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Tax systems and policy: Crucial for good health and good governance

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Authors:

Written by Alex Cobham (Tax Justice Network), Katja Hujo (UNRISD), Bernadette O'Hare (University of St Andrews, Scotland), Liz Nelson (Tax Justice Network), and David McCoy (UNU-IIGH).

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This briefing paper is part of a series produced by UNU-IIGH's programme on global health governance, power, and accountability. A focus of this programme is to better understand the impact of powerful private actors (PPAs) on health and health inequalities, and on systems of global health governance. PPAs include large oligopolistic transnational corporations (TNCs) that dominate today's globalised economy, private financial institutions (PFIs) that manage and deploy trillions of dollars of private capital, and the growing number of private foundations and individuals who spend billions of dollars to influence public policy and discourse in their own interest.

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United Nations University
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BRIEFING PAPER

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Tax systems and policy: Crucial for good health and good governance

Alex Cobham, Katja Hujo, Bernadette O'Hare, Liz Nelson, and David McCoy

Executive Summary

This briefing paper highlights the critical role of tax policies and systems in advancing equitable and improved health. It explains how tax policies and systems perform five important functions that act as the bedrock for any flourishing society. These five functions are described as the five Rs of tax: Revenue, Redistribution, Representation, Repricing and Regulation. However, current tax policies and systems, particularly in the global South, are failing. In many low-income countries, tax revenues make up a small percentage of GDP and are regressive. And across the world, tax avoidance and evasion, particularly by trans-national corporations and wealthy elites, are a fundamental driver of social, economic, and political inequalities.

This paper explains why national and international tax policies and systems are failing society and argues that the health community must engage more actively in advocating for comprehensive tax reforms, recognising that tax policies play a pivotal role in creating just, peaceful, and healthy societies. It stresses the need for health professionals to participate in national and international tax policy discussions, collaborate with movements for tax justice, and hold governments accountable, particularly in the context of the ongoing UN tax convention negotiations. Reformed tax systems are presented as crucial tools for reducing inequality and fostering better health outcomes worldwide.

Introduction

Taxes are part of the bedrock of any flourishing society and perform several important functions that have multiple benefits for health and wellbeing. This is why tax is described as a 'social superpower'.[1]

However, in much of the popular media, taxes (see Box 1) are represented negatively as a burden on households, ideologically framed as being anti-business, or described erroneously as a disincentive to innovation. And in the health literature, taxes are mostly discussed in a narrow sense as a source of public financing for health, or in terms of 'health taxes' on tobacco, sugar sweetened beverages, junk food, and alcohol.[2]

This paper therefore draws attention to the full set of health-promoting functions and benefits of tax systems and policy and calls on the global health community to engage with this broader agenda.

- Section 1 describes the five functions of tax systems and policies and how they contribute to improved health and better health governance through three key pathways.
- Section 2 describes the evidence of failing tax policies and systems and the consequences this has on the five functions of tax.
- Section 3 explains why tax policies and systems are failing to function as they should.
- Section 4 describes a set of five actions that can be undertaken to address the failings and deficiencies of tax policies and systems.
- Finally, Section 5 concludes with a message for the health community to engage fully with tax policy and tax systems reforms.

Box 1: Types of tax

Taxes can mostly be categorised as one of two forms.

Direct Taxes include taxes on personal incomes, wealth and capital gains, as well as corporate and business taxes on profits.

Indirect Taxes are applied to goods and services (eg VAT or sales and excises taxes) or on international trade (for example tariffs and custom duties).

Taxes typically make up the majority of government revenue. Other sources of public revenue include fees for public services, fines and penalties, foreign aid, profits from public enterprises and natural resources, royalties from private companies, sale of state-owned assets, and loans.

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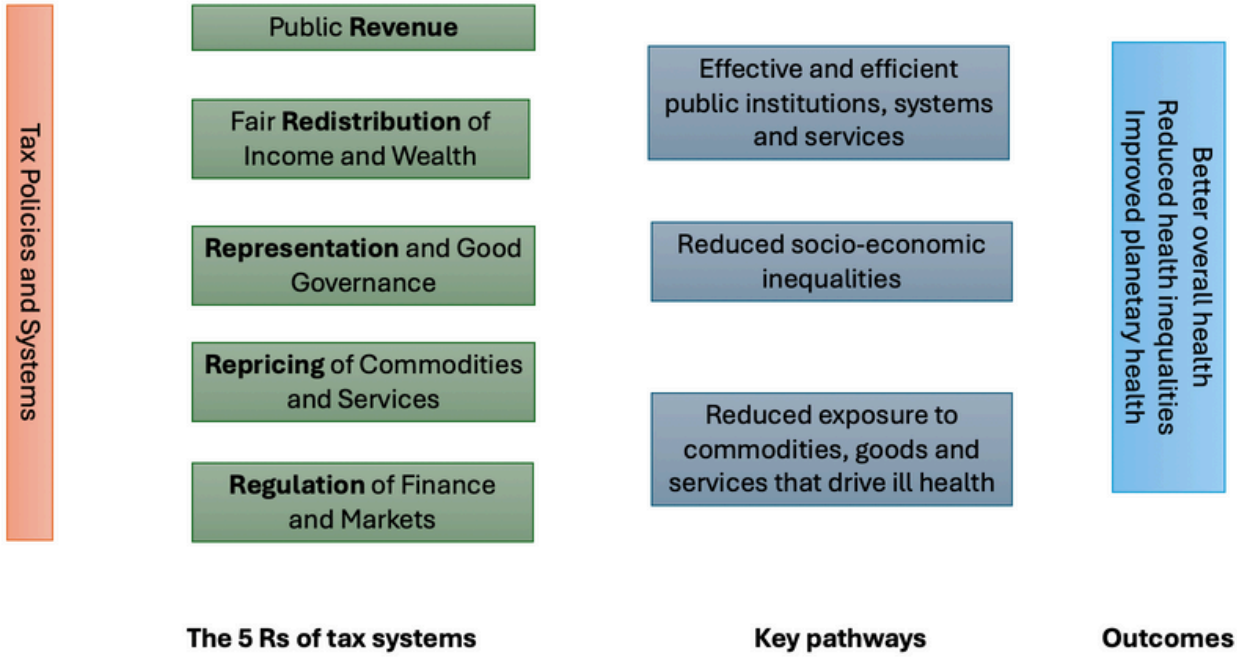
[1] Cobham A, 2024. What Do We Know and What Should We Do About Tax Justice? Sage Publishing.
[2] Health taxes are those imposed on products that have a negative public health impact. They include taxes on tobacco, alcohol, and sugar-sweetened beverages that are independent risk factors for non-communicable diseases (NCDs).
[3] The four Rs of tax was first proposed in Cobham A, 2005. Taxation Policy and Development. Oxford Council on Good Governance Economy Analysis No 2. A fifth R was added in McCoy D, Chigudu S and Tillmann T, 2017. Framing the tax and health nexus: a neglected aspect of public health concern. Health Econ Policy Law, 12(2), pp.179-194.

Section 1: The ‘five 5 Rs’ and how tax can benefit health

Tax policies and systems have multiple functions which can helpfully be remembered as ‘the five Rs’ of tax: revenue; redistribution; representation; repricing; and regulation. [1] As illustrated in Figure 1, these five functions contribute to improved health through three key pathways which we describe in the text below.

