Robust, competitive tax system based on rule of law is vital to UK economy, business and capital markets

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United Kingdom (RPRN) 06/16/13 — "As we have consistently said since the Public Accounts Committee first called representatives from the Big Four to give evidence on the debate on fair taxation, a robust, competitive tax system based on the rule of law is important for the UK economy, business, investors and the capital markets.

Need for great transparency

"The tax system is not broken, but we absolutely do need to rebuild the confidence of the public that the tax system is operating as Parliament intended. Greater transparency is fundamental, as is the simplification of the UK tax code – which everyone agrees has become extremely complex.

Tipping point

“We have already called for business in the UK to consider greater transparency of their tax affairs. As we say in our recent report, Tax Transparency: Seizing the Initiative, it’s clear to us that the UK has reached a tipping point and organisations can no longer ignore the calls for greater disclosure. Greater transparency provides an opportunity for companies to tell their stakeholders, from their customers, to politicians and shareholders, about their tax policies and their contribution to the economies in which they operate. We are actively advising businesses to consider the UK's appetite for greater transparency and embrace the issue proactively, rather than waiting for legislation to be imposed.

Refute PAC claim that Big 4 promote artificial schemes

“We do not promote artificial tax structures. We do not offer advice on tax evasion, non-disclosure or artificial schemes and would always refuse to act for companies requesting advice in this area. What we do is offer legitimate tax planning to clients, which is disclosed to HMRC and other regulatory authorities.

Code of conduct

“We note the PAC’s recommendation that HM Treasury should introduce a code of conduct for tax advisers that access both government and wider public sector work. The profession is already governed by a Code of Conduct, which was reviewed by HM Revenue & Customs. The code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. We would welcome discussions as to how this might be enhanced.

EY’s recommendations:

“The UK continues to be the most attractive location for inward investment across Europe, according to EY’s annual attractiveness survey, and seems close to achieving its ambitions of fostering the most competitive tax regimes in the G20.

John Dixon, Managing Partner Tax, UK & Ireland, at Ernst & Young (EY), commenting on today’s report from the Public Accounts Committee (PAC), says:

“But in order to maintain this leading position any tax measures need to balance reinforcing the confidence of the taxpayers in the tax system, with providing business with confidence that they can invest for the long-term.

EY recommends:

1.“Further targeted incentives, such as Patent Box, to ensure that the tax burden on mobile activity is commensurate and does not encourage the migration of that activity away from the UK or deter new activity coming to the UK.

2.“Further clear Roadmaps, now that the elements of the Corporate Tax

Roadmap have been broadly delivered. These could instead focus on the different types of taxpayer (i.e. employees, businesses etc.) so that investors would have clarity over how they will be treated. The Roadmaps would need to cover all the taxes relevant to the particular type of taxpayer, and could be expanded to cover other government interventions. This would help improve competitiveness and certainty.

3.“We support the review through the OECD of Base Erosion and Profit Shifting (BEPS) and welcome the PAC endorsement of a multilateral rather than unilateral approach to international tax policy reform.”

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