Research Paper

Solidarity Taxes in the Context of Economic Recovery Following the COVID-19 Pandemic

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She has researched and published on global, African, Asian, European as well as Latin American issues. Her book 'Tax and Development' (2013) is the first publication globally that links the areas of tax and human rights, and her more recent publication 'Financing Africa' is the first publication globally to map out African fiscal systems. She was a nominee in 2017 for the position of UN Special Rapporteur on Development and is an Observer to the UN Tax Committee. Attiya's opinions have been featured in the Irish Times, BBC, Al Jazeera, Trouw, DutchNews, NationTV, African Arguments, Standard News, Sierra Leone Telegraph, the Namibian, and the the Spider's Web Documentary. She is fluent in English, French, and Kiswahili. She has been invited to speak at some of the leading international, continental, and regional organizations & universities as well as governments and national parliaments across the world.

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About the Grand Challenge

Inequality and exclusion are among the most pressing political issues of our age. They are on the rise and the anger felt by citizens towards elites perceived to be out-of-touch constitutes a potent political force. Policymakers and the public are clamouring for a set of policy options that can arrest and reverse this trend. The Grand Challenge on Inequality and Exclusion seeks to identify practical and politically viable solutions to meet the targets on equitable and inclusive societies in the Sustainable Development Goals. Our goal is for national governments, intergovernmental bodies, multilateral organizations, and civil society groups to increase commitments and adopt solutions for equality and inclusion.

The Grand Challenge is an initiative of the Pathfinders, a multi-stakeholder partnership that brings together 36 member states, international organizations, civil society, and the private sector to accelerate delivery of the SDG targets for peace, justice and inclusion. Pathfinders is hosted at New York University's Center for International Cooperation.

Cover Photo: World Bank Group headquarters. Photo Credit: Simone D. McCourtie / World Bank

Table of Contents

Executive Summary

There are multiple examples of solidarity taxes imposed across country contexts over previous decades. The solidarity taxes that were levied were done to mitigate effects of a crisis such as a pandemic, as well as rebuilding of nations that had been affected by world wars (examples include Zimbabwe and Germany). Considering the renewed interest in solidarity taxes in the wake of COVID-19, this paper reviews the history of solidarity taxes, and discusses key lessons from the past including:

1. The taxes were levied for a specified duration, however some tended to extend for longer than initially planned.
2. The solidarity taxes were widely accepted in countries where there was visible positive change and faced a backlash in countries where the tax was overextended and seen as oppressive.
3. Solidarity funds that were raised in the form of voluntary contributions were more effective in cases where transparency and accountability controls were in place. For example, in South Africa, audit companies provided pro bono services to update contributions and track how the money is spent. The fund in South Africa is also displayed through their website and expenditure reports also provided, compared to the Kenyan fund whose progress is unknown.
4. Most of the taxes were introduced through a form of legislation.
5. For most of the solidarity taxes, their long-term impact is unknown as it remains undocumented except for countries such as Germany where the country was rebuilt and excess taxes that were collected acted as a surplus for the budget.
6. Countries have a tendency to opt for wealth taxes over solidarity surcharges in the context of COVID-19. This appears to be done because wealth taxes generally target only a few of the richest taxpayers and are likely to raise more revenue over time compared to surcharges.
7. Combining different types of solidarity taxes—although not a one-size-fits-all approach—appears to be a favorable option for most countries, as the benefits related to the different types of solidarity taxes can be realized.
8. Solidarity taxes on income often do not target the informal sector. Where there is a large informal sector, a limited tax base, and wealth disparity, one major concern is that few will bear the burden of the tax. This was an argument raised against the Zimbabwean AIDS levy. In such a case, options include use of a fund or surcharge in the short-term and formalization of the informal sector in the long term.
9. Establishment of institutions dealing with the funds or the purpose for the tax can be a good idea for some solidarity taxes. For example, in South Africa, various committees and teams were established specifically for the governance, oversight, and management of the solidarity fund.
10. Another benefit of the use of solidarity taxes can be an increase in international donor support. This was seen in Zimbabwe where the AIDS levy attracted international donor support. However, the disadvantage with such a situation is that it can promote dependence and over-reliance on donor aid. The Zimbabwean scenario also demonstrates that in some instances, a country may not have adequate resources—even after putting in place good initiatives—and donor support may be necessary.
11. Although solidarity taxes are generally levied during emergencies, this does limit their application to instances where no emergency exists. The levying of a solidarity tax may begin due to an emergency and continue even after the cessation of the emergency, as was the case in Germany. They can also be used to address a problem which is not urgent. For example, the Islamic wealth tax is paid annually, whether or not there exists an emergency. Discussions around the introduction of a wealth tax for the healthcare sector in the US had started before the emergence of COVID-19.

12. Solidarity taxes embody elements of justice. For example, Japan's one-off capital levy was intended to tax those who had benefited from the war. The purposes of social redistribution, alleviation of the plight of vulnerable groups, and reduction of inequality are often associated with solidarity taxes and also illustrative of notions of justice such as fairness and equality.

Drawing Findings into Policy Recommendations

1. Collaboration is crucial to ensure the success of a solidarity tax. In Zimbabwe, the National AIDS Council is composed of individuals from diverse fields and backgrounds to ensure the consideration of persons from all categories. There is also collaboration between various government departments. The solidarity funds established by South Africa and Nigeria involve collaboration from various entities including the citizens, the government, and the private sector.

2. A clear spending plan is crucial–such as the Solidarity Pact in Germany, or South Africa's spending priorities categorized under four heads (prevent, detect, care, and support) and geared towards specific focus areas including health response, humanitarian effort, and the solidarity campaign.

3. The impact of the solidarity taxes and solidarity funds need to be documented to allow for an investigation into similar use and their viability in their future.

4. There is room for greater use of hybrid approaches (such as the one taken by Uruguay where an income tax and fund is used), as this will enable countries to realize advantages associated with the different approaches. This, however, must be done considering the circumstances of the country.

5. To ensure transparency and accountability, as well as proper management, governance, and oversight of certain solidarity funds, there is need for establishment of independent institutions, boards, and committees.

1. Introduction

Historically, marginalized groups including women, young people, children, and those with disabilities have been neglected in terms of their development and participation in governance. This marginalization has been worsened by the COVID-19 pandemic: people are socially distanced and forced to stay home with little or no income due to layoffs; many women have stayed home to take care of the household; and unemployment has risen among young people who normally would need to be physically present for interviews and work. Children have also been affected by suspension of physical learning, and having to transition to remote learning—if they can afford it. Disabled people not equipped to operate on digital platforms are even more isolated: their freedom of movement has been curtailed, and they are almost completely isolated and vulnerable if they have no care network. Although a number of affirmative actions have been created to reduce the marginalisation of these groups, the pandemic has brought to light the wide existing inequalities and inequities that still must be bridged.

COVID-19 exacerbated public health and economic challenges affecting people who were already earning low levels of income, leaving them facing unemployment as well as food and housing insecurity. Governments were unprepared for this level of emergency and had no buffers to absorb the shock of the crisis. Governmental priorities were aimed at stopping the spread and equipping hospitals to battle the pandemic, leaving little room to address the financial stresses on their citizens. The United Kingdom has attempted to counter this situation with a furlough program whereby employees who voluntarily take an unpaid leave of absence could receive up to 80% of their regular pay with a promise to retain their jobs.[1] The program is supported by the British government under the Coronavirus Job Retention Scheme. Employers need not pay salary, but would only incur costs of national insurance contributions and pensions.[2] However, even if such progressive initiatives were replicated in developing countries, many people in these countries are not working in secure jobs or are self-employed, and would not benefit from such a program. These types of solutions would therefore automatically exclude a huge percentage of workers in the many developing countries where the informal sector is a primary source of income.

The pandemic also brought about issues for children going to school with the introduction of remote learning. The suspension of in-person learning did not take into consideration many of the circumstances students faced. For example, they need their devices to be connected to the classroom, which requires internet connectivity. This has proved a serious challenge, as statistics have shown that large parts of the developing world still remain unconnected.[3] The Netherlands, by contrast, is a benchmark example. The country has so far only seen a short lockdown of about eight weeks, coupled with high technology preparedness in terms of broadband connectivity. Students in developing countries are not afforded the same access to acquisition of knowledge. It is worse still for those who come from poor backgrounds, as any money goes toward the basic needs of food and shelter, as opposed to enhancing connectivity.

According to the United Nations Convention on the Rights of the Child, governments should provide primary and basic education to all children. Households where parents have higher levels of education are better able to guide their children and provide a conducive environment for studies to continue. This is obviously not the reality for all students. Learning is especially difficult for those children who have to step in to do household chores, raise their siblings, or have parents with challenging limitations including basic literacy or self-employment.

There are a number of ways to collect and increase revenue, such as strengthening governance and accounting controls. But an emergency requires urgent response to enable immediate action, as opposed to governance controls that could take longer to bear fruit.

Solidarity taxes and funds are being examined as one possible financial solution to this dilemma. Solidarity taxes and funds have long been used to address various problems of inequality and include disadvantaged groups in development and governance over the centuries. Finland, for example, used solidarity taxes to resettle refugees who had been displaced from the Karelian Peninsula by the Soviet Union in 1940 and 1944. Japan used its one-off capital levy after the Second World War to reduce inequalities by redistributing wealth. This ensured inclusion of the low- and middle-class, and promoted democratic governance by redesigning society to prevent concentration of power in the hands of the elite financial mafia.[4] More recently, solidarity funds have been used for COVID-19 recovery in Kenya, South Africa, and Nigeria, also aimed at supporting the most vulnerable groups. While solidarity taxes are not intended to be for redistribution but rather for emergencies, if the ultimate effect is in fact redistribution, then that can be seen as an accidental but positive outcome.

