

# Funding the Future

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*The Fair Tax Mark has just announced this development in its work. I am a director of the Fair Tax Mark:*

***The Fair Tax Mark has today announced that Oxford City Council is the first to sign up to its Councils for Fair Tax Declaration, which was launched today. The Declaration commits cities, towns and districts to pursuing exemplary tax conduct in their affairs, requires greater transparency from suppliers and calls on the EU and UK Governments to review legislation and support greater powers for the exclusion of tax dodgers from public procurement.***

There is a pressing need for action given research commissioned from DatLab by the Fair Tax Mark has discovered that 17.5% of UK public procurement contracts commissioned by local and national government over the period 2014-19 were won by businesses with connections to a tax haven. The total combined worth of these contracts was an astonishing £37.5bn. Recent polling commissioned from ICM by the Fair Tax Mark has found that 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

Paul Monaghan, Chief Executive, Fair Tax Mark said: "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 by councils, then influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned.

"When buying goods or services, unfortunately, current law significantly restricts councils ability to meaningfully factor in the tax conduct of suppliers. So, as part of this Declaration, councils will be adding their voices to the 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. All businesses with a substantive economic presence in the UK should fairly contribute to the vital services they rely on. If they are using the UK's roads to move goods, or benefit from a skilled and healthy

workforce thanks to our schools and NHS, then they should be paying their taxes in a right and proper fashion.”

The Fair Tax Mark has developed the Councils for Fair Tax Declaration in collaboration with UK cities, towns and districts who believe that they 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 tax justice.

Councillor Tom Hayes, Oxford City Council Cabinet Member, said: “Oxford is thrilled to become the first council to sign up to the Fair Tax Declaration. A transparent approach to tax is an essential tool for tackling inequality and we want our commitment to encourage other responsible public bodies to sign up. Everyone should pay their fair share, particularly as we’re living through an era of unprecedented public spending reductions. As a council, we see first-hand the challenge that this funding squeeze creates for crucial frontline services. Local government has a proud history of standing up for responsible public sector conduct, ranging from paying the real Living Wage to promoting Fairtrade. Oxford is proud to be doing both as a council that wears our values on our sleeves. Fair tax is no different.”

Councils signing up to the Declaration will pledge to lead by example and demonstrate good practice in their tax conduct, 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; 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; 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; and supporting 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.

Paul Monaghan concludes: “At the Fair Tax Mark, 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 such considerations would help ensure that suppliers had good economic and financial standing. Material considerations given the recent collapse of Carillion and Four Seasons Health Care and rumoured pending collapse of other significant public service providers — where there is emerging evidence of systematic tax avoidance.”