

ActionAid's Tax Power Campaign Reflection-Action toolkit

16 participatory tools to analyse and take action on **tax** injustice

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#TaxPaysFor

www.actionaid.org/taxpower

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Tools index

These tools are tailored for **community groups** and their **local facilitators**. Most of the tools target **governments** as being able to change the problem, while a few target **companies** (tools 12 and 13). Section 1 looks at local tax problems while section 2 looks at the effects of international and national tax on local public services. Section 3 expands on national and international tax issues. Section 4 assesses our own work. The tools explore the following key ideas:

- Taxes pay for public services
- Most of us are tax payers
- The richer should pay more tax, the poorer less
- Foreign companies don't pay their fair amount of tax

Section 1: Local problems on tax

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Tool 12: The pot leaks – corruption, misallocation and tax avoidance	30m
Tool 13: The tax biscuit – who is eating all the biscuit?	30m
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Section 4: How good has our local tax work been?

Tool 15: Local tax indicators – what have we gained on tax? (for LRP staff)	30m
Tool 16: The tax seeds – describing one local tax gain	60m

Tool roads

You may try out all the 15 tools with your group. A tool (or two) may be completed in about 3 hours. You may want to do tools in order as they go from easier to more complicated. Section 3 covers the most difficult tools that require some preparation and abstraction (new ideas not coming from lived experience). Some tools are tailored for special groups and you may not want to do them, such as:

Groups	Specific tools
Education	The ideal school (for students 15+ years)
Farmers	The market mountain
Vendors	The market mountain
Women	The teacher, the vendor and the farmer; the shopping list, the tax body map
Youth	The 'tax-pays-for' photo; the ideal school
LRP staff	Local tax indicators

Section 1: Local problems on tax

Key ideas

- **Tax is** a compulsory contribution of money paid by citizens or businesses to government when they earn money and when they buy products and is used to pay for local or national common services such as schools, health clinics, roads and government salaries. Practically everyone pays tax.
- **Tax is fair when** it helps reduce poverty and fulfil human rights, that is, when tax takes little from the poor, more from the rich and when taxes are used to pay for public services. This means that VAT is low, that tax exemptions exist for basic products that help poor people, that tax is not charged many times on the same thing, and that no huge tax increases happen for poor people year on year.
- We all must contribute to paying **tax** but we must ensure it is a fair tax.
- **A 'public' service is** not a gift from the government, but something we all have paid beforehand through tax. Services are a right for all, even for those who pay little or no tax.
- **Taxes paid locally by people living in poverty** may be a small amount of the national budget when compared to taxes people pay monthly on their salary or the taxes big companies pay. But, high local taxes or a sharp increase in them can really hurt poor people on a daily basis because they are a large portion of poor people's money they spend.

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Tool 02: The tax stones – how is tax collected and spent?	1hr
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Tool 04: The shopping list – what is 'VAT'?	30m
Tool 05: The market mountain – what market tax problems exist?	30m

Tool 01: Tax role play**Section 1****Description**

The idea of 'tax' is explored through a role play that can be designed to be relevant to the local context which the circle facilitator can choose. This could be things such as 1) food prices going up in the market because the government removed a consumer tax exemption, or 2) tax collectors harrasing people to pay tax.

Objective

1. To introduce the theme of tax by grabbing the attention of the audience with drama
2. To get the audience to identify with tax through their experience of local tax problems

► Steps

1. A very short three-minute **role play is performed...**
 - Ask participants what they saw and whether something similar happens in their context.
2. The facilitator asks: **what is a 'tax'?** After hearing the participants' comments, s/he explains that a tax is *a compulsory contribution of money from people and businesses to the government to help pay for common services such as education and health.*
3. The facilitator asks what **tax problems**, such as the one shown in the role play, exist in their context. For example, tax corruption, high tax, multiple tax payments, etc. You may want to write them down on a list.
4. Finally ask – does that mean poorer people/farmers do not have to pay tax? After hearing people's views, discuss the **benefits of paying tax**. You may want to write them down on a list.

Tool 02: The tax stones**Section 1****Description**

The idea of 'tax justice' is explored through a stones game in which a tax collector gets stones (money) from local people and then spends it on public services.

Objective

1. To introduce the ideas of tax systems that help the poor (tax justice).
2. To explore links between paying taxes and having services.
3. To understand that a 'public' service is not a government gift but something we all have helped pay through tax.

► Steps

1. The facilitator asks for volunteers to be: a **woman farmer**, a **teacher**, a **local businessperson** and a **big company boss**. Another volunteer is the tax collector. They may want to stand up in front of the group. You may want to give/draw symbols for each (e.g. pencil for a teacher).

In loud voice and sharing with participants, the facilitator:

- Gives the woman farmer 3 stones and explains there's been good rain and she has enough to feed her family this year with some money left over.
- Gives the teacher 5 stones and explains the government has paid their salary on time all year.
- Gives the local business person 6 stones and explains the business is good at the moment.
- Gives the big company boss 10 stones and explains that their business profits have been huge this year. (You can ask the group to name one big company they know).

The facilitator asks the volunteers and the participants:

- Who is the poorest in the group? And the richest?
- How much has the richest person as compared to the poorest one?

2. The facilitator asks the **tax collector to take 2 stones off each person**, which makes up 8 stones. The facilitator asks participants:

- If some people have 10 stones and others have 3 or 5, is it fair to tax everyone 2 stones?
- Is tax helping the poorest person if s/he stays with 1 stone left while the richest remains with 8 stones left?

3. The facilitator asks the **group to decide on the ideal tax distribution** they would like to have so that it is fair with the poorest one. Ask the volunteer tax collector to collect the new amount the group suggests.

- How much should the richer person be taxed, more or the same? And the poorer one?
- Ask the richer volunteer how s/he feels in the changed scenario. And the poorer one?
- How many stones does the rich person still have as compared to the poor one now?
- To help discussion, you can review how much each role gains in reality and represent it with stones (no percentages are needed).

