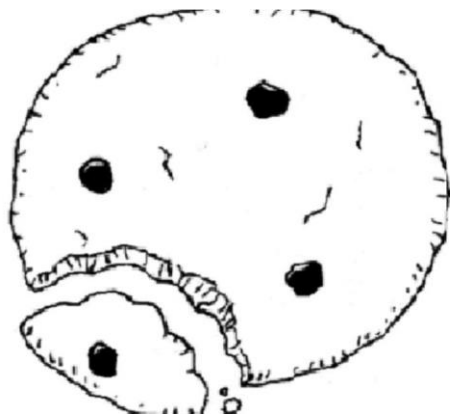


Tax Biscuit



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

The objective of this tool is 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 is: 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.