



**Craig Whittaker MP**

**CALDER VALLEY**

[www.craigwhittakermp.co.uk](http://www.craigwhittakermp.co.uk)

## **Corporate Tax Avoidance**

Thank you for contacting me about corporate tax avoidance.

I am pleased that the Government is committed to low taxes to support business. However, these taxes must be paid; tax avoidance and aggressive tax planning by multinationals is clearly unacceptable.

The Government will continue to address imbalances in the system where some businesses benefit disproportionately from certain rules and will also continue to tackle avoidance, evasion, non-compliance and tax planning.

For example, the Government has removed the ability for businesses to convert capital losses into trading losses from 8 March 2017. This eliminates an unfairness in the tax code which was being exploited by certain businesses. Another example is the Finance Bill of 2016 which included measures to ensure offshore structures cannot be used to avoid UK tax on profits generated from developing UK property.

Further significant action has been taken to tackle tax avoidance by multinational companies, especially through working with G20 and OECD partners, to modernise international tax rules. I am pleased that, following developments in these areas, the Government has set out a comprehensive package to take further action, to modernise the tax rules in the UK, and to ensure these rules are applied effectively to multinationals.

Since 2010, HMRC has secured around £160 billion in additional tax revenue through tackling avoidance, evasion and non-compliance.

Moreover, the UK's tax gap (the difference between the total amount owed in tax and the amount received) remains one of the lowest in the world.

Nonetheless, there is no room for complacency and the Government is committed to tackling tax avoidance and evasion at all levels to ensure everyone pays the right tax at the right time. These practices damage the effectiveness of the tax system and impose additional costs on all taxpayers. Making the tax system fairer means the Government can afford to fund vital public services and cut taxes for working people.

With regard to developing countries, the key issue is ensuring that these countries have the assistance required to develop their own rules to protect their tax bases. The UK has set up a specialist Tax Capacity Building Unit in HMRC, which deploys HMRC staff to developing countries to provide technical expertise. Ministers have committed to doubling funding for tax projects in developing countries by 2020.

I strongly believe that companies both large and small, should be treated equally and pay the tax that is due. I believe it is wrong that large multinational companies with activities in the UK enter into contrived arrangements to divert profits from the UK to avoid corporation tax. I am pleased that the Government has introduced a new tax on diverted profits. This will prevent companies from creating tax advantages by using transactions or entities that lack economic substance. I am also pleased that the 2016 Budget included measures to stop the complex structures that allow some multinationals to avoid paying any tax anywhere or to deduct the same expenses in more than one country.

You are right that this is an issue which demands vigilance and effective action on the part of Government and this Government will continue to take action on corporate tax avoidance.

Thank you again for taking the time to contact me.

Kind regards,

A handwritten signature in black ink, appearing to read 'Craig Whittaker', with a stylized flourish at the end.

Craig Whittaker MP