[Optional]: The facilitator explains that when richer people pay more than poorer people, this is taxation for the poor. Yet, when richer people pay less (or equal) tax than poorer people, this goes against people living in poverty.

- Discuss what tax, makes things better or worse for poor people in your local or country context.
- Do you have local examples where the richer gives the poorer (e.g. harvest, Ubuntu spirit)?
- Who decides on how much tax collect from whom? Who does the government listen to when setting amount of how much taken from each? Company or farmers? Can local people have a voice?
- Does this mean that the farmer should pay no tax at all? [facilitator – the idea is that they pay, but less than the richer]

4. The facilitator poses the question – **what is this money for now?** After hearing comments s/he explains that tax is for **basic public services** like schools and clinics and the salaries of teachers, nurses, judges, the police, etc. This exchange of tax-for-services is called '**public**'. 'Public services' help realise our **rights**, such as children's right to free quality public education.

The facilitator asks the group to raise hands on the option they agree:

- Are public services (a) a gift from a government leader that is generous, or (b) something we all have paid beforehand (via the government) for everyone to make use of?
- Who is a public servant? Who is the President's boss?

Tip to the facilitator: another idea is that even those who do not pay tax through income or consumption have the right to ask for / receive basic services.

5. Is there any **action point** you may want to do based on this tool?

[FOR THE FACILITATOR ONLY] Additional support for 'the tax stone

TAX JUSTICE	Collecting tax money	Distributing tax money	Spending tax money
Helps poor people 'progressive'	Collecting more from the rich, and less from the poor	Giving tax money to public services like education and health	Being transparent and getting the money where it is due (e.g. school)
Makes things worse for poor people 'regressive'	Collecting less from the rich. Collecting the same from all	Giving tax money to other budget areas	Being corrupt and inefficient

When is a tax system 'fair'? A tax system in a country is fair when: (1) it **raises money to pay for public services** essential for human rights, like schools, hospitals and roads; (2) it **redistributes and reduces the gap between rich and poor** by ensuring that those who can afford to contribute more do so; and (3) it **encourages a government that relies more on its own money** and less on foreign aid, becoming more independent from donors and more responsible to their citizens.

Tool 03: The teacher, the vendor and the farmer – do you pay tax?**Section 1****Description**

The facilitator uses a series of questions to three tax payers (a teacher, a market vendor and a farmer) to introduce the idea of different tax payments. [Further references: 'A Day in the Life of A Tax Payer', 2013, Seatini and ActionAid Uganda]

Objective

1. To explore how almost everyone pays tax.
2. To introduce **two tax payment types**, on things you earn and things you buy.

► Steps

1. The facilitator **recaps what tax is** (as discussed in tools 1 and 2). Tax is a *compulsory contribution of money from people and businesses to their government to help pay for common services such as education and health.*
2. The facilitator asks **three volunteers** (if possible, participants who know real examples first hand) to play the role of: **a teacher, a market vendor and a home farmer.**

The facilitator now asks each participant: **do you pay tax?**

- If they **say yes**, ask which ones and write them down in a list (e.g. VAT, PAYE, profit tax, import/export taxes, land rents, market fees).
- If someone **says no**, ask them if they buy products in the local market and briefly introduce the idea of VAT (Value Added Tax), which is a tax paid when we buy.

The facilitator may want to summarise that there are two types of taxes:

- The ones **you pay for earning money** from your work
- The ones **you pay when you buy** a product like soap that are included in the price.

Both taxes go to the national government (not the employer or the seller)

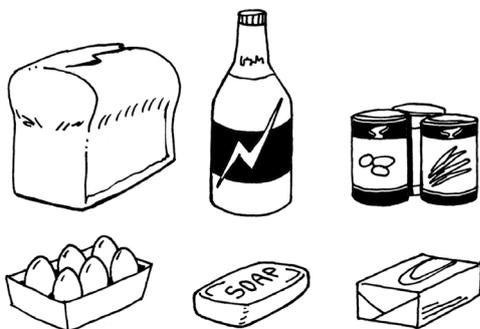
3. The facilitator can conclude by asking:
 - Do participants know of anyone who does not pay tax?
 - Which of these two taxes do people most know they are paying?

Tip to the facilitator: People don't often realise they are paying tax when buying and that it's making prices higher. This means they get less angry about it.

[Optional]: The facilitator may want to ask:

- Do **men and women** pay the same taxes? Which taxes does the group think affect women the most, taxes on things we earn, or taxes on things we buy? And the youth? This will depend on the type of activities they do and the different goods they buy.

4. Is there any **action point** you may want to do based on this tool?

Tool 04: The shopping list – what is 'VAT'?**Section 1**

**Before this tool the facilitator needs to review: (1) the VAT rate in the country and (2) the VAT exemptions on goods and services, especially those related to care basic products, to know whether these are charged VAT and plan for further action. This tool works well after tool 3 but also on its own.*

Description

Participants discuss what 'VAT' and 'VAT exemptions' are by bringing (or naming) local products they recently bought.

Objective

To introduce the ideas of 'VAT' and 'VAT exemptions' and link them to the daily purchase of products and prices.

► Steps

1. Ask participants to bring (or name) **products they recently bought**. Put all products together on the floor in front of the group (or write a list of the products).
2. The facilitator asks participants to **select 3-5 products for discussion**. S/he asks how much money each of these 3-5 products costs and writes the prices down.
 - **[Optional]** The group can calculate the VAT of each product according to the VAT of your country (e.g. if the VAT is 15%).
3. The facilitator asks who they give the money to when they buy these products. After the participants' response (probably the seller), explain that the price of a product does not only cover the money for the seller, but that some money *also goes* to the government. This is called '**VAT**' ('value-added tax') or consumption tax. VAT is a type of tax. It is the bit of money the government gets every time we buy.
4. Ask participants to name which ones amongst the **products are essential for basic family care**. The facilitator explains that essential products like the food we most often eat (like maize or rice) or items that particularly help poor or vulnerable people (like fertiliser or school books) can sometimes be free from tax. This is called '**VAT exemption**'. That helps keep food prices low since the seller does not have to add the VAT. Yet, sometimes, governments eliminate VAT exemptions and food and essential goods prices go up, making it harder for poor people.
 - The facilitator can explain the **situation of VAT exemptions for basic products in her/his country**. Discuss with the group if the current situation is fair.

