

Common Wealth? Sharing through tax and giving

May 2015



The Church of Scotland

Church and Society Council

Common Wealth? Sharing through tax and giving

Now the whole group of those who believed were of one heart and soul, and no one else claimed private ownership of any possessions, but everything they owned was held in common. With great power the apostles gave their testimony to the resurrection of the Lord Jesus, and great grace was upon them all. There was not a needy person among them, for as many as owned lands or houses sold them and brought the proceeds of what was sold. They laid it at the apostles' feet and it was distributed to each as any had need.

Acts 4: 32-35 (NRSV)

1 Introduction

1.1 The political and financial landscape of our country is evolving. The work of the group writing this report began in 2013 and we are completing it in 2015 in a post referendum Scotland. And indeed by the time this report is presented to the General Assembly there will have been a UK General Election. However this report is an attempt to encourage people to reshape their attitude towards tax, financial giving and wealth sharing.

1.2 During the referendum campaign and following the referendum there has been a ground swell in the number of people getting involved in politics at a grass roots level. We have seen the growth of the Common Weal movement and other groups such as Women for Independence. There appears to be an appetite for exploring new ways and different ways of financing government and sharing wealth. In this report we also explore attitudes with in the church towards our own system of financing the work of the church.

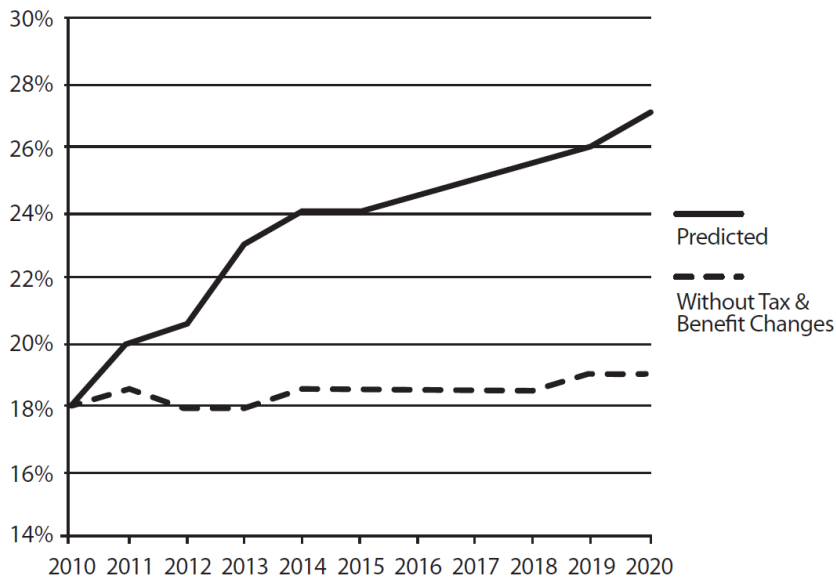
1.3 We are living in times of 'austerity' so we are told. However, in the UK today the richest 10% of the population own 44% of the wealth, while the poorer half owns a mere 9%¹. According to a report by the company Credit Suisse, this level of inequality has continued to grow since 2007². That the rich might become richer³ in times of austerity suggests that it is not just what a country has, but what a country does with what it has that impacts upon its levels of poverty. Nowhere is this reality more poignantly presented than by the Institute for Fiscal Studies who have calculated the impact of the UK Government's tax and welfare reforms on the increased levels of child poverty within the UK:

1.4 This graph is a forecast of the proportion of children living in relative poverty and is based on data calculated by the Institute for Fiscal Studies. It shows the estimated proportion of child poverty in the UK, compared with an estimated level of child poverty if the UK Government's tax and benefit changes since 2010 had not been implemented.
Proportion of children living in poverty:

¹ http://www.ons.gov.uk/ons/dcp171776_362809.pdf , accessed 10/12/2014, p.1,

² <https://publications.credit-suisse.com/tasks/render/file/?fileID=60931FDE-A2D2-F568-B041B58C5EA591A4>, accessed 10/12/2014, p.33

³ http://b3cdn.net/nefoundation/9f13eb419294bb7cfe_abm6bc76e.pdf , accessed on the 17/12/2014



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1.5 Despite these figures, reports within the media and by those in power often give the impression that the poorest and vulnerable are a burden, and that the cost of supporting them is to blame for the country’s current financial situation⁵. The sentiment presented to us is that decreasing expenditure, primarily through budget cuts, rather than increasing revenue, is our only course of action. However, more than thirty years of widening wealth inequality, an ongoing political rhetoric against the poor, and the economic crash of 2008 are among the many triggers that have sparked a growing concern about our existing economic system.

1.6 Through a series of reports on justice and the markets, culminating in the report of the Special Commission on the Purposes of Economic Activity in 2012, the Church has formed the view that ‘business as usual’ is not tenable. We must reassess our relationship with wealth, how we share it, and how it shapes our relationships with one another. At a time of growing national and global inequality this report explores our attitude to wealth and tax, the ineffectiveness of current taxation policies to address poverty and inequality, and possible alternatives which should be discussed and considered. The premise of this work, as laid out by Angus Ritchie in Christian Aid’s latest report ‘*Tax for the Common Good*’, is that:

*The promise of a good tax system is that it stops ‘charity’ from being a set of one-way transfers ameliorating an otherwise unjust economic order. Rather, a tax system which promotes good governance, which enables the state to provide a robust, accountable framework in which civil society can flourish, and which shares the fruits of creation more equitably, can help every citizen to participate more fully in the ‘charity’ for which we were created.*⁶

1.7 The Church of Scotland’s 2012 report *A Right Relationship with Money* begins by saying: “Love of our neighbours is the ultimate test of our economic arrangements. All

⁴ <http://www.ifs.org.uk/comms/r78.pdf>, accessed 10/12/2014, p.30

⁵ <http://www.jointpublicissues.org.uk/wp-content/uploads/2013/05/Truth-And-Lies-Report-smaller.pdf>, accessed 10/12/2014, p.27

⁶ Ritchie A, *Tax for the common good: A study of tax and morality*, October 2014, pp. 21-22 (Christian Aid)

economies are embedded in social relationships.”⁷ From this interdependent perspective the purpose of an economic activity should be as much about wealth distribution as wealth creation. The way in which we share what we have denotes something of the quality and type of relationship we hold with each other. While there are several ways to spread wealth across society, such as wages for employees, profits for shareholders and, goods and services which can benefit society, the focus of this report is the method of direct redistribution through resource sharing, charitable giving and taxation. We offer this report as a challenge within and outwith the church to look beyond the paradigm of personal advantage and explore how that which is God’s can be used in the service of all.