Figure 1: Pathways leading to poor health outcomes



Revenue

Taxation creates public revenue for both national and local governments. Taxes are not the only source of public revenue, but usually make up around 70% of government revenue.[4] The amount of public revenue that a government can generate depends on the size and formality of a country’s economy and on policy decisions about the level of tax to apply. In general, wealthier countries capture a greater proportion of GDP as public revenue than poorer countries. Public revenue is crucial because it allows for the public financing and management of public goods, public services, and public institutions that should not be privately owned, financed, or managed.[5]

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[3] The four Rs of tax was first proposed in Cobham A, 2005. Taxation Policy and Development. Oxford Council on Good Governance Economy Analysis No 2. A fifth R was added in McCoy D, Chigudu S and Tillmann T, 2017. Framing the tax and health nexus: a neglected aspect of public health concern. Health Econ Policy Law, 12(2), pp.179-194.
[4] UNU-WIDER, 2023. Government Revenue Dataset Version 2023. Available at: https://doi.org/10.35188/UNU-WIDER/GRD-2023. The global average for 2022 is reported here.
[5] The question of what should or should not be privately owned, financed, or managed is discussed later.

Redistribution

Taxation enables redistribution across society. It therefore provides the basis for fairness and solidarity in society. To do so, taxes need to be progressive; that is, the tax rate should increase as the wealth or income of an individual or business increases.[6] While progressive wealth and income taxes are effective at reducing social and economic inequalities in society, indirect taxes are often regressive and may reinforce or widen inequalities.[7] Although progressive taxation is an important mechanism for redistribution, decisions about how to spend or use public revenue are also important if taxes are to advance equitable social and economic outcomes. [8] [9]

Representation

Taxation can also strengthen democracy and enable good governance by: helping to ensure a reasonable and fair distribution of wealth, and therefore power, across society; fostering egalitarian relationships and social cohesion between individuals and communities; underpinning the social contract between states and their citizens/residents;[10] and encouraging tax payers to demand effective and accountable governments.[11] [12] The contribution that tax systems make to improving governance is strongest when taxes are predominantly direct rather than indirect, and when states are more reliant on tax for their revenue rather than on external aid, borrowing, or the exploitation of natural resources. There is also evidence that governments that are more reliant on tax for their revenue allocate more government spending to social development and produce better outcomes for any given level of spending,[13][14] including specifically for health,[15] and feel more compelled to maintain public support for spending decisions, thereby legitimising these decisions and

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[6] Fiscal incidence analyses can be used to assess the redistributive impact of a tax system by comparing household incomes before and after taxes and transfers and providing information on who bears the burden of taxation and who receives the benefits of public spending. See Commitment to Equality Institute for estimates.
[7] This is because the tax is applied uniformly irrespective of the income (or wealth) of individuals. As a result, poorer people end up paying a relatively higher share of their income.
[8] Inchauste G and Lustig N (eds). 2017. The Distributional Impact of Taxes and Transfers: Evidence from Eight Low- and Middle-Income Countries. Directions in Development. Washington, DC: World Bank. doi:10.1596/978-1-4648-1091-6.
[9] In one study, Lustig (2017) found that government spending on education and healthcare contributed 69% of the redistribution effect of all policies designed to reduce inequality, including cash transfers and subsidies. See here: [6] Miracolo A, Sophiea M, Mills M and Kanavos P, 2021. Sin taxes and their effect on consumption, revenue generation and health improvement: A systematic literature review in Latin America, Health Policy and Planning, 36(5), pp.790–810. doi: 10.1093/heapol/czaa168
[10] There is a well-established body of work on social contract theory which explores questions about the relationship between citizens and their country's government, amongst other things. Some scholars have used social contract theory to explain what kind of mutual obligations governments, organisations, and citizens have in relation to ensuring good health and health care.
[11] Moore M, 2007. How Does Taxation Affect the Quality of Governance?, Tax Notes International. 47.
[12] Prichard W, Salardi P and Segal P, 2018. Taxation, non-tax revenue and democracy: New evidence using new cross-country data, World Development. 109, pp.295-312. 10.1016/j.worlddev.2018.05.014.
[13] Carter P and Cobham A, 2016. Are taxes good for your health? UNU-WIDER Working Paper 2016/171.
[14] Savoia A and Sen K, 2023. How to support the emergence of effective tax systems. UNU-WIDER Policy Brief.
[15] Reeves A, Gourtsoyannis Y, Basu S, McCoy D et al, 2015. Financing universal health coverage - effects of alternative tax structures on public health systems: cross-national modelling in 89 low-income and middle-income countries, Lancet, 386(9990), pp.274-80. doi: 10.1016/S0140-6736(15)60574-8.

strengthening public accountability, and with it, democratic institutions.[16]

Repricing

A tax system can modify market prices in ways that benefit society. For example, taxes can be used to raise the price of commodities and services that are harmful. Tobacco taxes, for example, not only raise public revenue, but also increase the price and cost of a product that has major social and health costs.[17] [18] The revenue raised may help pay for these costs; but the repricing will reduce tobacco consumption so that the costs themselves are reduced. Similarly, carbon taxes can be used to correct the failure of market prices to incorporate the social and environmental cost of global warming.[19]

Regulation

Because tax systems require some monitoring of financial transactions and financial flows in society, they play an indirect role in enabling the regulation of markets and economic activities over and above any effect produced through repricing. For example, in seeking to collect income and wealth taxes effectively and fairly, governments would need to institute some regulation of banks and prohibitions on tax evasion. Similarly, in implementing a tax on financial transactions to generate public revenue, governments would have the infrastructure to also regulate and inhibit harmful and destabilising speculation on currencies and commodities.[20]

When tax policies and systems are well-designed, these five functions of tax can be harnessed to generate enormous social, economic, and health benefits through three key pathways.

Pathway 1: Effective, efficient, and accountable public goods, institutions, and services

Public revenue generated through tax allows for the public financing of key public goods, institutions, and services that are essential to health. This goes beyond the public financing of healthcare services and includes having the revenue to tackle the social, commercial, and environmental determinants of disease, illness, and health inequalities.[21]

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[16] Hujo K and Bangura Y, 2020. The Politics of Domestic Resource Mobilization for Social Development: An Introduction, in The Politics of Domestic Resource Mobilization for Social Development. Edited by Hujo K. Basingstoke: Palgrave Macmillan and the United Nations Research Institute for Social Development.
[17] Miracolo A, Sophiea M, Mills M and Kanavos P, 2021. Sin taxes and their effect on consumption, revenue generation and health improvement: A systematic literature review in Latin America, Health Policy and Planning, 36(5), pp.790–810. doi: 10.1093/heapol/czaa168
[18] Chaloupka FJ, Yurekli A and Fong GT, 2012. Tobacco taxes as a tobacco control strategy. Tobacco Control; 21:172-180.
[19] Taxation can also influence more healthy consumption patterns through public subsidies that reduce the price of, for example, essential but healthy foods.
[20] Burman L, Gale W, Gault S et al, 2016. Financial transaction taxes in theory and in practice, National Tax Journal, 69(1), pp.171-216
[21] Commission on Social Determinants of Health, 2008. Closing the gap in a generation: health equity through action on the social determinants of health. Geneva: World Health Organization.

Here, it is crucial to underline the importance of having public finance to pay for public goods, institutions, and services. Public goods, institutions, and services are those that explicitly serve the public interest and which should not be privatised, commodified, or commercialised for normative or efficiency reasons, or which form part of the social contract between governments and citizens, or which are subject to market failures such that they cannot be adequately funded or provided privately. A comprehensive list of beneficial public goods, institutions, and services would include public health and care services, public education, transport systems, public broadcasting, public libraries, the criminal justice system, the creation of national parks and the upkeep of urban parks, and regulatory systems designed to protect the integrity of research or to ensure the safety of food.