[Optional]: The facilitator may want to ask:

- Who buys basic needs products at home, men or women? Who do you think is more affected by the lack of VAT exemptions, high VAT and price product increases?

5. The facilitator can conclude by sharing the following ideas:
 - VAT is often an unfair tax, because both rich and poor people pay the same VAT even if they don't earn the same income.
 - Poorer people spend most of their income on basic goods and services. This means they pay a larger part of their overall income on VAT than richer people who have more money in general. Thus VAT reduces poor people's income making things worse.
 - VAT helps poor people when: (1) general VAT is low and (2) VAT exemptions are given to basic products.
6. The facilitator asks the group, is there any action point you may want to do based on this tool?

Tool 05: The market mountain**Section 1**

**This tool works best for market vendors and farmers selling at the market*

Description

Participants explore tax problems at the market place, including the idea of 'multiple taxation', by collectively interviewing a vendor/market farmer.

Objective

1. To explore tax problems at the market place.
2. To introduce the concept of **multiple taxation**.

► Steps

1. Invite a **market seller** as a resource person to come to speak to the group. If a participant in the group is a market seller, s/he can be the person interviewed. Or you can think of someone you know who is a market seller. They can also be two or three.
2. **Draw a** line on the floor rising upwards, representing a mountain, as in the image above on the left.
3. Ask the interviewed person:
 - **How many taxes and fees do you pay to local or national government from the moment you leave home to sell a product to the moment you reach the market and back home?** Is this a problem? If it is, go one step up in the mountain.
 - **How often do you pay them?** Is this a problem? If it is, go one step up in the mountain].
 - **Have you seen sharp increases over time in the amount you have to pay?** Is this a problem? If it is, go one step up in the mountain.
 - **How much of your daily earning do you pay in tax (%)?** Is this a problem? If it is, go one step up in the mountain.
 - Do you get **harassed when tax is collected** from you? Why? If so, go one step up.
 - Is there **tax corruption** during tax collection, e.g. tax collectors, fake collectors, paying taxes through a union/association? If so, go one step up.
 - **Have you seen improvements in your area as a result of paying tax? Do you know what these taxes are for?** If not, go one step up in the mountain.
4. The facilitator now introduces the idea of '**multiple taxation**', which happens when a person has to pay *the same tax to the various* levels of the government (local, national...). This happens more often if local governments have been giving a lot of powers. Local and national government must work together to make sure that small businesses and farmers are not making a tax contribution several times. The facilitator now asks the interviewed person/s:
 - Is there '**multiple taxation**' in your market? If yes, go one step up in the mountain.

5. Now look back at the mountain image and **check how high you are**. The higher you are the more problems and efforts the vendor has had to make regarding tax. Ask participants what they see.
6. Now discuss an **action point**:
 - What is, according to participants, the main problem on tax of all those mentioned?
 - How would you like to change it?
 - What can you (or your association/union) do to solve the problems?
 - What would you like the government to use the taxes for?

Tip to the facilitator: If participants suggest no tax should be contributed at all, remind them that tax is a contribution to pay for common services like schools and health clinics, and that tax justice is when the richest pay a higher portion of their income than the poorest to help spread the wealth around the country.

Section 2: Local problems on public services

Key ideas

- Tax should help **support public services**. This is what taxes are for.
- The **lack of adequate public services** has negative effects on people's lives, especially on women.
- Having to pay for private services such as private schools is **paying twice**, as tax has already been paid to have public education.

Tool 06: The 'tax-pays-for' photo – is tax used on public services?	1hr
Tool 07: The public service map – how good are your local public services?	1hr
Tool 08: The tax body map – effect of no public service financing (esp. on women/youth)	1hr
Tool 09: The ideal school – paying twice for education?	2hr

Tool 06: The 'tax-pays-for' photo**Section 2**

**This tool needs at least one camera or mobile phone that can take photos.*

Description

The relation between tax and public services is explored through a photo-action.

Objective

1. To link tax and public services
2. To assess the situation of local public services

► Steps

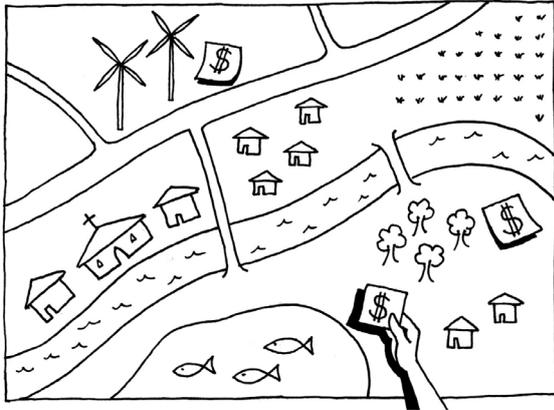
1. Ask the group to think of a **public service** that they are **personally** grateful for in their area, or a time when an adequate public service did not exist locally, and they wish it did. The more personal it is, the better, for example “the time my wife got help to give birth safely” or “a good road for to me take my goods to market”.
2. Distribute sheets of paper and ask participants to **write the words** ‘tax pays for’ followed by just one public service that they have named as most important to them. (Eg. Tax pays fo a good road for me to take my goods to market”.
3. Group people and ensure they have enough camera phones. **Leave for outside** the venue where there might be a public road, street lighting, health clinics, schools, transport, agricultural produce, etc. that symbolises what they have written in their sheets. Ask them to **take a photo** with them and the sheets (see image) and the background of the public service chosen. Photos can be individual or group photos.
4. On returning from the field, organise a sharing session with participants asking:
 - Is tax being used for public services in your area? Discuss.
 - What could you do locally with the photo taken as an action?

