

Introduction to the Councils for Fair Tax Declaration



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

Councillors across the UK work hard to serve their local communities and help direct the delivery of essential public services. By signing up to the Councils for Fair Tax Declaration, councils demonstrate alignment to their values by committing to take the lead in the promotion of exemplary tax conduct through:

- leading by example on their own tax conduct
- demanding greater transparency from suppliers
- calling for more meaningful powers to tackle tax avoidance amongst suppliers when buying goods and services.

Research commissioned by the Fair Tax Mark from DatLab has revealed that between 2014-19, a huge 17.5% of UK public procurement contracts – with a combined value of £37.5bn – were won by businesses with connections to a tax haven. The UK Government has closed many tax avoidance loopholes in recent years, but an estimated £7bn of corporation tax receipts are still going astray as a result of profit-shifting alone.

Significantly, [polling has found](#) that two-thirds of the public agree that the government and local councils should consider a company's ethics and how they pay their taxes as well as value for money and quality of service, when undertaking procurement.

Resources

- [Download the Declaration and a sample motion](#) from our website. We have two separate versions available - one for England, Wales & Northern Ireland and another for Scotland.
- [Information for businesses](#) thinking of getting the Fair Tax Mark.
- [Visit the Fair Tax Mark map](#) to find and connect with certified businesses in your local area.

The process

- Step 1: register your interest in the Councils for Fair Tax Declaration by emailing us at info@fairtaxmark.net
- Step 2: download the declaration and sample motion (separate versions for Scotland & rest of UK)
- Step 3: review internally – don't forget to keep us updated! Once approved internally, your council could make a public commitment to sign up to the declaration.
- Step 4: pass a motion committing your council to taking action on responsible tax conduct.

The declaration is a self-assured process but please do keep us informed, especially if you're planning to make a public announcement.

FAQs

Can't we simply exclude tax-dodging companies from our procurement process?

Unfortunately it's not that easy. Cities and towns across Europe have tried this approach and a legal opinion we secured confirms that it's very difficult to exclude potential suppliers on the basis of bad tax conduct. So, the declaration focuses on pursuing good tax conduct where possible; encouraging tax transparency and bringing the voice of councils to the call for reform of procurement rules.

What's profit shifting?

Profit shifting describes tax avoidance strategies employed by some multinational firms that exploit gaps and mismatches in tax rules to artificially shift income and profits to low or no-tax locations. An estimated £7bn of corporation tax receipts are still going astray as a result of profit-shifting alone, significantly reducing the corporation tax contributions that support vital public services across the UK.

How does this fit with social value?

Social value is becoming an increasingly important factor in councils' procurement considerations and at the Fair Tax Mark we fully support this approach. We believe that 'good' tax conduct should be a core public procurement consideration as part of maximising social value. Not only because it helps level the playing field for competing suppliers and bolsters the national corporate tax take, but it also enables better identification and mitigation of financial and corruption risks by contracting authorities. The addition of tax considerations would help ensure that suppliers had good economic and financial standing. Good tax conduct is not yet part of the policy metrics of central or local government social value in procurement, but it should be. [Read our blog piece on fair tax and social value.](#)

For further details contact Fair Tax Mark

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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.