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Op-ed

A JUST GLOBAL TAX SYSTEM - BALANCING IDEALISM AND REALISM IN THE DEVELOPING WORLD'S FIGHT FOR FAIRNESS

By Daryl Swanepoel

As the world grapples with widening inequality and diminishing state capacity, one of the most glaring injustices in the international economic order is the absence of an enforceable and equitable tax regime for multinationals and the ultra-wealthy. The vast fortunes accumulated by global corporations and the richest individuals often escape meaningful taxation, exploiting legal loopholes, shell structures and permissive jurisdictions.

For developing countries, the implications are severe. With urgent needs to fund public services, meet Sustainable Development Goals, and build climate-resilient infrastructure, the loss of an estimated \$200 billion annually through tax avoidance and illicit flows is not just unjust, it is a humanitarian crisis in slow motion.

A just alternative: ICRICT's vision

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) has laid out a compelling and achievable alternative. Their proposals include:

- A global minimum effective corporate tax rate of at least 25%, to curtail the “race to the bottom”;
- The adoption of unitary taxation, where multinationals are taxed based on where their real economic activity occurs, not where they shift paper profits;
- Public country-by-country reporting, so that profits, revenues and tax paid are transparent to all; and
- A strengthened role for the United Nations in global tax governance, moving power away from exclusive clubs like the OECD and into truly representative fora.

These proposals are not radical, they are rational, timely and rooted in a vision of fairness. Yet, progress is being actively obstructed by a handful of powerful states who benefit from the current system.

The dilemma: Held hostage by the powerful

The moral paradox is stark: developing countries urgently need tax reform, but are held hostage by some of the very nations that shape global rules. Countries such as Ireland, Luxembourg, the Netherlands and even US states like Delaware have created attractive havens for capital, eroding the tax base of poorer countries while shielding multinationals from contributing fairly. Worse still, many developed nations resist any shift of tax governance away from institutions like the OECD, where they dominate, toward the United Nations, where developing countries have a stronger voice.

In this context, developing nations face a double bind: economically constrained and politically sidelined.

A strategy of duality: Idealism with realism

The way forward requires a strategy of duality, one that boldly advances a progressive tax agenda internationally, while adopting pragmatic, temporary measures at the national level to remain competitive.

Internationally, developing countries must work together to:

- Call for a UN Tax Convention;
- Push for the establishment of a permanent UN Intergovernmental Tax Body;
- Launch a Global South Tax Solidarity Pact; and
- Leverage trade and investment forums to demand transparency and reciprocal accountability.

Nationally, however, governments must adopt elements of neoliberal orthodoxy, such as competitive tax regimes and investor confidence measures, not as ideological choices, but as tactical necessities in a system that punishes divergence. This should remain a holding pattern only, while countries:

- Strengthen domestic tax administrations;
- Introduce moderate wealth and capital gains taxes;
- Pilot digital and extractive industry taxes;
- Improve public financial transparency.

A UN-led programme of action

At the multilateral level, the Global South must translate its moral clarity into actionable momentum. A UN Programme of Action on Global Tax Justice should include:

- A resolution for a UN Framework Convention on Tax Cooperation;
- A World Tax Summit, co-hosted with ICRICT and civil society;
- A South - South Tax Capacity Initiative, housed under UNDP or UNECA;
- A UN Corporate Tax Transparency Database; and
- An Annual Global Tax Equity Review published by ECOSOC or UNCTAD.

Seville: A rare and urgent opportunity

It is precisely in this context that the upcoming UN Finance for Development Summit, to be held later this month in Seville, presents a rare and urgent opportunity. For developing nations and reform advocates, it is a strategic moment to place tax justice squarely at the centre of global economic reform.

The Seville summit, convened under the auspices of the UN General Assembly and ECOSOC, is intended to shape a new consensus on international financial architecture. This includes global taxation, debt sustainability, climate finance and development cooperation. As such, it offers a platform to:

- Demand the inclusion of ICRICT principles in the summit's outcome document;
- Push for binding language on the creation of a UN Tax Convention;

- Form a coalition of like-minded states, backed by civil society and global economists, to advocate for immediate interim reforms and longer-term structural overhaul; and
- Expose and challenge the contradiction of rich nations that promote good governance abroad while enabling tax avoidance at home.

If developing countries arrive at Seville united, coherent and assertive, the summit could serve as the turning point in reclaiming fiscal sovereignty and global economic fairness.

Conclusion: The horizon and the path

Some may say this vision is too idealistic. But it was idealism that created the Bretton Woods institutions, the United Nations and the Universal Declaration of Human Rights. The same energy must now be directed toward building a fair global tax order.

Still, we cannot afford naivety. The current world order will not change overnight. But it can be changed, step by step, through solidarity, strategy and a dual approach that walks with one foot in the world that is and the other toward the world that must be.

The Seville summit gives us a window, perhaps a once-in-a-generation chance, to begin that walk with renewed urgency. The choice is not between idealism and realism; it is between drift and direction. And the time to choose is now.

Daryl Swanepoel is the Chief Executive Officer of the Inclusive Society Institute. The Institute is preparing its position papers in preparation for the FFD4 Summit in Seville.