After hearing people’s thoughts, the facilitator can give **ideas for action** – photos can be printed and presented to district officials. They can also be displayed in public places like a market, or even exhibited in the capital city with invited decision makers. This can be linked to budget allocation consultations in the local and national budget planning cycle.

[Optional]: If the group has **access to the Internet**, they may upload them on Facebook, tweet them with hashtag, and/or **email** or **SMS** the photo to those that want it. Seeing your local community photos can help inspire solidarity actions from other ActionAid supporters from around the world.

Tip to facilitator: This exercise must be agreeable to the participants. Care should be taken to minimize risk and danger to the participants. Above all, the public action activity must be within the law.

Further references: ‘Tax power campaign training manual’, 2015, ActionAid

Tool 07: Public service map**Section 2****Description**

Participants use a map to analyse and prioritise the most needed public service in their area.

Objective

1. To analyse the state of a public service (e.g. education) and the impacts on local people.
2. To analyse and prioritise the most needed public service in the participants' area.

► Steps

1. Participants **draw a map** of their area.
2. They choose **ONE service** for analysis, e.g. education, health, water (analysing many services at the same time would complicate the tool). Let's imagine the group chooses education.
3. The facilitator asks about **education**:
 - Where are the places where you can get education? Write them on cards on the map.
 - Who provides for education in these places? The family, the community, the shops, the government? You may want to add a symbol to the cards.
 - In these places, do you pay for education? You may want to add a currency symbol.
4. Go back to the stones tool and the **idea of public**:
 - Quantity: Are there enough basic public education services (provided by the government) in your area? Circle them.
 - Quality: Does the government education service need improvement (i.e. not functional, distance...)? You can rank them.
 - Access: How much do they cost? Who is able to receive these services? Who is left out?

The facilitator may inform that essential public services like basic education and basic and emergency healthcare should be free. Other public services (e.g. transport) may charge a subsidised amount. This means they are paid by people with support from the government, which means they must be cheap.

- Does that happen in your area? Are essential public services free or do you pay for them?
5. To help discussion not get stuck on problems experienced of public services and **move to tax**, the facilitator can **put one stone** (from the stones tool) on **one of the public services of the map** and ask:
 - The problems with the public service, are they related to a lack of money to support them?
 - Is the tax you paid (the stones) being used for public services in your area?
 - Would it help to raise more tax (more stones from the richer) so that public services could be improved?

Tip to facilitator: You can also ask **“why” questions** to reach tax issues. For instance, if they say ‘teachers don’t work because they are not motivated’, then ask ‘why are they not motivated?’, to what they may respond ‘because they are not well trained, not paid enough, class size too big’, then keep asking ‘why’ until issues of money, budget and tax come up.

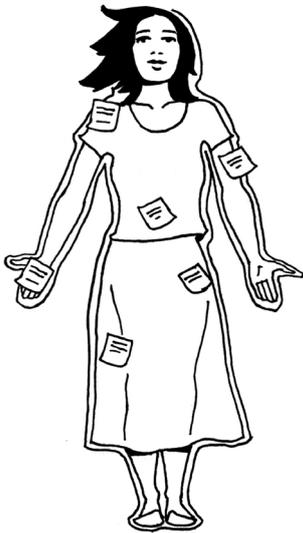
6. What **action** would you like to take on from here? Do you keep your tax receipts when you complain about public services? Can you do something together with public servants? Is it feasible to ask for more tax money to be raised, and spent on local public services? To whom?

[Optional]: The facilitator may repeat the map for other services.

Tip for facilitator: This tool can be done in areas where there are no public services at all and where only community and private services exist. This would show the urgency to advocate for public services in the area.

Tool 08: Tax body map

Section 2



**This tool works best after tool 7 (public service map), especially with women or youth groups.*

Description

A body map is used to look at the effects of not having public services on local people's rights, especially women (and youth).

Objective

To understand the relationship between tax, lack of quality public services, and the violation of women's rights.

► Steps

1. Find a safe space to do the body map exercise with a *women-only group* (or youth-only group).
2. Draw the outline of a woman on the ground or on a large sheet of paper. You may ask one of the participants to volunteer to lie down on the floor and draw around them. You can also draw the body freehand.
3. You may want to review the public service map tool with participants. Now ask them: "*How does the **lack of public services** affect you, your body and your health?*".

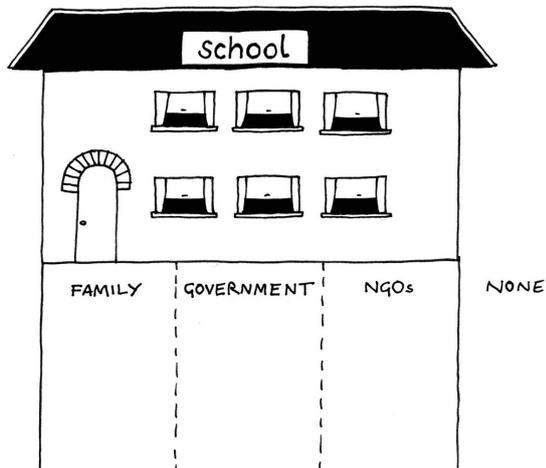
Give participants cards/post-its to stick in the part of the body where the effect is felt.

During the discussion, the facilitator can relate the lack of public services to **unpaid care work** and how that burden is supported by women's times and bodies (besides their taxes). For instance, if local people are not able to pay for water services or do not have a workable water point, this may make usually the women and girls to have to go to fetch water far, thus burdening their bodies and time and mobility options for their right to do paid work.

