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Committee on Economic, Social and Cultural Rights

Tax policy and the International Covenant on Economic, Social and Cultural Rights

Statement by the Committee on Economic, Social and Cultural Rights*

I. Introduction

1. Under the International Covenant on Economic, Social and Cultural Rights, States Parties are required to take steps, individually and through international assistance and cooperation, to the maximum of their available resources, with a view to achieving progressively the full realization of economic, social and cultural rights (art. 2 (1)). Furthermore, the principle of non-discrimination and equality (art. 2 (2)) requires States Parties not only to eliminate formal discrimination but also to ensure substantive equality by taking measures to address socioeconomic and gender inequalities.¹ Ensuring the enjoyment of economic, social and cultural rights and promoting substantive equality requires sound fiscal policies, including both the mobilization of sufficient resources and adequate social spending. Taxation is a key instrument for mobilizing resources to realize economic, social and cultural rights and to address poverty and socioeconomic inequalities. While States have the right to design, implement and regulate their tax policies in accordance with their national priorities, this prerogative must be exercised in a manner consistent with their obligations under international human rights law, including the Covenant.

2. The Committee on Economic, Social and Cultural Rights welcomes General Assembly resolution 78/230, in which the Assembly decided to establish a Member State-led, open-ended ad hoc intergovernmental committee for the purpose of drafting terms of reference for a United Nations framework convention on international tax cooperation, with a view to strengthening the inclusiveness and effectiveness of international tax cooperation.² As stated in the Pact for the Future, “the current international tax governance structures need improvements”.³ Promoting inclusive and effective international tax cooperation will help countries effectively mobilize their resources, including through strengthening ongoing efforts to prevent and combat illicit financial flows, corruption, money-laundering and tax evasion, eliminate safe havens and recover and return assets derived from illicit activities.⁴ The Committee welcomes that the terms of reference for a United Nations framework convention on international tax cooperation, adopted by the General Assembly in its resolution 79/235, highlight that, as one of the principles of the convention, efforts in the

* Adopted by the Committee at its seventy-seventh session (10–28 February 2025).

¹ See general comment No. 20 (2009) on non-discrimination in economic, social and cultural rights.

² The Committee takes note of related regional initiatives, including the Special Declaration on Illicit Financial Flows adopted by the Assembly of the African Union at its twenty-fourth ordinary session, on 30 and 31 January 2015, and the establishment of the Regional Platform for Tax Cooperation for Latin America and the Caribbean, in 2023.

³ General Assembly resolution 79/1, para. 23 (i).

⁴ Ibid., para. 23 (h) and (i).



pursuit of international tax cooperation should be aligned with States' obligations under international human rights law.⁵ This development presents an important opportunity to create global tax governance that enables States Parties to adopt fair, inclusive and effective tax systems and to combat tax-related illicit financial flows, thereby facilitating the realization of economic, social and cultural rights.

3. The Committee has addressed tax-related issues in its concluding observations following the review of State Party reports and in its general comments,⁶ recognizing their impact on the realization of economic, social and cultural rights. Drawing upon this work, the Committee reminds States Parties and other stakeholders of the importance of adopting a human rights-based approach when designing their tax policies and international tax cooperation mechanisms. With the present statement, the Committee seeks to provide guidance on States Parties' obligations under the Covenant with respect to these areas, emphasizing the need to ensure that tax policies promote equality and non-discrimination, and the mobilization of resources for the realization of economic, social and cultural rights. In doing so, it aims to assist States Parties in better aligning their decision-making with those obligations, both in ongoing United Nations and regional processes and in their domestic tax policies.

