



Chartered  
Institute of  
Taxation  
Excellence in Taxation

# Annual Report and Financial Statements

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# 2014

The Chartered Institute of Taxation

The Professional Body for Chartered Tax Advisers • Registered as a Charity in England and Wales No. 1037771



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# Council Members 2014-2015

## President

**Anne Fairpo** MA (Oxon) CTA (Fellow) ATT Barrister (2008)

## Deputy President

**Chris Jones** BA (Hons) CTA (Fellow) ATT (2004)

## Vice-President

**Bill Dodwell** LLB LLM (Cantab) CTA (Fellow) ACA (2008)

## Council

**Mohammed Amin** MA CTA (Fellow) FCA AMCT (2003)

**Gary Ashford** CTA (Fellow) ATT (2011)

**Roger Barnard** LLM CTA (Fellow) FCA (2005)

**John Barnett** MA (Oxon) CTA (Fellow) TEP Solicitor (2014)

**Keith Bell** CTA (Fellow) ATT TEP (2008)

**Chris Brydone** BA CTA (Fellow) FCA ATT (2007)

**Emma Chamberlain** BA (Hons) CTA (Fellow) Barrister (2007)

**Stephen Coleclough\*** LLB (Hons) CTA (Fellow) FIIT FInstCPD FRSA Solicitor ATT TEP (2000)

**Nigel Eastaway OBE** CTA (Fellow) FCA CPA FCCA FCMA FCIS TEP MRICS SBV MAE FRSA (2003)

**Glyn Fullelove** MA CTA (Fellow) ACA (2014)

**Alexandra Galloway** MA CTA (Fellow) (2014)

**Keith Gordon** MA (Oxon) CTA (Fellow) FCA Barrister (2009)

**Nick Goulding\*** BSc CTA (Fellow) FCA ATT (2003)

**Ian Hayes** BA FIIT CTA (Fellow) FCA FRSA (2013)

**Andrew Hubbard\*** BMus CTA (Fellow) ATT (2004)

**Moira Kelly** BACC ALCM CTA (Fellow) CA (2013)

**Chris Lallemand** BSc CTA (Fellow) FCA (2011)

**Daniel Lyons** BA (Hons) CTA (Fellow) Solicitor (2011)

**Ray McCann** CTA (Fellow) ATT (2012)

**Ian Menzies-Conacher** BSc (Econ) CTA (Fellow) ACIB FCA (2007)

**Natalie Miller** BA (Hons) CTA (Fellow) ATT (Fellow) (2004)

**Jenny Nelder** BA (Hons) CTA (Fellow) FCA (2005)

**Yvette Nunn** CTA (Fellow) ATT (Fellow) MAAT (2004)

**Amanda Pearson** BSc CTA (Fellow) ACA (2014)

**John Preston** BSc FCA CTA (Fellow) (2012)

**Jennie Rimmer** LLB CTA (Fellow) (2014)

**Anthony Thomas\*** CTA (Fellow) FCCA ATT (Fellow) (2003)

**Rosalind Upton** LLB CTA (Fellow) FCA (2005) (*resigned 18 November 2014*)

**John Voyez** BSc FIIT CTA (Fellow) FMAAT (2013)

Year of appointment to Council shown in brackets. \* indicates Past President

# Council Members 2014-2015

## Management Team

### Chief Executive

**Peter Fanning** MSc BSc

### Secretary and Director of Education

**Rosalind Baxter** BA (Hons) ACIS

### Director of Member Services and Operations

**Mary Foley** MBA MAAT MCFI FSITM

### Head of Finance

**Steve Hines** FCCA MAAT

### Tax Policy Director

**Patrick Stevens** CTA (Fellow) FCA

### Technical Director, Low Incomes Tax Reform Group

**Robin Williamson** MA (Oxon) CTA (Fellow) Solicitor

### Consultant

**Jonathan Crump** FCA

## Registered office

The Chartered Institute of Taxation  
1st Floor  
Artillery House  
11-19 Artillery Row  
London SW1P 1RT

## Auditor

Baker Tilly UK Audit LLP  
Marlborough House  
Victoria Road South  
Chelmsford CM1 1LN

