

G8 factsheet: tax

Published 7 June 2013

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1. Why tax?

Tax evasion and avoidance are issues whose time has come. After years of abuse people across the planet are rightly calling for action.

Strengthening international standards will allow countries to collect tax that is due to them, allowing them to strengthen public services in areas like health and education. It will protect public finances and improve confidence in the global economic system.

1.1 Evasion and avoidance

Tax evasion is illegal. It can and should be subject to the full force of the criminal law.

Tax avoidance is less black and white. There's nothing wrong with sensible tax planning and there are some things that governments want people to do that reduce tax bills, such as investing in a pension or giving money to a charity.

But there are some forms of avoidance that have become so aggressive that the UK believes it is time for governments to act.

The UK wants to work with developing countries on this too. The poorer the nation, the more they need the tax revenues - but often the weaker the capacity they have to collect them.

But it can be done and the UK is already providing considerable support to developing countries to provide robust, fair and sustainable domestic taxation systems.

For example, the UK has worked with the Ethiopian authorities to help with tax collection, and in the last decade the amount of tax collected has increased seven-fold.

2. G8 action

As part of its G8 Presidency, the UK will:

- galvanise international action on tax evasion. These are problems shared by developed and developing countries and we will ensure all countries benefit from reforms
- demonstrate a determination to deal with challenges posed by [shifting profits to low tax jurisdictions](#)
- ensure [anti-money laundering and counter-terrorist financing regimes](#) are effective, both in G8 countries and those developing countries whose economies are growing quickly
- improve the transparency of company ownership
- explore what more can be done to support lower-income developing countries to collect tax revenues owed to them