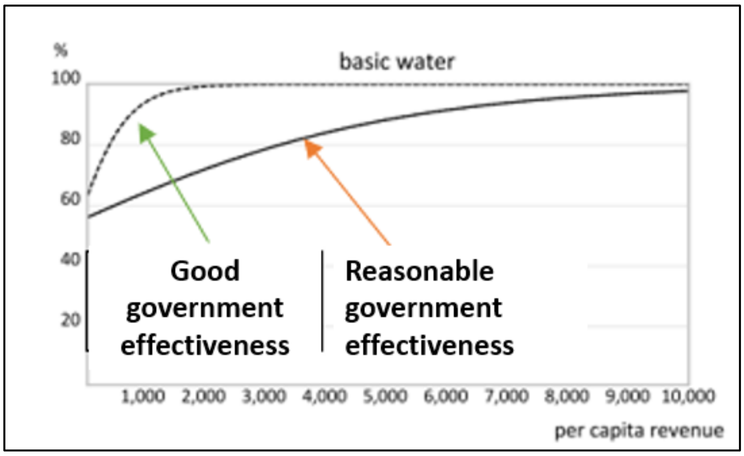
[1] The Impact of Government Revenue on the Achievement of the Sustainable Development Goals and the Amplification Potential of Good Governance http://www.cejeme.org/publishedarticles/2022-07-02-637870972358162234-2443.pdf

[2] A Model to Explain the Impact of Government Revenue on the Quality of Governance and the SDGs https://www.mdpi.com/2227-7099/11/4/108

The model assumes that governments will spend the same amount of additional revenue as in recent years; that is, budget allocation across sectors will remain the same. Therefore, the translations are realistic and tailored to individual countries and set apart from analyses that equate a change in government revenue with an impact on just one sector or one SDG indicator.

To reflect the long-run impact of the additional government revenue on governance, the additional revenue which governments would have, as a percentage of their total revenue, in the absence of tax abuse is projected over the years 2002-2020 and the impact in the final year (2020) is presented.

Figure 1: Relationship between government revenue per capita and coverage of basic water and the impact of good governance.



Findings
Irish tax policies and losses overseas

We present global human rights deprivations due to government revenue losses from tax abuse in all countries, and the share of these deprivations attributable to Ireland in proportion to their share of the total global tax loss inflicted. Data on tax abuse as a percentage of government revenue are available for 187 countries (see Table 1).

Ireland's contribution to global tax abuse was **4.08%**[3]. The human rights deprivations attributable to Ireland in proportion to their share of total global tax loss inflicted is shown in Table 1.

Ireland deprives more than one million people of their right to basic sanitation and more than half a million of their right to basic water every day. Every day, three children die.

Table 1 Global human rights deprivations due to tax abuse and Ireland's contribution

	Basic water daily	Safe water daily	Basic sanitation daily	Safe sanitation daily	Childrens deaths (per year)	Maternal survival	Children in school
Global human rights deprivations due to tax abuse	14,098,771	2,312,845	27,627003	5,215,647	30,590	3,466	2,994,138
Countries with data	168	100	167	88	169	168	163
Irelands contribution	**575,230**	**94,364**	**1,127,182**	**212,798**	**1,248**	**141**	**122,161**

[3] This figure includes harm due to tax losses due to offshore wealth (Ireland contributes 5.12% to the global total) and harm due to corporate tax loss (Ireland contributes 3.52% of the global total) see SOTJ2023

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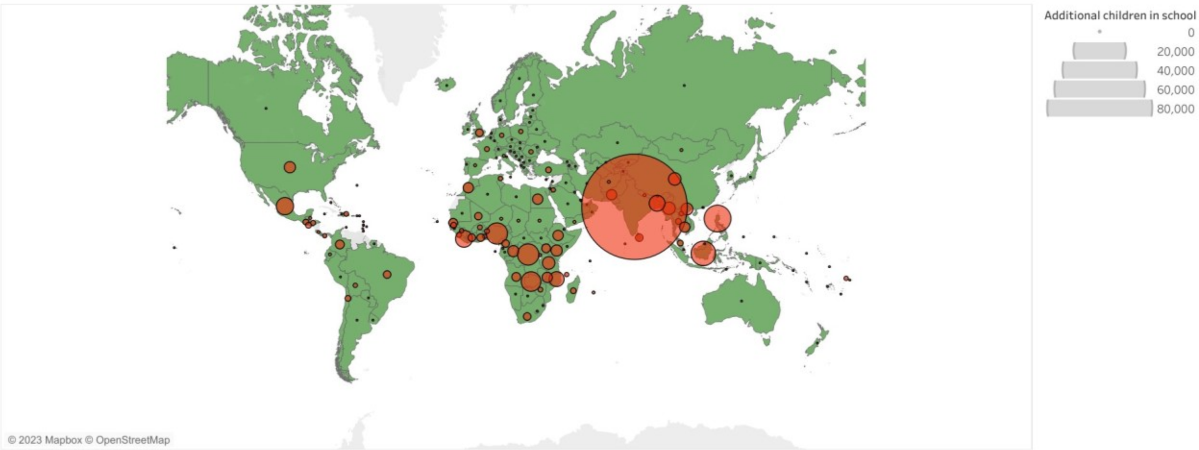
Every day, more than 120,000 children do not attend school because Ireland attracts corporate profits from other countries (see Figure 2).

Figure 2: Children not attending school due to Ireland attracting corporate profits from other countries.



Policy recommendations

Ireland is failing to meet its obligation to conduct its business in a way that does not harm rights overseas and is failing to conduct business in a way that supports the positive social and economic development of other countries. Ireland needs to follow the recommendations set out by the UNCRC by -

1. Supporting calls for an inclusive and effective tax cooperation at the UN
2. Ensuring that tax policies do not deprive other governments of revenue and thus contribute to human rights deprivations in other countries.