II. Obligations arising from the Covenant in the area of tax policies

4. In reviewing the implementation of the Covenant by States Parties, the Committee has identified situations in which regressive and ineffective tax policies hamper the capacity of States Parties to fulfil economic, social and cultural rights and have a disproportionate impact on low-income households, women and disadvantaged groups. One such example is a tax policy that maintains low personal and corporate income taxes without adequately addressing high income inequalities. In addition, consumption taxes, such as value added tax, can have adverse impacts on disadvantaged groups such as low-income families and single-parent households, which typically spend a higher percentage of their income on everyday goods and services. In this context, the Committee has called upon States Parties to design and implement tax policies that are effective, adequate, progressive and socially just.⁷

5. As a prerequisite, the Committee emphasizes that, both domestically and in the context of international tax cooperation, States Parties must observe the procedural guarantees derived from their human rights obligations in designing and implementing tax policies. Tax policymaking should be inclusive, transparent, participatory and evidence-based, fostering informed public debate. Furthermore, States Parties should conduct comprehensive assessments of the impact of existing and proposed tax policies on the realization of economic, social and cultural rights. Impact assessments should be conducted, in a transparent manner, with the meaningful and informed participation of social stakeholders. Such assessments should include an analysis of: (a) the ratio of taxation to gross domestic product; (b) the revenue derived from individual and corporate income taxes, and from consumption taxes, including value added tax; (c) the overall distributional impact and the tax burden on different income groups, women and disadvantaged groups; and (d) the benefits and impact of various tax exemptions, including those related to natural resources.

6. A well-designed tax system should serve to effectively raise revenue to secure economic, social and cultural rights and reduce high levels of economic and social inequality.

⁵ [A/79/333](#), annex I, para. 9 (c).

⁶ For example, general comment No. 24 (2017) on State obligations under the International Covenant on Economic, Social and Cultural Rights in the context of business activities, para. 37.

⁷ [E/C.12/CAN/CO/6](#), para. 10; [E/C.12/HND/CO/2](#), para. 20; [E/C.12/GBR/CO/6](#), para. 17 (b); [E/C.12/DOM/CO/4](#), para. 18; [E/C.12/CRI/CO/5](#), para. 15; [E/C.12/TUN/CO/3](#), para. 15; [E/C.12/RUS/CO/6](#), para. 17; [E/C.12/COL/CO/6](#), para. 20; [E/C.12/ESP/CO/6](#), para. 16 (b); [E/C.12/BOL/CO/3](#), para. 17; [E/C.12/NIC/CO/5](#), para. 16 (c); [E/C.12/COD/CO/6](#), para. 25; [E/C.12/GTM/CO/4](#), para. 17; [E/C.12/BRA/CO/3](#), para. 22 (a); [E/C.12/MRT/CO/2](#), para. 13; [E/C.12/ROU/CO/6](#), para. 11 (b); [E/C.12/IDN/CO/2](#), para. 19 (b); [E/C.12/BDI/CO/1](#), para. 14; and [E/C.12/COD/CO/6](#), para. 25.

The Committee recalls that the implementation of any tax system must not have a detrimental impact on the enjoyment of the rights covered under the Covenant, in particular, the right to an adequate standard of living, in particular for disadvantaged and marginalized groups. In this regard, States Parties could consider taking measures such as: (a) ensuring that those with higher income and wealth, in particular those at the top of the income and wealth spectrums, are subject to a proportionate and appropriate tax burden; (b) shifting focus to a more direct income taxation approach rather than relying on indirect taxes, such as value added tax and goods and services tax, which tend to disproportionately affect individuals and families with lower incomes; and (c) levying adequate taxation on the profits of large companies, in particular multinational companies domiciled or operating in the State Party and on high-net-worth individuals, including through the introduction of a globally coordinated minimum income tax for ultra-high-net-worth individuals.⁸ In addition, a holistic review of the tax system is essential to ensure that the combined effect of these measures advances economic, social and cultural rights while reducing inequality. Collectively, these measures could help States Parties to expand their tax base and strengthen the redistributive effect of their national tax systems. The effectiveness of these measures can be further enhanced by appropriate budgetary and effective spending policies aimed at realizing economic, social and cultural rights.

