

TAX TO HELP THE POOR

POVERTY



Christian Aid/Hannah Richards

Guatemala has one of the lowest tax takes in the world, so its government doesn't have the resources to ensure children have enough to eat. In the area where Clementina Garcia Suchite (pictured) lives with her 10 children about seven per cent of all children under five suffer from chronic malnutrition. Christian Aid partner Dispensario Betania treats the symptoms at their clinic and provides food packages.

Introduction

Christian Aid campaigns for tax justice because fiscal systems around the world allow billions of pounds a year to remain in the hands of wealthy elites and big business who avoid paying their full taxes. Governments are missing out on money they are due that could help transform the lives of the poor and vulnerable.

Guatemala, for example, is a middle-income country with flourishing industry and pockets of great wealth; it is the fifth highest exporter of coffee and sugar in the world and has the highest number of private aeroplanes and helicopters per head in Central America. But as it has one of the lowest tax takes in the world, the Guatemalan government doesn't have the resources to ensure children have enough to eat, that women don't die in childbirth or to prepare for and respond to inevitable storms and floods.

Our tax justice work

The lack of funds in national budgets caused by regressive fiscal systems and tax evasion is one reason why government social spending across Central America remains so limited.

Fiscal policy – which includes systems of tax collection, income redistribution and the financing of public social services – is the lynchpin of the rights-fulfilling state. Without a progressive and equitable fiscal policy in countries with high levels of poverty, unstable economic growth and persistent structural inequalities, governments are unable to allocate sufficient resources to develop policies and practices which ensure all people can enjoy essential economic, social and cultural rights.

Christian Aid believes the redistribution of wealth through a progressive tax system is essential for development and poverty eradication, so we support work that demands that national and international companies accept their responsibilities and pay their fair share.

Christian Aid has led the creation of national and regional tax justice networks in Central America. This work is part of our global campaign to fight for a fairer distribution of wealth and greater social investment to bring change to the lives of marginalised people.

We have used our specific policy expertise to provide our partners with resources including a Tax Toolkit which provides information, training and support for civil society organisations wanting to work on tax issues.

Our partners also advocate to governments and representative bodies across the region to influence changes to tax laws and to bring about progressive and equitable systems that allow a redistribution of resources and increased social spending on education, culture, health and employment opportunities, particularly for women and young people.

Christian Aid partner the Central America Institute for Fiscal Studies (ICEFI) is working to transform tax policy and social spending in Guatemala and across Central America, including working with Christian Aid's Trace the Tax campaign to tackle the widespread tax evasion by companies and economic elites.

Our partners on tax justice

Christian Aid supports the Central America Tax Network of which our partners ICEFI, Fundación Nacional para el Desarrollo (FUNDE) in El Salvador, Coordinadora Civil and Instituto de Estudios Estratégicos y Políticas Públicas (IEEPP), both in Nicaragua, are members.

All of these partners are working with grassroots organisations and communities on tax projects which educate people about the responsibilities of government and the private sector and the rights of citizens.

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Tax reform can transform the lives of the poorest

In Guatemala, Government spending on education is one of the lowest in the region, with expenditure focused on primary education. Many children are left with no more than a basic level of education.

Jacqueline (*pictured above*) is 12 and comes from a poor family where food is often scarce. But she is a good student. She has never had to repeat a year of school. Jacqueline is in her final year of primary school but she won't be able to go to secondary school because they are too far away and the cost of travel is too high.

Changes to the national tax system and to international financial systems could help provide Guatemala with the income it needs to improve education. Our partner ICEFI highlights the reforms needed to make the national system fairer, while also leading regional campaigns for tax justice.

Christian Aid is a member of the

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