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Larry Elliott Economics editor

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Tax financial transactions to help Covid recovery, G20 told



▲ The Transnet-Phelophepa healthcare train, which provides medical help to remote areas of South Africa. Photograph: Phill Magakoe/AFP/Getty Images

The world's leading developed and developing countries have been told a tax on financial transactions could help them raise around \$100bn a year to meet the costs of the Covid-19 pandemic, tackle climate change and boost job creation.

Ahead of a meeting of G20 finance ministers in Venice on Friday, a letter from more than 100 economists said the immediate introduction of a **financial transactions tax** (FTT) would make economies more resilient and generate much-needed public investment.

Nine members of the **G20** already impose FTTs - including the UK's stamp duty on share dealings - but the economists said all countries should make use of them, with the scope expanded and rates of tax increased.

"In so doing, additional revenue of the order of \$100bn could be generated on an annual basis, at least 50% of which should be devoted to developing countries to support health, education and to strengthen preparedness for future pandemics, with the other 50% spent to assist those most in need at home, particularly in the protection and provision of employment," the letter says.

Modern plans for FTTs date back to the work of the Nobel prize-winning economist James Tobin in the 1970s, and in recent years were taken up by the **Robin Hood tax campaign**.

Although there is little likelihood that this weekend's G20 will heed the advice of economists, campaigners for an FTT believe rich and poor countries will need to consider how to raise money in light of the hit taken to their public finances as a result of the pandemic and the cost of meeting climate change commitments.

Developing countries were **disappointed** by the outcome of last month's G7 summit in Cornwall and view the G20 meeting as another opportunity to press for additional financial support for vaccine programmes, investment in health capacity and the transition to zero-carbon economies.

The economists' letter says shares, bonds, derivatives and foreign exchange

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are “seriously under-taxed” and the time is right for the richest to make a greater contribution to those in need.

“Introducing FTTs in this manner complements and builds upon recent agreements to implement a minimum corporate tax rate. Both measures are long overdue and timely, as well as **popular**. The finance sector has continued to fare strongly and even to thrive despite the pandemic and can afford this extra tax burden.”

The letter was signed by 124 economists, including the US development expert Jeffrey Sachs and France’s Gabriel Zucman, a specialist in tax havens.

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