**UN Tax Convention Training for Local Civil Society Organizations in Zambia**

**Outcome Statement**

**FOR IMMEDIATE PRESS RELEASE – 19th May, 2023**

Between April 4th and 6th, 2023, representatives of civil society organizations (CSOs) and faith-based organizations (FBOs) convened for a training session, supported by Norwegian Church Aid, Tax Justice Network Africa, ActionAid Zambia, Oxfam SAF and Save the Children Zambia. The main objective of the session was to build capacity on the topic of international taxation and the proposed UN tax convention. The gathering was designed to equip the attendees with valuable knowledge and skills, which will enable them to effectively advocate for tax justice at national level and equitable global tax system.

Local CSOs in Zambia have been concerned that the current international financial and taxation framework needs more transparency and meaningful participation of many African countries in agenda-setting and decision-making.

The Organisation for Economic Cooperation and Development (OECD), comprising mostly of the world’s wealthiest countries, has played a significant role in shaping global tax rule-making processes. This has led to a lack of legitimacy and limited the equitable participation of developing countries in shaping international tax policy despite being disproportionately affected by harmful tax practices.

Zambia continues to struggle to raise enough resources to finance its development. As of 1st March 2023, Zambia’s stock of public debt stood at USD 31.6 billion. In the past 3 years, the country has allocated on average, about 40 percent of its national budget to debt service payments. The country uses over 60% of its annual revenue for debt repayments. Research from Tax Justice Network shows that Zambia is losing over $635m each year to tax abuse, mainly through the activities of multinationals.

At present, the closest process that exists to a global platform for influencing tax policy is the OECD Inclusive Framework. The OECD Inclusive Framework, however, only includes the participation of only 27 African countries. Only 8 of the SADC members are part of the Inclusive Framework. Zambia became a member of the Inclusive Framework in 2017.

In 2021, Zambia was among the few African countries that signed onto the OECD-led two-pillar proposal. It is our view as local civil society that belonging to the inclusive framework and signing onto the two-pillar proposal by Zambia lacks actual benefits to the Zambian economy and adequate justification to the public. We are deeply concerned that by signing onto the two-pillar proposal, Zambia has adequately given up the right to tax digital transactions. The two-pillar proposal also proposes a global minimum Corporate Income Tax (CIT) of 15% despite several calls by Africans to set the international minimum tax at a higher rate of 25% to 30%. The decision, in our view, has been taken without due consideration of the impact of this on the national economies. We firmly believe setting a higher global minimum CIT threshold would reduce the incentive to move profits to lower tax jurisdictions and tackle harmful tax competition.

As Civil Society Organizations and Faith-Based Organizations, we join calls by the African group at the United Nations (UN) for a more inclusive platform to advance concerns with the global tax system at the UN. This platform can only be achieved through a UN tax convention and a UN tax body that fosters legitimacy and will allow for equal participation. We support the United Nations General Assembly 77/244 on promoting inclusive and effective tax cooperation at the United Nations, which Nigeria tabled and adopted by consensus.

We believe that a UN Tax Convention and a UN tax body hold a better opportunity to address prevailing challenges related to international tax, such as harmful tax practices that are propagated by multinational enterprises (MNEs) such as profit shifting, the use of tax havens; outdated and unbeneficial double taxation treaties which are primarily designed to favour residence countries or capital-exporting countries to the detriment of African countries.

We call upon our government to quickly release a formal country position on matters of international taxation that is publicly available.

Further, we take the opportunity to announce the formation of a civil society working group on tax matters , CSO TWG- TAX , that will support stronger engagement on issues of international tax matters as well as domestic tax issues to foster stronger tax governance accountability. The CSO TWG will be housed under the Zambia Tax platform to strengthen CSO coordination

Signed by the following CSOs in Zambia

1. The CSO Debt Alliance in Zambia
2. The Zambia Tax Platform
3. Publish what you Pay- Zambia
4. Zambia Alliance of Women
5. Non- Governmental Gender Coordinating Council- NGOCC
6. Civil Society for Poverty Reduction- CSPR
7. Media Institute for Southern Africa- MISA Zambia
8. Centre for Trade Policy and Development- CTPD
9. Zambia Council for Social Development- ZCSD
10. Jesuit Centre for Theological Reflection- JCTR
11. Consumer Unity and Trust Society- CUTS International- Zambia
12. Council of Churches in Zambia- CCZ
13. Zambia National Education Coalition- ZANEC
14. Tax Education Alliance
15. Transparency International Zambia TI-Z
16. Action Aid Zambia
17. Save the Children- Zambia.
18. OXFAM SAF
19. Norwegian Church Aid
20. Tax Justice Network Africa
21. Southern Africa Resource Watch- SARW

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