

Notice of Motion: Tax Avoidance

Councillor Young has submitted the following motion:

“This Council recognises:

1. The growing awareness of tax avoidance and tax evasion (together termed tax abuse in this motion) and their impact in recent years;
2. The importance of curtailing and eventually eliminating tax abuse in the local economy of Barking and Dagenham if a sound market economy is to be created in which all traders, whether locally or nationally based, can compete on a level playing field to provide the goods and services that our community needs;
3. The wider impact of tax abuse on our national economy, where the gap between tax income collected by our national government and that which would be due if tax law was complied with as parliament intended is not less than £35 billion a year in the estimate of HM Revenue & Customs and may be substantially higher in the estimate of others and that this tax gap does, inevitably impact upon the level of income available to this authority to undertake its work in our local communities;
4. The impact of tax abuse internationally and in particular its cost to developing countries (many of which have close relationships with persons living in our communities) who as a result of tax abuse by multinational corporations are estimated to lose sums greater than the total world aid budget to this activity each year with consequent impact on our relationships with those communities;
5. That the UK government has taken steps to tackle the issue of tax abuse by companies seeking to secure contracts for the supply of goods or services and has issued ‘Procurement policy note 03/14: promoting tax compliance’ about which it says ‘A new policy was announced in the March 2013 Budget on the use of the procurement process to promote tax compliance. This applies with effect from 1 April 2013 to all central government contracts of more than £5 million. Suppliers bidding for these government contracts must self-certify their tax compliance’.

This Council now agrees that:

6. Both tax avoidance and tax evasion represent a threat to the operations of this Council, the services that it supplies to the communities that it represents, the effective operation of the local economy, our national economy, the economies of other countries and our relationships with them;
7. As a consequence of the noted threats created by tax abuse within and beyond our communities this Council wishes to take action to tackle tax abuse in all its forms and as a result:

- a. Requires that the Chief Executive of the Council notes 'Procurement policy note 03/14: promoting tax compliance' and adapts it for use as part of the procurement procedures of this Council excepting that the resulting policy shall apply to all companies bidding for contracts and to report back on this issue not later than ;
- b. Requires that the Chief Executive of the Council notes the 'Fair Tax Mark' and consider the ways in which that certification process may be included in the changes to the tendering process noted in paragraph (a) above;
- c. Requires that the Chief Executive of the Council prepare a policy proposal for declaring Barking and Dagenham a Fair Tax Area and shall provide plans for achieving this objective in cooperation with the local business community and the Fair Tax Mark by no later than Wednesday 1st June 2016;
- d. Requires that those who represent this Council when making decisions regarding investments that fund the pensions payable to past and present employees of this authority take tax abuse into consideration when assessing the suitability of those companies in the shares of which such funds might be invested;
- e. Agrees that this Council will actively support campaigns by HM Revenue & Customs and others, including Non-Governmental Organisations, that encourage tax compliance and an end of tax abuse in the area covered by this Council and beyond.
- f. Authorises the necessary expenditure to implement these proposals.
- g. Requires a report back on progress made with regard on each of these proposals not less than once quarterly for the next three years.
- h. Requires that the Council actively publicise this policy."

Comment of the Chief Executive

The Chief Executive has decided following consultation with the Strategic Director of Finance and Investment and the Director of Law and Governance that the above motion could have significant financial and/or contractual issues for the Council. In accordance with paragraphs 10.11 and 10.12, Part 2, Chapter 4 of the Council's Constitution the motion must be accompanied by a report setting out the financial and legal implications.

As it is not possible for such a report to be finalised in time for this Assembly meeting, the Chair will be asked to adjourn the motion without debate until the next meeting of the Assembly on 23 March 2016.