

MC2017/04573



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon George Howarth MP  
House of Commons  
London  
SW1A 0AA

30 MAR 2017

Dear George,

Thank you for your email of 1 March to Philip Hammond enclosing correspondence from your constituents about the international tax system. I am replying as Minister with strategic oversight of the UK tax system.

The UK takes a leading role in promoting tax transparency, tackling international tax avoidance and evasion, and supporting developing countries to raise their own revenue.

The UK supports a multilateral approach to public country-by-country reporting (CBCR) so that the requirements would apply to multinationals regardless of whether their headquarters are in the UK or not. Ministers have pushed for this at international forums. However the current international consensus is to focus on effective implementation of the Organisation for Economic Co-operation and Development (OECD) model of CBCR to tax authorities. The Government will continue to engage with international partners on this, including with the EU proposal.

This Government continues to support the Crown Dependencies and Overseas Territories (CDs and OTs) as they make strides towards transparency of beneficial ownership information. In the run-up to last year's Anti-Corruption Summit in London, the CDs and OTs signed agreements with the UK to establish central registers, or similarly effective systems, of beneficial ownership information and to provide UK law enforcement authorities with near real-time access to it. They have also signed up to the new OECD initiative for the development of a standard for the systematic exchange of financial account information, which includes beneficial ownership information. We will continue to monitor their progress against these agreements.

The UK strongly encourages jurisdictions to comply with agreed global transparency standards and end harmful tax practices, not least through implementing the agreed G20/OECD Base Erosion and Profit Shifting (BEPS) project outcomes, and the Common Reporting Standard for sharing information. However, a small number of jurisdictions choose to stand outside these standards. The UK supports the use of international blacklists as a tool to encourage them to comply. We have agreed criteria in the EU and in the G20/OECD, and will continue to explore the use of potential defensive measures.

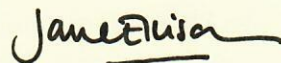
The Government remains committed to a tax regime that is fair, competitive, and paid. We will reduce the main rate of corporation tax to 17% by 2020 to support business investment. The Government has always believed that profits should be taxed where economic activities occur, and the UK continues to lead the world to ensure this.

The UK supports significant work to help developing countries bring in their fair share of tax. We are a founder of the Addis Tax Initiative, which commits us to double our support for capacity building. We set up a dedicated unit in HM Revenue and Customs to bring the UK's own expertise to developing countries, and we support international efforts like the OECD's 'Tax Inspectors Without Borders', which has raised \$260 million additional revenue.

I hope this reassures your constituents that the UK remains committed to tackling international avoidance and evasion, and supporting developing countries to do so too.

Please pass on my thanks to your constituents for taking the trouble to make us aware of these concerns.

Kind regards,

A handwritten signature in black ink that reads "Jane Ellison". The signature is written in a cursive style with a horizontal line underlining the name.

JANE ELLISON