## Solicitors

Maurice Turnor Gardner  
201 Bishopsgate  
London EC2M 3AB

## Connected Charity

The Association of Taxation Technicians  
1st Floor  
Artillery House  
11-19 Artillery Row  
London SW1P 1RT

## Investment Advisers

Cornelian Asset Managers Ltd  
21 Charlotte Square  
Edinburgh EH2 4DF

## Bankers

HSBC  
333 Vauxhall Bridge Road  
London SW1V 1EJ

# President's Statement

This was another interesting year for tax (as always seems to be the case), not least with the continued focus in the media on tax avoidance and, to a lesser extent, evasion. We have seen a renewed focus from HMRC on additional legislation which has not always appeared compatible with the rule of law. Thankfully HMRC and the Treasury do seem inclined to listen to at least some of the representations from ourselves and others. Take one example, we raised strong concerns over the rules on direct recovery of debt. The safeguards subsequently announced in November 2014 do seem to address many of our concerns. We also argued that the taxpayers should retain the ability to elect a main residence for relief from capital gains tax; we were pleased by the Government's announcement in December that the election would remain available.

The technical committees continue to comment on tax proposals, as part of our remit to work for a more efficient tax system, and we were pleased that our representations were quoted more than 20 times in the debates on the 2014 Finance Bill. This is all the result of volunteer time and effort: the work of our members of these committees is invaluable.

Those volunteers have contributed extensively to the work on the continued expansion of tax devolution to Scotland and the beginning of tax devolution to Northern Ireland and Wales. We continue to be involved with the Smith Commission's work on Scottish devolution and are involved with a number of the working groups on technical and practical issues around taxes already devolved to Scotland. We were pleased to see John Whiting - no stranger to the Institute! - appointed as a member of the board of Revenue Scotland.

In international matters, we continue to review and contribute to the work of the OECD/BEPS project on international tax.

In addition to responding to international and

national government projects, we worked with the Law Society, the City of London and the Worshipful Company of Tax Advisers to put on the Lord Mayors Tax Forum in April. This brought together representatives from more than 50 countries at Mansion House in London to discuss international corporate tax issues. We have also participated in a number of events with the Institute for Fiscal Studies (IFS). These included debates at the party conferences: Paul Johnson of the IFS talked about the public finances through and after the election, and CIOT representatives discussed tax issues which might affect options around those public finances. The theme of the state of public finances was also a feature of the CTA address which Paul gave in May.

We have taken further steps this year in developing our links with academia, and have started the process of commissioning research in order to further support our technical work. We look forward to launching the Journal of Tax Administration in the very near future, focusing on research into tax administration in practice and in theory across the world. We continue to fund PhD students undertaking research into tax issues, and to support academic conferences exploring tax matters.

Academic research helps to inform debates on tax, and can assist us in our representations on tax matters with empirical evidence from research to support anecdotal evidence from practice. We welcome the increased interest in studying tax law at postgraduate level, including the Birmingham University Master's degree by research in taxation which is at least partly designed to assist CTAs who would like to work on a dissertation which could be submitted as part of a Fellowship application. Finally in connection with academia, I was very pleased that Council awarded an honorary fellowship to Professor Judith Freedman of Oxford University, recognising her contribution to the academic study of taxation. Council also awarded an honorary fellowship to Dame Fiona Woolf and Nicholas Woolf, who have been great supporters of the Institute.

# President's Statement

LITRG continue to have substantial success in communicating tax issues: this year, it undertook four key projects, with support from HMRC. These included a tax guide for students and a website for advisers on tax credits and child benefits. The need for the work of the tax charities – Tax Aid and Tax Help for Older People – continues unabated and towards the end of the year we began to highlight the upcoming “Bridge the Gap” campaign, which will seek to raise awareness of (and then raise funds for) the work of tax charities.

Within the Institute itself, we continue to expand and I am pleased that we are launching a new Middle East and North Africa Branch in 2015. I have been fortunate enough to visit quite a few of the branches during this year, and during my year as Deputy President, and have enjoyed meeting members at these events - from Norwich to Bristol to Belfast and across to Sydney. The branch network is important, both for members to meet to discuss tax matters and also as a source of information enabling us to better represent the views of the tax profession.