1.8 Throughout scripture we repeatedly encounter the challenge to set aside individual selfishness and to live with and for others as we seek to build God’s kingdom⁸. The money and possessions we acquire in life depend on how our society allows the resources of God’s creation to be exploited, kept, used and shared for the benefit of others or ourselves. Our ‘ownership’ of the fruits of God’s creation is only temporary and conditional. Ultimately what we have is not ours but God’s and so should be used to build God’s kingdom. As God freely gives in love we are challenged to hold nothing back. The redistribution and sharing of our wealth is not a burden to be avoided but an act of service in our relationship with Christ and one another. This is the basis of our understanding of Christian stewardship. This report seeks to explore what this understanding and model might mean firstly for our understanding of taxation, before going on to explore how we individually can share our money, possessions, time and talents.

“A Nation State is a kind of community with a sense of being ‘we’, belonging together, sharing resources and responsibilities entailing diverse modes of neighbourliness, some of which are exercised locally at the community level and some through national institutions, including the tax office!”

Tax for the common good: A study of tax and morality, October 2014, p.14 (Christian Aid)

2 Taxation: towards a new appreciation of tax

2.1 The dictionary definition of tax is ‘a compulsory contribution to state revenue levied by government on personal income and business profits or added to the cost of some goods, services, and transactions’⁹. While this adequately describes the mechanism of taxation it does not begin to answer the more significant question: what is it for?

2.2 When the word ‘tax’ is mentioned, most people think of income tax but there are a variety of ways of collecting tax, some of which are more ‘hidden’ e.g. National Insurance and VAT.¹⁰

⁷ “A right relationship with Money”, The church of Scotland Special Commission on the Purposes of Economic Activity (May 2012), p.12

⁸ Luke 14:25-35 is a good example of this

⁹ Oxford Concise English Dictionary tenth edition, Oxford University Press

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/372565/disag-main.pdf, accessed 04/12/2014, p.11

2.3 Through these different levies taxation is meant to fund the activities of the state such as education, healthcare, welfare and defence. A theology of tax then is in some way part of a theology of the state. If Christians accept the necessity of government, then we accept the necessity of taxes. Moreover, taxes are more than a source of government revenue. They are often used to encourage behavioural change; e.g. for tobacco. Broadly speaking then, taxes help shape our society; providing both funding for national institutions and incentives for desired behaviours.

2.4 Richard Harries, former Bishop of Oxford, says that “Taxes exist between what we want in our best moments and the much lower standards we habitually observe.”¹¹ And a 2003 Church and Nation Report on *Theology of Taxation* observed: “The problem in our view is not the lack of funds but lack of the will to provide the necessary funds...We can afford it if the will to do so is there. We submit that Christians should be in the vanguard of those working for a change of will in this regard.”¹²

2.5 In 2012 the Church received the report of the Special Commission on the Purposes of Economic Activity and agreed that reducing inequality should be a primary goal of government. The Special Commission said that it was right that the heaviest burden of taxation should be placed on those most able to pay, in the context not only of raising revenue to pay for state expenditure, but with the principle of challenging inequality at the centre. The General Assembly agreed a target of reducing the difference in wealth of the top 20% and bottom 20% from 7.2 times in 2012 to 6 by 2025 and to 4 by 2040. The success of such targets will require a review of the current taxation system within the UK. In particular, a change from supporting taxation that benefits us individually, to supporting a system that allows us to serve one another. It is important that the Church and its members let politicians know that there is public support for changes in society; including a potential increase in taxes for those of us who can afford it.

2.6 An appreciation of taxation inevitably relates to an understanding of the type of society we live in and a shared vision of the society we wish to create. In an ideal scenario taxation is about redistributing the country’s wealth in a way that we all benefit. Provisions such as education, policing, defence, the National Health Service and much more are funded through our taxes. Individuals and multinational corporations, who have been criticized for tax avoidance, benefit from the rule of law and state infrastructure. A functioning state relies on taxation to contribute to a good standard of living and for a positive economic and business environment.

2.7 Romans appears to call us to pay taxes even when it comes at personal cost but without personal benefit. Paul in Romans 13 urged that Christians should be subject to state authorities:

Therefore one must be subject [to the authorities]... For the same reason you also pay taxes, for the authorities are God’s servants, busy with this very thing. Pay to all what is due to them- taxes to whom taxes are due, revenue to whom

¹¹ R. Harries, *Is There a Gospel for the Rich?: Christian Obedience in a Capitalist World* (Mowbray, 1992), p.9

¹² RGA 2003 – Committee on Church and Nation *Theology of Taxation*, p. 12/38-39, para. 5.3

*revenue is due, respect to whom respect is due, honour to whom honour is due.*¹³

2.8 Paul's argument is particularly challenging: he suggests that taxes should be paid because governments are in the business of doing God's work. But what should happen when we feel that governments are not pursuing this business – are we to stop paying tax? Paul continues: "Owe no one anything except to love one another; for the one who loves another has fulfilled the law... Love does no wrong to a neighbour; therefore, love is the fulfilling of the law"¹⁴. While at the end of Romans 12: 21 we are told "If your enemy is hungry, feed him; if he is thirsty, give him something to drink. In doing this, you will heap burning coals on his head. Do not be overcome by evil, but overcome evil with good." In both these verses the thread is clear: Paul calls the church to overcome evil by giving of oneself, sharing with ones neighbour and contributing to the common good. Our understanding of Paul's call to Christians to pay tax, then must be set in the context of love for our neighbour¹⁵. We might add that by opting out of paying taxes, we may be said to lose the legitimacy of voicing our opinions about how they are implemented or spent.

