**Public participation in tax policy and administration**

**A picture of Brazil situation and Inesc’s work**

1. **Context**

Until recently all researches indicated that Brazil was reducing its inequalities throw the public budget expenditures with public policies. These policies can be universal, such as Health and Education; and redistributive, such as “Bolsa Família / Family Sponsorship”, which is part of the Strategy “Fome Zero / Hungry Zero” that also included “PNAE / Program for school feeding”, PAA / Program for Food Acquisition”, among other. The “Hungry Zero” Strategy was an important public policy that helped Brazil gets out of the “Hungry Map”.

But it was just very recently, in 2015, that the Finance Ministry decided to open information about Wealth, what included information related to Personal Income Tax. This happened after Thomas Piketty visit to Brazil when he criticized the lack of data related to tax and wealth in the country.

What this new data showed was: i) the need and importance of open data and public participation on the tax side of the fiscal equation, and ii) that even though Brazil had reduced its inequality between middle class and poor, the richest 10%, and specially the 1%, had actually concentrated even more the country’s wealth. A recent report from Oxfam Brazil, that used some studies from Inesc, showed that the 6 wealthiest Brazilian billionaires have the same amount of wealth as the poorest 103 million Brazilians, which is 50% of the country’s population.

Before the release of this data about Wealth, almost all researches used data from PNAD (National Household Sample Survey). The problem is that PNAD, even though was very good to collect data from low and middle income, couldn’t get much information about the highest income, because they would either hide information or never be available to be interviewed. That shows the importance of open data on wealth and tax information.

But Brazil is still facing some problem with this specific data on Wealth and Income Tax: since it was a political decision, there is no obligation for the government to release it again. A more permanent and efficient norm should be approved for this and other tax data should also be released. Also, the information is yet too aggregated; it could be a little more disaggregated, but yet respecting the fiscal secrecy law.

Getting back to the results of the analyses, that are some reasons to explain the high and increasing wealth concentration in Brazil, among the most important ones are the late abolition of slavery and the Brazil’s Tax System Characteristics.

1. **The Brazilian Tax System**

Brazil has a regressive, unfair, wealth concentrator and amplifier of inequalities. All of this is possible to see by some analyses. The first one: the composition of the tax burden. (POWER POINT)

1. **What Inesc has being doing related to tax transparency and tax justice**
	1. Production of information

Studies about the tax system, the need of a tax reform, the impacts on public policies of the unequal tax system, analyses of the tax expanditures, building the link between fiscal justice and human rights with partners

* 1. Communication

Making “fiscal justice” a known term and the “potential revenues” (such as tax expenditures) an alternative to the austerity measures in Brazil

* 1. Advocacy
		1. Tax Reform: production of information, debates, interviews, articles, public hearing at the National Congress
		2. Tax Expenditure: studies and a campaign planning with partners that are also GIFTs stewards like IBP, Fundar, ICEFI
		3. World Bank: influencing its Country Partnership Framework of Brazil to consider that fiscal space is not achieved by the expenditure side, but also at the revenue side of the fiscal equation
		4. CGU / 3 NAP / OGP: Commitment n.2 is about revenue transparency
		5. TCU: participation in newly created work group on public policies efficiency, including tax policy.
		6. ENCCLA (National Strategy to combat corruption and money laundry): Civil society made a proposal for tax expenditures and fiscal evasion to be also invest.tigated by the strategy
		7. CIDH/OEA: Link between fiscal justice and human rights. The financial institutions should also be responsible and coherent with HR framework
1. **The challenges we are facing at the moment in Brazil**
	1. There is a lack of systematic disclosure of tax burden by income bracket, by gender, by race, by social class 🡪 It should be a legal obligation to publicize these information at annual budget documents.
	2. Information about tax expenditure does not disclosure who are the beneficiaries and in which amount 🡪 since they are and indirect expenditure, it should be transparent.
	3. The need to do a tax reform that does not only consider to need to simplify the tax system 🡪 but also that considers the need to have tax justice, according to the principle of contributive capacity.
	4. Low disclosure of revenue data, without an open format. That is particularly important in one of the most unequal countries in the world.
	5. Low spaces for public participation for planning and monitoring of tax and fiscal policies 🡪 Disclosure of comprehensive, timely and accurate information on revenues, in accessible formats, is a precondition for effective public participation. Detailed data on revenue collections, incidence, and forecasts facilitates public scrutiny and deliberation – as recognized at GIFT’s Ten Principles of Public Participation in Fiscal Policy[[1]](#footnote-1).
	6. National scenario of reduction in: rights, transparency and public participation spaces 🡪 how to overcome that?
1. Principle 1: Accessibility: Facilitate public participation in general by disseminating complete fiscal information and all other relevant data, in formats and using mechanisms that are easy for all to access, understand, and to use, re-use and transform, namely in open data formats. See <http://www.fiscaltransparency.net/pp_principles/> [↑](#footnote-ref-1)