Other countries are implementing or considering implementation of wealth taxes to finance recovery. Examples include the wealth taxes in Costa Rica, Peru, Colombia, and Uruguay. These taxes, where spent carefully, should help protect low- and middle-income earners from further disadvantage as a result of the pandemic.

This paper will explore the different options of solidarity taxes and funds that have typically been implemented in dealing with emergencies, and also examine their suitability in the current COVID-19 pandemic. It will look into:

1. The historical impact of the four types of solidarity tax in terms of
   (a) significance of revenue raised;
   (b) impact on inequality, both horizontal (where available—race, ethnicity, religion, gender, disability, etc.) and vertical; and
   (c) efficiency (including disincentives to economic activity, tax evasion and avoidance, and capital flight).
2. What are the common political factors among governments that succeeded in implementing solidarity taxes, and among those that failed?
3. Are there patterns in this regard dependent on the narrative framing connected to the proposal, type of tax proposed, thresholds and other design characteristics, longevity, or any other aspect?
4. Is there any evidence that solidarity taxes can have a positive impact on recognition?
5. Have solidarity taxes generally led to an extension of long-term progressive taxation, or to the reverse (a backlash against taxes)? If the evidence is mixed, what patterns emerge?

This paper will be structured so that part 1 will introduce the issues. Part 2 will explore issues of fiscal legitimacy, inequality, and exclusion. Part 3 will examine solidarity taxes and funds. Part 4 makes recommendations, and part 5 will draw conclusions.

2. Fiscal Legitimacy, Inequality, and Exclusion

2.1. Understanding Fiscal legitimacy and the political economy

Fiscal legitimacy consists of the trust that society has in the state, expressed by a continuous willingness to pay taxes.[5] Characteristics of fiscal legitimacy include transparency, accountability, responsibility, effectiveness, efficiency, fairness, and justice.[6] Undermining any of these concepts results in a lack of societal-state trust which in turn can lead to tax noncompliance and huge revenue losses. Stakeholders of fiscal legitimacy include society, the state, donors, and media. Noncompliance by taxpayers eventually leads to unfair distribution of tax burden and a reduction in resources that can be redistributed. A 2019 analysis showed that there are only approximately four million compliant taxpayers in Kenya (people and companies), yet the voting population is more than eighteen million people.[7] This illustrates that the tax burden is being carried by only a few, resulting in huge revenue losses, and the country’s inability to finance itself.

Different countries have widely varying levels of fiscal legitimacy. The absence of taxpayer trust in some governments was severely tested during 2020 as COVID-19 became a global pandemic. Fiscal legitimacy requires transparency and accountability, both enforced through legislating access to information.[8] Many African countries lack such enforcement owing to outdated information on their government websites. Most citizens of these countries have limited access to state information. Without confidence and trust in the system, there can only be limited compliance. The media can also be leveraged to make some information available to foster awareness. In Zimbabwe, for instance, periodic public reporting mechanisms detail how citizens' tax money is used. These updates have helped foster transparency and accountability, which in turn has contributed to greater public support of taxation.[9]

The Democratic Republic of Congo, by contrast, has no enforced legislation to protect freedom of information. There is no clear data on how many taxpayers are registered in the country, and what amount of revenue is collected. The few data sources available are also not official government websites, making it difficult to ascertain whether the information is true or whether it even it reaches the public.

2.2. COVID-19 and Its Surrounding Concerns

Dealing with any crisis—in this case health—presents governments with concurrent issues of revenue. In taxation, implementing a new tax or fiscal solution invariably presents two types of challenges. First are the technical problems in trying to assess the feasibility and economic output of any financial intervention. In this case, i.e., health financing, relevant concerns revolve around the current health care system: how people finance their health care, and therefore what they will end up doing in an emergency if government services are not bolstered. Second are the political compromises typically inherent in implementing the technical fiscal solution. Such compromises, whether made in parliament or a senate, are usually trade-offs that balance solution implementation with bargains struck in other spending priorities.

2.2.1. Technical Issues Related to Pandemic Support

Technical issues that have emerged globally during the pandemic are not limited to health financing. They also include limitations to movement, shortcomings in information and communications technology (ICT) connectivity, and the collapse of livelihoods. This section will briefly examine their far-reaching effects during a pandemic.

From the start of the pandemic, weaknesses in global health care systems revealed themselves almost immediately. Working citizens typically make both mandatory and voluntary payments to health insurance funds in their countries so as to attain health coverage when they fall ill. But what happens in the event that this coverage can only be provided in public hospitals, but hospital bed capacity is insufficient to cater for all those infected? In many developing countries, moreover, masses of people lost their jobs during the pandemic when companies were no longer able to pay employees due to the slump in the economy. This was compounded by limitation of movement for the first three months of the pandemic, coupled with the closing of borders. Within the first half of 2019, national insurers across Africa released statements that it was too costly and unsustainable to cater for treatment of COVID-19 patients. In most countries there was also clear inequality of access to technology and the internet. Lack of smart equipment and internet connectivity in rural areas resulted in widespread loss of connection to the world, and subsequent inability to deal with the pandemic.

It falls to government to provide funds sustainable for such unforeseen large-scale emergencies. A national social security fund can help a government find ways to cushion vulnerable people who have been severely affected by health crises. Some solutions that have been explored and implemented include cash transfers for basic needs. These and other solutions (including connectivity) can be remedied through a universal service fund[10] and embracing the policy of digital cities. The fund managed by the Communications Authority of Kenya, for example, is intended to provide widespread access to ICT services, capacity building, and innovation across the country. If this example is more widely implemented, it can provide an increase in broadband penetration, helping ensure counties are not be left behind in a similar future scenario.

Box 1: Technical issues for political leadership to consider

Political leadership must take cognizance of key technical issues when designing and implementing any solidarity tax. Some of these factors include:

(a) Economic slump due to the emergency

(b) Inflation

(c) Continued instability

(d) Status of the infrastructure

In the above examples of the pressure points caused by the pandemic, funds used to run recovery initiatives can be sourced from taxes, levies, licenses, and government appropriations. They could also come from foreign or domestic sources, including institutional and private donors and grants.

2.2.2. Political Issues Related to COVID-19 Expenditure

The interrelationship between politics and finance is crucial to the ability of a state to make decisions. Political will drives the direction a government takes in both normal times and in times of emergencies, and its ability to see decisions through to their conclusion. Technical solutions can take different forms, and choices and compromises will vary from one nation to another. As a result, even seemingly similar country contexts can have political decision makers that take markedly different directions due to the political compromises that must be made in their particular political circumstances.

Two examples: in Zimbabwe, the AIDS levy was deliberated on in the early 1990s, but did not come into effect until 1999 due to lack of political consensus. However, in Japan, the capital levy on wealth significantly reduced the power held by the Zaibatsu, fostered democratic governance in the state, and was implemented quite swiftly. Recently in Uruguay, a hybrid system of both the solidarity fund and solidarity taxes was agreed upon.

Broad-based examination of examples reveals that more inclusive, less discriminatory, and more fiscally-legitimate states seem to have a better ability to manage in emergencies. However, regardless of whether these countries are fiscally robust, the pandemic still needs to be dealt with. Even crises in leadership cannot hold back the need for a decision.

3. Understanding Solidarity Tax and Emergencies

Solidarity taxes are not a new practice, especially in times of emergencies. Over many centuries these taxes have been used for a wide range of purposes and in various forms, with varying levels of success. Solidarity taxes are able to serve a wide range of economic, political, and social purposes depending on their form, target, and time of implementation. This versatility is perhaps a key contributory factor in the suitability of solidarity taxes for solving short-term problems during emergencies.

COVID-19 is one such emergency, with unprecedented impacts on lives, livelihoods, and economies around the globe. Governments have taken up enormous levels of debt,[11] much like the situation during major wars. Due to a decline in economic activity and increasing unemployment, revenues from income taxes and VAT are likely to decline. Social spending to respond to current needs and mitigate the impacts of the crisis—especially on the poor and vulnerable, who have been hardest hit—cannot be circumvented and is contributing to rising fiscal deficits. In light of this, governments need more revenue, but any increase in income taxes and VAT is likely to face backlash from taxpayers, especially those in low- and middle-income households.[12] Consequently, the burden rests on the wealthy,[13] i.e., those with a greater ability to pay. Accordingly, several countries are resorting to the introduction of solidarity taxes to soften fiscal deficits resulting from COVID-19, especially on wealth. Others are creating voluntary funds to pool together resources from public and private sectors for COVID-19 funding.

Solidarity taxes can take various forms. They may be levied on corporate and individual income, as wealth taxes, or as different forms of levies or surcharges. Alternatively, voluntary contributions can be directed toward a solidarity fund. However, it must be borne in mind that every country has a different set of circumstances and needs. Therefore, any response to the effects of the pandemic must be tailored to a country's specific circumstances. For most developing countries, and particularly in Africa, governments must take into account that there is a limited tax base, high levels of external debt, and a large informal sector which is generally left out of the tax base but has suffered greatly due to the pandemic.[14] Waris points out that the tax base is severely limited in most African countries, with only part of the population paying personal and corporate income tax.[15] Data collected demonstrates that debt levels on the continent are high.[16] This reality must be taken into account in formulating any effective response to the crisis.

Notwithstanding the different realities in each country, several common factors serve as indicators of the success of any solidarity tax. The primary indicator is the achievement of the purpose for which the tax was introduced. Other indicators include the raising of significant revenues; reduced inequalities; high levels of compliance, public acceptance, and support; whether other measures were needed as a supplement to the tax; and positive social, economic, and political effects. One positive effect resulting from the use of solidarity taxes is a reduction in inequality, both at horizontal and vertical levels. This is important because most, if not all, states grapple with issues of inequality. The discussions on various types of solidarity taxes in this section demonstrate that solidarity taxes can be used to deal with emergencies and remedy inequality simultaneously.