Turning to the day-to-day work of the Institute, the Education Team continue to do sterling work with what is the ever-increasing number of papers and students. This year we had the first sitting of the Taxation of Major Corporates examination paper which is part of our joint programme with the ICAEW, leading to both the ACA and CTA qualifications through a streamlined process. ADIT is also growing in popularity with students, graduates and affiliates now in over 100 countries and territories. Demand for the exams has grown to the point where this year we introduced a second exam session. The need to deliver ADIT across a wide international area also means that we are exploring new ways of delivering exams: this year, all those sitting ADIT exams had the option of doing so on screen rather than on paper. All of this is part of a project to boost our IT capacity - a substantial project - to improve both internal

processes and the interaction with members and students. Keep an eye out for developments with *Tax Adviser*, for example ...

And last, but not least, all possible thanks to those who support the Institute - the volunteers and the staff, and all those who contribute to our work throughout the world. I would like to thank the other members of the Officers' Group for their support this year, and also the members of Council. In particular, I would like to thank Ros Upton, who retired from Council in November 2014, for all her work on professional standards and risk management. I would also like to thank Mohammed Amin, Nigel Eastaway and Nick Goulding, who all retire at the AGM in May, for their distinctive contributions to Council, and to Nick in particular most recently for his work as Treasurer – they will be missed at future Council meetings.

**Anne Fairpo**  
President

# Chief Executive's Report

CIOT ended the year with a membership of 17,358, an increase of 1.94% on 2013. In addition over 97% of those who were members in 2013 and could renew their membership, did so in 2014.

Student registrations for the CTA were up by 15% on the previous year. The corresponding figure for ATT was 10% and ADIT 7%. The Institute takes great comfort from any increase in ATT student registrations and membership as the ATT is the largest single source of CTA student registrations. Overall, student registrations are a lead indicator of future exam candidates and therefore membership. While the growth between 2013 and 2014 is pleasing the more significant measure is that over 3,500 students demonstrated their wish to be involved with the Institute and Association during 2014.

During the year, 78 candidates sat the Taxation of Major Corporates paper which is the linchpin of the joint programme leading to the ACA and CTA, launched by the CIOT and ICAEW during 2012. Further developments of the joint programme are planned during 2015.

The December session of the ADIT examinations saw two firsts. The introduction of two ADIT exam sessions per year, in June and December, and all students in the December session were required to complete their papers on their own laptop computers using software supplied by Exam4. There were 254 candidates sitting in 45 exam centres in 39 different countries.

The CIOT and the University of Exeter launched a joint venture to publish a new academic journal with the title, the Journal of Tax Administration. The Journal will be published online with the first edition planned for 2015. The editorial team, led by Prof Lynne Oats, is based in the Tax Administration Research Centre at the University which is supported by the IFS and funded by the Economic and Social

Research Council, HM Treasury and HMRC. The Institute's involvement should strengthen the bridge between those involved in the practice of tax, the study of tax and tax policy.

Stephen Coleclough was elected as Secretary General of the CFE at its General Assembly in September and represented the CFE at the conference of its sister body, the Asia-Oceania Tax Consultants' Association (AOTCA) in Taipei. Anne Fairpo represented the CIOT at the AOTCA Conference and together with Stephen Coleclough visited our members in Hong Kong and our friends at the Tax Institute of Hong Kong. On the same trip, Anne also visited our members in Australia and our friends at the Tax Institute of Australia.

In response to a call from members in the region, and working with the ICAEW and ATT, the CIOT hosted a CPD event in Dubai in April. This became the springboard for a decision by Council to create a branch for members in the Middle East and North Africa region and a formal inauguration is planned during 2015.

Closer to home, CIOT and the Institute for Fiscal Studies (IFS) jointly hosted events at the autumn conferences of each the Conservative, Liberal Democrat and Labour Parties. These will be the last before the General Election in May 2015. The CIOT either sponsored or co-hosted three other events with the IFS during the year.

April saw a half-day conference on the future of corporate taxation, hosted by the Lord Mayor of London, Alderman Fiona Woolf, at the Mansion House in the City of London. The event was a partnership between the CIOT, the City of London, the Law Society of England and Wales and the Worshipful Company of Tax Advisers. It was a success bringing together senior business people, policy-makers and diplomats as well as tax professionals.