4. Now discuss – how does the lack of public services affect **gender-based violence**? Show it in the map again with cards/post-its. You may want to use another colour. You can use the "how" question technique to encourage participants to think about how public institutions could reduce violence on women and girls, such as police, judges, lighting, safer transport.
5. Discuss – who is in charge to get the **basic products** at home such as soap, food, baby needs and water? How does a **high VAT tax** on them affect women? Show it in the map again with cards/post-its. You may want to use another colour.
6. Finally, draw an **action plan** – how would you **improve the situation of women** in your context through tax and public services?

Tool 09: The ideal school – paying twice for education**Section 2**

**This tool probably only works with students 15 years or older.*

**Description**

The idea of tax-pays-for-education is explored through a school mapping.

Objective

1. To explore links between paying taxes and having services.
2. To understand that a 'public' service is not a government gift but something we all have helped pay through tax.
3. To understand the idea of paying tax twice

► Steps

1. Prepare a flipchart. Ask a volunteer to **draw a school**.
2. Ask children to draw/write the **elements that a nice school needs**. For instance, teachers, water, toilets, etc... Use one post-it (or card) per element and stick it to/put it on the flipchart.
3. The facilitator now **draws three columns** or spaces below the school drawing, with the titles 'family', 'government' and 'NGOs'. A column for 'none/does not exist' can be added if needed. Ask participants to find a symbol for each and/or write the words down.
4. Now take one of the post-it/card, for instance, teachers. Ask **who pays for** teachers in their school. Is it the families? The government? If teachers are not paid or there are no teachers, move the card to 'none'. Do the same with the rest of cards.
5. The facilitator explains that families help the government keep schools through a **payment called tax**. However, the government sometimes does not use that money for schools, leaving them in bad conditions. **Families again have to pay twice** for a service they have already paid, by supporting public schools with fees and others, and/or by paying for private ones.

Come back to the school drawing and the columns and discuss:

- What is the situation in your area? Is the government using the people's money into the schools? Is it doing its share?
6. **Action** – Ask students to write 'tax-pays-for' stickers in at least **three basic elements of the school** that the government, using people's money, should ensure. Lobby them on these. Link to other schools. This tool can be compared to other parents and teachers scorecards (which may have other priorities). You may also review the 10 rights in school points with students.

Section 3: National and international roots of local problems

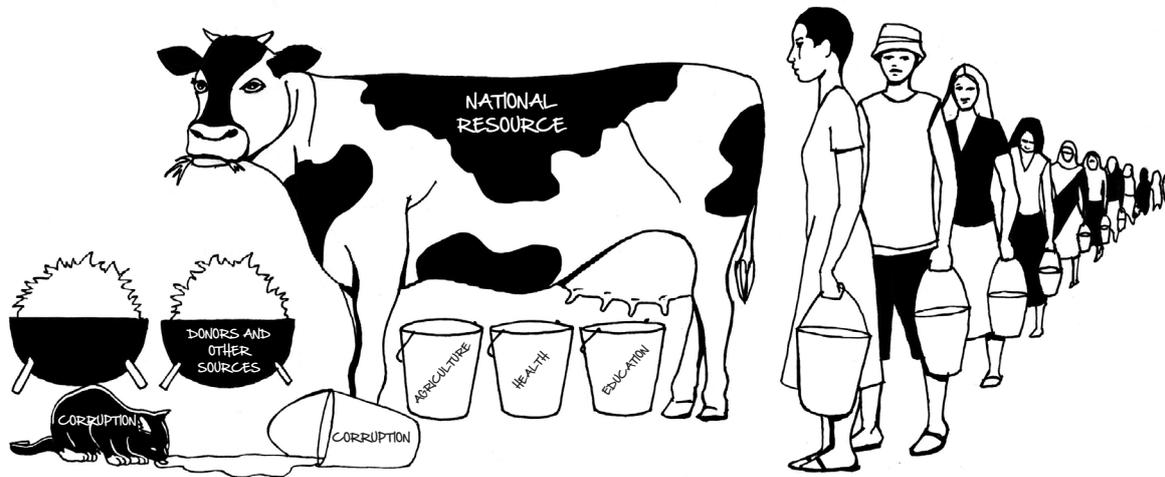
Key ideas

- Some problems are just local. Yet in many cases, national and international events have effects on poverty at the local level.
- Tax is collected from people, distributed through the Ministry of Finance budget and spent through the state to pay civil servant salaries and public services. Yet, corruption, misallocation and inefficiency prevent this system from functioning.
- Corruption of public funds is stealing from taxpayers.
- A common problem in governments is the lack of funds to pay for public services. Big foreign companies can contribute their share through tax.
- Big foreign companies make their profits from using resources in our country. They should pay tax where business is done and profits are made.
- Big foreign companies provide some jobs and sometimes build schools or roads where they operate. But this is very little compared to the big profits they make by not paying their fair share of tax.

Tool 10: The national cow – tax makes the budget grow	30m
Tool 11: The pot leaks – corruption, misallocation and tax avoidance	30m
Tool 12: The tax scale – tax holidays for locals or for big companies?	30m
Tool 13: The tax biscuit – who is eating all the biscuit?	30m
Tool 14: The chapatti diagram – who has the power, how much power?	60m

Tool 10: The national cow – tax makes the budget grow

Section 3



Description

The image of a cow is used to explore the idea of tax collection.

Objective

1. To highlight the importance of fair tax collection (more from the richer, less from the poorer).
2. To introduce the national level of taxation.

► Steps

1. Present the image of a **cow** that represents the **national wealth** or money that a government has for public services such as education, health, roads, social security and salaries and pensions of government staff. This money has been collected through taxes as well as other means (donor aid from other countries, loans to the government...).

Ask the group:

- What **do you see in the picture?** What does the cow represent? And the milk pots? And the two baskets of grass? And the cat?
2. Go back to the stones tool, and sum up the amount of tax the tax collector had gathered for this year's annual budget. How many stones did we have? Imagine the group says **10 stones**.