2.9 Most debates about tax in our own culture are about the rate of tax, how tax is spent, and what social good we can expect from taxation policy. Familiar arguments include the following:

- ⤴ too high a rate of taxation on wealth or business discourages entrepreneurs and business investment
- ⤴ tax should be used to increase the price of potentially antisocial activities, such as gambling or alcohol
- ⤴ tax policy should aim to lessen inequality between rich and poor
- ⤴ tax allowances should be used to help families, e.g. those with children, or couples who marry
- ⤴ charitable giving can be encouraged through the use of Gift Aid 'topping up' gifts, and tax breaks for donors

2.10 More recently, interest has focussed on the issue of tax avoidance¹⁶ by wealthy individuals or multinational corporations using legal means to avoid what many would see ought to be a proportional contribution to the tax take. A number of leading companies have been found to be paying little or no corporation tax, by use of legal and accounting methods which, whilst strictly lawful, are widely seen as unethical.

2.11 In their work on this issue Christian Aid have understood taxation to be part of the relationship we have with one another. Relationships in the modern world are complex: often our social networks are not as broad or diverse as they might be. As a result the

¹³ Romans 13.5-7

¹⁴ Romans 13:8, 10

¹⁵ The Gospel and the rich: theological views of tax A Christian Aid report June 2009. Part I: 'Theology, tax and Christian Aid', Paula Clifford, head of theology, Christian Aid; The Contextual Theology Centre, London <http://www.christianaid.org.uk/images/the-gospel-and-the-rich.pdf>, accessed 5/03/2014, p.7

¹⁶ Tax avoidance: 'legal evasion of payment of tax'. Tax evasion: 'illegal evasion of payment of tax' (Chambers Dictionary)

neighbour who could most benefit from our tax payments may not be personally known to us. In this instance the state can act to make those connections for us, collecting taxes from some and spending the money in a way which benefits society as a whole. Where it is felt that the state is failing to do this, the church must speak out and keep the government to account.

2.12 Moreover, not only then is it essential that Trans-National Corporations and other businesses pay the taxes required of them, but also that citizens are given the opportunity to contribute to the 'Common Weal', for such contributions have the potential to strengthen relationships and increase accountability. Although it must be acknowledged that not all taxes are spent on protecting human life, the ethical imperative of putting other human beings before our own selfish interest is grounded in Gospel principles. And it is the opportunity to contribute to the well-being of each other that should inform our attitude to taxation.

2.13 *The Gospel and the Rich*¹⁷ offers insights into parts of the Bible which deal with taxation. It notes that: "in both the Old and New Testaments, the Bible has little to say on taxation for non-religious purposes"; and that: "In the Old Testament, the concept of taxation as a means of redistributing wealth is seen in terms of physical goods rather than monetary profit" (cf Deuteronomy 24, re: the harvest gleanings). Yet the Christian Aid paper points to a story of a king setting a fair tax (p7):

One example in the Old Testament is the tax imposed by King Jehoiakim. Faced with huge financial demands from the Egyptian Pharaoh, the king taxes people proportionately: 'He exacted the silver and the gold from the people of the land, from all according to their assessment' (2 Kings 23:35). This is more likely to have been a pragmatic decision, seeking wealth from those most able to provide it, than a social model, but it was very much in the community's interest to conform, given the Pharaoh's previous record of violence against the kings of Judah.

2.14 In a way, this is a fair tax for an unfair purpose- the Pharaoh was blackmailing the nation of Judah. However, the power politics were such that King Jehoiakim clearly felt that he had no choice but to meet Pharaoh's demands to maintain peaceful relations. Yet he does so in a way that people pay according to their means.

2.15 Turning to the New Testament, Angus Ritchie of The Contextual Theology Centre, London, notes: "Taxation features heavily in the context of Jesus' own life and ministry"¹⁸ (p21). Jesus is born during a census for a Roman poll tax. One of the allegations at his trial before his crucifixion is that he advocated non-payment of tax (Luke 23:1-4). Tax collectors worked for Rome on a franchise type model and were proverbial outcasts notorious for their dishonesty, yet Jesus reaches out even to *Matthew and Zacchaeus*. Along with land rents, taxes to the temple, local rulers, and the Romans helped to ensure that a small elite benefited from the labour of a peasant class.

¹⁷ *The Gospel and the rich: theological views of tax*, Christian Aid: June 2009

<http://www.christianaid.org.uk/images/the-gospel-and-the-rich.pdf>

¹⁸ *The Gospel and the Rich* (Christian Aid etc.) – appended paper, p. 21

2.16 We might also note the following descriptions of taxation in Jesus' time:

Taxation in Roman Palestine was extractive, that is, designed to exert elite control over agrarian production. In the society of early Roman Palestine, villagers preferred to conduct business along the lines of reciprocity; but, since elites controlled taxation (land products), labor, and commerce, redistributive arrangements tended to prevail. Caesar's agents collected taxes and redistributed them to clients. The priests and the Jerusalem temple collected offerings and redistributed them. Redistribution exchanges were replicated throughout society. Their major impact was to remove most goods from the control and enjoyment of most people. The terms "extraction", "redistribution" and "tribute" reflect the political nature of these distributive mechanisms. All of these terms emphasize that the benefits in ancient economy flowed "upward" to the advantage of elites.¹⁹

And:

The question put to Jesus, 'Is it lawful to pay taxes to the emperor?' is not an academic one – it was a burning issue. The tax in question was the hated poll tax, imposed by the Romans in AD6 when Judea became a Roman province, and it had already been the cause of a bloody revolt. If Jesus had said no, he would have laid himself open to charges of political agitation; if he had said yes, he would have alienated the people. Using the visual aid of the Roman silver coin bearing Caesar's head (and surprisingly the Jewish leaders seemed to have one on them even though it was considered offensive), Jesus' reply was that the Roman government had a legitimate demand on people's income. But much more important are the demands of God.²⁰

2.17 *Is tax theft?* There are those who claim that tax is theft²¹ and the Bible is against theft (Exodus 20.15). Yet the whole notion of 'private property' is brought into question when we sing 'The earth belongs unto the Lord' (Psalm 24). For all that we are and all that we have ultimately belongs to God.

