President's page, November 2019

Welcomes

01 November 2019

A unified approach

The Autumn is a very busy time in the Presidential Calendar; by the time you read this, I will have chaired our October Council meeting, and met many volunteers at the Presidential Reception. This annual event celebrates the work done by so many members (and quite a few non-members) for the Institute. To those of you who give up so much of your time, but could not make the Reception at the Kia Oval, I send my thanks, and those of the Institute, for all your support.

One very important way members can contribute to the Institute is by being an Examiner; we are launching a campaign to recruit new Examiners, and please look at the advertisement in this edition of *Tax Adviser*.

In early October, the Organisation for Economic Co-operation and Development (OECD) put forward a 'unified approach' to the question of how the world's largest multinationals, especially those we think of as 'digital' should be taxed. At the moment, these are proposals from the OECD secretariat, subject to consultation, and will have to be agreed and then implemented by the OECD member states and countries beyond the OECD before they will actually change how large companies will be taxed. Nevertheless, this is a significant moment, as the proposals do seem to stand a good chance of surviving this implementation process and providing a new method of allocating taxing rights over multinational profits. Together with other OECD measures to strengthen defences against remaining 'base erosion' opportunities, by the end of 2020 we may well have an international tax system that subjects all the profits of multinationals to tax somewhere, and with broad agreement that the allocation of taxing rights is reasonable. This will be a significant step forward.

I suspect this may not be the end of the debate, as the rates of tax some multinationals may face may still be lower than some will regard as acceptable – but

there should be a framework in which such rates can be debated and varied, rather than a system in which it is perceived that tax can be avoided altogether.

I was very pleased to be able to discuss the taxation of multinationals with colleagues from CFE Tax Advisers Europe in early October, at the CFE's autumn meetings. We also shared views with colleagues from Asia and West Africa at the inaugural Global Tax Advisers Platform conference. What was striking was the agreement across all our professional bodies that the role of the tax adviser is changing; no longer is there a 'them and us' approach, with tax authorities on one side and advisers and taxpayers on the other. Instead, there is a developing tripartite collaborative approach, worldwide, to ensure taxpayers pay the right amount of tax, at the right time, using technology to ensure this is as efficient as possible.

What has also struck me in this busy autumn period is how interconnected the tax system is, and how the same issues affect taxpayers of very different types. Questions of substance over form are as relevant in personal taxation as they are to the taxation of multinationals. The appropriate use of accounting information also crops up in many different situations. Measures agreed internationally for the largest companies could well have a knock-on effect for companies not immediately affected. Will countries be tempted to introduce simpler regimes for companies not impacted by the 'OECD measures'? Ultimately, what is agreed in Paris could affect even the smallest businesses in the UK.

All our members will have received an email from us in mid-October, letting them know that the CIOT is introducing a new 'working identity'. The owl logo – made up of the letters c, i, o and t – was not ideal as we move into the digital age, usually being seen as an 'image' and often deleted from emails; sometimes blocking communication altogether. The new seeing 'eye' logo gives us an instantly recognisable brand across all media. However, the owl remains an important part of our identity and heritage, and our crest is unchanged. We are launching the new logo on a soft, staged basis to allow members and other partners to transition at a convenient pace.

At the time of writing, the Brexit position is still not clear! However, I hope you have all managed through 31 October, whatever it brought. In November, I am looking forward to meeting members in Northern Ireland, and to our annual Council strategy day, on which I will report in due course.

Glyn Fullelove
President, CIOT