On flip chart, write a "cost" for paying for public services, e.g. Education, Health, Agriculture, Roads, Defense, Water, Govt Administration, etc. Play the game that the total cost must add up more than the tax collector has been able to collect. For instance, if the groups has said 10 stones collected, then say that what all public services cost is **15 stones** (always more than what has been collected).

Ask for a volunteer Minister of Finance that will milk the cow. Ask the group to decide as community which public services they will ask the Minister to allocate funds to. They will have to leave something out. Ask the Minister (and Taxperson) to sit in the center of room, and one community representative to lobby them on allocation of funds.

- If the national budget only has a limited amount of money, how do citizens and government work together to decide what it is spent on? What are the local priorities?
- 3.** Now, introduce the idea of **increasing tax collection** to facilitate the distribution of funds for public services when funds are too little (as seen in the previous step). Ask the group:
- As seen in the stones tool, where should more tax be coming from, the poorer or the richer?
 - Explain that the richer in a country tend to be the foreign companies.
 - Which foreign companies do you have in your area?
- 4.** Finally, discuss a potential **action point** – how would you lobby your local authority person when s/he says ‘there is not enough money’? How would you ensure the richer are taxed more?

Tool 11: The pot leaks – corruption, misallocation and tax avoidance**Section 3**

**This tool is best done after the national cow tool*

Description

The effects of corruption and tax avoidance are explored through the image of a pot leaking.

Objective

To understand different types of lost government revenue, through tax avoidance and corruption.

► Steps

1. The facilitator reviews that tax is collected from people to pay for public services such as education, health, roads, social security and salaries and pensions of government staff.
2. Now, present the image of a pot with milk/water. Like the cow in the cow tool, milk/water represents the national **wealth/money** that a government has for public services.
3. Now, holes or leaks exist in the pot. Ask people:
 - What do you think these leaks may be?

○After hearing people's responses, say that leaks represent corruption (using public money for personal use), misallocation (using public money for other purposes, e.g. university rather than primary education) and inefficiency (delays in distributing school books, mistakes, etc.).

Discuss:

- Name the problems of **corruption** in your local area. Who is responsible?
- And of **inefficiency**? Who is responsible?
- Is public money **allocated** by the authorities to the needs of people? Do you have a voice in deciding where to allocate the public money?
- What is the main reason for weak or no public services in your area?
 - (a) there is no money (or not enough) assigned;
 - (b) money has been raised and assigned to public services in the area but it has been **misspent/corrupted** and has not arrived; or
 - (c) **both** problems exist.
- **Action:** How can local people monitor the government to assign and/or use tax for public services well? What would you spend the public money on in your area?

[Optional]: The facilitator can start a discussion about the **levels of tax collection** as some stay in the local government (and are probably more traceable) while some go to the national government and are meant to come back to the local (like VAT), but do they?

- [For this part, the facilitator needs to have studied beforehand which taxes go where?]
- Discuss for action: Which tax is easier to follow up? Could you do that, to trace how much is collected and how much spent, e.g. a local market tax?

4. Once the ideas of corruption, misallocation and inefficiency have been discussed, the facilitator introduces the idea of **tax avoidance** which is *when companies do legal tricks not to pay their full amount of corporate tax*. '**Corporate tax**' is the *tax that companies, national and foreign, pay based on their profits*. Tax avoidance by foreign companies can be more money lost than corruption.
- Does the group know about any case of company tax avoidance in their country?

[Optional]: The facilitator recaps the **cow tool**, in which **increasing tax collection** helped an easier distribution of funds for public services when funds were scarce. This can be represented with a **larger pot** in which more tax money has been collected by the government.

- Discuss – how would this larger amount of tax money collected relate to the problems of corruption, misallocation and inefficiency in distributing them?

Tool 12: The tax scale – tax holidays for locals or for big companies?**Section 3****Description**

Participants explore the concept of tax holidays in big companies by comparing it to the VAT tool or the tool of the seller on multiple taxation (see previous tools).

Objective

1. To introduce the concept of 'tax holidays' related to big foreign companies.
2. To compare them to the taxes paid by local people through VAT and/or multiple taxation and to have a discussion on what is 'fair'.

► Steps

1. The facilitator asks if there is any **local vendor/business person, teacher or farmer** in the group. If there is none, pretend you are one. Ask them to volunteer and stand up. You may identify symbols that represent them (for instance, a leaf for a farmer).
2. The facilitator asks – **do you pay tax?** A list is done as in the tool 'the teacher, the vendor and the farmer'. The facilitator can also recap on the tool 'shopping list' or 'market mountain'). Ask participants what they remember from the shopping list/market mountain tools.
3. The facilitator brings back the role of the **big business person** (see stones tool). Ask for a volunteer and give her/him a symbol (for instance, soap, soda, mobile phone, beer, sugar, or anything that represents a big company in your area). Put this person close to the other volunteers.

The facilitator introduces/reviews the idea of '**corporate tax**' which is the *tax that companies, national and foreign, pay based on their profits*. So big foreign companies also pay tax in the country where they operate. Yet, often, *governments allow foreign companies not to pay tax for 5-10 years, something called 'tax holidays'*.

- Discuss why these are called 'holidays'

[Optional] The facilitator explains that governments do this to attract big foreign companies to invest in their countries and help them at the start when things are hard in the business. Yet tax holidays are often given even when these companies are already making benefits. Sometimes tax-free periods get extended several times.

- Discuss – should tax holidays be given when a company begins and has no benefits?
- And when they start making benefits?

