

Council
27 November 2019

Minute Extract

76/19 Notice of motion: Responsible tax conduct

The following motion was moved by Councillor West, and seconded by Councillor Hezelgrave:

Council notes that:

- *The pressure on organisations to pay the right amount of tax in the right place at the right time has never been stronger.*
- *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.*
- *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.*
- *Around 17.5% of public contracts in the UK have been won by companies with links to tax havens.*
- *It has 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.*
- *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, including many social enterprises and co-operatives.*

Council believes that:

- *Paying tax is often presented as a burden, but it shouldn’t be.*
- *Tax enables us to provide services from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.*
- *As recipients of significant public funding, local authorities 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.*
- *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.*

Council resolves to:

1. *Approve the Councils for Fair Tax Declaration.*
2. *Lead by example and demonstrate good practice in our tax conduct, right across our activities.*
3. *Ensure contractors implement IR35 robustly and pay a fair share of employment taxes.*
4. *Not use offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty.*
5. *Undertake 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.*
6. *Demand clarity on the ultimate beneficial ownership of suppliers and their consolidated profit & loss position.*
7. *Promote Fair Tax Mark certification for any business in which we have a significant stake and where corporation tax is due.*
8. *Support Fair Tax Week events in the area, and celebrate the tax contribution made by responsible businesses who say what they pay with pride.*
9. *Support calls for urgent reform of EU and UK law to enable local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies.*

It was proposed by Councillor Roulstone, and seconded by Councillor Barker, that under Committee Procedure Rule CP59(j) the subject of debate be referred to the Corporate Services Overview and Scrutiny Board for further consideration. The matter was put to the vote and carried.

Resolved that under Committee Procedure Rule CP59(j) the following motion be referred to the Corporate Services Overview and Scrutiny Board:

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