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India should stop this race to the bottom of corporate taxation

23.09.2021

On this day of action for Tax Justice, we demand that India leads the way to stop this relentless race to the bottom of corporate taxation. In the past few years, we have seen dramatic reduction in corporate taxes with a concurrent increase in indirect taxes, tolls and user fees which burden the poor.

Several other tax incentives, some in the name of ease-of-doing-business and some in the name of Covid have boosted the corporate profits, which is reflected in the soaring stock market indices. This is a time when the unemployment rates are touching the highest levels since independence, fuel prices have sky-rocketed – while global crude prices remain subdued – and health and education burden on the poor is breaking their backs.

In midst of such circumstances, the OECD, G-7 and G-20 are pushing for a minimum global tax of 15 per cent. In our country we have witnessed that any attempt at fixing minimum, ends up being the norm, the greatest example being workers' wages. Most corporates think that minimum wages prescribed is what is to be paid, so will it be with the taxes.

We categorically reject the idea of 15 percent tax on the corporates. The minimum must be pegged higher, as almost all countries have various incentives which are location or category based. Since markets are perfectly imperfect, the idea of competition reducing prices for the consumer is completely untenable. We are seeing that products which have very little intrinsic value are priced very high and corporate revenues are delinked from such considerations.

Therefore, we demand a restoration of tax to a minimum of 30 percent of the profits of all corporate entities and ensure a complete closure of all tax havens and jurisdictions that allow for such manipulation. Taxes must be paid to those from who revenues are generated. We demand fair and progressive tax structures across the globe and not the G-7/G-20/OECD "tax deal".