2.18 The Christian Aid report makes an interesting comparison between Pharisaic legalism and those who use the law today to avoid paying their dues. It quotes a code of conduct for taxation developed by tax expert and anti-poverty campaigner Richard Murphy²²: "Tax planning seeks to comply with the spirit as well as the letter of the law". The spirit and the letter is, of course, a Gospel phrase:

The insistence of [the] 'Code of Conduct'... on upholding the spirit of the law has a sound theological basis in terms of maintaining the relationship with one's neighbour and is rooted in New Testament teaching. Indeed, the tax avoider's obsession with the intricacies and loopholes in tax legislation strangely mirrors the pharisaic

¹⁹ KC Hanson and Douglas E Oakman, *Palestine in the time of Jesus: Social Structures and Social Conflicts*, Augsburg Fortress 1998, p.116

²⁰ Paula Clifford, *The Gospel and the Rich*, p7

²¹ Murray Rothbard argues that taxation is theft in 'The Ethics of Liberty' New York University Press 1998.

²² Richard Murphy, 'A Code of Conduct for Taxation' Association for Accountancy and Business Affairs, Tax Justice Network, and Tax Research LLP, October 2007. Quoted in *The Gospel and the rich*, p12.

dedication to scrutinising the letter of the law in minute detail. For while the Pharisees as portrayed in the Gospels saw themselves as upholding a thorough-going obedience to the law, they were in fact promoting an excessive legalism at the expense of their neighbours' wellbeing: 'Woe to you Pharisees!' says Jesus. 'For you tithe the mint and rue and herbs of all kinds, and neglect justice and the love of God' (Luke 11:42).²³

3 Christian Stewardship as a Model for Taxation

3.1 In the Church of Scotland 'stewardship' is usually understood as how the Church uses and transforms the contributions from its members of their time, skills and crucially money. There are parallels between the money collected from congregations into the central Ministry and Missions fund and secular taxation. Both might be perceived as being imposed by a distant centre on a reluctant local community.

3.2 Within this discussion it is worth re-affirming that the Church of Scotland is a national church with a territorial ministry. This ministry of interdependence and mutual support binds congregations together. It is a model that relies upon a responsible attitude to both the ingathering of resources and the employment of these for maximum effect and has given rise to the National Stewardship Programme which: "calls for some action in every congregation in relation to the teaching and promotion of Christian stewardship every year."²⁴ It is a model which might usefully be affirmed not only for the Church's wellbeing but as an example to those charged with the welfare and cohesion of Scottish society.

3.3 Christian Stewardship proclaims that the earth is the Lord's and all that is in it, the world and those who live in it; for he has founded it upon the seas and established it on the rivers.²⁵ God is the author of all that there is, material and non-material. It is by the abundant grace of God that we are created, called, redeemed and sanctified. Our God is a God of relationship – in Trinity and with all the people of God. We are brought into this relationship through the life, death and resurrection of Jesus Christ and as part of the universal plan of salvation.²⁶ We are invited to share the grace of God; it is through grace alone we are bound to God and to one another, and it is what prompts us to look out for our neighbour's welfare as much as our own. Grace works for us, and through us.²⁷ It flows through our relationship to God, our relationships in Christ's name, and our relationship to the world.

3.4 However both in the Church and in wider society grace is confronted with fear. Fear resists the free and fair sharing of God's material and spiritual blessings. Fear insinuates that *there is only so much prosperity to go around, and it should go to those most deserving*. This fear drives political rhetoric about 'hard-working families' and 'benefits scroungers'. Fear of scarcity does not recognise need as the basis for help, but instead, masquerading as

²³ The Gospel and the Rich, p.11 (Christian Aid, 2009), <http://www.christianaid.org.uk/images/the-gospel-and-the-rich.pdf>

²⁴ CoS General Assembly Reports 2013, pp.1-5

²⁵ Psalm 24:1-2

²⁶ Eph:1.10, Eph:3.9, Col:1.25.

²⁷ Eph 2:8-10

necessary measures in a time of austerity, it puts the blame on the shoulders of those who are vulnerable for not doing the right thing. Prof John M Hull²⁸ argues that the secrecy and vagueness and societal taboos about talking about money and wealth and income are part of the problem; raising up a money god with special mysterious and powerful influence. The money god is utterly selfish, and has made people believe that money belongs to individuals. But like everything humankind shares on this planet, money is social. Money is a community asset, and good taxes are a way we can give to support the community and as such should not be feared.

3.5 Christian stewards know that “The Bible is about abundance”²⁹, and that: “appearance notwithstanding there is enough to go around, so long as each of us takes only what we need. In fact, if we are willing to have but not hoard, there will even be more than enough left over.”³⁰

“Our economic culture needs to be shaped by public values which promote social cohesion and common good. These values need to be translated into enforceable regulations. We need an ongoing public conversation about the relationship between ethics and economic policy, and the churches have a vital role to play in this debate.”

From *A Right Relationship With Money*, a report of the Church of Scotland Special Commission on the Purposes of Economic Activity, May 2012

3.6 Jesus’ parables are illustrative here. The Parable of the Good Samaritan³¹ suggests that relationships are central to faith (“Imperfect or broken relationships between ourselves as human beings and between us and God results in unjust behaviour towards one another and a damaged relationship with God”³²). In Christianity, living a life of righteousness is about loving God and doing good where one can. The Parable of the Talents³³ calls Christians to use their God-given time, ability and money for the work of the Kingdom. (A more detailed consideration of this parable can be found below at appendix 2).

3.7 The Parable of the Dishonest Servant³⁴ teaches the wisdom of investing in relationships. The Parable of the Prodigal Son³⁵ shows that even in the face of failure and crisis it is possible to make decisions which are generous, faithful and unencumbered by the normal concerns for wealth, and that the promise of eternal life cannot be assured through how we dispose of our material possessions, but by a radical trust in God’s abundant grace.

