

Those that profited from the pandemic should assist those that did not – A tax on digital corporations

February 2021

“What should we do then?” the crowd asked. John answered, “Anyone who has two shirts should share with the one who has none, and anyone who has food should do the same.” Luke 3:10-11

For governments that can issue their own currency, like the Australian Commonwealth Government, collection of taxes is a means to control inflation and address inequality. By collecting tax, a government can redirect its spending to benefit those who would otherwise be left behind by private market arrangements.

In his 2011 book *‘A Public Faith. How Followers of Christ should serve the Common Good’*, theologian Miroslav Volf made the case that if we believe that God is love and we are created for love, the compassion and help for those whose lives do not go well will be an essential part of leading our lives well. Theologian Kathryn Tanner, in her 1992 book *‘The Politics of God’*, stated that as God’s creatures, all people are loved and valued by God. One of the consequences of God’s love for us is the rejection of social structures in which some people live under domination. When we allow some individuals or corporations to accumulate excessive wealth, they are able to have undue influence on social structures for their own benefit. Ultimately, other people will be left behind in poverty as financial wealth and political power become increasingly concentrated into the hands of the few. We now live in a world where the world’s 2,153 billionaires have more financial wealth than the poorest 4.6 billion people’s collective assets.

The position of the Uniting Church

The Uniting Church in Australia at its Inaugural Assembly in 1977 stated that in response to the Christian gospel:

We will challenge values which emphasise acquisitiveness and greed in disregard of the needs of others and which encourage a higher standard of living for the privileged in the face of the daily widening gap between the rich and poor.

Profiting from the Pandemic

Some corporations have seen their profits increase due to the pandemic and the measures taken by governments to address it. Digital corporations providing online services were particularly likely to benefit as a result of the COVID-19 pandemic. For example, sales on Amazon increased by 26% to \$98 billion in the first three months of 2020. Microsoft was able to pay out \$27 billion to its shareholders between January and September 2020. Google paid out \$19 billion to its shareholders. Oxfam found that Google, Apple, Facebook and Amazon would collectively increase their profits by \$35 billion globally during 2020.

While many ordinary people have suffered during the pandemic, many digital corporations and their owners have increased their financial wealth. By contrast, 500 million people are expected to have been pushed into poverty by the economic impact of the COVID-19 pandemic.

COVID-19 is causing us a lot of harm. Giving my children something to eat in the morning has become difficult. We are totally dependent on the sale of milk, and with the closure of the market, we can’t sell the milk anymore. If we do not sell milk, we don’t eat.
Kadidia Diallo, a woman producing milk in Burkina Faso, from the Oxfam report *‘Power, Profits and the Pandemic’*, September 2020.

Governments across the globe have been moving to impose taxes that target these digital corporations’ online profits, a digital services tax. So far, 36 governments have announced, proposed or implemented a digital services tax. However, many of these digital service taxes only tax revenue from very limited consumer digital services, mostly online advertising, and user data

collection. Calculating individual digital transactions' location and revenues is complicated, difficult to monitor and subject to dispute. By contrast, such corporations could be subjected to a digital profits tax that would impose a tax on all their profits.

In the 2018-2019 financial year, Apple had the 29th highest corporate revenue level in Australia, but was 51st in terms of the level of tax paid.

Table 1. Revenue, profits and tax paid by selected multinational digital corporations in Australia for the 2018 – 2019 financial year.

Corporation	Revenue (\$ millions)	Profits (\$ millions)	Tax paid (\$ millions)
Apple	\$9,600	\$498	\$149.3
Google	\$1,100	\$200.3	\$51.4
Facebook	\$582	\$51.4	\$15.4

We need our governments to intervene, to address the growing inequality in our world. They need to introduce reforms, including tax reforms, that will boost people out of poverty and promote universal human flourishing.

What you can do

Write a polite and respectful letter to:

The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Salutation: Dear Treasurer

Points to make in your letter:

- Thank the government for the actions taken to address tax avoidance by multinational corporations as it impacts Australian tax revenue. Note that the reforms introduced have had an impact, but more will still need to be done.
- Ask that the Commonwealth Government introduce a digital profits tax on the multinational technology corporations that have benefited from the COVID-19 pandemic.
- Express concern at the impact of tax avoidance by multinational corporations has on people's well-being in developing countries, especially as the effects of the COVID-19 crisis hit developing countries hard.
- Seek assurance that the Australian Government will support reforms at a global level that would ensure that multinational corporations must pay tax in developing countries based on the business they are doing in those countries.
- Ask the Australian Government to reject any proposals to change the global tax rules that would collectively leave developing country governments worse off.

Looking for more? If you would like more resources on tax justice from a Christian perspective, you can visit the website of Church Action for Tax Justice <https://www.catj.org.uk/>

There is also a global Zacchaeus Tax Campaign, which has the support of the World Council of Churches: <https://www.oikoumene.org/resources/documents/calls-of-the-zacchaeus-tax-campaign>

The campaign aims to see a transformation in the global economic system that would, like Zacchaeus, return at least some of the monies owed by multinational corporations and extremely wealthy individuals to those who need it much more.