# Chief Executive's Report

2014 was another busy year for the CIOT in Scotland. The Joint Presidents' Lunch at the Signet Library in Edinburgh in March has become an annual event. CIOT/ATT held its Scottish Annual Conference at Stirling University a mere eight weeks after Scotland's referendum. And on the last day of the year, John Swinney MSP, the Finance Secretary in the Scottish Government appointed our own John Whiting OBE, as a member of the board of Revenue Scotland.

Throughout the year, the CIOT has continued to contribute to the national conversation about tax. Amongst the issues we have addressed are the taxation of corporations where the Institute tried to bring light rather than heat to the debates about whether companies are paying sufficient tax, explaining the complexities of corporate taxation to politicians, media and the public. We are inputting into the OECD BEPS (Base Erosion and Profit Shifting) project and while international tax rules in some areas such as transfer pricing do need updating for the 21st century, we have been clear that people and businesses should be taxed under the law and should be free to organise their affairs within the law.

Along with other professional bodies, we raised strong concerns about the Government's plan for HMRC to be allowed to take money from people's bank accounts without judicial approval. In November the Government announced welcome safeguards reflecting our and others' representations, including a guaranteed face-to-face meeting with targeted taxpayers and an appeal process to county courts.

Through our Scottish Taxes Technical Sub-Committee we have input into the Smith Commission's work on further tax devolution as well as continuing to be involved in various Scottish Government working groups on technical and practical issues around the taxes already devolved. We have now started to do

the same with the Welsh Government and we are also engaged in the debate on the practicalities of tax devolution to Northern Ireland.

The Institute is strong – 2014 delivered a modest financial surplus, our investments continue to respond to the rises in markets.

In September, I was both sad and proud to represent the Institute at the funeral of John Martin, Secretary to the Institute of Taxation from 1979 to 1986. A professional to the last, his obituary published in Tax Adviser was largely his own work.

Ros Upton retired from Council in November 2014 and retirees from Council at the forthcoming AGM are Mohammed Amin, Nigel Eastaway and Nick Goulding (Past President). Their contribution has been absolutely immense over so many years and they will be very much missed.

Finally, my sincere thanks to the Institute's Presidents, Stephen Coleclough and Anne Fairpo, the Institute's Council and the Institute's staff for their support during the year.

**Peter Fanning**

Chief Executive

# Annual Report of Council

The Members of the Council present their Annual Report and Audited Financial Statements of The Chartered Institute of Taxation for the year ended 31 December 2014.

## Reference and Administrative Details of the Institute, its Trustees and Advisers

The names of all the Members of Council (who are the Trustees of the Charity), Chief Executive, Management Team and the details of relevant organisations are listed on pages 4 and 5 and form part of this report.

## Structure, Governance and Management

The Institute of Taxation was founded in 1930, it was registered as a charity in England and Wales in 1982 (registered charity in England & Wales number 1037771). It was incorporated by Royal Charter in 1994 and last amended in 2011. The governing instruments of the Institute are its Royal Charter, and Byelaws as amended from time to time.

A Governance Statement which includes details of compliance, organisation structure, Trustee elections and training, Audit Committee, internal controls and risk assessment is set out on pages 42 to 45 and forms part of this report.

## Public Benefit

The Council has considered the guidance published by the Charity Commission and concluded that the Charity's core activity satisfactorily addresses the principles of identifiable public benefit and demonstrates that the charity has fulfilled the public benefit requirement under Section 17 of the Charities Act 2011.

The activities described in the committee reports on pages 16 to 41 which form part of this report illustrate how the Institute acts solely in the

furtherance of its charitable objects for the benefit of the public and aims to deliver excellence in taxation by advancing or enhancing knowledge and understanding in tax education and other core functions of professional regulation.

## Objectives and Activities

The charitable aims of the Institute are:

1. to advance public education in, and promote the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation.
2. (i) to prevent crime and  
(ii) to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in the provision of advice and services in relation to taxation and monitoring and supervising their compliance with money laundering legislation.

