

THE LONDON DECLARATION ON  
**TAX SPILLOVER ASSESSMENTS**

SEPTEMBER 2019



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## STATEMENT ON TAX SPILLOVERS

### THE LONDON DECLARATION

Issued at: “Assessing Tax Spillovers”, 5<sup>th</sup> September, 2019.

Held at City, University of London

*Oxfam, ActionAid, Eurodad, Tax Justice Network, Tax Justice UK, have agreed a joint statement following discussions at a meeting at City, University of London on the 5<sup>th</sup> September 2019:*

We share a view that attempts by the international community to establish a minimum level of **effective** taxation of business profits should be accompanied by **regular periodic assessments of the 'tax spillovers'** that each country's tax system generates, including internal **domestic spillovers**. This will assist with monitoring compliance with minimum effective levels of taxation and encourage states to reduce the harmful spillovers they generate for other states through their tax policies. These assessments will also provide a source of information for governments on how they might reduce the spillovers their tax systems produce, including domestic fiscal policies that might undermine their own tax base.

***We call on governments around the world to enter into regular tax spillover assessments to be conducted by teams of trained independent assessors as part of a multi-stake holder exercise.***

Spillover assessments should have the **following four features**:

- i) *they should examine tax systems as entire entities, considering a range of spillovers generated by a variety of tax policies and practices, including **domestic spillovers**;*
- ii) *they should qualitatively document tax policies and practices creating spillover risk, to complement more quantitative analyses and to increase **fiscal transparency** and available information about tax systems;*
- iii) *they should, as an overarching objective, discourage states from doing demonstrable harm to their own tax base and to other state's tax bases, with the aim of mitigating 'race to the bottom' dynamics that particularly harm developing countries;*
- iv) *they should contain identified target policy reform recommendations informed by the systematic collection of qualitative evidence, that would reduce the harmful spillovers generated by the tax system under consideration.*

A prototype spillover assessment framework is available in [Baker, A., & Murphy, R. \(2019\). The Political Economy of 'Tax Spillover': A New Multilateral Framework. \*Global Policy\*, 10\(2\), 178-192.](#) This could be used as a benchmark to inform these efforts.

A range of issues to be considered in designing a spillover assessment can be found in ActionAid (2018), [Stemming the Spills.](#)