CIOT President's page: International tax

Welcomes



24 November 2023

There has been something of an international theme to November, so it’s fitting that I’m writing this while on business in Abu Dhabi.

The UAE is one of 91 countries from which our 1,905 ADIT graduates hail – representing every continent, major economy and business sector.

Our international tax qualification is almost 20 years old. Back in May 2004, at the first ADIT exam sitting, we had just 30 candidates. We’ve come a long way since then. In June this year, 765 students sat exams with 144 successfully completing the qualification. I was delighted to congratulate some of them at an online Admission Ceremony on 9 November.

Although online events don’t quite have the atmosphere of in-person gatherings, for a global community like ADIT graduates they are vital. How else could you realistically gather together successful graduates from Europe, the Americas, Asia

and Africa in the same (virtual) space to celebrate their brilliant achievements?

A week later, I took part in our 24th Cross Atlantic and European Tax Symposium in London. My panel featured speakers from three continents, reflecting on how dealing with tax authorities has changed since the pandemic.

It was fascinating to hear the contributions of other speakers, including Nina Olson of the US Center for Taxpayer Rights, whose description of recent developments at the IRS – how the authority had been pushed into the digital age by Covid but is underfunded, leading to a 'meltdown' of customer service – will have struck a chord with many HMRC-watchers!

CIOT works closely with other tax institutes internationally, especially the other bodies which we licence to award the CTA in Ireland, South Africa, Australia and Hong Kong. By the time you read this, our latest joint webinar – on disruption in the international tax system – will have taken place, but don't worry if you missed it. You can watch the recording on our website. The same applies to our latest debate with IFS on another internationally relevant topic – how we tax non-doms. Both promise to be fascinating.

I'm also pleased to have been able to contribute by video to a Taxation Institute of Hong Kong conference on the future of tax, giving a speech looking at the past, present and future of international tax collaboration.

People talk about the international tax rules dating back to the 1920s and the League of Nations. But tax co-operation goes back well beyond that. In what is now Syria, kings were granting each other's merchants the right to trade in their territory without being taxed *3,800 years ago*. Even multilateral tax treaties have been around more than a century.

But the international financial crisis of 2007-08, and the recessions which followed it, combined with the rise of the internet and the way that has facilitated cross-border trade, has been a gamechanger. Both on transparency and information sharing and on the rules of international tax, the last decade has seen exceptional progress.

What comes next? On transparency, automatic data sharing has provided tax authorities with a vast amount of information on accounts held in other jurisdictions. They now need to invest in data analytics, and people with the right skills to identify and target illegal activity.

On the Inclusive Framework, we need to watch carefully what happens as the global minimum rate starts to come in next year. Pillar 1 is more challenging. It is difficult to see how the threshold for it to come into effect will be met without the US or China coming on board.

There’s growing interest in the tax challenges associated with the increased mobility of individuals – most obviously the super-rich but also migrant workers and new categories such as digital nomads. There’s also climate change, where I expect to see greater use of tax and other means of carbon pricing in the future, to drive down emissions and resource use.

Then there is the emerging contest between the OECD and the UN to lead future negotiations. I’m a pragmatist. I can see the democratic case for the UN to lead this work. But it’s hard to see it making more headway than the OECD, which has had more success in this area than most would have predicted 15 years ago. But whatever the forum, it is clear that global tax collaboration is not a short lived phenomenon.

Best wishes for Christmas and the new year!