People, Technology, Taxation

Examining International Tax Justice Using the UN Sustainable Development Goals

He tāngata, he tāngata, he tāngata

(It's the people, it's the people, it's the people)

Professor Kerrie Sadiq
Queensland University of Technology

Centering People in International Tax

Taxation is ultimately about people

This Māori proverb reminds us of a fundamental truth often obscured by technical tax discourse. When we discuss transfer pricing, base erosion, or country-by-country reporting, we're really talking about whether children can access education, whether healthcare systems function, and whether communities can build sustainable futures.

The UN Sustainable Development Goals provide us with a powerful prism through which to examine international taxation. Rather than viewing tax as merely a technical or legal issue, the SDGs force us to ask: is our international tax system helping or hindering the achievement of these fundamental human aspirations?

The Revenue Imperative

Domestic Resource Mobilization

SDG Target 17.1 explicitly calls for strengthening domestic resource mobilisation to improve capacity for tax collection. This isn't abstract policy - it's about whether governments can fund the schools, hospitals, and infrastructure that make other SDGs achievable.

$200-600B

Annual Loss

Developing countries lose to corporate tax avoidance

10-20%

Revenue Impact

Of total tax revenue that could fund essential services

What Lost Revenue Could Fund

To put this in human terms, the USD 200-600 billion lost annually represents revenue that could transform lives:

Universal Primary Education

In countries where millions of children remain out of school

Essential Healthcare Services

Where maternal and child mortality rates remain unconscionably high

Climate Adaptation Infrastructure

For communities on the frontlines of climate change

Water and Sanitation Systems

Where billions lack access to safe drinking water

The Human Cost of Tax Avoidance

When Tax Avoidance Becomes Development Obstruction

Tax avoidance doesn't occur in a vacuum. When multinational enterprises shift profits away from developing countries, the consequences cascade through multiple SDGs:

SDG 1 & 10

Revenue loss forces cuts to social protection programs, deepening poverty and inequality

SDG 3

Healthcare systems require sustained investment that tax avoidance undermines

SDG 4

Education spending is often the first casualty of revenue shortfalls

Cascading Consequences Across SDGs

SDG 5: Gender Equality

Women and girls disproportionately bear the cost of weak public services. When healthcare and education systems fail, families often prioritize boys' schooling and women provide unpaid care work to fill service gaps.

SDG 13: Climate Action

Developing countries need revenue to invest in climate adaptation and transition to renewable energy. Yet fossil fuel companies and other high -carbon industries are often among the most aggressive in profit shifting.

STRUCTURAL PROBLEMS

Where the International Tax System Hinders

Despite BEPS reforms and increased attention to tax transparency, fundamental structural problems persist:

01

Power Asymmetries in Rule-Making

International tax rules have historically been shaped by OECD countries, with limited meaningful participation from developing nations. The recent shift toward UN-centered processes represents progress, but developing countries still lack equal voice.

02

Arm's Length Principle Limitations

Transfer pricing rules require sophisticated administrative capacity and access to comparable data—resources many developing countries lack. This creates systematic disadvantage favoring jurisdictions with greater resources.

03

Information Asymmetries

While country-by-country reporting has improved transparency, developing countries often lack access to the information they need. Bilateral exchange relationships favor developed countries.

04

Compliance Burden Disparities

Complex international tax rules impose disproportionate administrative burdens on countries with limited tax administration capacity, creating a vicious cycle.

05

Race-to-the-Bottom Pressures

Developing countries face intense pressure to offer tax incentives to attract investment, often surrendering revenue they can ill afford to lose.

SOLUTIONS

A People-Centered Reform Agenda

Doing More Helping, Less Hindering

To align international taxation with the SDGs and center people in our tax systems, we need transformative changes:

1 Democratizing International Tax Governance

The UN Framework Convention on International Tax Cooperation represents a historic opportunity to give developing countries genuine voice in rule-making. Tax rules should be shaped by those who will be most affected by them.

