



**Children on their way to school,** walking past a Glencore-owned mine in Zambia. The company stands accused of tax dodging on a massive scale.

PHOTO: ACTIONAID

The world needs  
tax justice

---

Your campaign guide

# Why are children in Zambia missing out on a quality education?

Around the world multinational companies are exploiting loopholes in the law that allow them to siphon billions of pounds into tax havens each year. Developing countries such as Zambia are losing out on the tax revenue urgently needed to pay for essential public services such as health and education.

Almost two thirds of Zambia's people live below the poverty line. At the same time, multinational companies are making huge profits in the country, but are not paying their fair share in taxes.

Such widespread tax avoidance is leaving Zambia short of the money it needs to invest in a decent education for its children. The average class size – 61 – is one of the highest in Africa, while only £15 is available to educate each child per year. This is far less than the £210 annual average spent by Zambia's neighbours.

Taxes from multinational companies could help the government fund education, but Zambia is losing millions of pounds because of tax dodging by companies such as Grolsch owner SABMiller, and mining giant Glencore.

A leaked audit report on Glencore's Mopani mine in Zambia, commissioned by Zambia's tax authority, accuses the company of selling copper to Switzerland at below market prices, and therefore reducing its taxable profits in Zambia.

**ActionAid estimates that Glencore's tax dodging could have cost Zambia up to £76 million in one year alone – more than Zambia receives in UK aid each year.**

## Zambia needs tax justice

Campaigning by ActionAid and partner organisation Centre for Trade Policy and Development (CTPD) has already resulted in the Zambian government committing to reclaim US\$200 million of outstanding tax from mining companies. This a big step forward, because a good education requires more than a decent school building, desks and books – it needs good teachers, and these can't be funded by aid. Only tax revenue can make this long-term investment in children's futures.

Savior Mwambwa, Director of CTPD, wants to make the connections between tax avoidance and poverty locally, nationally and internationally.

"Tax justice is a global issue, so we must campaign together around the world. Your actions in the UK can really help amplify our calls for change in Zambia," he says.

The UK government must take action nationally and globally to crack down on tax dodging, and close the legal loopholes that allow multinationals to siphon billions of pounds into tax havens each year.

### What is Glencore?

- Controls 50% of the highly lucrative global copper market
- Listed on the London stock exchange, registered in Jersey, and headquartered in Switzerland
- Described by *The Guardian* as "the biggest company you've never heard of".



**Savior Mwambwa,** who heads Zambia's tax justice campaign.

PHOTO: ACTIONAID

# The world needs tax justice.

## Take action!

Tax justice is vitally important for tackling poverty around the world. To accelerate the progress we've made over the last few years it's really important we create a groundswell of support among MPs and the government. This will help secure further advances in both the UK and internationally at summits such as the G20.

### 1. Write a personal letter to your MP

MPs tell us that personal letters from constituents are highly effective in persuading them to act. Here are some top tips for what to include:

- tell them why you care about tax dodging
- use the facts and stories in this campaign guide to illustrate your point
- ask them to attend debates and ask questions in parliament on the importance of tax justice for international development.

If you get a response from your MP, please send it on to us – this really helps us see the impact the campaign is having.

### 2. Spread the word

We need thousands of people to join the campaign to close tax loopholes and make sure we see the changes people need. You can help by asking people to sign our petition.

- Ask friends, family and people in your community or workplace to sign our petition.
- If you have an event coming up in your area, spread the word by distributing campaign cards locally. Please get in touch to order more.

If every ActionAid campaigner asked 10 people to sign, we'd have the support of more than a quarter of a million

people, and politicians would really have to sit up and listen!

Spreading the word online is also a key way to make change happen. Whether you're a blogger, tweeter or an avid Facebook follower you can help get the message out to thousands of people and join the debate. Signing up online is also the best way to get up-to-the minute campaign updates.

Get involved at [www.actionaid.org.uk/taxjustice](http://www.actionaid.org.uk/taxjustice)

### 3. Meet your MP face-to-face

Want to make sure they really get the message? Then try to meet your MP in their local surgery. If you haven't lobbied them before, don't worry! You don't need to be an expert on tax, they just need to know you care about this issue and the impact it has on global poverty. We'll give you all the advice and support you need.

Watch our four-step video guide to lobbying your MP at [www.actionaid.org.uk/campaigns](http://www.actionaid.org.uk/campaigns)

### Get in touch

Email us at [campaign@actionaid.org](mailto:campaign@actionaid.org) or call on **01460 23 8047** for petition forms, more materials, advice or further information. We'll happily answer any questions you have.



Festival-goers at Beach Break Live in Wales tell MPs to close tax loopholes.

PHOTO: HENRY NICHOLLS/ACTIONAID

## Want to connect with campaigners in your area?

We're setting up a brand new network for campaigners in communities across the UK. Supporters like you can get in-depth training and one-to-one support so you can link-up with others in your community to take action on tax justice, biofuels and women's rights.

Contact James Blair on [james.blair@actionaid.org](mailto:james.blair@actionaid.org) or call **020 3122 0743** for more information.

# Tax justice: the campaign so far

---

You've told SABMiller to **Schtop!** tax dodging. So have African governments.



Student campaigners hand in thousands of campaign beer mats to the SABMiller head office.  
PHOTO: MARK CHILVERS/ACTIONAID

Beer giant SABMiller has been feeling the pressure from all sides, with thousands of supporters like you sending beer mat actions to SABMiller's CEO, and huge media and political attention around the world after we exposed the company for dodging its taxes all over Africa.

