Ethical taxation key to global sustainable development, says study

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New research led by the University of St Andrews reveals that multinational organizations that pay their share of in-country taxes contribute positively to tackling global poverty and international human rights.

The study, led by a team of researchers from the University of St Andrews' School of Medicine in collaboration with the University of Leicester and the African Center for Tax and Economic Studies (ACTES), focuses on the tax record of Vodafone Group Plc, and reveals the positive impact multinational companies have on achieving the UN's global Sustainable Development Goals (SDGs) by paying tax.

The new research, published in the journal *Globalization and Health* (on Monday, March 20), used Vodafone's country-by-country tax payments as a case study for the paper, which adds to growing evidence that tax is pivotal to supporting human rights and the global SDGs.

Progress on reaching the UN's SDGs has been slow, with the impact of climate change and the COVID-19 pandemic causing a major disruption to people's lives and livelihoods. Despite this, some of the private sector can make a positive impact towards achieving the SDGs simply by paying tax.

The international research team analyzed Vodafone Group's tax activities in six African countries. Vodafone publish their taxes on a country-by-country basis, which allowed the team of researchers to review the impact of their tax contributions and their role in helping those countries progress towards the SDGs. The team focused on six sub-Saharan African countries in which Vodafone operate: the Democratic Republic of Congo (DRC), Ghana, Kenya, Lesotho, Mozambique and Tanzania.

To show the scale of the potential, the team of researchers used an econometric model to analyze how many people accessed their rights when their governments had an increase in revenue equivalent to the corporation tax paid by Vodafone in these six African countries. It considered the impact on fundamental rights if governments kept allocating its budget in the same way as it had in the past. This tax revenue collected allowed 966,188 people to access clean water, 1,371,972 people to access basic sanitation; as a result, an additional 54,275 children under five years and 3,655 mothers survived. The tax revenue also allowed 858,054 children to spend an extra year in school.

Lead author of the research Dr. Eilish Hannah, fromthe School of Medicine at the University of St Andrews said, "The exciting thing about this finding is that it demonstrates that we can all contribute to SDG progress and human rights, both at home and overseas, by engaging with companies that pay fair and transparent taxes and encouraging other companies to do the same."

Michael Masiya, from the African Center for Tax and Economic Studies (ACTES), Blantyre, Malawi, added, "In the era of post-pandemic setbacks, taxes are essential to getting Sub-Saharan African countries back on the road to economic recovery and achieving the SDGs. Every compliant taxpayer, no matter how big or small, can significantly add to this endeavor."

The research adds to growing evidence that tax is pivotal to supporting human rights and the SDGs. The global community needs to ensure the structures are in place to promote fair tax practices and reduce tax avoidance. The findings emphasize the potential impact other companies could have if they followed a similar approach.

More information: Eilish Hannah et al, How can corporate taxes contribute to sub-Saharan Africa's Sustainable Development Goals (SDGs)? A case study of Vodafone, *Globalization and Health* (2023). DOI: 10.1186/s12992-022-00894-6

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