To achieve these aims it:

- makes recommendations to improve or simplify tax law and practice;
- maintains and publishes standards of professional conduct for Chartered Tax Advisers;
- runs residential conferences and one-day courses;
- publishes the monthly journal, Tax Adviser;
- issues annotated copies of Finance Acts and other Acts;

# Annual Report of Council

- runs through its Branches, technical meetings and social activities;
- supervises members for compliance with anti-money laundering regulations;
- holds examinations in the UK and throughout the world;
- encourages the preparation of dissertations and research on taxation topics;
- funds the Taxation Disciplinary Board, an independent body which investigates complaints and takes robust disciplinary action against members and students who breach professional rules; and
- supports other tax charities.

## Staff and Volunteers

The Council recognise that building and developing skills, competencies, teamwork and motivation of employees is key to achieving the Institute's charitable aims.

The Institute employees are responsible for providing efficient and effective support to all Committees and the commitment and positive support of volunteers is crucial to the Institute's success. All staff, except the Chief Executive who is employed by the Institute, are jointly employed by the Institute and its connected charity, the Association of Taxation Technicians (registered charity In England & Wales number 803480). The average number of employees in a mix of fulltime and part-time roles in the year was 73 (2013 - 70).

Institute members and students are encouraged to become involved in Institute activities and there are approximately 750 unpaid volunteers on Council, Committees, Sub-Committees, Branches

and Working Parties. The Institute is grateful not only for their generous input but also to their firms who may ultimately bear the financial cost. It is estimated that over 36,000 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations. Staff seconded to the Institute from HMRC contributed an estimated 5,000 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognised in the statement of financial activities.

## Health and Safety

The nature of the Institute's activities means that employees and volunteers do not encounter many hazards in the workplace. However, safety receives regular management attention and a general policy statement of health and safety at work is included in the Employee Handbook. The ongoing responsibilities include assessment and management of areas of exposure to organisational and remote workers' risk assessments, first aid provision, issuing statutory information and increasing employee awareness of their role in maintaining a safe environment.

## Equality and Diversity

The Institute is committed to providing equal opportunities to job applicants, staff, students and volunteers regardless of sex, sexual orientation, marital status, age, race, ethnic origin, religion or belief or disability. The Institute seeks to conduct all its activities in compliance with this principle and in full adherence to all applicable laws prohibiting discrimination in employment or service provision and develop and maintain a diverse workforce of staff and volunteers at all levels within the Institute. On-line and face-to-face training on diversity was provided for all staff in 2014.

# Annual Report of Council

## Data Protection Policy

The Institute complies with the Data Protection Act 1998 and is the data controller and sole owner of personal data collected. The Institute uses up-to-date industry procedures to keep personal data as safe and secure as possible and to protect against loss, unlawful processing, unauthorised disclosure or access.

## Officers and Council Members

In accordance with the Royal Charter and its Byelaw 5(2) (b), at least three-quarters of the total number of members of the Council shall be elected by the Members. Under Byelaw 5(3), Council may co-opt members to the Council in addition to the elected members, provided that the number of co-opted members does not exceed one-third of the number of elected members of the Council, disregarding any vacancies.

The Council elected Anne Fairpo, President, Chris Jones elected Deputy President, and Bill Dodwell, Vice-President. All held office from the Annual General Meeting on 13 May 2014.

The following elected members of the Council retire by rotation under Members' Regulation 30 and offer themselves for re-election at the AGM on 12 May 2015: Chris Brydone, Emma Chamberlain, Stephen Coleclough, Bill Dodwell, Ian Hayes, Moira Kelly, Ian Menzies-Conacher, Yvette Nunn, Anthony Thomas and John Voyez. There has been one co-option to Council, Jennie Rimmer, since the last AGM.

At the AGM on 12 May 2015, Mohammed Amin, Nigel Eastaway and Nick Goulding will be retiring after completing their terms of office and having made an enormous contribution to the Institute. Nick is a Past President and the Honorary Treasurer of the Institute and Chairman of Finance & General Purposes Committee among a number of other

roles he has held over his period on Council, Amin has been a member of various Technical Sub-Committees and is a Past Chairman of the Manchester Branch and Nigel is a Past Chairman of Technical Committee, a number of Technical Sub-Committees and Audit Committee.

## Vision

The Chartered Institute of Taxation's vision is to remain the leading institute for taxation professionals in the United Kingdom, through the pursuit of excellence and integrity.