Solidarity taxes for the sake of this analysis are defined as time-bound progressive fiscal policies, implemented to tackle a specific challenge. The range of such challenges is wide: civil war (as was the case in Colombia in 2003), country reunification (Germany's solidarity surcharge), weak social services (Gabon), and initiatives considered in the context of COVID-19. The timeline can vary from one or two years to several decades. The form of the tax can also vary.

3.1. Corporate and Individual Income Tax

Solidarity taxes are often levied on both individual and corporate incomes. These taxes have been largely successful in achieving their intended purpose. This has been the case, for instance, in both Germany and Zimbabwe, where solidarity taxes were introduced for distinct purposes: country reunification in Germany, and health financing in Zimbabwe. In both countries, the taxes raised significant revenues which aided in the achievement of the objectives for which they were put in place.

In Germany, the abrupt economic and political crisis of East Germany in 1989 necessitated the establishment of a solidarity tax (popularly known as the "Soli") and a Solidarity Pact.[17] The solidarity tax of 7.5 percent was levied on personal and corporate income, as well as capital gains, to raise revenue for the rebuilding of former East Germany after reunification. The tax was collected for one year, and the revenues provided funds for the new administration in East Germany. In 1995, the tax was reintroduced to fund economic development. The rate was reduced to 5.5% in 1998, and the tax was levied annually on corporate and individual tax bills.[18] The revenues from the tax have been instrumental in helping the East "catch up" to the West in terms of economic output, wages, employment, and overall development.[19]

In Zimbabwe, increasing rates of HIV infections and limited government funding to address the problem prompted the introduction of an AIDS levy, intended to mobilize resources to fund the state's HIV response. The levy was established under sections 14(4) and 14(5) of the Finance Act.[20] Zimbabwe grapples with a high HIV prevalence rate of 12.8 percent, with 1.4 million people in the country living with HIV as of 2019.[21] The tax was introduced in response to increasing rates of HIV infections and limited government funding to address the problem. The levy is charged at a rate of 3 percent on personal income and corporate income, in addition to the income tax. The funds collected are directed toward the National AIDS Trust Fund and used for antiretrovirals (over 50 percent of the funds), administration and capital costs, prevention, monitoring and evaluation of the project, and creating and enabling environment for persons living with HIV.[22]

The AIDS levy was developed in the early 1990s, and became law in 1999 due to a convergence of political factors including political will, engagement of stakeholders, and collaboration between various government departments (including the Office of the President, Parliament, Ministries of Finance, Health, and Child Care). Political will and support for the levy was achieved by viewing the initiative as a local solution with the potential to attract donor support. The National AIDS Council (NAC) of Zimbabwe Act was then enacted in 2000 to establish the NAC as a nonprofit parastatal organization. The NAC is composed of individuals and organizations from diverse backgrounds including lawyers, health care providers, trade unions, women, youth, religious groups, and representatives of persons living with HIV.[23]

The levy has been successful in raising significant HIV funding and is considered a best practice that other countries can adopt.[24] Its funds have enabled the country to make significant progress in controlling the spread of the disease, with 73 percent of all HIV-positive cases virally suppressed and 85 percent of all people living with HIV in the country on treatment.[25] Zimbabwe has even been termed a pathfinder in this regard .[26] Overall, the tax has been instrumental in reducing inequality at the horizontal level by providing for persons living with HIV to ensure that they are not disadvantaged even further due to their condition. It must be mentioned that although the levy raises substantial funding, it falls short of the amount needed by the country for HIV response funding.[27] Domestic funding contributes only about a third of the total funding required, hence the country is still heavily reliant on funding from international donors. In 2017, domestic funds amounted to USD 127 million , while international contributions amounted to USD 289 million . Nevertheless, the levy is considered a success,[28] and is still in operation.

Public acceptance of a solidarity tax is dependent on various factors such as similar successful initiatives, tangible benefits, inclusion, collaboration and transparency, and accountability. Persistence of the tax may reduce public support for it and lead to backlash, as was the case in Germany. Interestingly, the taxes have been around for decades in both Zimbabwe and Germany, but so far there has only been backlash from the German public.[29] At its introduction, there had been a political promise that the Soli would only be used to fund German reunification, but this had fallen away in recent years and most of the revenues were being directed toward the national budget. A total of 331 billion Euros has been collected since 1995, but 88 billion Euros has not been spent and is now budget surplus.[30] In 2018, it was argued that the Soli was unconstitutional as it was intended to be short-term.[31] German citizens maintained that its purpose had been achieved, yet it was still being levied. This resulted in its abolishment for most taxpayers, particularly those in the low- and middle-income categories, which is likely to act as a step toward future reduction of inequality at the vertical level.

Long-term continuation of the AIDS levy in Zimbabwe has not precipitated a similar public backlash. The levy has received wide public acceptance, attributable to various factors.

1. First, the country had previously enacted a similar drought levy which supported food imports; thus, the public was already familiar with the mechanism.[32]
2. Second, the benefits of the AIDS levy are tangible: most of the funds are used to purchase antiretroviral drugs (ARVs) and distribute them to persons living with HIV, reducing horizontal inequality.
3. Third, the levy is well-coordinated at both national and subnational levels. There is both inclusion and collaboration, as the NAC is composed of individuals and organizations from a diverse background . Additionally, there exists collaboration between various government departments.
4. Fourth, the reporting mechanisms ensure transparency and accountability in the expenditure of funds.[33]

While solidarity taxes on individual and corporate income can be useful in mobilizing funds for different objectives, they are not free of shortcomings. These taxes inhibit formal employment, which can be especially problematic in countries with a large informal sector. In Zimbabwe, it was argued that the AIDS levy burdens working Zimbabweans, as the informal sector does not contribute to it. Finally, the tax may face backlash from the public, as illustrated by the German situation.

Solidarity funds are typically enacted with a goal to reduce income inequality through social redistribution. The taxes often are levied on those who have greater ability to pay. In 2020, Colombia introduced a three-month solidarity tax for public officials and contractors of professional services who earned more than USD 3,125 per month.[34] This was created through a legislative decree that provided for the revenue to be collected through a withholding tax. The tax was then contributed to an Emergency Mitigation Fund, a social investment designed to favor vulnerable middle class and informal workers. The tax was in place May 1 to July 31, 2020, accrued at the time of payment and withheld by the payor, and also applied to retired workers above the income threshold. The legislative decree further allowed for additional voluntary contributions. Ultimately, the success of the tax could not be measured: the High Court of Colombia declared the measure unconstitutional, as it was not in line with the generality principle of taxation.[35] The court stated that such a tax should be levied on all natural persons who reached the threshold, as opposed to just public workers. The court added that the taxes already paid in this respect would be deductible in the next taxable period.

Solidarity taxes meant to aid in an emergency or in a crisis can be levied either in a time-bound fashion or as a one-off payment to the government to keep the country running. These are not novel taxes: they have been levied through the years, though with different terminologies. Hungary previously enacted a crisis tax in 2010 that was meant to last three years and aimed to restore the growth of the country.[36] A special tax, applicable to both residents and nonresidents, is currently being imposed on the multinational retail sector in order to raise money to deal with the COVID-19 crisis. The tax is 0.1 percent on annual net sales higher than 500 million Hungarian forints (approximately USD 1.56 million), and covers up to 30 billion forints. A 0.4 percent tax is levied on sales exceeding 30 billion forint and up to 100 billion forints. 2.5 percent is levied on sales exceeding 100 billion forints. This special tax became effective on May 1, 2020, and is to be paid in monthly instalments until the end of the state-declared COVID-19 emergency. The special tax has also been imposed on banks through a one-off payment calculated according to their assets. Taxes paid, however, will be set off through tax reductions over the next five years. It is predicted that this special tax could have a negative future impact on direct foreign investment, as it has targeted multinationals operating within Hungary.

Though revenue clearly needs to be generated to mitigate the economic harm caused by COVID-19, there are downsides to this type of special tax for banks and retailers. First, it does not take into account the principle of fairness in taxation, as it is imposed only on these two sectors.[37] Second, the surtax levied on banks is measured according to the bank's net worth over a number of years. This means that the government could also be taxing banks currently operating under losses.

Box 2 : Columbia and Voluntary Contributions

In Colombia, the solidarity tax applied from May 1 to July 31, 2020, was accrued at the time of payment, and was withheld by the payor. The Legislative Decree also provided for additional voluntary contributions to the tax. It was also levied against retired workers whose income reached above the threshold, for those same three months. The success of the tax could not ultimately be measured: the High Court of Colombia declared it unconstitutional, as it was not in line with the generality principle of taxation. The court stated that such a tax should be levied on all natural persons who reach the threshold, as opposed to just public workers. The court further declared that taxes already paid in this respect would be deductible in the next taxable period.

Other countries have similarly faced the financial burdens brought about by the pandemic by implementing solidarity funds that would mainly be financed by solidarity taxes. It is important to note that public sector workers were often in the front lines of contributions to these funds. On April 8, 2020, Uruguay enacted Law No. 19,874, which created a COVID-19 Solidarity Fund intended to mitigate the negative effects of the pandemic. The law also created a new tax—the COVID-19 Sanitary Emergency Tax—to pay for the Solidarity Fund, making Uruguay an example of the implementation of a hybrid system utilizing both a fund and a special tax for economic recovery. The new tax applied to nominal remuneration and benefits (in cash or in kind) derived from personal services provided to the state, departmental governments, autonomous state entities, and decentralized services, regardless of the nature of the employment relationship, in April and May 2020.[38]

The period of the tax could be extended for a maximum of two months. The tax ranged from 5-20 percent of the gross income. Persons in positions of trust such as politicians (which include the president and the vice president, ministers, and supreme court justices) were taxed the highest at the rate of 20 percent. However, those working in the health sector were exempted from the new tax. The tax not only applied to state employees, but also to individuals who maintained personal service contracts with the state, including temporary lease work and service contracts, and were not state employees.