There are differing views about the appropriate role, scope, and size of government and other public institutions in providing public goods and services. The neoliberal paradigm that has dominated public policy and shaped the evolution of globalisation in recent decades advocates small government, low taxes, and extensive privatisation and deregulation on the grounds that this will expand the role of markets in society and produce more effective and efficient delivery of goods and services. Thus, there are many who argue that the financing needed to achieve the SDGs may or should be produced through private investment or finance. [22]

This paper however emphasises the problems of market failure, the imbalance of power between powerful private actors (PPAs) and society, and the key role played by public finance and public delivery in advancing equitable human development historically.[23] It therefore argues for greater levels of public revenue. It also notes that when there is good governance, public services and institutions outperform private services and institutions, especially in sectors where market failures are common. In the case of healthcare, for example, tax-based public finance or models of progressive social health insurance can allow for optimal risk sharing, financial protection, resource pooling, and economies of scale.[24]

Importantly, it is not just about having adequate absolute levels of public finance but also that the amount of public finance relative to private finance is large enough to prevent commercial forces and private interests from undermining public services and creating segmented systems that reinforce or reproduce social inequalities.

Pathway 2: Reduced socio-economic inequalities

In more socio-economically equal countries people enjoy longer healthy lives and greater levels of wellbeing compared to less equal societies of a similar level of economic development.[25] They are also associated with more equitable health outcomes, as well as better health across the entire social gradient. Tax policies and systems can thus improve population health through their redistributive function.

There are several mechanisms involved. First, progressive taxation, when combined with pro-poor public spending, can reduce a vast amount of premature morbidity and mortality by alleviating or eradicating poverty. Second, by reducing the steepness of the social gradient in society, progressive taxation helps

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[22] Hunter BM, McCoy D, Cordilha AC et al, 2025. Private Financial Actors and Financialisation in Global Health. Kuala Lumpur: United Nations University International Institute for Global Health.
[23] It is commonly believed that the private sector is always more efficient than the public sector. In fact this is often not the case as shown here: Mythbusters: The private sector is more efficient than the public sector.
[24] It is only when out-of-pocket payments (OOP) fall to <15-20% of total health expenditure that the incidence of catastrophic financial payments fall to negligible levels. However, in many countries, OOP is much higher than 15-20%. Thus, to achieve UHC with financial protection, many countries will require more fully funded services from general tax revenues.
[25] Pickett K and Wilkinson R, 2009. The Spirit Level. Bloomsbury Press.

reduce the burden of disease caused by the higher levels of chronic stress present in more unequal societies.[26] Finally, more egalitarian societies can improve population health by avoiding the emergence of over-concentrated economic and political power which, without adequate checks and balances, can lead to corruption and abusive behaviours. By contrast, inclusive and fair tax policies and systems improve health and wellbeing by fostering social solidarity across society.[27]

While public policies to reduce or minimise social inequalities are accepted by many people as being good for both normative and empirical reasons, some people argue that state interventions to redistribute income and wealth are unfair or harmful because they disincentivise individuals from working hard. This paper however argues that excessive social inequalities are harmful to society and that there is no evidence that egalitarian societies are less hard working or productive than highly unequal societies.

Pathway 3: Reduced exposure to health hazards

Today, an enormous percentage of the burden of premature mortality and NCDs may be attributed to various commercial determinants of health.[28] Tax policies and systems can make a huge positive contribution to health by mitigating some of the most potent hazards to health in three ways.

First, by preventing corporate tax abuse (see Box 2) and excessive profiteering, tax policies and systems are a vital part of efforts to curb the excessive financial power of TNCs and private financial institutions and their strategies and activities to block effective, public interest regulation. Second, by generating adequate levels of public revenue, tax policies and systems help ensure the adequate funding and functioning of regulatory structures and systems designed to protect consumers from unsafe commodities and from misleading and false marketing, or to protect society from the effects of environmental pollution. Finally, through repricing, 'health taxes' can curb unhealthy consumption and addictive behaviours. For example, taxes on tobacco, sugar sweetened beverages, and alcohol have all been demonstrated to successfully reduce illness whilst also generating additional revenue.[29] [30]

While some people have libertarian views that give corporations and businesses maximum freedom to produce whatever they like and give individuals maximum freedom to consume what they like, this paper argues that individuals need regulatory protections from misleading or false marketing and information, and that all societies have regulations designed to optimise wellbeing and safety and to curb exploitative or unethical behaviour.

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[26] Marmot M and Wilkinson R, 2001. Psychosocial and material pathways in the relation between income and health: a response to Lynch et al., BMJ,322(7296), pp.1233–1236.
[27] United Nations Research Institute for Social Development, 2022. Crises of Inequality: Shifting Power for a New Eco-Social Contract. Geneva: UNRISD.
[28] Gilmore AB, Fabbri A and Baum F, 2023. Defining and conceptualising the commercial determinants of health,Lancet. 401, pp.1194–1213.
[29] Elliott LM, Dalglish SL and Topp SM, 2022. Health Taxes on Tobacco, Alcohol, Food and Drinks in Low- and Middle-Income Countries: A Scoping Review of Policy Content, Actors, Process and Context, Int J Health Policy Manag. 11(4), pp.414-428. doi: 10.34172/ijhpm.2020.170.
[30] Andreyeva T, Marple K, Marinello S et al, 2022. Outcomes Following Taxation of Sugar-Sweetened Beverages: A Systematic Review and Meta-analysis, JAMA Netw Open, 5(6), pp.2215276. doi:10.1001/jamanetworkopen.2022.15276

Box 2: Tax avoidance, tax evasion, and tax abuse

We use the term 'tax abuse' to describe both illegal forms of tax evasion as well as forms of tax avoidance that are illegitimate or unethical even though they may be legal. Ultimately it describes persons or companies paying less tax than they should.

In reality, a lot of what is described as 'tax avoidance' is in a grey area open to interpretation of the law. Furthermore, much of what is called 'avoidance' is actually 'evasion' which doesn't get noticed, challenged, or successfully prosecuted.[31]

The problem is worse in lower-income countries, where courts and tax officials may be poorly resourced, poorly trained, and more susceptible to pressure from companies or wealthy individuals to reach certain decisions favourable to them.

Section 2. Signs of failing tax policies and systems

Despite tax having so many important functions, tax policies and systems are not working as they should, especially in the global South. Most clearly, tax systems are failing to generate the public revenue needed to pay for essential public goods, services, and institutions. For example, in 2023, more than 50% of the world's population lacked essential health services coverage, while 2 billion people suffered financial hardship or incurred catastrophic expenditures to access healthcare.[32] There has also been insufficient public finance to drive the necessary transition to clean energy or to address the problems associated with indoor and environmental pollution and biodiversity loss.

As noted earlier, public revenue generation from tax is especially weak in poorer countries. Table 1 below illustrates how huge difference in per capita public revenue between rich and poor countries arise as a result of differences in the size of the economy and differences in public revenue generation from tax.

[31] Cobham A and Janský P, 2020. Estimating Illicit Financial Flows: A Critical Guide to the Data, Methodologies and Findings. Oxford: OUP. Available at: https://academic.oup.com/book/40564/chapter/347953566

[32] WHO and World Bank, 2023. Tracking universal health coverage: 2023 global monitoring report. Geneva: World Health Organization and International Bank for Reconstruction and Development / The World Bank.

