

## **Councils for Fair Tax Declaration**

- UK cities, towns and districts standing up for responsible tax conduct



### We recognise that:

Paying tax is often presented as a burden, but it shouldn't be. Not when considered against the huge array of public services it helps fund – from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.

The pressure on organisations to pay the right amount of tax in the right place at the right time has never been stronger. For example, polling from the Institute for Business Ethics finds that “corporate tax avoidance” has, since 2013, been the clear number one concern of the British public when it comes to business conduct.

In recent years, HMRC has done much to clamp down on tax avoidance and evasion – but many in the tax justice movement think there is still much more to be done. It's been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £7bn per annum in lost corporation tax revenues.

As recipients of significant public funding, municipalities should take the lead in the promotion of exemplary tax conduct; be that by ensuring contractors are paying their proper share of tax, or by refusing to go along with offshore tax dodging when buying land and property.

Where substantive stakes are held in private enterprises, then influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned - e.g., no use of marketed schemes requiring disclosure under DOTAS regulations (Disclosure Of Tax Avoidance Schemes) or arrangements that might fall foul of the General Anti-Abuse Rule. The Fair Tax Mark offers a means for

business to demonstrate good tax conduct, and has been secured by organisations with a combined annual income of £50bn and more than 6,500 outlets and premises. Social enterprises and co-operatives have been early pioneers of the Fair Tax Mark, and fit especially well with the pursuit of social value in public procurement.

In recent polling, almost two-thirds (63%) of the public agree that the Government and local councils should consider a company's ethics and how they pay their tax as well as value for money and quality of service provided, when undertaking procurement. At the same time, research has found that 17.5% of public contracts in the UK have been won by companies with links to tax havens. More action is needed, however, current law significantly restricts councils ability to either penalise poor tax conduct or reward good tax conduct, when buying goods or services.

UK cities, counties and towns can and should stand up for responsible tax conduct - doing what they can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice.

#### We pledge to:

1. Pass a resolution approving the Councils for Fair Tax Declaration.
2. Lead by example and demonstrate good practice in our tax conduct, right across our activities. Including:
  - Ensuring contractors implement IR35 robustly and a fair share of employment taxes are paid.
  - Shunning the use of offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty.
  - Undertaking due diligence to ensure that not-for-profit structures are not being used inappropriately as an artificial device to reduce the payment of tax and business rates.
  - Ensuring that there is clarity on the ultimate beneficial ownership of suppliers and their consolidated profit & loss position, given lack of clarity could be strong indicators of poor financial probity and weak financial standing.

3. Promote Fair Tax Mark certification for any business in which we have a significant stake and where corporation tax is due.
4. Join in and support Fair Tax Week events in the area, and celebrate the tax contribution made by responsible businesses who say what they pay with pride.
5. Support calls for urgent reform of EU and UK law to enable municipalities to revise their procurement policies and better penalise poor tax conduct and reward good tax conduct.

For further details contact Fair Tax Mark:

*Email: [info@fairtaxmark.net](mailto:info@fairtaxmark.net)*

*Tel: (0161) 7690427*

*Post: Fair Tax Mark, Unit 21, 41 Old Birley Street, Manchester, M15 5RF*

*The Fair Tax Mark certification scheme was launched in February 2014 and seeks to encourage and recognise organisations that pay the right amount of corporation tax at the right time and in the right place. Tax contributions are a key part of the wider social and economic contribution made by business, helping the communities in which they operate to deliver valuable public services and build the infrastructure that paves the way for growth. Some fifty businesses have now been certified (with half of those advancing in the past eighteen months), including FTSE-listed plcs, co-operatives, social enterprises and large private business – who between them have income of £50bn and over 6,500 offices and outlets. Fair Tax Mark accredited businesses include Lush, SSE, Marshalls, Pennon, Go Ahead, Richer Sounds, Timpson Group, Leeds Building Society and the Co-op.*

*We co-ordinate Fair Tax Week, which is a UK-wide celebration of the companies and organisations that are proud to pay their fair share of corporation tax, and an exploration of the positive contribution this makes to society. We operate as a not-for-profit community benefit society and believe that companies paying tax responsibly should be celebrated, and any race to the bottom resisted.*