The Austrian Stability Act of 2012 (Stabilitätsgesetz 2012) and Austrian Tax Amendment Act of 2014 introduced a solidarity tax starting in 2013.[39] The following rates apply to other remuneration below the one-sixth of regular pay limit:

First EUR 620....................................0%

EUR 620 to 25,000 ....6%

EUR 25,000 to 50,000.....................27%

EUR 50,000 to 83,333................35.75%

Above EUR 83,333..........................50%

Progressive rates, even in solidarity taxes, are generally more considerate of low-income earners who need to pay less, as opposed to those who earn more.

As a final example, residents and nonresidents of Portugal earning Portuguese-sourced income are liable to a solidarity surcharge:[40] 2.5 percent on annual taxable income between 80,000 euros and 250,000, and 5 percent on annual taxable income exceeding 250,000 euros.[41] The surcharge was introduced in the State Budget in 2012 and was reinforced in 2020 in the wake of the pandemic. It forms part of the country's income tax collection and provides an additional revenue to remit for those who reach the stated income threshold.

Box 4: Surinam

The most recent solidarity tax was implemented in Surinam, where a Solidarity Tax came into effect from February 1, 2021:

- a 10 percent solidarity tax applicable to individuals and corporations;
- applicable to large-income individuals with a taxable income of more than SRD 150,000 in addition to the standard individual income tax and wage tax; and
- applicable to large corporations with a taxable result of more than SRD 150,000 in addition to the standard corporate income tax at a rate of 36 percent.

3.2. Wealth Taxes

Wealth taxes are often the preferred tax in times of emergencies. They have been utilized by several countries after wars, and are currently gaining greater popularity due to the effects of the COVID-19 pandemic on lives, livelihoods, and economies. These taxes, sometimes also known as "Robin Hood" taxes,[42] have been around for centuries. An example is the Islamic wealth tax, commonly known as Zakat, which has been in place since the 7th century.

After the physical and economic destruction of the First and Second World Wars, a number of countries implemented wealth taxes, including Austria, France, Japan, Czechoslovakia, and Finland. A majority of these taxes targeted reduction of public debt and recovery, with some having additional political and social purposes.

In Czechoslovakia, the government in 1920 enacted a capital levy on total property and an increment levy on war wealth for the sole purpose of establishing a new nation after World War I. The rate was initially 1 percent and gradually rose to 30 percent for property over USD 10000. In order to prevent tax evasion, the head of each household was responsible for the payment of the levy for all members of that household. Capital flight was prevented by severed relations with other countries at the time. Rail and road transport were also disrupted.[43] All revenue was to be collected within three years, but after eight years a significant amount was still outstanding. Although the tax faced opposition and collection of revenues took longer than initially planned, Czechoslovakia's tax is considered to be one of the most successful taxes of that era, generating considerable revenue to reduce public debt.[44]

Many countries favor the imposition of wealth taxes owing to the fact that they can be effective tools for reducing inequalities, redistributing income among different classes. Wealth taxes can also simultaneously serve an economic, political, and social purpose, and generally tend to affect a smaller part of the population. A successful example of this is Japan's one-off capital levy from 1946-1947, implemented in the aftermath of the Second World War. The purpose of the levy was three-fold: to reduce debt, finance recovery, and reduce income inequality. Eighty percent of the total cost of the war was funded by borrowing. At the end of the war the debt amounted to more than twice the total capital reserves of all Japanese reserves combined.[45]

The levy was a targeted attack on the wealthiest citizens, intended to redistribute their wealth within the country. Exceptionally rich individuals—e.g., the Zaibatsu, or the "financial clique"—were considered to have promoted the war and benefitted from it. The Zaibatsu had control over the majority of commercial and financial interests of Japan, and American occupiers demanded the dissolution of the clique in order to rebuild Japan as a democratic nation. The levy was imposed at rates ranging from 10 percent on property over 100,000 yen to 90 percent on families whose property was worth over 15 million yen. Household furnishing, clothing, and other necessities, as well as corporate assets, were exempted from the levy. Consequently, over half of the total levy was collected from real estate, property owned by wealthy citizens.[46]

Despite considerable challenges, the levy was considered a success, illustrated by the significant revenue generated (43.5 billion yen, which was 120 percent of total 1946-47 revenues), attempts to dodge it, and its deflationary effect on the country's economy. Although the Zaibatsu was not completely dissolved, the concentration of wealth in top families and few companies was reduced, leading to a more open and competitive economy. The control system of firms was also changed, with many shareholders controlling small portions of firms, as opposed to a single family controlling an entire company. This structural change effectively reduced vertical inequality in the state through the reduction of income inequality.[47]

Another attempt to rebuild a country and reduce inequality through the use of wealth taxes—albeit unsuccessfully—was undertaken in France with the introduction of the ISN in August 1945, intended to redress inequalities arising from the impact of the war and to contribute to recovery. The tax consisted of two parts: an overall one-off wealth tax on a taxpayer's net assets as of June 4, 1945, and a charge on the increase in the net wealth (incremental tax on wartime wealth gain) between January 1, 1940 and the currency reform date. Both taxes had progressive rates. These ranged from 3 percent on wealth under 500,000 francs to 20 percent on wealth over 300 million francs for the one-off tax, and from 5 percent on wartime wealth gains under 150,000 francs up to a 100 percent rate on gains in excess of 5 million francs. This was established through articles 19 and 25 of the *Ordonnance instituant un impôt de solidarité nationale* (Ordinance establishing a national solidarity tax) of 1945. Due to the lack of a comprehensive wealth tax in place, the rules of the French estate tax were used to determine the scope and valuation of the tax base, treating taxpayers as if they had inherited their wealth after June 4, 1945.[48]

The ISN raised over 121 billion francs (around 5 percent of national income). Because of exemptions and evasion, only two in ten French actually households paid the tax , which was not widely accepted by the public, clearly evidenced by its low compliance numbers. Undervaluation of property also limited potential revenues. While the amounts raised were still significant, the French wealth tax raised the lowest revenue compared to almost all other European capital levies at the time. It was also unsuccessful in reducing inflation rates and funding the needs of the state. Ultimately, other measures had to be relied on for reconstruction, including an exceptional levy to combat inflation which was charged as a one-off surcharge on profits and income.[49]

Economic factors play a fundamental role in the success of any tax. Wars, debt, inflation, and economic disasters have previously led to a reduction of revenues collected by wealth taxes. In Japan, the one-off capital levy faced a major challenge from the immediate postwar inflation of the Yen, as massive borrowing by the Japanese government had led to an economic disaster. The levy was originally set to be implemented in mid-1946, but actual collection only began in December of that year, which resulted in a significant loss of revenue due to the delay and inflation.[50]

Countries are increasingly leaning toward the adoption of wealth taxes to address the impacts of COVID-19 due to reasons illustrated above. In fact, even before the emergence of COVID-19, US Senators Bernie Sanders and Elizabeth Warren had considered introducing wealth taxes to fund social programs aimed at reducing inequality in the US. They introduced a bill titled Make Billionaires Pay Act in August 2020 as a Pandemic Wealth Tax . This was intended to fund healthcare for a year to reduce inequalities in the sector, and was to be imposed as a once-off capital levy.[51]

The COVID-19 pandemic has led to a considerable uptick in discussions on the imposition of wealth taxes. Social spending to respond to current needs and mitigate the impacts of the crisis—especially on the poor and the vulnerable who have been the hardest hit—cannot be circumvented and is contributing to rising fiscal deficits. Governments accordingly need more revenue, but any increase in income taxes and VAT is likely to face backlash from taxpayers, especially those in low- and middle-income households.[52] Consequently, the burden has fallen on the upper class, i.e., those with the most wealth.

Several countries have recently introduced, or are considering, solidarity taxes on wealth. Colombia introduced a solidarity tax for three months in 2020, which was levied on the incomes of public servants earning over USD 2,500 per month.[53] The Peruvian government similarly proposed the introduction of a solidarity tax to be levied on the wealthy as a temporary measure to raise almost $90 million.[54] Uruguay enacted Law No. 19874 in April 2020 for the creation of a COVID-19 Solidarity Fund.[55] Under this law, a COVID-19 Sanitary Emergency Tax was established to raise monies for the Fund. The tax applied to gross income derived from personal services provided to the state, departmental governments, state entities, and decentralized services in April and May 2020. Individuals having personal service contracts with the state were also liable. The tax applied to gross monthly income exceeding $2,850, at a rate of 5-20 percent depending on the amount.[56] Costa Rica is also considering a one-time solidarity wealth tax to finance post-pandemic recovery efforts. The tax is expected to be levied at a rate of 1 percent on individuals with assets exceeding $2,500,000, and business groups with total assets exceeding $5,000,000. The tax may be paid at once or in instalments over 36 months.[57]

It must be mentioned that there have been concurrent debates about the feasibility, constitutionality, and effectiveness of wealth taxes. The distinctions between a one-off capital levy (Klug refers to this as a social solidarity tax) and an annual wealth tax have not been discussed at length in existing literature. Klug argues that it is important to examine this distinction, which can assist in evaluating legal concerns about these taxes.[58]

Solidarity taxes through taxing of super affluent groups are not only used during emergencies and economic recovery. They are also employed as a means to reduce economic inequality through social redistribution. The South Korean government, for example, hiked taxes for top income earners of above 1 billion won from 42 to 45 percent to tap into those with greater ability to pay.[59] Burdens on retail investors and stock options were also eased with the aim of strengthening social solidarity and wealth redistribution due to the widening economic gap in the country, as well as a bid to ease burdens on small business owners.

