

Standing up for Responsible Tax Conduct

Full Council notes that:

1. The pressure on organisations to pay their fair share of tax has never been stronger.
2. 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.
3. Two thirds of people (66%) believe the Government and local councils should at least consider a company’s ethics and how they pay their tax, as well as value for money and quality of service provided, when awarding contracts to companies.
4. Around 17.5% of public contracts in the UK have been won by companies with links to tax havens.
5. It has been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £17bn per annum in lost corporation tax revenues.
6. The Fair Tax Mark offers a means for business to demonstrate good tax conduct and has been secured by a wide range of businesses across the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private businesses.

Newcastle-under-Lyme Council believes that:

1. Paying tax is often presented as a burden.
2. 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.
3. 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.
4. Where councils hold substantive stakes in private enterprises, influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned.
5. More action is needed, however, as current and proposed new UK procurement law significantly restricts councils’ ability to either penalise poor tax conduct (as exclusion grounds are rarely triggered) or reward good tax conduct, when buying goods or services.
6. 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.
7. Council shall encourage our public sector partners/anchor institutions to also take a lead in the promotion of exemplary tax conduct.

Full 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 our contractors implement IR35 robustly and pay a fair share of employment taxes in line with our employees.
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 by suppliers as an artificial device to reduce the payment of tax and business rates which should benefit the Borough.
6. Demand clarity on the ultimate beneficial ownership of our suppliers and their consolidated profit & loss position.
7. Promote Fair Tax Mark certification especially for any business in which the Council has a significant stake and where corporation tax is due.
8. Support Fair Tax Week events in the area and applaud the tax contribution made by responsible businesses who say what they pay.
9. Support calls for urgent reform of UK law to enable the Council and all other local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies to achieve best economic value for Newcastle's businesses and residents.
10. To encourage our public sector partners/anchor institutions to also take a lead in the promotion of exemplary tax conduct.

Proposed: Councillor Stubbs

Seconded: Councillor Brown