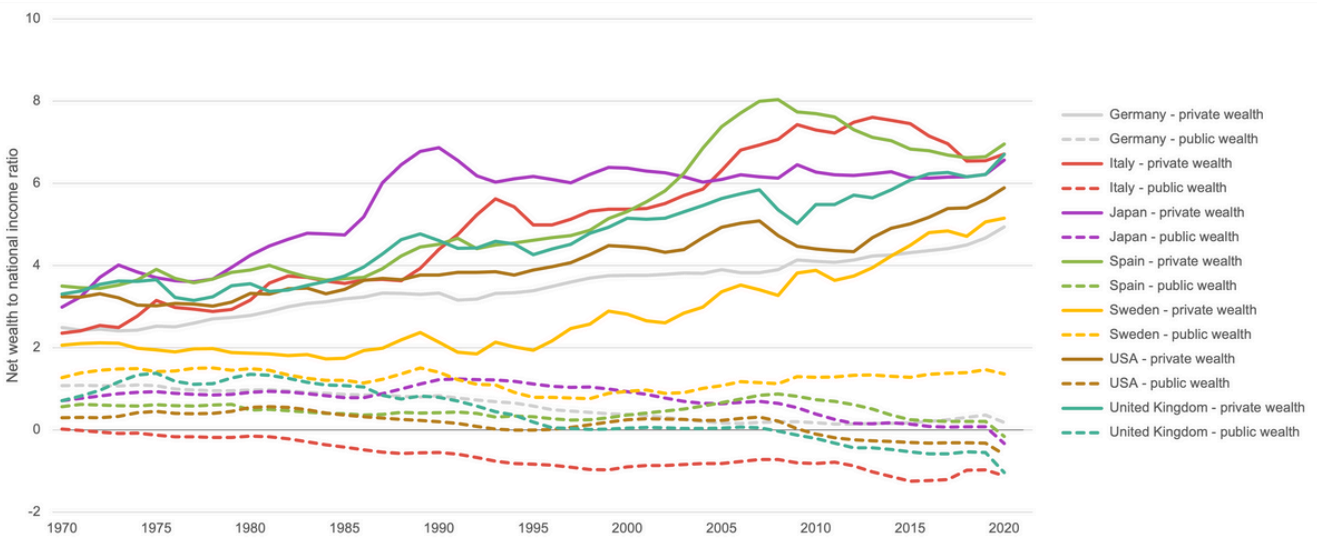
Table 1: Illustration of difference between rich and poor countries in tax contribution to public revenue

	GNI per capita (USD)	Percentage of GNI per capita captured as public revenue (USD)	Public revenue per capita (USD)
Typical high-income country	**41,500**	**35%**	**~ 14,500**
Typical low-income country	**750**	**15%**	**~ 112**

Note: These are illustrative figures based on real world data.

Importantly, there is also a lack of public finance and wealth relative to private finance and wealth. This makes it more difficult for governments and societies to protect what remains of the commons or of public ownership from being privatised or captured by PPAs. Figure 2 illustrates this point by showing the widening gap between public and private wealth in seven high income countries over the past five decades.

Figure 2: Net public and private wealth as a ratio to national income for selected countries



Source: UNRISD, (2022). pp.155, based on data from World Inequality Lab (2022), World Inequality Database. Accessed July 2022. Available at: https://inequalitylab.world/en/projects/.

Tax systems and policies are also not performing their redistributive functions. Today, the wealthiest 10% of the global population own 76% of global wealth, and the top 1% owns 38%.[33] The top 0.5% wealthiest individuals in each country, who, on average, possess more than 25% of a society's total wealth have also seen their fortunes grow 2.7-fold over the past 25 years.

Underpinning this extreme wealth concentration are: lower effective tax rates on the wealthy compared to ordinary people; a trend of declining corporate tax rates; and large-scale tax abuse by TNCs and ultra-wealthy individuals. The combined global revenue loss for 2024 is estimated at US$492 billion, of which US$347billion was due to corporate tax abuse and $145billion due to the offshoring of wealth in tax havens by individuals.[34] TNCs shift around US$1.42 trillion worth of profit into tax havens a year and nearly three quarters of the US$347 billion corporate tax losses are lost to tax havens with effective tax rates below 10%. An estimated US$9 trillion of private wealth remains undeclared and untaxed offshore (equivalent to roughly 9% of global GDP),[35] while the effective tax rates of global billionaires are currently less than 0.5% of their wealth.[36]

In addition to these direct losses of revenue, there are indirect losses or spillover costs. These arise from governments feeling obliged to reduce their corporate tax rates in a competition with other states in order to attract TNCs and private investment. According to IMF researchers, the indirect revenue losses are at least three times larger than the direct losses from corporate tax abuse. [37] Other analyses find that indirect losses may be 4-6 times larger than direct losses,[38] or even as much as 15 times larger.[39] Because it is direct taxation that is most affected by tax abuse, there is also a loss in the capacity of countries to use tax policy to enable redistribution and improve representation.

While most of this public revenue is lost by the wealthier countries, poorer countries are affected most in relative terms. For example, higher-income countries lose revenues equivalent to about 7% of their public health budgets while lower-income countries lose about 36% of their public health budgets.[40] The impacts of this lost public revenue are huge. If each government had the additional revenue that was lost to tax abuse in 2024,[41] health could improve considerably through the improvements illustrated below in Table 2.[42]

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[33] World Inequality Laboratory, 2024. Available at: https://inequalitylab.world/en/
[34] See also State of Tax Justice 2020, 2021, 2022, and 2023, and Methodology Reports: https://taxjustice.net/wp-content/uploads/2024/11/sotj2024_methodology_corporateTaxAbuse.pdf and https://taxjustice.net/wp-content/uploads/2024/11/sotj2024_methodology_offshoreWealth.pdf
[35] Tax Justice Network, 2024. State of Tax Justice 2024.
[36] EU Tax Observatory, 2024. Global Tax Evasion Report 2024. Available at: https://www.taxobservatory.eu/www-site/uploads/2023/10/global_tax_evasion_report_24.pdf
[37] Ernesto C et al, 2016. Base Erosion, Profit Shifting and Developing Countries, FinanzArchiv: Public Finance Analysis, 72(3), pp.268–301.
[38] Cobham A and Janský P, 2018. Global distribution of revenue loss from corporate tax avoidance: re-estimation and country results, J. Int. Dev., 30, pp.206–232. doi: 10.1002/jid.3348
[39] Garcia-Bernardo J, Janský P and Tørsløv T, 2021. Multinational corporations and tax havens: evidence from country-by-country reporting, International Tax and Public Finance, 28(6), pp.1519-1561.
[40] Tax Justice Network, 2024. State of Tax Justice 2024.
[41] The State of Tax Justice 2024 was used for the estimates of direct tax abuse.
[42] The Government Revenue and Development Estimates (GRADE) is an econometric model of the relationship between government revenue per capita, governance, and critical determinants of health. The results shown here are an aggregate of the impact of direct tax abuse in 183 countries.

Table 2. The people and children who could benefit from the curtailment of tax abuse

Under-5 five deaths averted	22,150	As a percentage of under-5 deaths	3.86%
Additional children in primary education	683,350	As a percentage of children of primary school age who are out of school	4.62%
Additional children in lower secondary education	845,586	As a percentage of children of lower secondary school age who are out of school	8.30%
Additional children in upper secondary education	986,731	As a percentage of children of upper secondary school age who are out of school	5.12%
Children < 5 not stunted	1,457,356	As a percentage of children who are stunted	0.33%
People with increased access to electricity	8,337,893	As a percentage of those without electricity	9.87%
People with increased access to basic water	14,109,564	As a percentage of those without basic water	5.55%
People with increased access to basic sanitation	22,696,562	As a percentage of those without basic sanitation	4.77%
People with increased access to clean fuels	45,136,793	As a percentage of those without clean fuels	9.28%

Source: Tax Briefs, GRADE analysis of SOTJ#2024, The Government Revenue and Development Estimates.
Note: These data are produced using a model to determine what impact additional revenue could have on a range of selected indicators determined to be critical to child health.