France's ISN and Japan's capital levy are discussed in Box 3 below.

Box 3: Wealth Taxes in Japan and France

Japan's one-off capital levy was implemented from 1946-1947 in the aftermath of the Second World War. Eighty percent of the total cost of the war was funded by borrowing. At the end of the war the debt amounted to more than twice the total capital reserves of all Japanese reserves combined. The levy was a targeted attack on the wealthiest in order to redistribute their wealth within the country. Exceptionally rich individuals—the Zaibatsu, or the "financial clique"—were considered to have promoted the war and benefitted from it. The Zaibatsu had control over majority of the commercial and financial interests of Japan. American occupiers demanded the dissolution of this clique in order to rebuild Japan as a democratic nation. The tax was imposed at rates ranging from 10 to 90 percent on families whose property was worth over 100,000 yen to over 15 million yen. The Levy generated 43.5 billion yen, which was 120% of total 1946-47 revenues.

France introduced the ISN in August 1945 to redress inequalities arising from the differential impact of the war on different households, and to contribute to recovery. The tax consisted of two parts: an overall one-off wealth tax on a taxpayer's net assets as of June 4, 1945, and a charge on the increase in the net wealth (incremental tax on wartime wealth gain) between January 1, 1940 and the currency reform date. Both taxes had progressive rates. These ranged from 3 percent on wealth under 500,000 francs to 20 percent on wealth over 300 million francs for the one-off tax, and from 5 percent on wartime wealth gains under 150,000 francs up to a 100 percent rate on gains in excess of 5 million francs. This was established through articles 19 and 25 of the *Ordonnance instituant un impôt de solidarité nationale* (Ordinance establishing a national solidarity tax) of 1945. Due to the lack of a comprehensive wealth tax in place, the rules of the French estate tax were used to determine the scope and valuation of the tax base, treating taxpayers as if they had inherited their wealth from June 4, 1945. The ISN raised over 121 billion francs (around 5 percent of national income).

Several countries have introduced, or are considering introduction of solidarity taxes on wealth, including Colombia, Peru, Uruguay, and Costa Rica. Box 4 provides further detail on the solidarity tax measures adopted by these countries in the context of economic recovery following COVID-19.

Box 4: Countries Using Solidarity Taxes to Finance COVID-19 Recovery Efforts

Colombia introduced a solidarity tax for three months in 2020, which was levied on the incomes of public servants earning over $2,500 per month. The Peruvian government similarly proposed the introduction of a solidarity tax to be levied on the wealthy as a temporary measure to raise almost $90 million.

Uruguay enacted Law No. 19874 in April 2020 for the creation of a COVID-19 Solidarity Fund. Under this law, a COVID-19 Sanitary Emergency Tax was established to raise monies for the Fund. The tax applied to gross income derived from personal services provided to the state, departmental governments, state entities and decentralized services in April and May 2020. Individuals having personal service contracts with the state were also liable. The tax applied to gross income exceeding $2,850, at a rate of 5-20 percent, depending on the amount of gross monthly income.

Costa Rica is also considering a one-time solidarity wealth tax to finance COVID-19 recovery efforts. The tax is expected to be levied at a rate of 1 percent on individuals with assets exceeding $250,0000 and business groups with total assets that exceed $5,000,000. The tax may be paid at once or in instalments over 36 months.

3.3. Voluntary Solidarity Fund Contributions

Solidarity funds are created to collect voluntary solidarity contributions for a particular purpose from individuals and companies. Non-cash contributions may also be directed toward these funds. COVID-19 has been a precipitant factor in the creation of several solidarity funds. However, such funds existed even before the emergence of the virus. For example, in 2008, The Gambia created a National Fund for HIV prevention and treatment. By 2011, only three years after its formation, the government had increased this Fund by 150 percent.[60] As previously noted, Kenya, South Africa, and Nigeria have all established solidarity funds to provide COVID-19 funding. These funds are geared toward alleviating the plight of vulnerable groups who have been worst-hit due to the pandemic.

In Kenya, President Uhuru Kenyatta launched a COVID-19 national emergency kitty in March 2020. The objective of this initiative was the provision of support to vulnerable Kenyans and the healthcare sector in the wake of the pandemic. Monies directed toward the kitty were obtained from civil servant salary cuts, wealthy Kenyans, local and multinational companies, and development partners. Major corporate entities from the banking and telecommunication sectors (e.g., Safaricom, KCB Group, Co-operative Bank, Absa Bank, and NCBA) contributed amounts ranging from USD 500,000 to USD 2,000,000 each. Non-cash contributions such as oxygen, food, and media airtime were also directed toward the kitty. One month after its formation, almost $13 million had been collected.[61] By the end of September 2020, that amount stood at $25 million. The chairperson of the Fund stated that the money was used to support needy people in the capital, Nairobi, and its environs with around USD 10 a month. Another $1.5 million was set aside for the purchase of personal protective equipment (PPE) throughout the duration of the pandemic across 65 hospitals in the country.[62] Notwithstanding this promise, Kenyan health workers went on strike due to, among other factors, lack of PPE. The already fragile public health system in rural areas has been crippled by the pandemic, and patients are being turned away from medical centers in these areas.[63] Concerns were also raised over the misappropriation of monies set aside for COVID-19 funding, with the hashtag 'Money Heist' trending on social media networks after the Kenyan government released a report on the expenditure of COVID-19 funds.

Transparency and accountability have become pressing problems not just for Kenya, but the continent in general.[64] In South Africa, by contrast, public sentiment has remained positive toward President Cyril Ramaphosa's announcement of the establishment of a solidarity fund in March 2020. The fund was created as a platform to raise finances to provide financial support for initiatives that would help the country in its fight against COVID-19. An official website was launched, providing details on how corporates, foundations, high net-worth individuals, and individual citizens could make contributions. Official accounts were also created on various social media platforms.

Although the fund works closely with the government and business, it is independent of them to ensure transparency and accountability. The official website contains all relevant details pertaining to the fund, including how the money is being spent. The fund's objectives are set out under four headings (prevent, detect, care, and support), and are holistic as they are focused on three areas of disbursement: health response, humanitarian, and behavioural.[65]

As January 22, 2020, the fund had raised USD 214 million. The Fund has been used to provide PPE kits, acquire ventilators, provide food and shelter to the vulnerable, provide farming input vouchers, and other needs deemed necessary as a result of the pandemic.[66] The fund allocated 884 million rand for procurement and distribution of PPE. This includes imported and locally manufactured units. The fund also allocated 409 million rand to support extensive testing in the country, which rose from 100 tests in March 2020 to over 45,000 tests in July. 405 million rand was also allocated to procure essential equipment in hospitals and COVID-19 hotspots. Progressively, the equipment can still be used post-pandemic.

320 million rand was further allocated to help people through food relief, which was rolled out in two phases.[67] The first phase reached over 280,000 households, while the second phase will support 135,000 households. A total of 82 million rand has been approved to aid in the scaling up of a national Gender-Based Violence Command Centre to handle GBV-related calls, which have been exacerbated by the pandemic. Critical medical services have also been distributed across shelters and care centers to assist women and children affected by GBV.

Fund governance and oversight is undertaken by an independent board of directors. There is also an executive leadership team which ensures that "all contributions ... are recognised, accounted for and effectively managed and ... all disbursements are aligned with the fund's mandate and the impact thereof is measured and reported." Other committees within the fund include: the Fund Raising Board Committee, responsible for oversight of fund raising and ensuring the highest level of accountability; the Disbursements Board Committee, responsible for oversight of disbursements; and the Audit and Risk Board Committee, responsible for financial reporting and overall compliance. Implementation of a behavioural change media campaign[68] was undertaken through a radio education program that spread content on COVID-19 information in all eleven official languages. The South African Council of Churches was also funded to produce and distribute educational material to its members. Overall, the South African fund enjoys a high level of public confidence, accountability, and transparency.[69]

In Nigeria, the Nigeria Solidarity Support Fund (NSSF) was established in 2020 in a partnership between Global Citizen Nigeria and Nigeria Sovereign Investment Authority to support the Nigerian government's efforts to combat the COVID-19 pandemic.[70] Global Citizen Nigeria offers marketing and advocacy support to the fund, and the Nigeria Sovereign Investment Authority (NSIA) manages the fund on a pro bono basis. By supporting existing interventions and coming up with innovative ways to provide solutions, the fund focuses on helping the vulnerable during the pandemic, recovering from the current situation, and mitigating similar health crises in the future. The fund has so far collected USD 2.7 million,[71] and also provides an opportunity for citizens and well-wishers to support the nation through donations, with an aim to collect $50 million. The governance framework of the NSSF consists of a statutory board and an advisory board.[72] The statutory board comprises four people, two top-level executives from each of the partner organizations. They are further advised by a ten-person board made up of professionals from across different sectors.

The fund has strategic objectives that are broken down into three categories: short term (0-18 months), medium term (2-5 years), and long term 5-10 years).[73] The NSSF provides grants that support its three core objectives:[74] supporting vulnerable populations; building health systems resilience; and reskilling the Nigerian workforce. These grants are being awarded over the course of next eighteen months after the fund's establishment, with awards determined by the board of directors and targeting the most vulnerable communities. Donations made to the fund are tax deductible, and 95 percent of the funds will go into awarding the grants, whereas 5 percent will cover management costs of the grant.