## Mission Statement

The Chartered Institute of Taxation's mission is the advancement of public education in taxation and it aims to achieve this by:

- maintaining an educational and ethical framework of the highest standard aiming to produce Chartered Tax Advisers of the best quality for the general public;
- increasing the understanding of tax matters by:
  - » promoting forums for tax discussion and debate; and
  - » publishing and distributing information on tax matters.
- setting the ongoing educational and ethical practice requirements for tax advisers and reviewing compliance with those requirements, including anti-money laundering supervision;
- understanding the needs of taxpayers and being able to advocate the simplest and most understandable tax delivery methods for the benefit of all sectors of society; and

# Annual Report of Council

- being available for consultation by legislators, regulators and administrators of tax law and others and by producing high quality representations and responses.

## Achievements and Performance

An assessment of the Institute's achievements and performance against objectives for the year are given in the following pages and form part of this report.

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## Financial Review

Net increase in funds was £321,000 compared with an increase of £617,000 in 2013. A detailed review of the Institute's financial position is given on pages 40 to 41.

## Donations, Legacies and other Incoming Resources

The Institute is supported by subscriptions and fees from members, students and the public and receives grants from organisations for various charitable projects.

## Grant Making Policy

The Institute does not make donations to funds of political parties. Grants are made only to verified

organisations with common, parallel or related objectives and activities and to individuals for original tax research projects.

## Reserves Policy

The Trustees regularly review the charity's needs for reserves in line with the guidance issued by the Charity Commission and assess the risks involved in the activities of the Institute. They agreed that the purpose of its reserves policy should be to:

- provide financial stability and the means for the development of the Institute's principal activity; and
- retain a sufficient level of net current assets or other readily realisable fixed asset investments.

The Trustees also agreed that the target for reserves shall be £6,100,000 (2013 £6,100,000) and is composed as follows:

- twelve months' running costs, to provide financial stability so that the Institute can run efficiently and meet its future commitments for a reasonable period in the event of adverse operating conditions. This calculation includes all recurring, predictable expenses such as salaries and benefits, occupancy, office and professional services plus an amount for any unforeseen expenditure; and
- two designated funds have been set up on specific projects which were:

### *Disciplinary Procedures Fund*

a fund to cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board; and

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## Property Fund

a sum to be set aside each year up to 2024 to build up a property fund on expiry of the current lease and to cover the depreciation charge arising in future years on the capitalised expenditure incurred on the move to Artillery House. Further details are given on page 62.

Trustees keep the Institute's overall financial position under regular review through Finance & General Purposes Committee and Officers Group and retain the power to reallocate these designated funds within unrestricted funds, unless and until, expended.

The Institute's assets are held in bank deposits, a managed portfolio and gilts. The value and liquidity of the securities are monitored regularly by Finance & General Purposes Committee. A proportion of reserves are maintained in readily realisable form.

The amount of reserves is recalculated each year and published with updated figures in the financial statements of the Annual Report. The amount of free reserves is £6,140,000 being the actual reserves, £6,393,000 less stock and fixed assets of £253,000 (2013: £5,953,000).

## Risk Policy

It is the Institute's policy for volunteers and staff with a detailed knowledge of how the Institute operates to:

- regularly review areas of uncertainty throughout the Institute;
- develop mitigation strategies; and
- take action to mitigate all risks that would otherwise prevent the Institute from achieving its charitable objectives.

## Investment policy

The Institute's primary reason for investing is to ensure that sufficient funds are available to meet the required levels of reserves, to seek capital growth in those funds and for those funds to provide a source of income to contribute towards the costs of its charitable activities.

The Institute's powers of investment are set out in the Royal Charter which states that: monies of the Institute not immediately required for any of its objects may be invested in such manner as may be prescribed by the Byelaws. The Byelaws state that the Council may invest any monies belonging to or held by the Institute in such stocks, funds or securities as the Council shall from time to time think fit anywhere in the world, subject to the provisions of the law relating to investment by Trustees. The Council has assessed the risks involved in the activities of the Institute and has adopted a low risk policy for its shorter term investments and low/medium risk for its longer term investments under independent professional management. Regular reviews of the invested funds are carried out to ensure they are adequate to meet the obligations identified in the Institute's strategic development plan.

Council has not placed any restrictions on investments for environmental or ethical reasons but has determined that no direct investment in commercial property is to be made although investments in collective funds holding commercial property is permissible.

