

To: G20 Finance Ministers on the occasion of their meeting on 9/10 July 2021

Urging the immediate introduction of Financial Transactions Taxes to improve economic stability and support public investment, particularly in developing countries, to pay for healthcare, jobs and the costs of climate impacts

We, the undersigned, economists and finance experts, in light of the severe, unprecedented repercussions of the COVID-19 pandemic, are writing to you to make the case for the immediate introduction of Financial Transactions Taxes (FTTs), both as a means to make economies more resilient and to generate urgently needed public investment, both overseas and domestically, to save lives by strengthening health systems and to help pay the costs of the devastating impacts to populations due to the heating of our climate.

FTTs encourage longer-term investments in the real economy, providing a more solid foundation for economic renewal. This is particularly important as countries rebuild following the pandemic. FTTs disincentivise excessive speculative activity, particularly high-frequency trading, which have led to flash crashes in the past. As well, they give tax authorities greater oversight over financial activities, helping them to collect tax receipts and battle corruption.

Although richer countries have experienced great hardship at the hands of the COVID-19 crisis, poorer countries, many of whom were in serious debt distress before the health crisis struck, are now in a perilous economic situation often forced to make life and death choices between servicing their debt and the provision of healthcare for their citizens.

It is in response to this situation of acute need that we strongly urge you to look to the world's wealthiest sector and raise extra revenue through comprehensive levies on, to-date, seriously under-taxed financial transactions in shares, bonds, derivatives and foreign exchange. Limited FTTs already exist in 9 of the G-20 countries (Argentina, Brazil, China, France, India, Italy, South Africa, UK and US), predominantly levied at very low rates on equity trading. We propose that countries without FTTs, introduce them immediately, and those with FTTs, both increase tax rates and extend the scope of the tax base to other assets. In so doing, additional revenue of the order of \$100 billion could be generated on an annual basis, at least 50% of which should be devoted to developing countries to support health, education and to strengthen preparedness for future pandemics, with the other 50% spent to assist those most in need at home, particularly in the protection and provision of employment. With regard to solidarity funding to poorest countries, we urge that revenue from FTTs is over and above Official Development Assistance and ring-fenced to pay for public goods, not returned in the form of debt repayments.

Introducing FTTs in this manner complements and builds upon recent agreements to implement a minimum corporate tax rate. Both measures are long overdue and timely, as well as popular. The finance sector has continued to fare strongly and even to thrive despite the pandemic and can afford this extra tax burden. FTTs can be designed to fall on intermediaries rather than pension funds and small investors to ensure constituencies, such as older age groups, are not disadvantaged. Importantly, good tax design prevents tax avoidance by making the location of trading irrelevant to the capture of the tax receipt. As the precedents from current FTTs demonstrate, tax collection is quick and simple due to the automation of financial markets.

The existence of FTTs in numerous countries around the world is testament to their feasibility and desirability. What is required at this juncture is your political will to implement FTTs comprehensively without delay to create greater economic stability and generate income at scale for the benefit of millions in both developed and, particularly, developing countries. Surely this is the time for the world's richest market to make a far greater contribution to those most in need both domestically and across the globe.

Yours sincerely