Tax in the headlines

General Features

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A report on CIOT responses to the recent media coverage of tax

There has been an exceptionally high level of public interest in tax recently and this has been especially visible in the press coverage of the taxation of multinational companies and their employees.

In particular, there has been much media interest in HMRC's agreement with Google for the company to pay £130m in additional tax to cover the past ten years. Due to strict rules on taxpayer confidentiality the full details of the agreement were not published. However, this resulted in speculative and generalised coverage, dominated by reaction from politicians and media commentators critical of the 'low' amount of tax Google paid. Some called for a tax on sales in the UK as a method to raise more money from multinationals trading here.

Glyn Fullelove, chair of the CIOT's international taxes sub-committee, and John Cullinane, the CIOT's tax policy director, were interviewed by the Financial Times, Daily Telegraph, City AM and Daily Mirror because journalists wanted expert analysis and an explanation of how corporation tax worked and the risks of changing this method of taxation.

John also appeared widely on BBC radio and TV in the days after the announcement of the Google deal to discuss the merits and drawbacks of taxpayer confidentiality as well as explain the corporation tax system.

Since the discussions around Google, there has been interest in a UK Supreme Court decision which ruled that a scheme used by Deutsche Bank and UBS to reduce taxes on bonuses paid to their investment bankers did not work. The bonuses were paid in 2004 to staff through offshore accounts in the form of shares to avoid attracting income tax and National Insurance. John told Radio 4's Today on 9 March that these types of planning schemes were more common in the early 2000s to avoid tax and

NICs than they are now. He said it was unlikely that banks were still running them. John explained tax avoidance and how such schemes benefited the recipients and the banks. He added that this was a significant win for HMRC.

The CIOT will continue to be part of the public debate in this area in order to promote a better understanding of the administration and practice of taxation.