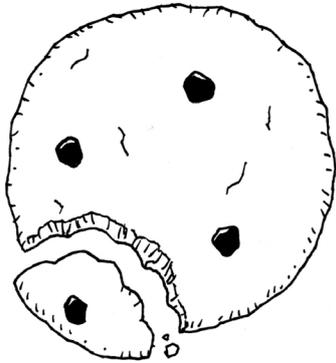
4. The facilitator tells the group they are going to **play a game called the scale**. S/he asks the group to decide **which of the next situations is fair**:

- **Situation 1:** The big company pays less tax than the vendor. Here, the facilitator moves the company's symbol down (as they do not pay tax), and moves the vendor's (and other local people) symbol/s up (as they are paying tax).
- **Situation 2:** The big company pays the same amount of tax as the vendor (none received tax holidays). Here the facilitator moves all symbols so that they are at equal height.
- **Situation 3:** The big company pays more tax than the vendor. Here the facilitator moves the company's symbol up (as they are paying tax), and the vendor's (and other local people) symbol/s down (as they now receive tax holidays and do not pay).

Discuss whether 'tax holidays' are given to vendors, teachers and farmers in your area. And to big foreign companies?

5. **[Conclusion]:** Refresh the idea explained in tool 2 (the stones) that tax systems can make things worse for poor people, or making things better for poor people. Ask participants what they think of the fact that companies are charged no tax for 5-10 years (they don't give stones at all) while local people are taxed (they give stones).
- **Action:** How can this situation be changed so that tax benefits people living in poverty?

[Optional]: The following case study can be shared: Marta's story, of the stall-owner in Ghana who paid more tax than the beer factory owned by the world's largest beer company.

Tool 13: Who is eating all the biscuit?**Section 3****Description**

The fact that big foreign companies are taking more from poor countries than they are giving is explored through the image of a biscuit.

Objective

To understand how much big foreign companies bring benefits to the country.

► Steps

1. The facilitator reviews the *tax leaks* and *tax scale tools*, where we saw how big foreign companies were not paying their fair share of tax through mechanisms such as tax avoidance and tax holidays. Recap with the groups what these two ideas were about.
2. Present the **image of a biscuit**. The biscuit represents all the profit money that big foreign companies have made from doing business in the country.
3. Discuss how a biscuit is made. All the different ingredients that make a biscuit represent the resources in a country that helped the company do business and therefore make profit. Ask:
 - **What resources** does the foreign company need from the country to function?
 - **Who pays** for these resources?

Tip to facilitator – Examples of resources are: people to buy products, workers, access to land, police and judges to enforce law, security guards, electricity, roads, precious minerals, etc.)

4. After exploring the resources provided by the state and the tax payers, discuss:
 - **What benefits** do big foreign companies in turn bring to your family or area?
 - **Who needs whom?** Is the company that needs the state? Or the state that needs the company?

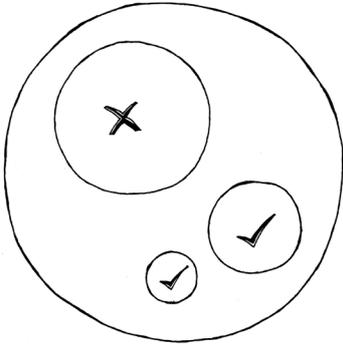
Tip to facilitator – Examples of benefits can be: jobs created, scholarships, building of schools and roads in areas that they operate in (called sometimes 'corporate social responsibility'), the tax they pay to the government, etc. Note: the VAT companies 'pay' is not paid by them. It is consumers who pay that VAT through companies.

5. Divide the biscuit, giving a **small portion** and explaining that it **represents all the benefits** that companies bring. Show that although that portion is sweet and good for the country, see that the much bigger slice represents the profits companies keep by not paying their full fair share of tax (through tax avoidance and *tax holidays*, see previous tools). Discuss:
 - Should your country ask for more taxes from foreign companies given that the biscuit was created with ingredients found nationally and paid with people's taxes? Or not? Why?

6. Action: How can this situation be changed so that tax benefits people living in poverty?

The facilitator may want to add that the fatter the companies get from eating most of the biscuit, the more power and influence they have to push our country away from getting more biscuit.

7. Action: Can also introduce second biscuit that represents all the money a national company has made. Explain the portion of biscuit they bring to the country in terms of the amount of jobs and tax they pay is much bigger, and what remains is much smaller slice of biscuit that they keep for themselves.

Tool 14: Chapatti diagram**Section 3****Description**

A chapatti diagram is used to explore the relative importance, influence or power of people, organisations or groups on collecting tax and spending tax, locally and nationally.

Objective

To explore who is accountable for collecting and spending tax, and who is most important to influence

► Steps

1. Prepare different cards of different size circles. Place a card with tax collection on the ground.
2. Make a list of all the people, groups or organisations that exist and have an influence on tax collection.
3. Decide if the people, groups or organisations in the list have a little, medium or strong influence/power over tax collection.
4. Choose an appropriate sized circle (small = little influence, medium = medium influence and big = strong influence) and write the people, groups or organisations onto the relevant size circle.
5. Participants then discuss their perception of the relative importance or influence of the people, groups or organisations on themselves, their community, family or organisation. The circles are then placed at different distances from each other to show the nature of relations between them.
6. The group discusses the diagram that has been constructed, the relationships, the effects on the community etc.
7. Once the diagram is finished each circle is classified as 'ally', 'neutral' or 'threat' (using visual symbols placed or drawn on the circles).
8. Strategies and actions are discussed and designed to transform and improve tax collection.
9. The visualisation can be extended by developing 'ideal' versions and exploring how to get there.
10. Do the same exercise, but for tax spending.

Section 4: How good has our local tax work been?

Key ideas

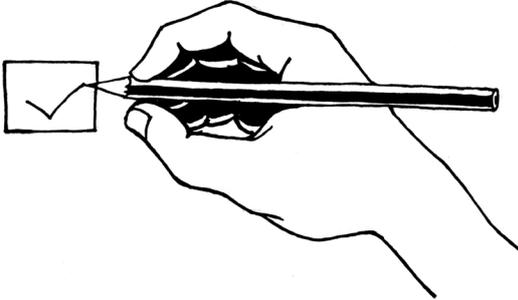
- Local action gains on tax are valuable on their own within an international campaign.
- Local work on tax can influence national and international campaigning.
- At the same time, international and national themes can influence local tax action.