3.8 Because God is gracious and the source of all graces we are as free as the Samaritan to make good decisions which will facilitate a meaningful life for ourselves and our

²⁸ Blaspheming the Money God, *RE Today*, [Christian Education Publications] Vol. 27 No.1 Autumn 2009. pp. 4-5

²⁹ Brueggemann *Enough is Enough* p. 1

³⁰ *Ibid.*

³¹ Luke 10:25-38

³² The Gospel and the Rich: theological views on tax, Christian Aid June 2009, p. 5

<http://www.christianaid.org.uk/images/the-gospel-and-the-rich.pdf>

³³ Matthew 25:14-30; Luke 19:11-27

³⁴ Luke 16:1-13

³⁵ Luke 15:11-32

neighbours. As recipients of grace we have an inherent responsibility to all those who are equal recipients of God's grace so that 'Justice, forgiveness, reconciliation and equity is ours to strive for in every relationship.'³⁶ Indeed:

Our duty, according to the parable, is a duty of care, justice informed by love, to our neighbour, who is every person, everywhere, in every time. Our responsibility neither rests on reciprocity nor on contract. Nor is it limited by nation. It inheres in our common humanity. Just as the Samaritan was the quintessential outsider, hated and scorned, so human rights, if they mean anything cannot be only for those we affirm and approve.³⁷

4 Our attitude to those who struggle against poverty

4.1 Public attitudes towards the vulnerable and marginalised within society are constantly shaped by the rhetoric within the media and politics which can demean, stigmatise and blame people for their poverty. 'The war on the poor' has not gone away. The language of 'benefit scroungers' contrasted with 'hard working families' incites feelings of resentment towards those who receive welfare support; but it ignores the truth that in-work poverty is greater than out-of-work poverty³⁸. In fact there are currently so many low paid jobs that tax credits are needed to avoid the sort of desperation that leads people to go to foodbanks.

4.2 The issues raised in the 2013 joint report (published by the Church of Scotland, Methodist Church, United Reformed Church and Baptist Union of Great Britain) *Lying to ourselves: ending comfortable myths about poverty*³⁹ are still relevant. Understanding the systemic injustice which leads to poverty and inequality is key to building a society which is fairer and cohesive rather than divided and unequal. The 'war on the poor' has been a major driver in the hardening of public attitudes towards welfare and poverty. According to the British Social Attitudes Survey, during the 1991 recession 58% of people were in favour of higher spending on welfare even if it meant higher taxes. By contrast, In 2011, following the recession of 2008, this figure had fallen to 28%. Support for more benefits for people with disability fell from 63% in 2008 to 53% in 2011. Whether it be the political discourse, print media, televised or social media, it is often the case that those who have the greatest ability to shape public attitudes within society are not those who are on the margins of society. It is the responsibility of the church to encourage love of one's neighbour, and to ensure that those who are vulnerable and marginalised have a voice in the public square.

4.3 Alongside practical redistributive measures then, the church and others must affirm and work to promote the cause of those who are vulnerable within society and with it the message that we all have a part to play in contributing to the common good.

³⁶ *Ibid.* para. 2.8.2

³⁷ Human Rights: what does God require of us? Justice informed by love, Reports to the General Assembly of the Church of Scotland, May 2013, Supplementary report of the Church and Society Council, para 2.5.3 http://www.churchofscotland.org.uk/data/assets/pdf_file/0019/13843/Supplementary_report.pdf

³⁸ <http://www.jrf.org.uk/sites/files/jrf/MPSE2013.pdf>, accessed 10/12/2014, p.26

³⁹ <http://www.jointpublicissues.org.uk/wp-content/uploads/2013/02/Truth-And-Lies-Report-smaller.pdf>, accessed 10/12/2014,

5 Towards a Different Approach

5.1 The argument about the common good is echoed in the cogent and clear message in Pope Francis' 2013 Encyclical *Evangelii Gaudium*; itself a gift to the church universal. Church groups of all traditions will benefit from studying it in the context of their own life and witness. Chapter Four, *The social dimension of evangelisation*, underlines the importance of social justice as integral to the authentic mission of the church.

Extract from *Evangelii Gaudium*, (the Joy of the Gospel)
Pope Francis, November 2013

203. The dignity of each human person and the pursuit of the common good are concerns which ought to shape all economic policies. At times, however, they seem to be a mere addendum imported from without in order to fill out a political discourse lacking in perspectives or plans for true and integral development... Business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.

204. We can no longer trust in the unseen forces and the invisible hand of the market. Growth in justice requires more than economic growth, while presupposing such growth... I am far from proposing an irresponsible populism, but the economy can no longer turn to remedies that are a new poison, such as attempting to increase profits by reducing the work force and thereby adding to the ranks of the excluded.

205...Politics, though often denigrated, remains a lofty vocation and one of the highest forms of charity, inasmuch as it seeks the common good. We need to be convinced that charity "is the principle not only of micro-relationships (with friends, with family members or within small groups) but also of macro-relationships (social, economic and political ones)". I beg the Lord to grant us more politicians who are genuinely disturbed by the state of society, the people, the lives of the poor! It is vital that government leaders and financial leaders take heed and broaden their horizons, working to ensure that all citizens have dignified work, education and healthcare. Why not turn to God and ask him to inspire their plans? I am firmly convinced that openness to the transcendent can bring about a new political and economic mindset which would help to break down the wall of separation between the economy and the common good of society...

5.2 Prayer and understanding, study of the Bible and common worship – these are the privileges and responsibilities of all Christians who seek justice and wholeness in our own lives and for society. Thus equipped we may address the ethical decisions surrounding issues of tax, giving and sharing.

6 The Joy of Tax

“An efficient and fair taxation system is essential to reducing inequalities in our society. Because taxes are used to support a just and compassionate society, paying tax can be viewed as a social obligation akin to loving one’s neighbour. But there is mounting evidence that the taxation system in the UK is not working well: not all people are paying taxes in proportion to their wealth and income.”

From *A Right Relationship With Money*, a report of the Church of Scotland Special Commission on the Purposes of Economic Activity, May 2012.

6.1 The 2003 Church and Nation report on a *Theology of Taxation* set out a number of criteria for assessing the ethics of a particular tax system:

- One in which people give cheerfully in recognition of that which has been graciously given to us.
- One which is designed to offer justice to all.
- One which provides the means for a community to offer all of its members dignity and equality of opportunity.

6.2 The 2003 report also set out clear preferences for direct over indirect taxation, and that fundamentally taxes should be levied on the ability to pay and have a real connection with either income / property or through participation in financial transactions such as buying goods or services.