Rather than providing the basis for equitable development and good global governance, a neo-colonial financial, banking, and tax regime has emerged that enables a net flow of resources from poor to rich countries and from ordinary citizens to a small number of elites, and that perpetuates past colonial patterns of resource extraction while driving new forms of financialised and corporatised colonialism.[43] In one study of 139 mostly low- and middle-income countries (L&MICs) with combined external debts of US$4.1 trillion in 2010, it was found that the total foreign reserves and offshore private holdings of all their wealthiest citizens amounted to between US$14.2-17.2 trillion, collectively making these countries net creditors to the world. [44] [45] Tax abuse also encourages corruption and bad governance, especially in fragile and poor countries. There is, for example, a close relationship between the governments of these countries taking out large loans and subsequent capital flight.[46] Very often, surges in illicit financial flows from poorer countries are closely correlated with lending or aid flows into those countries: the money is lent or granted, looted, and then spirited away offshore.[47]

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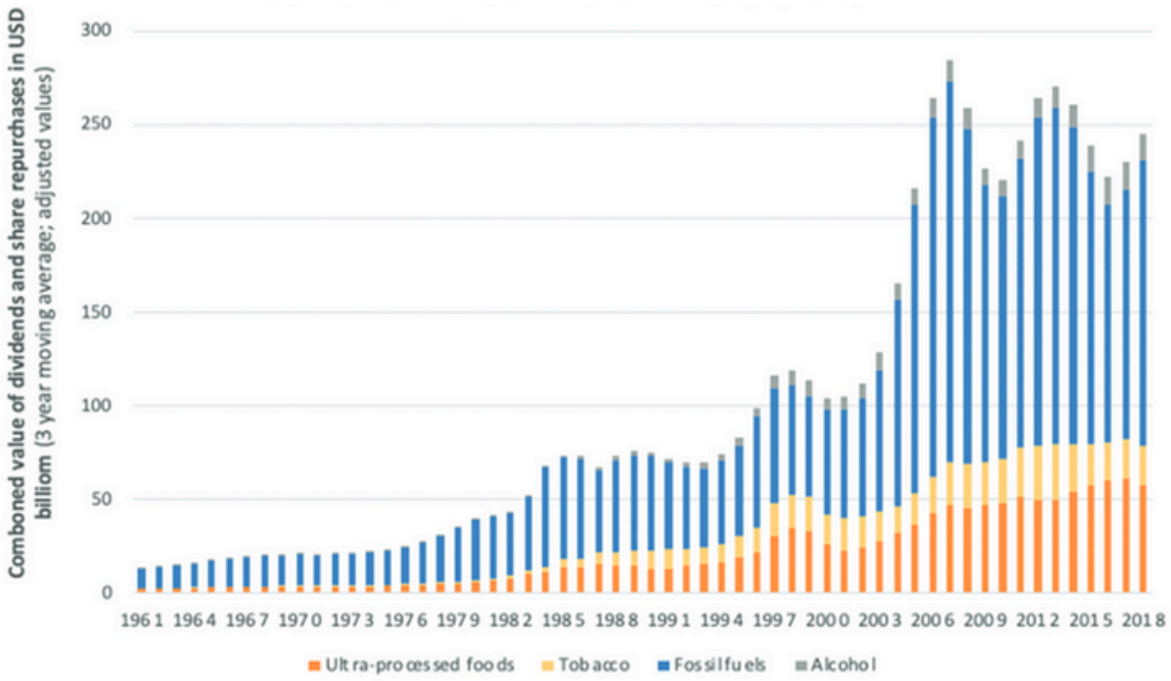
[43] McCoy D, Kapilashrami A, Kumar R et al, 2024. Developing an agenda for the decolonization of global health, Bull World Health Organ, 102, pp.130–136.doi: http://dx.doi.org/10.2471/BLT.23.289949
[44] The scale of climate loss and damage caused largely by the actions of the richest countries over recent centuries is such that only long-term international commitments funded by taxation will be able to meet the challenge. So too for any prospects of reparative flows to respond to the scale of violent economic extraction that characterised the period of formal empire (the UK, for example, is estimated to have extracted the equivalent of some US$44 trillion from one colony alone, India–making any immediate reparations of appropriate scale financially impossible).
[45] Ndikumana L and Boyce J, 2012. Capital Flight from Sub-Saharan African Countries: Updated Estimates, 1970-2010, SSRN Electronic Journal. https://dx.doi.org/10.2139/ssrn.2202215
[46] Ajayi I and Ndikumana L (eds.), 2015. Capital flight from Africa: Causes, effects and policy issues, Oxford University Press.
[47] Andersen J, Johannesen N and Rijkers B, 2020. Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts, World Bank Policy Research Working Paper 9150.

Tax systems are also failing to play their role in enabling good governance in L&MICs by relying too much on indirect taxes (often regressive) or other forms of revenue generation that tend to produce a weaker social contract between citizens and governments. When this is coupled with widening inequality and excessive corporate power, democratic governance is undermined while market failures and the negative externalities produced by commercial activity are inadequately regulated or mitigated.

The failure to adequately or effectively tax corporate profits also leaves insufficient public revenue to mitigate the harms and environmental costs of corporate activity. Faulty tax systems thus contribute to the privatisation of profits and the socialisation of costs that underpin today's extraordinary wealth inequalities, while reinforcing the imbalance of power between commercial actors and public actors responsible for protecting and promoting the common good. Figure 3, for example, shows how the combined value of dividends and share buybacks observed in four sets of corporations publicly listed on US stock exchanges with health-harming impacts (fossil fuels, tobacco, ultra-processed foods, and alcohol) has increased from around US$12 billion in 1960 to nearly US$250 billion in 2018 while the share of revenue distributed to employees and public coffers has declined.[48]

Figure 3: Value of wealth transfers to shareholders (adjusted)



Source: Wood B, McCoy D, Baker P et al., 2021. The double burden of maldistribution: a descriptive analysis of corporate wealth and income distribution in four unhealthy commodity industries, Critical Public Health, 33(2), pp.135-147.

[48] Wood B, McCoy D, Baker P et al., 2021. The double burden of maldistribution: a descriptive analysis of corporate wealth and income distribution in four unhealthy commodity industries, Critical Public Health, 33(2), pp.135-147.

Section 3. Why tax policies and systems are not working as they should

There are several reasons why tax policies and systems are not functioning as they should. Here we focus on three issues: first is the imposition of a so-called 'tax consensus' on countries of the global South since at least the early 1980s; second is the failure of the international community to curb tax abuse and illicit flows of finance; and third is the social legitimisation of tax abuse.

The 'tax consensus'

The 'tax consensus' refers to a set of policies that have been encouraged or imposed upon countries in the global South by the World Bank, IMF, and other actors, sometimes as a pre-condition for receiving grants or loans. It consists of three main planks.