The NSSF also aims to build new health infrastructure, while concurrently upgrading the existing one. This is to ensure that everyone is able to receive emergency health services uninterrupted. The NSSF will also advocate for a change in health policies that will increase the health budget up to 15 percent, with a view to financing universal health coverage in the Nigeria.

On the issue of transparency, the Nigerian solidarity fund appears to enjoy a similar level of success and public approval as its South African counterpart, also due to clarity in its operations and decision-making by its board. The NSSF posts all donations received on its website, and undertakes to publish quarterly downloadable reports on how the fund has been used.[75] An independent auditing firm will also carry out annual audits.

From the discussions above, it becomes evident that transparency and accountability are critical in ensuring the success of a solidarity fund. South Africa publishes regular detailed records of all expenditures on its website. This information is easily accessible online by the public. On the contrary, there is limited accountability and transparency with regard to the voluntary fund in Kenya, which has led to claims about misappropriation and corruption. To promote transparency and accountability around not only solidarity funds, but also other types of fund and taxes, an online barometer system can be utilized. Waris suggests this online barometer should follow specific information on any emergency monies set aside as COVID-19 funding:

- how much has been set aside, and by what mechanism(s);
- how much has been utilized;
- how much was reallocated from other national budgets; services in kind being received;
- actions by individuals and organisations in line with emergency priorities;
- and how much more is needed.[76]

She suggests that the government can do this through government websites such as that of the Ministry of Finance and Treasury. This will help foster public confidence in the fund and its overseers, as well as trust in the government.[77]

It must also be mentioned that actors in the digital space are becoming major contributors to solidarity funds and displaying philanthropic support. Since the pandemic has been a major driver of the digital economy, there is increased need to focus on taxing those who have been benefiting in the digital space, and calling on them to increased their support in dealing with the crisis. The AU for its part has recognized that telecommunication companies are engaging in philanthropic behaviour, for example Orange's Data for Development Project.[78] In Kenya, large corporations in the banking and telecommunications sectors, which are also present in the digital space, contributed millions to the COVID-19 emergency response kitty,[79] while Gabon collected $25 million in 2019 through a levy on mobile phone companies.[80] More recently, the Zimbabwean government has called for private sector support for the procurement of COVID-19 vaccines. Corporates, citizens, and other well-wishers have been urged to contribute funds for this initiative to National Fund Disaster accounts and Mobile Wallets. Through this measure, the government intends to make vaccines available to all Zimbabwean citizens free of charge. Considering that this call was been put out in February 2021, it is too early to predict its success.[81]

3.4. Other Forms of Solidarity-Related Charges

Countries may opt to increase VAT levels or introduce surcharges on existing levies to raise finances for a particular purpose. In the recent past, several African countries attempted to reduce reliance on donor aid in addressing HIV by resorting to domestic resource mobilization mechanisms to deal with the emergency. Some countries, including Democratic Republic of Congo, Benin, Madagascar, Mali, Mauritius, and Niger, used solidarity surcharges by charging airline levies, while Uganda and Rwanda charged mobile phone usage levies. In Rwanda, over 90 percent of patients in both private and public facilities enjoy subscription to health insurance schemes as a result of this initiative, coupled with other payroll contributions and contributions from the national budget. Additionally, the Rwandan Government increased the VAT rate by 2.5 percent and earmarked some of these revenues for HIV treatment. Ethiopia and Malawi also committed 2 percent of public sector budget for costs related to HIV treatment.[82] These initiatives reduced reliance on donor aid for health funding. In Latin America, meanwhile, the Aylwin government of Chile raised VAT levels and introduced a new business tax in 1990. This was done after an agreement with business leaders, and both taxes were earmarked for the eradication of poverty.[83]

Solidarity taxes can be levied as new taxes or as surtaxes, which are taxes additional to one which is already being paid. In Italy, for instance, between 2003 and 2005 there was a 4 percent solidarity surcharge tax levied on income exceeding 100,000 euros.[84] The tax was reintroduced in January 2011 to run until December 2013, but was extended to 2016 at a rate of 3 percent. The tax was to be levied on taxpayers (including expatriates on secondment in Italy) whose annual gross income exceeded 300,000 euros. The employer deducted from the individual and withheld the tax for the tax year in which the income was paid. The tax was levied just like an income tax, but in addition to those income taxes already being remitted.

4. Recommendations

Based on the laxity of implementing freedom of information legislation, such laws should be included in a country's constitution, as opposed to merely legislating regulations. Borrowing from the South African approach, clear public access to information on both the progress and impact of the solidarity fund has led to an increase in accountability and transparency, consequently promoting societal acceptance.

The German approach of levying solidarity taxes for the rebuilding of the country was initially a welcome move that subsequently received considerable public backlash. Solidarity taxes are usually levied for a purpose, and are time-bound. The downside of practices like artificially (or unnecessarily) extending solidarity taxes is that citizens will start viewing the tax as a burden and a tool for oppression. Solidarity taxes should therefore be well laid out in law, specifying their duration and purpose, and monitored methods while they are being implemented.

Targeted solidarity surcharges can be used for a dual purpose: economic, and social. They present an opportunity to re-design our societies after the pandemic. Possible surcharges include taxes on luxury consumption, and environmental levies. Taxing luxury consumption would largely tax the rich, helping reduce inequality and raising revenue for COVID-19 funding. Environmental levies would be useful in reducing environmental degradation in the long run, and also raising revenues for COVID-19 funding. However, any measure adopted must be tailored to suit the circumstances of the country.

To boost public trust and confidence in governments, taxing the rich and publicizing the spending of all funds is a god step forward. To increase the visibility of public spending, South Africa's approach can be adopted: the country publishes all expenditure on COVID-19 funding on an official government website. Waris' online barometer system, discussed above, also presents a feasible solution to the problem of lack of transparency and accountability for solidarity taxes, while simultaneously addressing lack of trust and confidence in governments. Media coverage can also be used to gain popularity for solidarity taxes.

5. Conclusion

It is clear that solidarity taxes or funds can present real solutions. But the bigger challenge is the ability of a country's political leadership to temper the technical application of the tax or fund to ensure that only the money needed is collected. Also, it is crucial for any collection mechanism to have a clear and transparent system in place, with complete accountability and clear lines of responsibility. The entire process, moreover, must be run efficiently and effectively, with a heightened and consistent awareness of the need for fairness and justice. Lastly, a clear, fixed timeline is critical, reflecting the country's particular context and needs.

