

**Efforts in Japan and international trends related to international solidarity levy**

Sep 2000, “United Nations Millennium Declaration” adopted

Mar 2002, United Nations held the “International Conference on Financing for Development” in Monterrey, Mexico

- Reaffirmed the achievement of the 0.7% GNI ratio, the international traditional goal
- Confirmed the need for creation of an innovative funding mechanism to complement the above mentioned goal

Dec 2003, French President Mr. Jacques Chirac established “Landau Committee”

Jan 2005, In the World Economic Forum in Davos, President Chirac announced the “international solidarity levy” concept for achieving the MDGs

28 Feb – 1 Mar 2006, four CSO representatives of Japan were invited to the “Globalization & Solidarity : Paris Conference on Innovative Financing for Development Mechanism” held by the French government which determined the implementation of the air ticket solidarity levy and the establishment of the “Leading Group on Solidarity Levies to Fund Development”

Jul 2006, France has introduced the air ticket solidarity levy

Sep 2006, UNITAID was established by Brazil, Chile, France, Norway and the United Kingdom

Sep 2006, the “Study Group on Global Tax” was established by CSO group

Feb 2008, “The Parliamentary Group on International Solidarity Levies” was established

Apr 2008, Japan participated in the “Plenary Meeting of the Leading Group on Innovative Financing for Development” as an observer.

Sep 2008, Lehman Shock

Nov 2008, Japan participated in the “Plenary Meeting of the Leading Group on Innovative Financing for Development” as a regular member.

Apr 2009, “The Commission for the Promotion of International Solidarity Levies” was founded as the “Japanese Landau Committee”

- Interim report was issued in December 2009
- Final report was issued on 15 September 2010 <Appendix – 1>
- member from trade union: Mr. Katsuhiko Sato (JICHIRO)

Apr 2009, “The Association of Citizens for International Solidarity Taxes” was founded

Dec 2009, International Solidarity Levy was specified in the “2010 Tax Reform Outline”

Jul 2010, Global Currency Transaction Tax has been proposed in the Leading Group panel of experts report

June 2011, “The Forum on International Solidarity Levy” was established by civil society organization group, PSI-JC also participated as a member

Jul 2012, launched the “International Taxation Study Group” under “The Forum on International Solidarity Levy”, and started the study of tax avoidance and tax haven problem

Aug 2012, financial transaction tax was introduced in France

Aug 2012, International Solidarity Levy is specified in the Consumption Tax Law Amendment Act

Mar 2013, “International Solidarity Levy Policy Options Taskforce” was established under “The Parliamentary Group on International Solidarity Levies”

- member from trade union: Mr. Katsuhiko Sato (JICHIRO)

Eleven European countries to introduce proactively the financial transaction tax from 2014

<Appendix – 1>

**Final Report of the Commission for the Promotion of International Solidarity Levies**

**Proposal**

After the fall of the Lehman Brothers financial corporation, the global economy has become more unstable and is now facing a major structural turning point. If we simply try to apply frameworks and methods we have used up until now to this urgent global crisis, we will surely be too late. As a cross-border solution to this global problem, we propose implementation of a ‘global solidarity levy (GSL),’ a tax levied on global activities, in particular, a currency transaction tax, and we believe that the time is ripe to move ahead with this idea.

Implementation of a currency transaction tax has, in the past, been urged by particular NGOs and has been excluded from government debate but after the fall of Lehman Brothers, controls on financial markets and taxes on financial institutions have become common subjects of discussion around the world and the situation is changing rapidly.

Firstly, governments of major countries are now at the stage of implementing some form of financial tax. The European Union has proposed an international financial transaction tax and Germany and France have shown their intention to take this proposal to the world level by submitting it at the G20 Summit Meetings. In the United States, for the first time in 80 years, a bill has been passed on reforming financial regulation, giving a major push to financial policy.

Secondly, the Leading Group on Innovative Financing for Development set up a Taskforce on International Financial Transactions and Development and the Committee of Experts to the Taskforce proposed that a global currency transaction levy be implemented.

Thirdly, in terms of the United Nations, the 63rd President of the UN General Assembly, Miguel d’Escoto Brockmann set up the Commission of Experts on Reforms of the International Monetary and Financial System (chaired by Joseph Stiglitz) and the Secretary General, Ban Ki-moon has also set up the High-level Advisory Group on Climate Change Financing. These groups are also proposing policies on various forms of international taxation, including financial transaction tax.

And finally in Japan, under the initiative of the ruling Democratic Party of Japan, the Government Tax Commission made the report on the tax reform for fiscal 2010, with the international solidarity levies mentioned as one of the tasks to be discussed. It later established the subcommittee on the international taxation within the committee of experts to the tax commission, and has been discussing the international solidarity levies.

Taking into account this domestic and international situation, we will be submitting the following proposal to the Government of Japan:

1. In order to solve issues on a global level, each country should work together to raise funds through a new mechanism—the Global Solidarity Levy (GSL), in particular, currency transaction tax, should be introduced at the first possible opportunity.
2. Levies collected as global currency transaction tax should be placed in an international organization through the CLS Bank payment system, which settles multiple currencies simultaneously.
3. The tax rate should be set at 0.005%, a level that will not distort the international financial market, which supports the real economy.
4. A global solidarity fund will be set up to collect, manage and distribute the tax revenue. Fund governance will be transparent and democratic, along the lines of the UNITAID Executive Board, and must be accountable. It is also necessary for the people on the ground at the global level—civil society, NGO representatives and the non-state sector such as the private sector, which is a stakeholder in terms of funding—to participate in a decision-making capacity.
5. In terms of managing this fund, the option of using the mechanism of a World Bank trust fund should also be considered.
6. The tax revenue will be used to work toward achieving the MDGs, or to counter climate change and will be decided in concrete terms, by the international organization in charge of the fund, in consultation with participating countries. Tax revenue collected as global solidarity levies will not be counted as ODA.
7. As the structure of currency transaction tax is considered, close links must be maintained with group such as the Taskforce on International Financial Transactions for

Development and each of the related UN working groups, and at the same time, attention must also be paid to negotiations on the UN Framework Convention on Climate Change, moves to regulate tax havens, etc. Investigations into other forms of GSLs should also be ongoing.

8. In order to make the most of these proposals and with the view to implement a global currency transaction tax as a GSL, the government should set up a task force, under the direct control of the prime minister, to move the debate forward on this issue.

9. Moving towards the realization of a global currency transaction tax, in order to forge a consensus within the international community, Japan should make sure currency transaction tax is on the agenda at international meetings such as G20 summits and UN conferences.

10. We urge the Japanese government to take strong initiative, especially considering that Japan has become a member of the Leading Group's Taskforce on International Financial Transactions for Development and chaired the 8th general meeting of the Leading Group.

11. We sincerely hope that the government and parliament will coordinate all efforts and move into the preparation stage for legislating.

12. Considering the necessity of a preparation period in order to implement the currency transaction tax, we urge that the air ticket tax, which is easier to implement from the technical point of view, and has already been implemented by countries such as France and South Korea, be introduced from 2011 as a first step towards GSL.

13. We will propose the above points to the Cabinet, the group of Members of Parliament for establishing GSL, the Innovative Financing to Fund Development Leading Group, as well as NGOs, the media and related groups in our efforts to gain broad public support and to make the first GSL in Japan a reality.