First is the pursuit of so-called 'economic neutrality' in tax policy which effectively means avoiding or reducing direct taxes on income and wealth and trade taxes and tariffs.[49] The second is an emphasis on the use of progressive public spending rather than on progressive taxation to achieve redistribution, even though the potential for redistribution through the former is limited in poorer countries.[50]

The third is the adoption of a low target for public revenue generation, typically between 15-20% of GDP for countries in the global South (which further limits the ability to deliver meaningful redistribution through public spending).[51] [52]

Together, these three planks of the tax consensus have resulted in lower budgets for funding social expenditures and a shift of the tax burden from corporations and higher-income groups to small and medium-sized firms, consumers, and lower-income groups. It has also hindered the evolution of good governance, and effective political representation as a function of tax. These effects of the tax consensus are especially stark in the context of L&MICs forced to prioritise external debt repayments. Despite the financing gap for achieving the SDGs, the World Bank and IMF continue to discourage progressive direct taxation,[53] and instead encourage many countries in the global South to attract and make more use of private investment.[54] Encouragingly, some IMF missions have recently come out in favour of wealth taxation (for example in Sri Lanka).[55] However, unlike the main policies of the tax consensus, these positions have not yet resulted in practical changes.

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[49] The much higher level of direct taxes in HICs is considered inappropriate for LICs.
[50] This approach would also not have generated the resources for effective redistribution in HICs, but it was only imposed on lower-income countries.
[51] Cobham A, Mohiuddin F and Nelson L, 2021. Global Tax Justice and Human Rights, in MacNaughton G, Frey D and Porter C (eds.) Human Rights and Economic Inequalities. Cambridge University Press; drawing on Adam C and Bevan D, 2004. Fiscal Policy Design in Low-Income Countries, in Addison T and Roe A (eds.)Fiscal Policy for Development, Basingstoke, UK: Palgrave Macmillan/UNU-WIDER.
[52] Heady C, 2004. Taxation Policy in Low Income Countries, in Addison T and Roe A(eds.) Fiscal Policy for Development, Basingstoke, UK: Palgrave Macmillan/UNU-WIDER , pp.130-148.
[53] Kohonen M and Guerrero K, 2023. Against regressive taxes and austerity: IMF and World Bank must pivot tax policies to support a just and green transition, Bretton Woods Observer. Available at: https://www.brettonwoodsproject.org/2023/04/against-regressive-taxes-and-austerity-imf-and-world-bank-must-pivot-tax-policies-to-support-a-just-and-green-transition/.
[54] World Bank, 2023. International Debt Report 2023. Washington, DC: World Bank. Available at: http://hdl.handle.net/10986/40670
[55] IMF, 2024. Sri Lanka: 2024 Article IV Consultation and Second Review Under the Extended Fund Facility, Request for Modification of Performance Criterion, and Financing Assurances Review-Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka. Washington, DC: International Monetary Fund. Available at: https://www.imf.org/en/Publications/CR/Issues/2024/06/13/Sri-Lanka-2024-Article-IV-Consultation-and-Second-Review-Under-the-Extended-Fund-Facility-550261.

The international failure to curb tax abuse

The failure to establish an effective and fair international tax regime goes back decades. The first international tax rules were set by the imperial powers in the 1920s and 1930s through the League of Nations with no representation from their colonies and a great deal of input from business lobbyists.[56] [57] But when the UN replaced the League of Nations after WW2 and started expanding with the inclusion of newly independent countries, the former imperial powers ended its role in tax and gave the mandate to set international tax rules to the OECD which was created in 1960 as a members' club of rich countries.[58] Since then, the OECD has played a major role in a globalised banking and financial system that accommodates large flows of illicit finance and systemic tax abuse. There are a number of inter-locking elements to this system.

The first element is the existence of a network of tax havens. These are essentially banks and financial service centres located in jurisdictions that provide secrecy arrangements for their clients and that apply low or zero tax rates to the wealth and profits transferred to or through these jurisdictions. The secrecy arrangements include secret bank accounts and the acceptance of entities whose ownership, functioning, and/or purpose is muddied or kept secret. Many UK dependencies such as the Cayman Islands, Bermuda, and the British Virgin Islands are the sites for secrecy regimes and low tax rates. However, the tax avoidance and tax evasion industry also include more established financial centres, such as the City of London, New York, and Frankfurt, as well as centres in the Netherlands, Luxembourg, Singapore, Hong Kong, and Switzerland, and in competing US states from Delaware to South Dakota. Ultimately, OECD countries and their dependencies are responsible for over 90% of the global income and wealth that is lost to offshore wealth tax evasion every year.[59]

The second element consists of the mechanisms by which TNCs and individuals shift their wealth and profits via tax havens. These include the creation and registration of legal entities and value-creating assets such as intellectual property rights in tax havens. Such entities are used by TNCs to shift profits generated in other countries to jurisdictions with low or no tax. One way of doing this is through making inflated or artificial payments to a related company registered in a tax haven. This is often referred to as 'abusive transfer pricing' and forms a major component of the wider problem of tax 'base erosion and profit shifting' (BEPS).[60] The ability of TNCs to shift their profits to tax havens where they conduct zero or minimal economic activity is one of the major aberrations of current international tax rules.

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[56] Picciotto S, 1992. International Business Taxation: A Study in the Internationalization of Business Regulation. Cambridge University Press
[57] Slobodian Q, 2018. Globalists: The End of Empire and the Birth of Neoliberalism. Cambridge: Harvard University Press.
[58] Teo NJ, 2023. The United Nations in Global Tax Coordination: Hidden History and Politics. Cambridge University Press.
[59] Tax Justice Network, 2024. The State of Tax Justice 2024. Available at: https://taxjustice.net/reports/the-state-of-tax-justice-2024/
[60] Remeur C, 2019. Understanding BEPS: From tax avoidance to digital tax challenges, European Parliament Briefing PE 642.258, European Parliamentary Research Service. Available at: https://www.europarl.europa.eu/RegData/etudes/BRIE/2019/642258/EPRS_BRI(2019)642258_EN.pdf

The third element is the fact that the identity of the person or persons who own, control, or receive profits from a company (the beneficial owners) can be hidden behind a legal entity of some form so that they may escape paying tax. In fact, TNCs can create a whole chain of different legal entities that span multiple tax havens making it difficult or impossible to track the flow of taxable profits or wealth. Crucially, such entities may be registered without having to name their beneficial owners.[61] Such arrangements also help companies and individuals to break monopoly laws, get around international sanctions, launder illicit money, and funnel money into political processes anonymously.

The fourth element is the network of actors and institutions who enable (and profit from) tax abuse. These include commercial banks, investment banks, brokerage firms, legal firms, and the big accounting and consultancy firms. Not only do they aggressively market and sell services to facilitate tax abuse, they also lobby against reforms that would mitigate tax abuse.[62] In some cases, the firms advising governments on new tax regulations are the same ones selling other clients schemes to get around those tax regulations.[63] Collectively, these actors and institutions deploy thousands of people across the world to help companies and wealthy individuals avoid or evade tax, and oppose the efforts by governments and other stakeholders to stop tax abuse.

The fifth element is international 'tax competition' whereby countries competing with each other for private investment offer incentives to private investors and TNCs. These include tax breaks, weak corporate regulation, and soft rules on corporate mergers. In the case of digital technology, countries also compete with each other by offering tech companies the benefits of weak data privacy protection. Such competition is often referred to as a 'race to the bottom' in which TNCs and ultra-wealthy owners of capital benefit at the expense of governments and society. Efforts to avoid this race to the bottom by harmonising tax rates across countries have been hindered by the OECD dragging its feet in deference to those countries and private actors who benefit from tax abuse.