Appendix A: Case Studies

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Germany	Income	Soli levied at a rate of 7.5% on personal and corporate income, as well as capital gains. Rate reduced to 5.5% in 1998 and levied on corporate and individual income.	Not available	**Rebuilding of East Germany following country reunification.** Purpose achieved as revenues from the tax have helped East Germany “catch up” to West Germany in terms of economic output, wages, employment and overall development.	1989 to 1990 1995 to 2020	Tax faced backlash after being in place for almost three decades– citizens argued that the purpose of the tax had been achieved.	Reduced inequality between East and West Germany in terms of economic output, wages, employment, and overall development.	Income tax not be viable for Germany at this point due to recent backlash against the Soli. Germans would be more accepting of a voluntary solidarity fund for now.
Zimbabwe	Income	AIDS Levy at a rate of 3% on personal income and corporate income, in addition to the income tax.	Finance Act (Chapter 23:04), Sections 14(4) and 14(5)	**HIV response funding.** Purpose has been achieved as the Levy raises substantial funding for the country’s HIV response.	1999 to date	Widespread public acceptance due to tangible benefits and a similar successful levy enacted in the past.	Reduced horizontal inequality as the tax has generated revenue to better the lives of persons living with HIV.	Income tax viable for Zimbabwe due to widespread societal acceptance for previous similar taxes.
South Africa	Solidarity fund	Voluntary contributions from corporations, foundations, high net-worth individuals, and citizens.	None	**COVID-19 funding.** The fund has raised significant revenue which is being directed towards addressing the impacts of the COVID-19 pandemic in South Africa.	2020 to date	Has received widespread public acceptance as billions of Rands have been collected and are being used towards the fight against COVID-19.	Has alleviated the plight of vulnerable groups affected by the pandemic by providing food parcels and healthcare, helping those affected by gender-based violence.	Fund viable as it is working well for South Africa due to high levels of transparency, accountability, and public trust in the government.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Kenya	Solidarity fund	Voluntary cash and non-cash contributions from wealthy Kenya, local and multinational companies, and development partners, and monies from civil servant salary cuts.	None	**COVID-19 recovery funding**	2020	Did not receive widespread public acceptance due to claims of misappropriation of the monies.	The money was used to support needy people in the capital, Nairobi, as well as its environs with around $10 a month. Another $1.5 million was set aside for the purchase of (Personal Protective Equipment) PPEs throughout the duration of the pandemic across sixty-five hospitals in the country.[85] However, health workers in the country went on strike due to, among other factors, lack of PPE. The already fragile public health system in the rural areas has been crippled by the pandemic, and patients were turned away from medical centers in these areas	Solidarity fund viable, but only with a greater level of transparency and accountability as well as a spending plan with clear priorities aimed at reducing inequality.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Nigeria	Solidarity Fund	The fund was established in a partnership between Global Citizen Nigeria and Nigeria Sovereign Investment Authority.	None	COVID-19 recovery funding	2020	The fund has been able to provide both short-term and long-term grants towards the building of the health infrastructure in Nigeria.	Not available	Solidarity fund not viable for Nigeria as it has only raised 5% of its target. The wealth tax is a better option to ensure that persons in low- and middle-income households are not burdened further.
Chile	Surcharge	Increased VAT levels and earmarked revenues for eradication of poverty.	Not available	**Eradication of poverty.** Information on whether purpose was achieved is not available.	1990	Not available	Not available	Lack of adequate information to determine viability
Colombia	Income Tax	Colombia introduced a solidarity tax for three months in 2020, which was levied on the incomes of public servants earning over $2500 per month.	Legislative Decree	The tax was enacted with a goal to reduce income inequality through social redistribution. It was also later used to mitigate the effects of the pandemic.	May 1st to July 31st 2020	The High Court of Colombia declared the tax unconstitutional as it was not in line with the generality principle of taxation.[86] The court stated that such a tax should be levied on all natural persons who reach the threshold as opposed to just public workers.	The tax propelled inequality as it was not being levied across the entire population.	The tax can be collected as a solidarity tax however it requires to abide by the generality principle of taxation.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Hungary	Corporate and Income Tax	The tax will be 0.1% on annual net sales higher than 500 million Hungarian forint, which is approximately 1.56 million dollars `and covers up to 30 billion forint. 0.4% is levied on sales exceeding 30 billion forint up to 100 billion forint. 2.5% on sales exceeding 100 billion forint. The tax became effective on May 1, 2020 and paid in monthly installments until the end of the state declared COVID-19 emergency.	Not Available	Hungary previously enacted a crisis tax in 2010 that was meant to last three years to restore the growth of the country.[87] The special tax is now imposed on the multinational retail sector to raise money to fight the COVID-19 crisis.	2010 to date	The crisis tax was initially to build the country whereas, COVID-19 has led to collection of new taxes for the period of the emergency.	The tax only targeted banks and multinationals as opposed to the entire population.	The tax is viable for collecting revenue for emergencies during a short time, however if elongated too much, it can affect foreign direct investments.
Italy	Income Tax	In Italy between 2003 and 2005 there was a 4% solidarity surcharge tax levied on income exceeding 100,000 euros.[88] The tax was re-introduced in January 2011 to run till December 2013 but was extended to 2016 at a rate of 3%. The tax was to be levied on taxpayers including expatriates on secondment in Italy whose annual gross income exceeds 300000 euros.	Not Available	The purpose of the surcharge tax was to ensure social redistribution of wealth.	2003 to 2005 2011 to 2016	Not Available	Not Available	Lack of adequate information to determine viability.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Portugal	Income Tax	Portuguese sourced income will be liable to a solidarity surcharge.[89] 2.5% on annual taxable income between 80000 euros and 250000. 5% on annual taxable income exceeding 250000 euros.[90]	State Budget 2012 and re emphasised in 2020	The purpose was to ensure social redistribution of wealth and later mitigate the effects of the pandemic	2012 to date	Not Available	Reduced inequality by redistribution of wealth from the rich to the poor	Lack of adequate information to determine viability
Uruguay	Income Tax	The law created a COVID-19 Sanitary Emergency Tax as well as a solidarity tax that would contribute into a solidarity fund The tax applies to nominal remuneration and benefits, in cash or in-kind donations derived from personal services provided to the state, departmental governments, autonomous state entities, and decentralized services, regardless of the nature of the employment relationship, for April and May 2020	Uruguay enacted Law No. 19,874,	The purpose was to mitigate the effects of the pandemic by contributing to the solidarity fund.	From April to May 2020 with the possiblity to extend for a further two months.	The tax was to be levied highly on state officials as well as those contracting with the state, and also health officials working to combat the pandemic and its effects were exempted from this new tax.	Lack of adequate information	The tax is viable especially for those providing service delivery through procurements and supplies during the pandemic.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
South Korea	Wealth Tax	South Korean government hiked taxes for top income earners of above 1 billion won from 42% to 45%.	Not Available	The purpose was to strengthen social solidarity and wealth redistribution.	Not Available	Not Available	Increased equality by redistribution of wealth from the rich to the poor.	The tax would be viable if levied on a wider group as another wealth tax would make high net individuals hide their income from their country.
Austria	Income Tax	first EUR 620: 0%EUR 620 to 25,000: .6% EUR 25,000 to 50,000: 27% EUR 50,000 to 83,333: 35.75% EUR 83,333+: 50% For progressive rates even within the solidarity taxes, they are more considerate of low-income earners who need to pay less as opposed to those who earn more.	Austrian Stability Act of 2012 (Stabilitätsgesetz 2012) and Austrian Tax Amendment Act of 2014	The original purpose of the solidarity tax was to ensure social justice through wealth redistribution.	2012 to date	Not Available	Increased equality by redistribution of wealth from the rich to the poor.	The solidarity tax would be viable as it would be familiar to the people, however the purpose of the tax would need to be communicated due to it being levied for years already.
Tunisia	Wealth	Rate of 1% on net taxable income and profits above $1850 per annum	Finance Law 2018	Not available	2018 to date	Not available	Not available	Lack of adequate information to determine viability.
Costa Rica	Wealth	Solidarity tax at a rate of 0.25% to 0.55% on residential property worth over $217000.	Law No. 8368 on "Solidarity Tax Law for Strengthening House Programs"	**Support housing projects.** Not clear whether this has been achieved.	2008	Not available	Not available	Lack of adequate information to determine viability.
Brazil	Surcharge	Increased VAT on goods and services and surcharge on turnover tax .	Not available	Funding the Poverty Combat Fund and providing emergency funding for specific circumstances.	Not available	Not available	Not available	Lack of adequate information to determine viability.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
Japan	wealth	One-off capital levy at a rate of 10% to 90% on families whose property was worth over 100000 yen to 15 million yen.	Not available	**Dissolve the financial "clique" to reduce income inequality, reduce debt after the Second World War, and finance recovery.** Successful in achieving this purpose as it had a deflationary effect on the country's economy, created a more open and competitive economy, dissolved much of the financial "clique," and generated significant revenue.	1946-1947	It appears that the tax did not receive widespread acceptance, especially from the elite, due to numerous attempts to dodge the tax.	Reduced income inequality and distributed wealth from the rich to the poor, led to a more open, competitive and democratic society as power did not now rest in the hands of the elite.	Wealth tax viable for Japan due to significant previous success.
Czechoslovakia	Wealth	Capital levy on total property and increment levy on war wealth. Rate initially 1% but rose to 30% for property over 10 million.	Not available	**Financing recovery after the First World War.** Considered a success due to high compliance and revenue raised.	1920	Faced opposition from the public, although there was high level of compliance.	Not available	Wealth tax viable due to significant revenue raised from previous similar tax.

Country	Type of tax	Description	Legislation	Purpose	Time	Societal Acceptance	Effect on Inequality	Viability
France	Wealth	ISN consisting of a one-off wealth tax on taxpayers' net assets (at rates ranging from 3% on wealth under 500000 francs to 20% on wealth over 300 million francs) and a charge on the increase in the net wealth (at rates ranging from 5% on wartime wealth gains under 150000 francs up to a 100% rate on gains in excess of 5 million francs).	Ordonnance instituant un impôt de solidarité nationale (Ordinance establishing a national solidarity tax) of 1945, Articles 19 and 25	**Redress inequalities arising from the differential impact of the war on different household and to contribute to recovery.** Purpose not achieved and the tax was not considered a success due to low levels of compliance, undervaluation of property, low revenues and inflation. Other measures adopted instead.	Low public acceptance as only 2 in 10 households paid the tax	1945	Tax did not reduce inequality, although this was one of the main aims of the tax.	Wealth tax viable, but only with measures to ensure compliance.

Appendix B: Policy Recommendations

Immediate policies (COVID-19 related)	Long-term policies
Access to medical technologies	Combatting the influence of money in politics
COVID19 recovery pro-poor and middle-class spending indicator	Social contracts and compacts, including fiscal compacts
Universal, targeted and community based social protection	Mind the gap index for local inequality and exclusion
Higher compensation for essential workers	Youth citizen endowments and community assets
Digital connectivity basket	Justice system reform
Government-led partnerships to increase civic space	Reform housing and land governance
Applying post-conflict tools to polarized societies	Global asset registry
Solidarity taxes	Equality and inclusiveness of education outcomes and childcare access
Financing for development: special drawing rights and debt relief	More and better data

Immediate Policy Priorities (COVID-19 related)

Name	Problem	Policy proposal	General impact on inequality	Interaction with overlapping cleavages	Theory of change
Access to medical technologies	Competition, inequality no redistribution, lack of trust between and within nations	Funding and research for local vaccine development	Poorer and developing countries get late access to the vaccine and would record more infections		Reduce reliance on developed countries to provide vaccines and protective equipment
COVID19 recovery pro-poor and middle class spending indicator	Lack of NHIF, no cash transfers, Lay offs	Have a clear spending plan on reliefs provided for people affected by the pandemic	Due to lack of NHIF, healthcare became extremely costly for those who could not pay out of pocket in the case of being infected by the coronavirus		It allows for cushioning of the people during the pandemic
Universal, targeted and community based social protection	Community social workers were not effectively involved in creating awareness on COVID-19	Training for community workers as stand by personnel during emergencies	Involve the people in the grassroots in the first line of recovery and prevention of the pandemic		Reduce the suffering faced by communities who have no level 5 hospitals but can still access first help in terms of dealing with the pandemic in terms of awareness and prevention
Higher compensation for essential workers	Essential workers were being left unpaid for months and yet they had to work on the frontline	Increase in pay and hardship allowances for essential workers	The benefits health workers will receive will compensate for the risk being undertaken in comparison to other careers that may be risk averse		Essential workers will be motivated to continue working in the front line and save lives from the pandemic
Digital connectivity basket	There is still low levels of digital connectivity across the country	Set up more infrastructure for internet connectivity Increase the fund under the universal service fund	Remote learning and remote working was halted in areas with low or no internet connectivity		Increased access to internet connectivity and digital transformation

