



**Fair Tax**

Fair Tax Mark  
Unit 21  
41 Old Birley Street  
Manchester  
M15 5RF  
(0161) 7690427

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

20th April 2020

Dear Chancellor,

**Re: Fair tax business support conditions**

I write from the Fair Tax Mark, a certification scheme launched in 2014 which seeks to encourage and recognise organisations that pay the right amount of corporation tax at the right time and in the right place. We celebrate the fact that 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. More than fifty businesses have now been certified in the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private business – which between them have over 7,000 offices and outlets.

As part of the business community, we wholeheartedly welcome the package of financial support measures you have introduced to support workers and business through the Covid-19 crisis.

However, should additional substantial support be agreed for distinct business sectors, we would suggest that this be conditional on a series of responsible tax conduct commitments. Such conditions would further embed responsible tax practices and help maintain a level playing field for business.

Public support for fair tax practices remains exceptionally high. Polling carried out by Tax Justice UK in March found that 87% of people agree that the Government should close tax loopholes for corporations, and that 84% believe tax avoidance by companies is morally wrong, even if legal.

We recommend the following criteria be applied to Covid-19 business support schemes. Qualifying businesses should:

- Publish a binding tax policy that explicitly shuns tax avoidance and the artificial use of tax havens, and commits to the declaration of profits in the place where their economic substance arises (i.e., no profit-shifting). This policy should be the subject of an annual compliance audit, and be “owned” by a designated board director.

- Ensure that the consolidated annual profit & loss of the parent company is publicly available, together with details of associated corporation tax payments (total, current and deferred tax). Multinational enterprise should disclose this on a Country-by-Country basis. A current tax reconciliation should be provided, together with a narrative to explain any deviations from the headline tax rate(s).
- Make clear who the ultimate beneficial owners of the business are, and those with significant control.

We believe that these measures are fair, material and proportionate. If a business is not actively involved in tax avoidance, these conditions can quickly and easily be committed to.

This month, both Denmark and Poland have announced business support packages with tax conduct conditions attached that are focussed on tax haven connections. Whilst the announcements send a positive message, they are premised on the EU tax haven blacklist, which is both weak and politically compromised (it cannot, for example, single out an EU Member State).

We propose a more robust and comprehensive set of fair tax bailout criteria for businesses, which will not only result in tax-payer monies being better protected against tax avoidance, but lock-in responsible tax practices by affected companies for the longer-term. This advice is consistent with our engagement with Ofgem over the last eighteen months and their consideration of tax conduct in the RIIO-2 Price Control Settlement (the conclusion of which has yet to be determined).

Thank you for your consideration of these matters. It would of course be our pleasure to assist with further discussions and progress.

Yours sincerely



Paul Monaghan  
Chief Executive  
Fair Tax Mark  
[paul@fairtaxmark.net](mailto:paul@fairtaxmark.net)