President's page, December 2017

Welcomes

01 December 2017

Trouble in Paradise

And then there were… the Paradise Papers! I wasn't sure I wanted to write about them since it is hard to think of anything particularly original to say. Saying that the gap between avoidance and evasion is being blurred is hardly news! Nonetheless, the issues thrown up by the publication of the Papers are of significance and deserve consideration. So here goes.

Firstly, we should remember that these documents were stolen. The argument that their theft and publication is justified as it is in the public interest for matters such as this to be subject to public scrutiny is far from clear. The mere fact that someone is wealthy does not automatically mean that the public have a right to know details of their lawful activities howsoever that information is obtained. To the extent that someone has information that indicates criminality or extreme artificiality – and some of the allegations may indicate that – they should notify HMRC. I have heard it suggested that HMRC 'cannot be trusted to investigate the rich' absent public scrutiny but this argument is both unjust and highly dangerous. If society deems the publication of information such as this to be desirable, then the law should be changed so that people know the consequences of their actions before undertaking them.

Secondly, there is the implication that anything done 'offshore' is by definition a dubious thing. The negative impact of this approach on the pension and other savings of millions of citizens would be significant so surely there needs to be a more nuanced discussion. I accept there is an argument that there are currently limited mechanisms by which some extremely aggressive offshore planning may come to HMRC's attention but substantial progress has been made in addressing secrecy in tax havens and exchange of information between revenue authorities. This must continue as must the drive for better standards of behaviour amongst tax

advisers globally.

The above points are valid and there are others I could make in the same vein. As tax professionals we need to continue to make them and will do so. However, as I have remarked before, anyone who considers that there really isn't a problem in the first place or that the solution is simply to 'get the facts out there' is in my view missing the point. This issue remains at its heart a political and emotional one and simply applying logic will not resolve it. It is wrapped up in current political debates about inequality and the impact of austerity, about transparency and what privacy means in the current 'social media and Wikileaks' world. That is why it was so important that we, together with six other leading bodies whose members work in tax, updated Professional Conduct in Relation to Taxation ('PCRT') earlier this year. We need to continue to demonstrate that we understand the changes in public expectations and react accordingly. That will enable us all to continue to be proud of our Institute, our qualification and our role in society.

Please get involved

This week (as I write) I will be chairing the annual Council Strategy Day when Council gather to debate strategic issues in greater depth than is sometimes possible at busy Council meetings. One of the key issues this year will be how further to improve engagement with our members. Although our surveys suggest that our members do generally feel connected to us as an Institute, we know there is more we can do. You'll hear more about this in the coming months, but this is a good time to encourage all members to get involved with our Institute. Between ourselves and the ATT, we are a family of over 30,000 members and students yet our paid staff only number 80. This ratio is only possible because of the brilliant work of over 700 volunteers who give their time for free working on branches, committees etc. but we are always looking for new people. Similarly, although a lot of members attend branch events and conferences, a large number don't. Most people tell us that they get real value from their involvement, not just technically, but by building networks and gaining different experiences. For those members who haven't yet been to a branch or a conference, perhaps it's worth considering? Similarly, if anyone wants to volunteer to be more actively involved, please just let us know.

May I take this opportunity to offer all our members and their families my very best wishes for the festive season and to hope you have a happy and healthy 2018.

John Preston
CIOT President