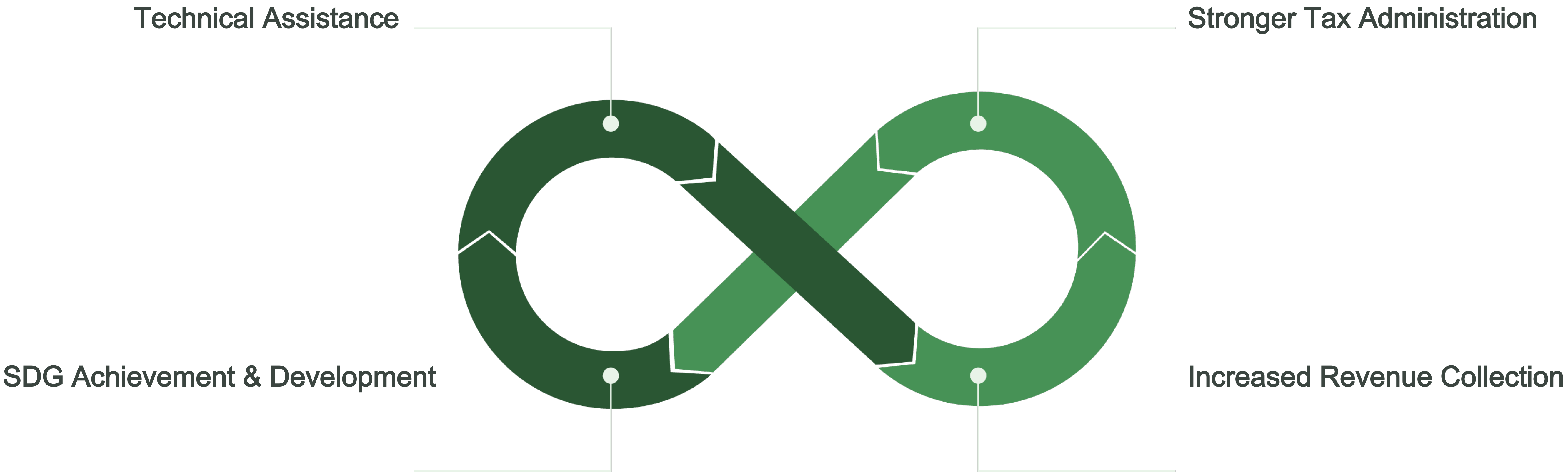
2 Simplifying and Strengthening Allocation Rules

Consider alternatives to pure arm's length pricing. Formulary apportionment based on real economic activity—sales, employment, assets—could reduce both complexity and opportunities for manipulation.

3 Universal, Accessible Transparency

Country-by-country reporting should be publicly available. Public scrutiny serves as a powerful accountability mechanism. Developing countries need guaranteed access to all relevant tax information.

Building Capacity and Coordination



Building Capacity, Not Just Rules

Technical assistance must move beyond short-term training to sustained institution-building, including personnel exchange, technology transfer, and long-term technical support

Coordinated Action on Tax Incentives

Regional and international coordination can help developing countries resist race-to-the-bottom pressures through minimum tax rates

Integrating Tax and Development Policy

Tax policy must be explicitly evaluated against SDG achievement, ensuring coherence between tax policy and development objectives

Technology Serving People Through Fair Taxation

He tāngata

The theme 'People, Technology, Taxation' reminds us that technology should serve human flourishing, not merely facilitate profit shifting. Digital platforms have enabled unprecedented tax planning sophistication, but they can equally enable unprecedented transparency and cooperation.

> The fundamental question the SDGs pose to our international tax system is this: **Are we creating structures that enable all people, particularly the most vulnerable, to live lives of dignity and opportunity?**

We can build an international tax system that genuinely supports sustainable development. We can create rules that reflect economic substance rather than legal fiction. We can establish transparency mechanisms that enable genuine accountability. We can ensure that developing countries have both voice in rule-making and capacity for enforcement.

The international tax system can either perpetuate global inequality or become a tool for shared prosperity. The choice, ultimately, is ours to make.