

Oxfam Response to IMF Report on Corporate Tax Dodging

Wednesday 25 June, 2014

Responding to today's IMF report *Spillovers in international corporate taxation*, Nicolas Mombrial, Head of Oxfam's Washington Office, said:

"This is a sobering call for the world to 'wake-up' to the scandal of global corporate tax dodging. The mega-billion dollar technical industry that has grown up to help companies avoid paying their fair share urgently needs to be tackled and shackled.

"Corporate tax dodging costs developing countries at least \$100 billion a year, enough to cover their basic education needs four times over. It's great to hear the IMF calling for help to developing countries to shore up their tax bases – but unfortunately that call is going to sound very hollow to those countries which have been excluded from OECD negotiations on these issues.

"This important report rightly sets out the problem but falls short of recommending even some basic solutions, such as requirements for multinationals to be transparent about their activities so governments can check whether they are paying tax where they should be.

"When companies dodge tax it means less money for governments to spend on hospitals, schools and clean water - ultimately it is poor people that pay the price."

- Ends -

Note to Editors:

The IMF report is available here: <http://www.imf.org/external/np/pp/eng/2014/050914.pdf>

It lists all the ways that big businesses are able to dodge taxes today over the world and admits this is causing "significant public disquiet". It recognises that developing countries are being hit much harder than others and that today's international tax laws are largely inadequate to protect them.

The report analyses "spill-over" – that is, the impact that one country's tax rules has on others – and finds that tax havens and other cosy corporate tax practices are having a "significant" detrimental influence over other governments' tax policies and corporate tax-dodging behaviour.

The report also details how competition between countries to attract foreign investment has driven corporate tax rates down by nearly half over the past 30 years.

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