A final element is the persistence of unfavourable double tax treaties between former colonies and their former colonisers that were established at the time of independence in the 1960s.[64] These treaties include the provision of tax incentives for investors and firms in the former colonial states on the grounds that this would boost investment. In reality they have had the effect of disadvantaging local firms and restricting the ability of developing countries to prevent profit extraction.[65][66]

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[61] Mossack Fonseca, the offshore service provider at the centre of the Panama Papers scandal, did not know the beneficial owners of more than 70% of the 28,500 active companies it provided services to, despite it also being the legal owner of some of those companies.
[62] Corporate Europe Observatory, 2018. Accounting for influence: How the Big Four are embedded in EU policy-making on tax avoidance. Available at: https://corporateeurope.org/en/power-lobbies/2018/06/tax-avoidance-industry-embedded-eu-tax-policy
[63] Kennedy R, 2024. The PwC Australia Tax Scandal Explained: An Insider's Perspective, AccountancyAge, Available at: https://www.accountancyage.com/2024/03/26/the-pwc-uk-tax-scandal-explained-an-insiders-perspective/.
[64] Hearson M, 2015. Tax treaties in Sub-Saharan Africa: A critical review, Tax Justice Network-Africa. Available at: https://taxjustice.net/wp-content/uploads/2020/11/tjna_treaties.pdf
[65] UNCTAD, 2024. Trade and Development Report 2024: Rethinking development in the age of discontent, Geneva: United Nations Conference on Trade and Development. Available at: https://unctad.org/system/files/official-document/tdr2024ch5_en.pdf.
[66] Picciotto S, 2023. The UN Tax Committee spreads its wings. Available at: https://taxjustice.net/2023/12/21/the-un-tax-committee-spreads-its-wings/

The social legitimisation of tax abuse

One further reason for the perpetuation of systemic tax abuse is the social acceptance and even praise of many of the actors involved in tax abuse. These actors include the world's major TNCs, some of which are household names celebrated for their sponsorship of sports and entertainment events or for their corporate social responsibility projects.

They also include the largest private banks and the prestigious Big Four accounting firms and Big Three consultancy firms who are similarly held in high regard and used by a wide variety of global health actors.[67] Similarly, the world's multi-billion billionaires and ultra-high net worth individuals who make liberal use of tax havens include many who are commonly celebrated in the media as entrepreneurs, visionaries, or wealth creators, thereby implicitly justifying or legitimising both the current state of inequality and huge concentration of wealth and power in society, as well as the tax abuse industry.

While many forms of tax abuse are technically legal (see Box 2), the behaviours and practices undertaken to enable excessive and unethical wealth accumulation are also fundamentally anti-social and anti-democratic and deny some semblance of social and economic justice for billions of people and for many small, medium, and micro-enterprises.

The increasing dependence by states and the wider public on billion-dollar private foundations, private donations, and corporate philanthropy further legitimises the current systems and practices of tax abuse, while simultaneously condoning their growing and unchecked influence over public policy and institutions.

Section 4. Addressing the failings and deficiencies of tax systems and policies

Designing and implementing better tax systems and policies is possibly the most single important set of activities for improving global heath. Here we describe five actions that must be undertaken to address the current failings and deficiencies identified above.

First, the imposition of the so-called 'tax consensus' must be replaced with more support for progressive, direct tax measures rooted in a full understanding of the social, political, and economic benefits and contributions of effective taxation. Ultimately, tax policies and systems must be viewed as social and political institutions, as much as economic instruments.

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[67] The 'Big Three' are the consulting firms McKinsey and Co, Boston Consulting Group, and Bain and Co. The 'Big Four' are the firms Deloitte, Ernst and Young (EY), PricewaterhouseCoopers (PwC), and Klynveld Peat Marwick Goerdeler (KPMG).

A commitment will be needed in many L&MICs to raise the level of tax revenues over a sustained period, while increasing the share of progressive, direct taxes. Measures include: broadening the tax base; improving the institutional and administrative capacity to collect tax; enabling public access to data on tax collection so that tax policies and instruments may be monitored and evaluated; extending mandatory social security contributions; and implementing and enforcing progressive income and wealth taxes on individuals, TNCs, and PFIs, as well as on harmful goods and services.[68]

Improving tax systems also requires reforming international trade, finance, and investment regimes so that they do not hinder domestic resource mobilisation. Civil society is crucial. Bringing citizens and residents into social contracts through extending access to social security and formal employment will not just increase tax revenues and social contributions, but also positively impact on governance, wellbeing, and social cohesion. [69] [70]

Another important step is to introduce or reintroduce a higher marginal tax rate on top incomes and taxes on wealth, including but not limited to inheritance and capital gains taxes. National wealth taxes at just one or two percentage points annually could raise substantial revenues and help reduce national wealth inequalities. [71] A global minimum tax for billionaires, as recently discussed by the G20, has the potential to provide a useful backstop to national wealth taxes[72] and would reduce the incentive for the extremely wealthy to flee to low tax jurisdictions. The widespread introduction of limited national wealth taxes on the lines of the current Spanish approach, for example, could generate more than US$ 2 trillion annually.[73]

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[68] For a discussion on the most practical steps to increase domestic revenue mobilisation in the global South see: a) Cattaneo U, Schwarzer H, Razavi S and Visentin A, 2024. Financing gap for universal social protection: Global, regional and national estimates and strategies for creating fiscal space. ILO Working Paper No. 113; b) Moore M and Prichard W, 2020. How Can Governments of Low-Income Countries Collect More Tax Revenue? in Hujo K (ed.) The Politics of Domestic Resource Mobilization for Social Development. Basingstoke: Palgrave Macmillan and UNRISD; and c) Hujo K and Fuentes-Nieva R, 2024. System Change for Economic Transformation: Toward Fair Fiscal Contracts. UNRISD Working Paper 2024-1. Geneva: United Nations Research Institute for Social Development.
[69] United Nations Research Institute for Social Development, 2016. Policy Innovations for Transformative Change: Implementing the 2030 Agenda for Sustainable Development. Geneva: UNRISD.
[70] In Brazil, through a combination of social protection measures, policies to support enterprises and economic development, support to technology and innovation, and improved labour inspection mechanisms, formal employment increased by more than 23% and the number of employees contributing to social security increased by more than 5 million between 2009 and 2020. See: a) Urban S, 2023. Brazil: Creating fiscal space for social protection through transition to formal employment; and b) Calligaro F and Cetrángolo O, 2023. Argentina: Expanding coverage through the Monotributo scheme. Both in 100 years of social protection: The road to universal social protection systems and floors – Volume II: 52 country studies. Geneva: International Labour Organization.
[71] Palanský M and Schultz A, 2024. Taxing extreme wealth: What countries around the world could gain from progressive wealth taxes. Tax Justice Network Working Paper #2024-02.
72] Zucman G, 2024. A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals. EuTax Observatory.
[73] Palanský M and Schultz A, 2024. Taxing extreme wealth: What countries around the world could gain from progressive wealth taxes. Tax Justice Network Working Paper #2024-02.