While SABMiller has continued to avoid answering our questions, the campaign is achieving results at the highest levels. Tax officials from many of the countries losing out have discussed the findings of our research. They have agreed to put tax treaties in place to share tax information in order to help them investigate SABMiller, or indeed any other company suspected of tax dodging.

Savior Mwambwa was part of the team investigating SABMiller in Zambia that discovered the company was

siphoning £6.4 million out of the country and into tax havens, reducing its tax bill by over £1.5 million a year.

He thinks the investigation led by African governments into the tax affairs of SABMiller is an exciting step forward, and one that "should help shine a light on the problems Africa faces with the current international tax system".

**African governments are stepping up to close tax loopholes. Now we need to make sure our own government is supporting their efforts.**

**Read the full story about SABMiller's tax avoidance at [www.actionaid.org.uk/schtop](http://www.actionaid.org.uk/schtop)**

---

**Your actions have already helped put tax justice on the map for all the major UK political parties and at the top of the international political agenda.**

## June 2011

Over 1,200 people lobby their MPs face-to-face on tax justice at *Tea Time for Change*, with many MPs giving their support.

## December 2010

ActionAid's exposé of SABMiller reveals for the first time exactly how a particular multinational dodges its taxes.

## May 2010

ActionAid supporters put tax justice on the map in over 400 constituencies during the general election. All major parties respond positively.

## September 2009

We form The Outlandish Revenue Service and grab the attention of Treasury Minister Stephen Timms. He drives international progress to increase tax transparency.

## April 2009

35,000 people tell the G20 to put people first. They agree to help poor countries tackle tax havens.

## October 2008

ActionAid supporters ask then Prime Minister Gordon Brown to fill the tax gap. He later agrees that tax havens siphon money out of developing countries.

# How do I explain the campaign?

---

Most people understand that tax dodging happens in the UK, but haven't really thought about how it happens in developing countries too.

Here are our top tips for talking tax justice with your friends, family and MP.

- Developing countries lose more to tax dodging than they receive in aid each year.
- Countries need tax revenues to pay for essential public services, and to pay the salaries of teachers and nurses.
- Multinationals are using loopholes to siphon profits out of developing countries and into tax havens.
- The tax revenues lost by African countries to tax dodging by beer giant SABMiller alone are enough to put an extra 250,000 children in school.
- In the long term, developing countries will only break free of dependency on aid if they're able to raise enough tax revenues themselves.
- World leaders must agree a global solution to close tax loopholes and crack down on tax havens.



**Sabina Ngander** (second left) started a women's group in Kankoko township, close to a Glencore-owned mine. The community struggle to get by. "We need to combine forces to survive." says Sabina.

PHOTO: ACTIONAID

# What are we calling for?

---

Tax can be a complicated business, but there are some simple solutions that would help achieve tax justice.

Ultimately governments must close tax loopholes once and for all, but in the meantime, responsible companies should take a lead and not dodge their taxes. Developing countries also need to improve their tax systems, and greater transparency gives them an important tool to achieve this.

## What are we asking the government to do?

Support developing countries in tackling tax-dodging multinationals by:

- Putting pressure on the G20 to tackle tax havens, and make companies publish a basic set of accounts in every country in which they operate.
- Taking responsibility for multinationals based in the UK by ensuring that Britain's tax rules make it harder, not easier, for them to dodge taxes in developing countries.
- Offering aid money to help them strengthen their tax authorities.

## What are we asking multinational companies to do?

- Incorporate tax justice into their corporate social responsibility programme.
- Stop the secrecy – make their affairs more transparent by publishing a basic set of accounts in every country they work in – including tax havens.

# A guide to tax dodging

Avoiding tax by exploiting legal loopholes is standard practice for many multinationals. But when companies dodge their taxes, other people have to pick up the bill.

SABMiller and Glencore have used some clever accounting to siphon profits out of Africa and into tax havens. Here's a guide to three of the ways they dodge their taxes.

## Going Dutch

SABMiller transferred ownership of many 'local' African beer brands (such as Castle, Chibuku and Stone) to the Netherlands.

SABMiller operations in Zambia or Ghana then pay millions in 'royalties' to the Dutch operation for the use of these local brands. This moves a large chunk of the profits into the Netherlands (where they incur very little tax), and away from the African countries where the beer is brewed, sold and drunk.

Estimated tax loss to African countries:

**£10 million per year**

Estimated tax lost in Zambia:

**£830,000**

## The Swiss role

SABMiller's African and Indian subsidiaries pay whopping 'management service fees' to sister companies, mostly in Switzerland. Once again, the profits get made, and the taxes get paid, in a tax haven rather than the developing country where the beer was made and sold.

Estimated tax loss in Africa and India:

**£9.5 million**

Estimated tax loss in Zambia:

**£720,000**



**Diny Champo** lives in Kankoyo township, close to a Glencore-owned mine in Zambia.  
PHOTO: ACTIONAID

## Crafty copper capers

A leaked audit report from Glencore's Mopani mine in Zambia revealed that the cost of running the mine had inexplicably doubled from 2005-2007. At the same time, the company was exporting the copper to its Swiss HQ at below market prices. This crafty accounting meant that the company in Zambia reported a loss, and therefore paid little or no corporation taxes there.

Estimated tax loss in Zambia:

**£76 million**

Email [campaign@actionaid.org](mailto:campaign@actionaid.org)

Call 01460 23 8047

[www.actionaid.org.uk/taxjustice](http://www.actionaid.org.uk/taxjustice)

Twitter @actionaiduk

Facebook [www.facebook.com/actionaiduk](http://www.facebook.com/actionaiduk)

**actionaid**