## Payment of Suppliers

The Institute is committed to paying suppliers promptly and aims to pay within 30 days of receiving a valid invoice, unless other specific arrangements apply.

# Annual Report of Council

## Medium to long-term Strategy

The Institute will continue to progress the change management programme with the objective of 'raising the game' of the Institute so that people in tax want to join it and contribute to its work and lead the conversation on tax.

The key elements of the Institute's medium to long-term strategy are:

- the public, who are not able to afford to pay for tax advice, should benefit from our focus on people on low incomes;
- the public, who can afford to pay for tax advice, are best served by high quality tax advisers produced through a demanding educational regime throughout their careers;
- the policy makers, regulators and administrators of the tax system should receive relevant and constructive input on how to make the system more effective and efficient;
- continuing development of CIOT's IT Systems for the benefit of all stakeholders; and
- growth in our charitable activities in the UK and Internationally.

## Auditor

Baker Tilly UK Audit LLP were re-appointed as auditor during the year and have expressed willingness to continue in office. A resolution for their reappointment as auditor to the Institute will be proposed at the Annual General Meeting on 12 May 2015.

## Statement of Disclosure of Information to the Auditor

The Members of the Council who were in office on the date of the approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Members of the Council has confirmed that they have taken all the steps that they ought to have taken as Members of the Council in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Annual General Meeting

A separate notice at the end of the Annual Report and Financial Statements explains the business to be considered at the Annual General Meeting on 12 May 2015.

This Report was approved by the Council on 27 March 2015.

By order of the Council

**Rosalind Baxter**  
Secretary

27 March 2015

# Technical

The Institute's work continues to be driven by our public benefit objectives.

These include:

- a simpler, more workable tax system for the majority of taxpayers, with more certainty and reduced administrative burdens as a result;
- the interests of both the represented and unrepresented taxpayer considered; and
- UK taxpayer interests represented at both UK, EU and OECD level.

The Technical Committee and its sub-committees, together with the technical staff, have enjoyed another busy year. Whilst we naturally aim to represent our members' views and protect their interests, the wider public interest is paramount.

## Tax avoidance

Tax avoidance continues to be front-page news and this year saw the introduction of a number of new measures principally designed to tackle marketed tax avoidance. We have been a key contributor to developments, making our views known to Government and HMRC at meetings and through formal submissions, and to the public by engaging with the media through press releases and briefings. A key development has been the introduction of new rules in Finance Act 2014 enabling HMRC to collect tax in some avoidance cases before an enquiry has been concluded (the Accelerated Payments legislation). Although we have sympathy with the Government's need to deal with outstanding mass-marketed avoidance cases, we do not think this should be at the expense of a taxpayer's normal safeguards and rights of appeal. We have made our concerns known and will continue to monitor HMRC's use of these new powers.

## Tax administration

In Budget 2014, the Government announced that HMRC would be given new powers to collect outstanding tax liabilities from the bank accounts of debtors (the Direct Recovery of Debts proposals). We focused our efforts on arguing for improvements to the proposals and we welcomed HMRC's announcement in November 2014 that new safeguards will be introduced to protect the rights of taxpayers. We will be reviewing the draft rules and will press for the new safeguards to be included in legislation and not in HMRC guidance. HMRC continues on its journey to be "digital by default" and made some progress in 2014 with the new Agent Online Self Serve (AOSS) project. More is expected in 2015 as agents are invited to trial the service and we will continue to keep our members aware of developments, and to assist our members in making their views known to HMRC.

## International Taxes

Work on the OECD's Base Erosion and Profit Shifting (BEPS) Action plan continues. In the Spring, we submitted responses to discussion drafts on Action 1 (the Digital Economy), Action 2 (Hybrid Mismatch Arrangements) and Action 6 (preventing treaty abuse) and at the end of the year work was underway on responding to the latest discussion drafts on Actions 4 (Interest deductions), 7 (permanent establishments) and 14 (dispute resolution) amongst others. Members of the International Taxes Sub-committee continue to engage with the UK Government and the OECD, including through attendance and speaking at OECD Public Consultation meetings.