7. States Parties are also required to ensure that tax policies are designed and implemented, as far as possible, in a manner that promotes substantive equality and removes explicit and implicit gender biases.⁹ In this regard, States Parties should avoid adopting regressive taxation, such as value added tax, that disproportionately affects women with low or no income.¹⁰ It is important for States Parties to review their tax and social policies, including examining how tax credits and allowances affect the distribution of unpaid work, as well as how higher tax rates on second earners affect gender equality. States Parties are encouraged to adopt tax measures that create incentives for transforming the gender division of labour and promote women's participation in the labour market. In addition, States Parties should secure fiscal space through equitable and progressive taxation to invest in public services essential for the realization of economic, social and cultural rights, such as comprehensive care and support systems that are gender-, disability- and age-responsive.¹¹

8. Taxation can also serve as a regulatory tool. Where appropriate, it could be used to create conditions that contribute to the realization of economic, social and cultural rights or to discourage behaviours that undermine them. The Committee has observed that tax policies can, for example, promote access to healthy diets through the imposition of taxes on junk food and sugary drinks¹² or enable States Parties to protect the environment and meet their climate commitments.¹³ However, it is essential that such measures are designed and implemented in a way that does not disproportionately burden disadvantaged and marginalized groups, in particular through the adoption of measures to mitigate potentially regressive impacts.

III. International cooperation and extraterritorial obligations on taxation

9. Illicit financial flows and tax abuse represent a huge loss of public revenue and constitute an impediment to the mobilization of domestic resources for the realization of human rights and to combating persistent poverty and inequality, in particular in low- and middle-income countries. To address this issue, the Committee has underscored that States

⁸ Group of 20, Rio de Janeiro Leaders' Declaration (2024), para. 20.

⁹ See general comment No. 20 (2009) on non-discrimination in economic, social and cultural rights; and [A/HRC/26/28](#), para. 79 (c) and (f).

¹⁰ [A/73/179](#), para. 54; and [E/2024/27](#), para. 54 (iii).

¹¹ [A/HRC/52/52](#), para. 60; [A/HRC/53/39](#), para. 63 (e); and [E/2024/27](#), para. 54 (nn).

¹² [E/C.12/POL/CO/6](#), para. 42 (a); [E/C.12/ARG/CO/4](#), para. 46 (f); [E/C.12/BEL/CO/5](#), para. 49 (b); and [E/C.12/ITA/CO/6](#), para. 56.

¹³ [E/C.12/ITA/CO/6](#), para. 18 (a); [E/C.12/PSE/CO/1](#), para. 16; [E/C.12/IRL/CO/4](#), para. 13 (a); [E/C.12/IRQ/CO/5](#), para. 15; and [E/C.12/POL/CO/7](#), para.17 (a).

Parties have a duty to take measures to combat tax evasion and tax avoidance, both within and beyond their territory.¹⁴

10. Tax evasion and tax avoidance by corporations and high-net-worth individuals are often transboundary in nature and give rise to States' extraterritorial obligations. The Committee has observed situations in some States where low effective corporate tax rates, wasteful tax incentives, weak oversight and enforcement against illicit financial flows, tax evasion and tax avoidance, and the permitting of tax havens and financial secrecy drive a race to the bottom, depriving other States of significant resources for public services such as health, education and housing and for social security and environmental policies. As the Committee has clarified, the extraterritorial obligations deriving from article 2 (1) of the Covenant require States Parties to ensure that their national tax policies do not undermine the capacity of other countries to raise public revenues for the realization of economic, social and cultural rights.¹⁵ To that end, States Parties should conduct an independent and comprehensive assessment of the impact of their national and international tax policies on other countries, in particular on developing countries, and take corrective measures if required.¹⁶