6.3 Of particular note in this area is Christian Aid’s work to hold companies to account on this matter through working with governments to tighten legal and regulatory frameworks and by challenging a culture that says it is acceptable to avoid paying taxes. While company directors often refer to fiduciary duty, the way this concept has been narrowly interpreted (to refer to a legal duty to maximise profits) and used in isolation of other social and moral obligations is increasingly being challenged. In this area the reports by Christian Aid are a prime example of the role the church can play both in tightening the system but also in changing attitudes towards tax.

7 Wealth Sharing

7.1 Equality, fairness and justice were the top three values identified in the Church’s community consultation process held in the run-up to the referendum.⁴⁰ The ideas and aspirations of church members when asked to think together about Scotland’s future were shaped by our attitude to money; scrapping Trident and using the savings for social good, challenging consumption and materialism and the promotion of wealth and prosperity as virtues. On fiscal matters, many of the responses during these consultations called for

⁴⁰ Our Vision: Imagining Scotland’s Future (Church of Scotland, 2014), p. 9

radical redistributive tax systems. The bible tells us that we all have a part to play in each other's wellbeing.

8 Charitable Giving

8.1 Giles Fraser, a Church of England priest and commentator, has said that: "the best way to assess what someone believes is to look through their bank statement. Forget fancy words and sermons, money is the way we mean it – or we don't. Money is the sacrament of moral seriousness."⁴¹

8.2 As we work to hold governments and businesses to account in this matter it is important that we reflect on the way we share our own wealth. Charitable giving, like taxation, should be done cheerfully and affirmed and encouraged. According to a recent article, Scotland is one of the most generous parts of the UK; Scottish households give substantially more to charity than those in London and the South East of England, despite not being as affluent, according to a March 2013 survey⁴². A challenge for all people of good will who care about the development of society is to maintain and increase levels of giving; can institutions such as the Church encourage others to do so?

9 Practical Alternatives

9.1 At the time of writing, February 2015, proposals which will ensure that the Scottish Government gains substantial further fiscal powers have been made by the Smith Commission, and it is likely that taxation arrangements across the whole of the United Kingdom will change. In addition, the Scottish Government itself plans legislation on both rural and urban land reform, including taxation changes and measures to end the use of tax havens to avoid paying tax.

9.2 These all provide a great opportunity to achieve major changes in taxation which affirm widespread concern about inequality, unfairness and both economic and environmental injustice, including that expressed during the 2014 Referendum process. The important Mirrlees tax review in 2011, "Tax by Design", from the Institute of Fiscal Studies (IFS), made proposals for major change to reverse growing wealth and income inequality. This is long overdue. While time constraints have meant that certain important issues, such as tax and its avoidance in relation to inheritance, and the parity in tax treatment of employment, self-employment and corporate-source income (corporation tax), are beyond the scope of this report, we nonetheless offer the following practical issues which are in need of detailed and widespread discussion; none of which in themselves are 'the answer' to the issue of economic inequalities, but the Church and Society Council think they are worth further consideration and would like there to be an open national debate about tax and redistribution.

⁴¹ <http://www.theguardian.com/commentisfree/belief/2009/jul/19/greed-city-christianity-wealth-morality>, accessed 10/12/2014,

⁴² <http://www.theguardian.com/uk/2013/mar/14/charitable-giving-survey-donor-information?uni=Article:in%20body%20link>, accessed 10/12/2014,

9.3 *A move from Council Tax* – Many pertinent questions exist around the current system of local government financing, including the Council Tax. Since the 2011 Concordat between Scottish local and national government, Council tax rates have been frozen. Some additional funds have been made available from the centre. The effect has been to reduce the proportion raised locally, weakening the connection between Council tax-payer and local authority. This centralisation affects poorer people more, since they rely more on free and subsidised local services. More than that, in Scotland and England Council Tax valuation bands are still based on valuation estimates made in 1991 and do not correspond to current land and property values. All this has a negative effect on the common good.

9.4.1 *Land Value Taxation* – One alternative could be a Land Value Tax which at the time of writing is under consideration⁴³. The IFS, amongst others, proposed a partial introduction of LVT⁴⁴. LVT has been summed up simply as “tax on all land on the basis of what it would fetch in the market”⁴⁵. Instead of paying a tax based on the value of one’s house, it would be a tax based on the value of all the land a person owns. Land is an “inelastic resource”, and a gift of God with no cost of production, unlike capital and labour, so its value varies more in relation to the economy compared to assets such as infrastructure or housing developments. Taxing land would share windfall capital gains especially, and wealth in general, across society.

9.4.2 Within this system the vast majority of people would pay less than their current Council Tax. Those who own large or valuable landholdings would pay more. This will result in many challenges and complex choices for many, including the Church. An appropriate system of relief for particular circumstances might also need to be considered.

9.4.3 A basic LVT would be a tax on land rather than property on the basis of the price when last sold. Levied as an annual charge on the rental value of land, it is in effect a payment for benefits received and is a natural source of public revenue. It is one of the most efficient ways for a country to raise its revenue, and could be administered by local authorities. The few who would lose out have most of the money and the land! Such a tax would result in housing being valued more for its “use” than its “exchange” value. Amongst the other advantages claimed by various proponents are: a reduction in the widening wealth gap between rich and poor; reduction in land prices; replacement of the unpopular, inefficient and inequitable Council Tax; replacing current business rates; encouraging development or sale of unused and unproductive land, including developers’ “land banks”; bringing agricultural, other rural land, and second or empty houses into taxation; and raising revenue to build more social housing. Martin Wolf, in “The Shifts and the Shocks: what we’ve learned and still have to learn from the financial crisis” (2014), advocates such a tax for sustainable economic growth, as part of de-leveraging the economy and ending speculation in land values.

9.4.4 Some current political proposals, such as a “mansion tax” are a cautious partial measure. The Mirrlees review pointed out that all reform of taxation results in some losers. With LVT this means those with more wealth, especially big land-owners. The taxation of

⁴³ <http://www.scotland.gov.uk/Publications/2014/05/2852/298172>, accessed 10/12/2014, paragraphs 21-25

⁴⁴ <http://www.ifs.org.uk/docs/taxbydesign.pdf>, accessed 10/12/2014, p.371

⁴⁵ Dorling, D., *All that is solid: The Great Housing disaster*, (Allen Lane Feb 2014), p.

wealth excites strong passions, the rich regarding it as unjustified confiscation: the poor as the most direct means of redistribution. This largely explains why existing UK wealth taxation, such as inheritance tax, stamp duty, and Council Tax, is full of loopholes, favouring the “healthy, wealthy and well-advised”. This is a good reason for the churches to support wider political discussion of the topic. [see www.landvaluetax.org].

