

NOTICE OF MOTION

COUNCIL – 21 JANUARY 2020

Standing up for responsible tax conduct

Full Council notes that:

1. The pressure on organisations to pay the right amount of tax in the right place at the right time 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. 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.
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 £7bn 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 organisations with a combined annual income of £50bn and more than 6,500 outlets and premises, including many social enterprises and co-operatives.

Full Council believes that:

1. Paying tax is often presented as a burden, but it shouldn’t be.
2. Tax enables the Council to provide local services and enables policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.
3. As recipients of significant public funding, the Council should take the lead in the promotion of exemplary tax conduct; be that by ensuring that the contractors we enter into partnership with are paying their proper share of tax, or by refusing to enter into contractual arrangements when buying land or property if offshore tax arrangements are in place by the seller.
4. Where substantive stakes are held in private enterprises, the Council should use its influence 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.

5. 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.
6. Lincoln and the Council should stand up for responsible tax conduct and the Council should do what it can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice.

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 as an artificial device to reduce the payment of tax and business rates, which should benefit the City.
6. Demand clarity on the ultimate beneficial ownership of our 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 local businesses who say what they pay with pride.
9. Support calls for urgent reform of EU and 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 Lincoln businesses and residents.