For national wealth taxes to be effective, several supporting measures are required. These include creating public registers of the ultimate beneficial owners of companies and other legal entities, as well as of luxury aircrafts and other high-value goods. A global asset register would allow such data to be combined with other appropriate information (for example the ownership of financial accounts and other financial assets) available only to tax authorities and financial regulators. This would require effective and inclusive measures for the automatic exchange of information between states, with all accounts identified by the tax residence of the holder. Such a register is included in the 'zero draft' of the outcome document for the 4th UN Financing for Development conference (June 2025), marking an important step forward in the normalisation of this policy aim.[74]

Second, a new international tax regime is needed. Despite repeated promises by the G20 and OECD to curb cross-border tax abuse, the scale of tax abuse has only grown.[75] [76] The failures of the OECD to deliver effective reform go hand in hand with serious criticisms over its professional standards, lack of inclusion, and unwillingness to engage with UN agencies.[77] This eventually led to a 2023 UN Resolution[78] to establish an ad hoc intergovernmental committee that has since drafted terms of reference for a UN framework convention on international tax cooperation.[79] This would include establishing international standards on automatic exchange of information, public registers of beneficial ownership, public country by country reporting, and the creation of a globally inclusive framework for future rule-setting. Terms of reference were agreed in August 2024 and full negotiations commenced in February 2025.[80] These negotiations provide the best opportunity in a century to curb the scourge of tax abuse.[81]

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[74] UN, 2025. Zero draft: Outcome document of the Fourth International Conference on Financing for Development, New York: United Nations, Available at: https://financing.desa.un.org/sites/default/files/2025-01/FfD4%20Outcome%20Zero%20Draft.pdf. Paragraph 30(f) begins: "We commit to enhance beneficial ownership transparency by strengthening domestic measures on beneficial ownership and working towards establishing a global beneficial ownership registry covering a wide range of assets, legal entities and legal arrangements, such as companies, trusts, and limited liability partnerships." See also ICRICT, 2022. It Is Time For A Global Asset Registry To Tackle Hidden Wealth, Available at: https://www.icrict.com/wp-content/uploads/2022/04/ICRICTGARreportEN.pdf.

[75] Cobham A and Janský P, 2018. Global distribution of revenue loss from corporate tax avoidance: re-estimation and country results, J. Int. Dev., 30, pp.206–232. doi: 10.1002/jid.3348.

[76] EU Tax Observatory, 2024. Global Tax Evasion Report. Available at: https://www.taxobservatory.eu//www-site/uploads/2023/10/OnlineAppendix.pdf

[77] Tax Justice Network, 2024. Litany of failure: the OECD's stewardship of international taxation.

[78] UN Secretary-General, 2023. Promotion of inclusive and effective international tax cooperation at the United Nations. United Nations.

[79] Mansour M, 2023. UN adopts plans for historic tax reform. Tax Justice Network.

[80] Eurodad, 2024. Another overwhelming majority puts the UN Tax Convention negotiations on track, but the EU abstains. Available at: https://www.eurodad.org/un_tax_convention_vote

[81] Because the negotiations are taking place in the UN rather than at the OECD, all government positions are public, creating unprecedented scope for health actors to scrutinise their own governments' positions and hold them accountable. At present, however, the US has withdrawn from the negotiations and there will likely be some resistance from OECD countries to reducing or removing the OECD's ability to set global rules. Importantly, however, while the UN negotiations will seek consensus, it will allow for majority or super-majority voting where necessary. Moreover, there is a growing recognition that a new and fair set of UN-brokered rules could ultimately benefit the populations of all countries.

Third, while the UN tax convention is crucial, countries can already adopt unilateral measures to protect themselves from cross-border tax abuse. One step would be to require TNCs to publish their country-by-country reporting so that information about the nature and scale of transfer-pricing or profit-shifting is made available. This relatively simple measure could add around three percentage points to effective tax rates for TNCs and could raise an estimated US$89 billion of additional revenue worldwide, every year.[82] At present, complex and unfair OECD information exchange arrangements mean that this information is largely kept secret and made accessible only for OECD member tax authorities and a handful of others.[83] The EU and Australia have legislated to require publication of some country-by-country data from 2025 but continue to exclude data on almost every country of the global South and most major tax havens. Other countries can move directly to require full publication by those TNCs operating in their jurisdiction, without waiting for global agreement in the UN convention.

Fourth, improving the tax system needs to go hand in hand with financial reforms to address the illegitimate debt burdens which bleed out public budgets and undermine the emergence of a healthy and democratic social contract between governments and citizens. Beyond debt relief, debt cancellation and equitable access to concessional financing is needed. Support to heavily indebted developing countries should follow a number of principles, including avoiding sovereign default, engaging all creditors in negotiations, providing protection against holdouts and lawsuits, strengthening transparency and accountability on new lending and debt restructuring, and building capacity to collect tax within debtor countries.[84] [85]

Finally, the deep inequalities between countries that are rooted in histories of violent extraction under empire and divergent patterns of responsibility for the climate and biodiversity crisis **point to the need for a policy of reparations** involving progressive taxes levied primarily or even exclusively in the global North, to raise funds to contribute to the costs of global warming and environmental damage. Urgent discussions are ongoing to address the failure of the COP29 Baku summit in 2024 to deliver meaningful flows and commitments of climate finance, including for loss and damage. The eventual agreement should be rooted in principles of fair taxation.[86]

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[82] Tax Justice Network, 2022. State of Tax Justice 2022.
[83] The dynamics of the UN tax convention negotiations also point the way forward for much-needed initiatives for debt reduction and cancellation. Here too, globally inclusive negotiations under UN auspices offer the potential for legally binding and widely applied outcomes that can address the embedded inequalities and injustice of the status quo.
[84] Martin M, Waddock D and Debt Relief International, 2022. A Nordic Initiative to Resolve the New Debt Crisis. Norwegian Church Aid.
[85] Hujo K and Fuentes-Nieva R, 2024. System Change for Economic Transformation: Toward Fair Fiscal Contracts. UNRISD Working Paper 2024-1. Geneva: United Nations Research Institute for Social Development.
[86] Cobham A and Mager F, 2024. Seven principles of good taxation for climate finance: Practical proposals for immediate application, Tax Justice Network briefing, https://taxjustice.net/reports/seven-principles-of-good-taxation-for-climate-finance/

5. Conclusion for the global health community

Our tax and financial systems are our most powerful tools for creating just, peaceful, and healthy societies. But under pressure from influential and wealthy groups, governments have failed to establish a fair and effective set of rules and institutions to prevent tax abuse. Worse still, many aspects of tax abuse are condoned and even rewarded, effectively fuelling the expansion of inequality, fostering corruption, and undermining good governance.

An international tax regime that reflects past colonial power structures, when combined with high costs of credit, has diminished the public budgets of many L&MICs which in turn leads to an erosion of trust in governments and a vicious cycle of people being unwilling to pay taxes, resulting in weaker public services and higher inequalities, and further damage to the social contract.[87] Meanwhile efforts to raise taxes without proper public debate is often met with protest[88], especially when a large amount of tax payments are channelled to foreign creditors. Fixing dysfunctional tax systems and establishing a healthy social contract thus requires action not just at the inter-governmental and governmental levels, but right across society.

To date, however, the global health community has limited its engagement with tax systems and policy to health taxes and marginal discussions about tax as a source of public financing for health. This must change. Health professionals must instead advocate for appropriate tax policies and improved tax systems in a manner that embraces all of the five functions of tax. The voice of health professionals, when highlighting the full set of functions and benefits associated with tax, could be critical in mobilising the political will and support for the reforms needed at both the country and global level.

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[87] Hujo K and Fuentes-Nieva R, 2024. System Change for Economic Transformation: Toward Fair Fiscal Contracts. UNRISD Working Paper 2024-1. Geneva: United Nations Research Institute for Social Development.
[88] Reuters, 2024. Kenya protests, Bolivia failed coup show perils of economic hardship, The East African, 28 June.

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UNU-IIGH Building,
Hospital Canselor Tuanku Muhriz UKM (HCTM),
Jalan Yaacob Latif, Bandar Tun Razak, Cheras,
56000 Kuala Lumpur, Malaysia
Tel: +60 3-9171 5394
Email: iigh-info@unu.edu