9.4.5 One advocate of Land Value Tax, Lesley Riddoch, in “Blossom” (2013) writes: “The easy way to transform Scotland overnight is to swap our current property-based Council Tax for a Land Tax so large landowners and speculators would have a financial incentive to ‘divest’ fallow acres and unused buildings or face eye-watering tax demands. The Scottish Parliament could legislate to give all children (not just the eldest son) the legal right to inherit land – the main way large estates elsewhere were ‘naturally’ broken into manageable, diverse blocks. Holyrood could make ‘sporting estates’ pay business rates – currently they don’t - and could replace toothless community councils with tax-raising parish councils as an ‘ultra-local’ tier of democratic control and service delivery.”

The Scottish dimensions of land reform including its taxation are well set out in Andy Wightman’s “The Poor Had No Lawyers”. He summarises four remedies to injustice that would be addressed by LVT. It would:-

1. spread the burden across all property owners;
2. remove the regressive effects of the council tax;
3. provide an equitable source of revenue for public infrastructure projects;
4. provide affordable housing.

9.5.1 *Consideration of a Citizen’s income*⁴⁶ – The idea of a basic income for everyone regardless of their employment status has been round for many decades. Most recently the idea of a ‘Citizen’s Income’ has been promoted by the Citizen’s Income Trust.

9.5.2 A Citizen’s income is a tax-exempt, universal cash transfer payment that is based on the individual citizen. They are unconditional, not means-tested or reliant on prior contributions. Such a programme has to be co-ordinated with the income tax system, where the revenue would be generate to finance a Citizen’s income, but it does not have to be combined administratively with income tax. In practice, it means an automatic, regular payment to every citizen, which would vary according to disability and possibly age. It would replace almost all income tax reliefs (including tax credits) and other means-tested benefits. (There are other sources of finance, such as a Financial Transaction Tax, or Sovereign Wealth Funds.) The sum being suggested is barely enough to live on a below the minimum wage level.⁴⁷ Those who stand to gain most include those on low or unstable wages, students, self employed, families on low incomes and pensioners with low levels of savings.⁴⁸

9.5.3 Some of the prime advantages to the scheme would be the end of situations where people fear moving off benefits for fear of their income being reduced if they took up low paid work or were employed on a zero hours contract. It also provides a universal safety net to help stave off poverty, and it is egalitarian; it would diminish the stigma of being a ‘benefit

⁴⁶ The General Assembly of 2013 instructed the Church and Society Council specifically to consider the merits of a Citizen’s Income.

⁴⁷ Citizen’s Income – A Brief Introduction, Citizen’s Income Trust, 2013, p8

⁴⁸ Citizen’s Income – A Brief Introduction, Citizen’s Income Trust, 2013, p12

scrounger’ and put everyone on the same level. If every income tax contributor knew that they – and everyone else – received something back, it might also help change individuals’ attitudes to taxation. And it would be much simpler and less complex than our current benefits system.

9.5.4 The idea has its critics. Those on higher incomes would pay more tax. Some argue that it creates a ‘something-for-nothing’ culture. It is politically potentially very risky, especially as the Government has had some high-profile disasters when it comes to large scale computer projects as they relate to tax and benefits. The determination of eligibility might also raise issues about citizenship and migration. Citizen’s Incomes are already being explored in Brazil, Namibia, Iran and India.

9.5.5 The idea is worthy of further and more in depth study and one which organisations with greater understanding of the complexities of our tax system would serve us well by looking into.

www.citizensincome.org

9.6 *Institute a Living Wage* – The principle of a living wage is supported by the Church of Scotland⁴⁹ which aspires to be a living wage employer. It has supported reforms to procurement processes by local authorities tendering for care services to take regard of paying the living wage as a criterion for awarding a contract, and for there to be adequate payment to take this into account. It has also called for the rate of the National Minimum Wage to be raised to that of the Living Wage. The National Minimum Wage has failed to increase in real terms, and according to research by the Resolution Foundation, the value of a salary on the National Minimum Wage in 2013 was worth £1010 less than in 2008.⁵⁰ According to the Scottish Living Wage campaign, 18% of employees are still paid less than the living wage; 418,000 people. 93% work in the private sector, 64% are women, and 40% are women working part time.⁵¹

<http://slw.povertyalliance.org/>

9.7.1 *Fair Tax* – The longstanding commitment and support of Christians to the principles of Fairtrade are now well-established; there are more than 7000 Fairtrade certified faith groups. Congregations and Presbyteries, Church offices and workplaces of individual members which are not already ‘Fairtrade’ certified should be strongly encouraged to consider taking a small step which makes a great difference.

www.fairtrade.org.uk

9.7.2 The Fair Tax Mark aims to offer the same service for businesses – instant recognition that their tax practices are not only legal but are fair and just. A set of criteria have been drawn up by which a company’s performance can be monitored. The hope is that

⁴⁹ The General Assembly of 2012 agreed in a Deliverance its support for the principle of the Living Wage. For further information see sections 8.8-8.20 for the Church and Society Report to the 2012 General Assembly http://www.churchofscotland.org.uk/_data/assets/pdf_file/0009/9648/03_CHURC.pdf, p. 3/28-3/30.

⁵⁰ <http://www.theguardian.com/news/datablog/2013/oct/01/uk-minimum-wage-history-in-numbers>, accessed 10/12/2014,

⁵¹ *Beyond the Bottom Line*, Resolution Foundation and the Institute for Public Policy Research, January 2013, p. 5.

businesses will apply for accreditation and will then be able to display to their customers that they are a Fair Tax company – winning new business and helping to encourage improving standards with their competitors – just like Fairtrade.

www.fairtaxmark.net

9.8 *Robin Hood Tax* – The Church & Society Council along with other church organisations is a member of the Robin Hood Tax Campaign. The campaign promotes the idea of a Financial Transaction Tax which would tax financial transactions such as stocks, bonds, foreign currency and derivatives at a level of 0.05%. Current estimates are that this would raise in the region of £250 billion a year.