Name	Problem	Policy proposal	General impact on inequality	Interaction with overlapping cleavages	Theory of change
Government-led partnerships to increase civic space	Public not being involved in the making of decisions that affect them	Make revenue use visible by use of an online barometer system Ensuring public participation in determination of priorities for expenditure	Marginalized groups are not able to contribute to decisions that affect them		Making the spending of revenues from the solidarity taxes visible will promote public trust in the government. With information on how funds are being spent and to air their views, citizens (especially those who are part of disadvantaged groups) can ensure that their needs are taken into account in spending
Applying post-conflict tools to polarized societies					
Solidarity taxes	Inadequate funds to combat the impacts of COVID-19 pandemic, especially on low- and middle-income households	Earmarking revenues from solidarity taxes to fund COVID-19 recovery program	Workers in the informal sector earning less than they used to, members of low- and middle-income households unable to access education, healthcare		COVID-19 recovery programs can be targeted towards programs to ensure alleviation of poverty and the inclusion of the informal sector and low- and middle-income households in development
Financing for development: special drawing rights and debt relief	Many developing countries facing a debt crisis or on the verge of a debt crisis	Developed countries and international organisations such as the World Bank and the IMF can offer debt relief to countries with high debts. SDRs can also be sold to developed countries to provide revenues to fund COVID-19 recovery	Debts are often repaid by increasing the tax burden, which often impacts those in low- and middle-income households disproportionately. Future generations also have to bear the burden of these debts		Debt relief and use of SDRs to generate revenue to fund COVID-19 recovery will prevent further exclusion of low- and middle-income households, and reduce the burden on future generations so that they are not pushed into poverty due to repayment of these debts

Longer-Term Policy Priorities

Name	Problem	Policy proposal	General impact on inequality	Interaction with overlapping cleavages	Theory of change
Combatting the influence of money in politics	Political choices are driven by how much money a candidate is willing to give as handouts to the people	Donations and crowd funding to candidates as opposed to self funding which encourages corruption and illegal money	The people in the lower class and many young people are not included in the elective processes		The quality and quantity of candidates will increase allowing for a myriad of choices and allowing for those in the lower class to vie for elective positions

Name	Problem	Policy proposal	General impact on inequality	Interaction with overlapping cleavages	Theory of change
Social contracts and compacts, including fiscal compacts	Through taxes the government is expected to provide service delivery as part of social contract however this is not the case as citizens have to pay for quality healthcare, education and other basic needs	Ensure accountability and transparency in the use of revenue in providing quality healthcare and education among others	The failed laptop project denied students from accessing remote learning during the pandemic . this is even worse for lower income households exacerbating inequality		The social contract was intended for mutual benefit yet the citizens still need to outsource services from the private sector, the change would be to see the government effect the social contract more effectively
Mind the gap index for local inequality and exclusion	Lack of service delivery and gender gap through differences in wages	Increase spending on public services to include people with no or low income, ensure taxes levied are progressive and close the gender inequality gap by assessing wages and labour rights	Women and low income households have a lower quality of life		Bridge the gap for inequality and exclusion
Justice system reform	The justice system should be aligned towards retribution and change of behaviour however we see an increase of incarcerated criminals from low income households in the slums	The system should effectively correct behaviour and have programs that explain how to avoid crime that can be caused by bad influence Justice should also be meted out on high net worth individuals for crimes such as corruption to show the public the justice system reform	A crime cycle where we see many people from low income households behind bars yet high profile criminals are not tried in the same way showing inequality		Change the justice system to be a place citizens can rely on for proper governance and accountability
Reform housing and land governance	Majority of citizens in low- and middle-income households living in slums and crowded areas	Use of revenues from a solidarity tax to support housing programs	Citizens living in slums and crowded areas are not able to access water and live in hygienic conditions, which exacerbates the spread of diseases such as COVID-19, putting their health, lives and livelihoods at risk		Using revenues from a solidarity tax to support housing programs will provide funds for proper affordable housing for all and ensure better living standards
Global asset registry	Africa is losing billions due to illicit financial flows, which could have been directed towards development	Requiring individuals and businesses to document their assets to gain benefits such as tax incentives	Loss of revenue due to IFFs inhibits the direction of funds towards programmes for the poor and disadvantaged groups		Curbing IFFs will ensure that there is more revenue for programs for the poor and disadvantaged groups and promote overall national development

Name	Problem	Policy proposal	General impact on inequality	Interaction with overlapping cleavages	Theory of change
Equality and inclusiveness of education outcomes and childcare access	Children from low- and middle-income households are not being able to access education due to lack of internet connectivity and childcare due to inadequate resources	Earmarking revenues to enhance internet connectivity across the country and to ensure access to affordable healthcare for all citizens	Low- and middle-income households unable to access education due to lack of internet connectivity, as well as childcare services due to lack of resources. This widens already existing gaps between the poor and the rich		Allocating revenues to ensure internet connectivity will ensure all children can access education. Allocation of funds towards childcare services will enhance access by children from low- and middle-income households
More and better data	Lack of data fostering IFFs, preventing the inclusion of workers in the informal sector	Using benefits such as tax incentives to collect data on the informal sector, low- and middle-income households Creating asset registry to curb IFFs.	IFFs lead to loss of revenue which could have been directed towards national development to ensure better living standards for all citizens. Missing data on different groups leads to their exclusion in setting of priorities when it comes to spending		More and better data on assets can help to curb IFFs and foster national development. Collecting data on various groups can enhance their inclusion and prioritisation in spending plans
Youth citizen endowments and community assets	Majority of youth are unemployed, even those who have pursued higher education	Using revenues from solidarity taxes to fund internet connectivity	Majority of youth are unemployed due to lack of jobs in the formal sector, leading to further wealth disparity between the youth and other groups		Funding internet connectivity will ensure inclusion of the youth by enabling them to become financially independent as many young people are using the internet as a platform to run businesses

Appendix C: Potential Spending Plan for Developing Countries

Sources of Funding: Revenues from solidarity tax on wealth and voluntary contributions (also non-cash) to a solidarity fund.

Pillars

1. **Health pillar:** Under this pillar, efforts will be focused on detecting and preventing the spread of COVID-19, and providing healthcare for those affected. To make this possible, spending will be focused on critical health care equipment (such as ventilators, oxygenators), vaccines, testing kits, PPEs, hospital beds.
2. **Development pillar:** This pillar will address critical developmental issues such as access to water and electricity, as well as research. Water is imperative for the maintenance of good hygiene and to limit the spread of the virus. Under this plan, access to water is divided into two; temporary water stations around cities for regular washing of hands and investment in the infrastructure required to attain water supply across the country in the long run. Electricity is crucial for the operation of healthcare equipment, especially in rural areas. Multidisciplinary research is important to understand the virus, its impacts on various sectors and how these impacts can be mitigated.

3. **Behavioural pillar:** This pillar will involve raising awareness through engagement of civil society, NGOs, and media. The pillar is divided into three sections:
    a. raising awareness on hygiene and social distancing (health-related issues)
    b. raising awareness on the tax/fund
    c. raising awareness on spending (to make spending visible to the public) to enhance public support, transparency and accountability
4. **Humanitarian pillar:** This pillar will food parcels, cash transfers, GBV protection mechanisms.

Note: The priority level for the humanitarian pillar is dependent on the prevailing circumstances of the country at any particular time. In case of emergencies and lockdowns, the priority will be high. However, the priority at the time of formulating this plan is relatively low compared to other pillars in this plan.

Breakdown of Spending by Year

1st year

Main priority: Health pillar
Items to spend on: PPEs, testing kits, critical healthcare equipment, hospital beds, water, and electricity, raising awareness

2nd year

Main priorities: Health and development pillars
Items to spend on: Vaccines, research, water, electricity, raising awareness, food parcels, cash transfers, GBV protection measures

3rd year – 5th year

Main priorities: Development pillar
Items to spend on: Water, electricity, research, raising awareness (only with regard to categories b and c of the behavioral pillar)

Year	Item	Pillar	Priority Level	Details
1	Critical healthcare equipment (ventilators, oxygenators, hospital beds)	Health	Very high	
	PPEs (masks, safety helmets, gloves, protective suit)	Health	Very high	Focus can be on those in the healthcare sector including doctors, medical students, nurses, among others. Masks can also be distributed to the public.
	Water	Development	High	Temporary Water points using water tanks Permanent Digging boreholes
	Electricity	Development	High	
	Raising awareness	Behavioral	Moderate	Awareness can be raised on hygiene measures, COVID-19 and its impacts, social distancing. Positive media coverage and raising awareness of the solidarity fund/tax in place can promote public support. Transparency and accountability can also be ensured.

2	Food parcels, cash transfers, GBV protection measures	Humanitarian	Moderate	The priority level for the humanitarian pillar is dependent on the prevailing circumstances of the country at any particular time. In case of emergencies and lockdowns, the priority will be high. However, the priority at the time of formulating this plan is relatively low compared to other pillars in this plan.
	Research	Development	Low	
	Water	Development	High	
	Electricity	Development	High	
	Vaccines	Health	Very high	
	Raising awareness	Behavioral	Moderate	Categories a, b, c
3-5	Water	Development	Very high	
	Electricity	Development	Very high	
	Research	Development	Moderate	
	Awareness	Behavioral	Moderate	Categories b and c

Other Measures

1. Owners of cooling plants can provide refrigeration facilities for the vaccines. In return, they can be given tax exemptions or free vaccination.
2. Recalling members of the police force, military, and medical personnel who have retired to offer medical services due to the shortage of healthcare workers.
3. Using facilities such as schools, stadiums and hotels for extra space to keep patients.

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