



## **International Coalition Letter**

We, the undersigned taxpayer, free market groups and individuals support tax autonomy and oppose any regional or international tax changes that include “harmonizing” tax rates or introducing new taxes. Such schemes have been proposed through the European Union (EU), the United Nations (UN) and the Organisation for Economic Co-operation and Development (OECD).

### **Background:**

Global Governance, the way in which nations interact for the common good, should exist solely to facilitate a free market economy, not to impose restrictions that disrupt the welfare of the competitive global marketplace. The extent to which economic benefits are realized within global competition depends on the state of taxes and regulations. Excessive duties on trade inhibit economic prosperity, impeding global competition from fully taking place.

### **Tax Competition**

Tax competition can be a key factor driving countries to lower tax rates and increase economic activity. As globalization increases and multi-regional government entities, such as the EU, become more common, it is important to understand the debate behind tax harmonization and tax competition. Tax harmonization essentially creates an “equi-tax” system where burdens for some areas are “rounded upward” to create the same level of taxation throughout a region. But taxing everyone at the same level undermines the incentive to globalize and expand economic innovation. Tax Competition, by contrast, is a natural dynamic that allows people to move economic resources from high tax areas to low tax areas. Other regions must adjust, or risk depriving their own peoples of opportunities to prosper. This maximizes economic efficiency and allows consumers to pay the best price for the highest quality.



## **Financial Transactions Tax**

A much-discussed tax is the Financial Transactions Tax (FTT), also known as the Tobin Tax, which has been proposed in various guises by different bodies over the past few years including the EU. One model, proposed by the UN, is a world tax imposed on all financial transactions, with the goal of funding a global model of social services including basic income, free healthcare, education and housing to those the UN deem in need. The FTT is currently under discussion by the EU, which would include levies on derivative contracts, bonds and shares. As Charles Goodhart, an economist at the London School of Economics, has noted, “The Tobin tax is a bad idea, since it would greatly increase both the costs and volatility of foreign exchange dealing and throw a huge spanner into the workings of the global financial economic system.”

## **Excise Taxes**

There have been attempts by the EU and by the World Health Organization (WHO) to establish uniform excise taxes on products such as sugary drinks, tobacco, and alcohol. This would represent a dangerous precedent, and such excise taxes could be easily extended to all other consumer products.

A 2011 UN report suggests that “states impose taxes on soft drinks (sodas) and on foods high in saturated fats, trans fatty acids, sodium and sugar, in order to subsidize access to fruits and vegetables and educational campaigns on healthy diets.”

In 2012, the WHO proposed to raise certain excise taxes by \$.05, \$.03 or \$.01 depending on the wealth of the country where the products were sold. The proposal, which aimed to raise more money for international causes, was defeated after farmers and taxpayer groups spoke out against the proposal. The WHO will meet in Russia in October 2014 to again discuss raising excise taxes.

A 2014 UN report suggested that excise taxes can be punitively deployed in the name of public safety.



## Conclusion

These international threats to tax sovereignty are real and they are expanding. Such policies would disproportionately hurt lower income people across the globe as the cost of consumer products would increase. Attempts at establishing international tax regimes would inordinately expand the reach of the EU and the UN. As leaders of groups that support free and open markets and tax competition, we oppose any effort on the part of any international body to levy further taxes on hardworking families.

(Signatures in Alphabetic order)

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