

## Churches and charity urge government to make tax fairer

Written by Administrator

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Leaders from the Baptist, Methodist and United Reformed Churches, together with the Christian charity Church Action on Poverty (CAP), are calling upon the chancellor to make a thorough revision of the taxation system a central part of Tuesday's budget. The four organisations are specifically calling for Mr Osborne to make changes to ensure that taxes are shared fairly amongst all tax payers.

Under the current system the poorest pay around 46 per cent of their income in taxes, compared to the 34 per cent of income paid by the wealthiest. An equal sharing of this tax burden is the very least that fairness demands, the group said. In common with CAP, the three denominations have a natural concern for the poorest and weakest in society and a long tradition of campaigning on issues of justice and fairness.

John Marsh, moderator of the general assembly of the United Reformed Church, said: "It's clear that our country's fiscal deficit should be tackled and I have no doubt that deep cuts will be announced in Tuesday's budget. There are only two ways to reduce the deficit – increase the money coming in and reduce the money going out – and we urge the chancellor to consider the moral dimensions of both."

Building on this, Paul Morrison, policy adviser for the Methodist Church, said: "We believe that paying fair taxes is the moral duty of all. However, it's possible legally to side step that moral obligation: for example, some footballers currently playing in the England World Cup squad in South Africa get part of their earnings paid into 'image rights companies' – thus avoiding UK income tax on some of their very high wages."

Jonathan Edwards, general secretary of the Baptist Union of Great Britain, added: "It is the duty of the government to levy taxes fairly on those who can afford to pay and it is the duty of those who can pay, to pay their fair share. There are many legal ways to reduce a tax bill but we are asking, when public services are being cut and many are losing their jobs, is this ethical? Are these measures legal? Yes, perfectly. Is it fair? Absolutely not!"

In the next few months Church Action on Poverty will be working with a number of groups applying the Fairness Test to individual changes in tax and spending. This test will apply simple values of justice to spending cuts and tax rises:

- Are the people affected by cuts the ones who benefitted from the boom?
- Can the people affected afford the cuts?
- Are the people contributing tax the people who benefitted?
- Are people contributing tax proportionate to their ability to pay?

Niall Cooper, national coordinator for CAP, said: "Raising fair taxes puts justice and morality at the heart of domestic economic policy, not only protecting the essential services that

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the most vulnerable members of our society rely on, but also rectifying the inequalities built into our taxation system.”

*The Poorest 10% pay 46% of their total gross income in tax, whilst the wealthiest 10% pay 34% in tax. Figures derived from Jones F (2008) 'The effects of taxes and benefits on household income'. This analysis includes all taxes but necessarily omits effects of some tax avoidance or evasion measures and is therefore an underestimation of the fair tax gap.*