This demands local indicators (seeds) as well as upward and downward indicators (kite):

- Local work has made gains
- Local work has supported inter-national themes
- Local work has drawn on inter-national themes

Tool 15: Local tax indicators – what have we gained on tax? (for LRP staff)

Tool 16: The tax seeds – describing one local tax gain

Tool 15: Local tax indicators – what have we gained on tax?**Section 4****Description**

A list of indicators for LRP staff to categorise and assess their gains on tax. This can be shared with community people too.

Objective

To list local gains on tax in a closed, comparable manner along LRPs and countries (for detailed stories, see next tool).

► Steps

1. Have a look at the following list and click the one that you think your local area has achieved victories on.

- Local people know more about **tax justice** now although no action has happened yet
- There was **tax harassment** during tax collection and we helped reduce/eliminate it
- There was **tax corruption** during tax collection and we helped reduce/eliminate it
- There was a **sudden sharp increase in tax** and we helped reduce/eliminate it
- There was **multiple taxation** and we helped reduce/eliminate it
- There was an attempt to **increase VAT** and we helped prevent it
- There was an **excessive VAT general rate** and we got to bring it down
- There were no **VAT exemptions on essential products** and we helped introduce them
- There was a threat to reduce **VAT exemptions on essential products** and we helped keep them
- We helped advocate for fair **tax** to improve a **public service for women's rights**
- We helped advocate for fair **tax** to improve a **public service for quality public education**
- We participated in creating or reviewing ActionAid's strategy for campaigning on fair tax
- We advocated with decision-makers, influencers or media at the district, national or international level on the impact of lack of fair tax on poor people's lives
- We helped put pressure on a large **company to pay fair share of tax**
- Another gain (explain):

2. You may want to briefly **describe the gain** above:

[For example] In our context, the government was legislating to introduce VAT on agricultural products like fertilisers and hoes but we got together, collected signatures and prevented the passing of the law.

3. You may want to briefly **describe the gain** above:

*[For example] For the future, we would like to work on making the connection between **tax** and the improvement of primary public schools in our area.*

[Optional]: You may also want to assess your progress regarding how well the local level has connected to national and international levels in both directions: 1. local work feeding the national/international and 2. national/international work feeding the local. You can go to the **tax training manual** where you will find the **kite tool** to assess how the local is feeding the national and international as well as drawing on them.

Tool 16: The tax seeds – describing one local tax gain**Section 4****Description**

This learning tool presents a seed that has grown into a tree fruit to look at what has been achieved on (a) local tax and/or (b) public services supported through taxation.

Objective

1. To capture a story of change and success on tax at the local level.
2. To evaluate how we reached success, celebrate it and learn how we can repeat it in future.
3. To motivate for future action (more seeds coming from the present fruit).

► Steps

1. Present the image above of seeds that have grown into a tree with fruits.
2. Go to the **image of the tree** – Think of a victory that your area has achieved regarding tax.

Important – the facilitator needs to highlight that the **gain has to be related to tax** (although the group may want to use this tool for other topics too).

Victories can be related to: 1) preventing a high increase in a type of tax affecting local people, e.g. VAT; 2) fighting for VAT exemptions for basic products if they do not exist; 3) eliminating multiple taxation; 4) fighting tax harassment in markets and other places; 5) improving public services through tax; 5) making the rich pay more, etc.

3. Now **explain that victory** – Describe how it happened one step after another, like a flower fruit that slowly starts to blossom. The facilitator may use these guiding questions:
 - What was the problem regarding tax in your area?
 - What action was taken?
 - What was finally achieved/what changed?
4. Go back to the **image of the seeds** – The facilitator can ask now:
 - What was needed for this to happen?
 - Which different seeds? Which abilities or resources or support were needed?
 - Why did you decide to get involved? What motivated you?

Important – Surely one seed is group union. Find other seeds needed to reach the change.

Seeds might include: self-esteem, confidence, reading and writing, group mobilisation, strong leadership, knowledge of rights, help from an organisation, etc.

[Optional] From the fruits come **more seeds**, so a motivated community that has made a gain can be mobilised again and mobilise others. Ask the group:

- Can this new fruit give more seeds for newer fruits in your place and in other places?
- How do you keep this motivation going?

Note for facilitator: Why a focus on seeds? Analysing seeds is important for several reasons:

- a) *To understand what caused change, so that in the future, you can input more of the resources that circles found useful;*
- b) *To be humble about the partial influence of projects while acknowledging the influence of other external causes;*
- c) *to analyse what caused unexpected effects that you want to take on board for the future, this time, in an planned way (as action plans).*

Community action in practice: Case-study from Uganda

When the budget speech was read by the Ugandan Finance Minister in 2014, civil society tracking the budget at national level noticed that the Ugandan Government proposed to remove a tax exemption from some essential farming goods, such as hoes and fertiliser. They knew this could have a big impact on the well-being of millions of small-holder Ugandan farmers, often women. These women farmers provide a great deal of food to the nation to support it being food secure. Without the essential farming goods such as hoes being cheaper, it would affect their livelihoods, and physically, such as having to dig with their hands.

ActionAid worked with the partners in the Budget Advocacy coalition to inform farming groups on the problem, and they started a petition that eventually gathered one million signatures against the proposal. The petition also demanded that if the government wanted to raise more tax money, it could do so by removing harmful tax exemptions given to large-scale agricultural companies. ActionAid worked through our Local Rights Programmes to support women farmers and youth to protest the proposal.

Following lobbying at local and national level by the women farmers and civil society allies, many members of parliament and the Ministry of Agriculture joined the call for the Ministry of Finance to drop the regressive tax proposal. There was a good feeling as the proposal was then dropped by government.



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ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

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