Do not store up for yourselves treasures on earth, where moth and rust consume and where thieves break in to steal; but store up for yourselves treasures in heaven, where neither moth nor rust consumes and where thieves do not break in and steal. For where your treasure is, there your heart will be also.

Matthew 6:19 (NRSV)

10 Conclusion

10.1 The 2012 Special Commission on the Purposes of Economic Activity has urged us: “to reimagine our economic life in a spirit of hope and realism”. As we within the Church, within Scotland and beyond look to transform this situation taxation, our attitudes to wealth and the way in which we share it must all come under scrutiny. As John M. Hull states:

It is not the task of the church to manage the world’s money. It is the task of the church to proclaim good news to the poor. In this connection, it is necessary for the church to attack the mismanagement of money (and the church itself is not exempt) and to enable church affiliated men and women to distinguish between money as a means of exploiting the poor and money as a means of creating social justice.⁵²

10.2 The Church must set an example, part of which is presenting a challenging and prophetic vision for society, calling our politicians, our leaders, our congregations and ourselves to be more generous as we give that which is God’s in the service of building God’s Kingdom.

10.3 The political climate of our country has changed. There is no better time for the church to be speaking out with regards to creating a fairer more equal society.

10.4 We do not have definitive answers and nor are we offering any conclusions that commit the church to affirming one suggestion over another. We offer this report simply as both a starting point to aid discussion or as a building block on previous work by the church and other organisations.

I am no longer my own but yours. Put me to what you will, rank me with whom you will; put me to doing, put me to suffering; let me be employed for you, or laid aside for you,

⁵² Hull, J.M., “Christian Education in a Capitalist Society: Money and God” in David Ford and Dennis L. Stamps (eds) *Essentials of Christian Community: Essays in Honour of Daniel W. Hardy* Edinburgh, T. & T. Clark 1996, pp. 241-252

exalted for you, or brought low for you; let me be full, let me be empty, let me have all things, let me have nothing: I freely and wholeheartedly yield all things to your pleasure and disposal. And now, glorious and blessed God, Father, Son and Holy Spirit, you are mine and I am yours. So be it. And the covenant now made on earth, let it be ratified in heaven.
Methodist Covenant Prayer

An efficient and fair taxation system is essential to reducing inequalities in our society and achieving a fairer distribution of each nation's and the world's resources."
From Imagining Scotland's Future: Our Vision (Church of Scotland, 2014)

Deliverances agreed at the 2015 General Assembly:

Commend the report *Common Wealth? Sharing through tax and giving* to congregations and presbyteries for study and action, and instruct the Church & Society Council to work with others, including the Stewardship Department, to facilitate engagement and discussion of these issues, with relevant resources, across the Church, and with ecumenical partners.

Instruct the Church and Society Council to promote a national debate about tax, giving and wealth sharing in the context of economic and social inequalities and the transfer of fiscal and welfare responsibilities to the Scottish Parliament after May 2016.

Call upon Scottish and UK Governments to reform the tax system in order to promote the reduction of wealth and income inequality.

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Appendix 1
Common Wealth? Sharing through tax and giving
Recommended further reading

Church of Scotland

A Right Relationship with Money Report

www.churchofscotland.org.uk/speak_out/poverty_and_economics

Human Rights: what does God require of us? Justice informed by love.

http://www.churchofscotland.org.uk/data/assets/pdf_file/0019/13843/Supplementary_report.pdf

Our Vision: Imagining Scotland's Future

www.churchofscotland.org.uk/speak_out/politics_and_government/articles/imagining_Scotlands_future

Truth and Lies about Poverty report (produced with the Methodists, Baptist and URC Joint Public Issues Team)

www.jointpublicissues.org.uk

Christian Aid

The Gospel and the rich: theological views of tax June 2009

<http://www.christianaid.org.uk/images/the-gospel-and-the-rich.pdf>

Citizen's Income Trust

Citizen's Income – A Brief Introduction

www.citizensincome.org

Common Weal

www.allofusfirst.org

Fair Tax

www.fairtaxmark.net

Living Wage

<http://slw.povertyalliance.org/>

Robin Hood Tax Campaign

www.robinhoodtax.org.uk

Tax Justice Network

<http://www.taxjustice.net/>

New Economics Foundation

<http://www.neweconomics.org/>

Appendix 2
Common Wealth? Sharing through tax and giving –
further reflections on the parable of the talents
(Related to para. 4.3.6 on page 12/28 of the Church and Society Report).

The parable of the Talents assumes a cultural understanding that we simply do not have. It could be that we have been derailed for years because we assume that the story starts from our (Western, capitalist) starting point. We sit in judgment against the lazy slave who can't be bothered to invest, to wheel and deal and make a profit with the master's gift. It's an obvious, if uneasy, connection. But what if this entry point is a false start?

The peasant-followers of Jesus lived in an Israel occupied by Rome/where the power and money was held by a very few and the rest struggled under that oppressive regime. And against this backdrop, Jesus tells this story of a master with three slaves and he gives them money and power and they decide what they'll do with it.

According to the law of Moses, it was wrong to charge interest. When the twelve tribes entered the Promised Land, part of the promise was that every family would receive and hold a share of that land - forever. And to ensure that there was equity and security for the vulnerable, all lands were returned and any debt was forgiven in the 7th year - the year of Jubilee. So, if you'd gotten rich, chances are you'd gotten there by breaking those long-established laws. And if we're in any doubt, well the story makes it clear. The master says 'You wicked and lazy slave! You knew, did you that I reap where I did not sow, and gather where I did not scatter? Then you ought to have invested my money with the bankers, and on my return I would have received what was my own with interest. You ought to have played the game, done some deals - one hand washes the other - you know how this is supposed to work!'

However it was against the Law of Moses to invest with the bankers and get interest - it was corrupt to hold onto land that wasn't yours and the "lazy" slave, silly man, obeyed the law. And there's the twist - for the followers of Jesus, the slave who buried the talent was the hero - and he got hung out to dry for it.