11. Furthermore, States Parties should take all measures necessary to combat illicit financial flows and cross-border tax evasion through, inter alia, the misuse of transfer pricing and tax fraud by business enterprises operating within or domiciled in their territory, including through the adoption and enforcement of mandatory due diligence mechanisms. States Parties should also regulate the use of shell companies for profit-shifting, tax evasion and fraud. The Committee calls upon States Parties to implement a global minimum tax on the profits of large multinational enterprises across all jurisdictions where they operate and to explore the possibility of taxing these enterprises as single firms based on their total global profits, with the tax then apportioned fairly among all the countries in which they undertake their activities.¹⁷

12. States Parties should also contribute to the efforts of other countries in combating tax abuse, including by ensuring that public and private financial institutions under their jurisdiction are subject to appropriate regulation and monitoring. States Parties must adopt due diligence mechanisms for banks, professional service providers and other financial institutions, requiring them to take measures to prevent tax fraud and transboundary tax evasion.

13. In addition, the Committee reminds international organizations, including international financial institutions, that as subjects of international law, they must respect human rights and fulfil all obligations imposed by general rules of international law. In particular, international financial institutions, as specialized agencies of the United Nations, are bound by the human rights provisions contained in the Charter of the United Nations. Accordingly, they should conduct human rights impact assessments of any proposed tax reforms to ensure that their recommendations do not undermine, but instead facilitate, the capacity of States to realize economic, social and cultural rights, in particular in countries that are highly dependent on external financing.¹⁸

14. Moreover, States Parties have the obligation to strengthen international cooperation to build an inclusive, fair and effective global tax governance and to combat tax-related illicit financial flows, with a view to creating an international environment conducive to the fulfilment of economic, social and cultural rights.¹⁹ To this end, States Parties should participate in good faith in the negotiations on a United Nations framework convention on international tax cooperation and develop, in an inclusive manner, international tax rules that apply fairly and equitably to all States, considering the different needs, priorities and

¹⁴ E/C.12/KEN/CO/2-5, para. 18; E/C.12/HND/CO/2, para. 20; E/C.12/GBR/CO/6, para. 17 (c); E/C.12/DOM/CO/4, para. 18; E/C.12/BGD/CO/1, para. 20; E/C.12/ESP/CO/6, para.16 (e); and E/C.12/ZAF/CO/1, para.17 (d).

¹⁵ General comment No. 24 (2017), paras. 25–37.

¹⁶ A/HRC/21/39, para. 92.

¹⁷ General comment No. 24 (2017), para. 37.

¹⁸ See E/C.12/2016/1.

¹⁹ Universal Declaration of Human Rights, art. 28.

capacities of all countries, in particular developing countries.²⁰ States Parties are encouraged, *inter alia*, to strengthen the exchange of financial and tax information among themselves and to establish a public global asset registry, containing beneficial ownership information, in order to curb illicit financial flows and the transfer of untaxed wealth by corporations and individuals.

15. In negotiations on international tax cooperation, States Parties should refrain from making decisions and exercising their voting powers in ways that limit the ability of other States to mobilize all available resources for the realization of human rights, including economic, social and cultural rights.²¹ In this context, States Parties should ensure that all countries, in particular developing countries, can participate meaningfully and on an equal footing in decision-making processes and agenda-setting in the field of international taxation, recognizing the specific challenges that they may face, including those related to climate financing and unsustainable debt.

16. To conclude, adopting a binding framework convention on international tax cooperation at the United Nations, grounded in a human rights-based approach, provides States Parties with a unique opportunity to work towards creating an enabling environment at both the national and international levels to fulfil their commitments under the Covenant. Aligning tax cooperation with the obligations under the Covenant can contribute to the effective mobilization of resources and redistribution of wealth, thereby addressing high levels of inequalities and facilitating substantial investments in the institutions, public services and programmes essential for the realization of economic, social and cultural rights for all.

²⁰ General comment No. 24 (2017), para. 37.

²¹ *Ibid.*, para. 29.