

ETHICAL TAX STATEMENT

A FU⁺UREPLUS GUIDE

WHAT IS AN ETHICAL TAX STATEMENT?

An **Ethical Tax Statement** is designed to ensure that your staff, customers and suppliers are clear about your company's position and policy on taxes.

Ensuring transparent and ethical tax decisions is a topic increasing on the agenda of businesses across all sectors, driven not only by the desire to pay a **fair share of tax**, but also by a recent legislative focus on **anti-tax avoidance measures** in the UK and around the world. as well as increasing **public scrutiny** on taxes.

YOUR POLICY



What is good practice?

Organisations have a choice about their individual approach to interpreting the law, and how that translates into the tax that they pay.

In the UK, large companies with a turnover of more than £200 million, or a balance sheet of over £2 billion, must publish their tax strategy annually.

The tax strategy needs to be communicated externally, explaining the business decisions that have led to where and how much tax has been paid. You can find more information [here](#).

The Institute of Business Ethics (IBE) recommends that:

All organisations should put in place **greater internal engagement** around the decisions and circumstances behind their tax policy and the stance they take.

It is good practice for all organisations, no matter what size, to have a **clear and transparent statement** regarding their position on the payment of tax, guided by their ethical values.

You should always seek advice from a qualified accountant regarding corporation tax matters.

YOUR POLICY



Maintaining trust

According to research carried out by the IBE in their 'Attitudes of the British Public to Business Ethics 2022' survey, **corporate tax avoidance was the primary cause of concern** amongst respondents. The research found that:

- Three-quarters of respondents would rather shop with (74%) or work for (75%) businesses that can prove that they are paying their fair share of tax.
- Nearly four in five (77%) believe all companies, whatever their size, should have to publicly disclose the taxes that they do or don't pay in the UK.

Anti-corruption and bribery

Anti-bribery and corruption also featured highly in the IBE's research as an issue of concern for consumers.

Linking an ethical tax statement to your business **Code of Ethics**, and your **Anti-Corruption and Bribery Policy** can help to create robust messaging around your stance on zero-tolerance to corruption within your organisation.

Please ask for our guide on putting in place an Anti-Corruption and Bribery Policy and what it means for your organisation: team@future-plus.co.uk

YOUR POLICY



Criteria for measuring tax decisions

As a guide, you may wish to consider the following points when considering tax decisions:

- Is what we are doing in pursuit of our commercial goals and in line with our values?
- Is it ethical?
- What is the impact on our customers, employees and shareholders?
- What is the impact on the societies with which we trade, or on the environment?
- How much does it cost?

Tax governance structure - what to consider:

- Where does the overall responsibility for tax decisions lie?
- How is the day-to-day management of the your organisation's tax matters delegated?
- Is it delegated to appropriately experienced and/or qualified staff, trained in your Code of Ethics?
- Are tax governance procedures, including accountability, responsibilities and delegations, clearly defined through documented standards of conduct?

WHAT SHOULD YOU COVER?

TAX COMMITMENTS



A list of statements that outline your policy on taxes and your commitment to playing your part in a fair and equitable society.

COMPLIANCE WITH TAX LAWS



An outline of the corporation tax laws that apply to your business, in all jurisdictions in which your business operates.

GOVERNANCE



Detail who has overall responsibility for your company's tax matters and who manages the day-to-day management your taxes.

GUIDANCE FOR EMPLOYEES



An outline of the protocol employees should follow if they suspect any individual of not adhering to your Ethical Tax policy. Include a link to your Whistleblowing Policy.

MANAGEMENT OF TAX RISKS



For larger companies, an outline of how you actively seek to identify, control and minimise tax risks across all tax processes.

ANTI-CORRUPTION & BRIBERY



Include a link to your Anti-Corruption & Bribery Policy, as well as to your Business Code of Ethics.

OTHER THINGS TO CONSIDER

1

Remember that **openness, honesty, and transparency** are paramount in all dealings with tax authorities.

2

You should support **initiatives to improve transparency** on tax matters, such as country-by-country reporting.

3

Ensure there is a **version control** maintained, with most recent date stated in your statement.

NEED MORE HELP?

We offer consultancy services if you would like more help.
Please feel free to contact the team: team@future-plus.co.uk.