## Corporate Taxes

Members of the Corporate Taxes Sub-committee continued to work with HMRC, including through participation in working groups, on various

aspects of the Modernisation of Corporate Debt and Derivatives consultation. This is a significant consultation looking at the whole of the taxation of loan relationships and derivative contracts and work is expected to continue in 2015.

## CGT and Property Taxes

It was announced at Autumn Statement 2013 that the Government would consult on proposals to implement a capital gains tax charge on residential properties owned by non-residents. A consultation document followed in March 2014 and over the following months we worked with HMRC and HM Treasury in a series of workshops to suggest improvements to the proposals. This culminated in our formal response to the consultation, submitted in June, in which we raised a number of concerns, including with regard to the proposal to withdraw the ability of resident and non-resident individuals to elect a residence as their main residence for CGT purposes. In addition, we questioned, in the interests of reducing complexity and making for a more coherent regime, if Annual Tax on Enveloped Dwellings (ATED)-related CGT should be abolished as part of the changes to the CGT regime. In November, the Government announced that it had taken on board the feedback it had received and no longer intended to remove the main residence election. This was one of a number of consultations that we responded to during the year, including on the ATED where we continue to work with HMRC to ensure that the measures are closely targeted and do not impinge on commercial arrangements.

## Succession Taxes

We responded to a number of consultations this year, including the consultation on proposals designed to prevent the use of pilot trusts to reduce the IHT charged on settlements. In our submission we argued that the proposed introduction of a completely new and complex

charging regime was a wholly disproportionate response to the issue, and would give rise to increased compliance burdens for HMRC and taxpayers. We are pleased that the Government appears to have taken our concerns on board. At Autumn Statement 2014, the Government announced that it had changed its plans and instead would introduce specific anti-avoidance legislation.

## EU and Human Rights

We continue our work to ensure, so far as possible, that UK law complies with EU law. The EU and Human Rights Sub-committee continues to support the work of the other Sub-committees, and has made or contributed to a number of submissions in 2014 including with regard to corporate exit taxes and the tax issues faced by EU citizens active across borders within the EU. Representatives of the CIOT will meet with representatives of the EU Commission early in 2015 to discuss topical tax issues. Members of the sub-committee sit on the EU's Expert Group on obstacles to cross-border movement of individuals.

## Employment Taxes

We contributed by way of meetings and submissions to a significant number of consultations on Employment Taxes during the year, including with regard to simplifying employee benefits-in-kind and expenses, pensions flexibility, improving the Construction Industry Scheme (CIS), the withdrawal of certain Extra Statutory Concessions (ESCs) and on proposals coming out of the Office of Tax Simplification's review of unapproved share schemes. We continue to engage with HMRC and DWP on the Real Time Information project and other PAYE-related issues with the aim of ensuring that burdens for smaller businesses are minimised and that the system works efficiently.

# Technical

## Indirect Taxes

This has been another busy year for the Indirect Taxes Sub-committee which has responded to a significant number of UK Government, European Commission and OECD consultations, and has made a number of pro-active submissions in response to issues raised by members. In addition, the Sub-committee continues to support members by providing updates on developments; for example, through its quarterly publication *Indirect Tax Voice*, and by providing guidance on topical or challenging areas (see the well-received members' guide *Place of supply of services connected with immovable property* on the CIOT website). During the year the CIOT was reappointed to the VAT Expert Group set up by the European Commission.

## Owner Managed Businesses

Our members in small and medium sized practices contributed to a number of consultations, from the Office of Tax Simplification's review of partnerships to the reform of the close company loans to participators rules, as well as commenting on aspects of the National Insurance Bill. In April, the Department for Business, Innovation and Skills (BIS) consulted on the introduction of a prohibition on corporate members of LLPs. In our formal response to the consultation we pointed out that a corporate LLP is a very useful and flexible commercial structure that is commonly used for valid commercial reasons. In addition, we raised the possibility of unexpected tax charges arising if the proposals extended to excluding existing corporate members of LLPs. We are pleased that BIS took these and other representations on board in concluding that there is not currently a strong case for action to prohibit corporate members of LLPs. In May, together with HMRC we organised a very successful Alternative Dispute Resolution (ADR) helpline pilot for members. Over 30 members took part and the feedback we received from them was overwhelmingly positive.

## Devolution

There has been a number of significant developments, and much debate, with regard to the devolution of tax powers this year and the CIOT has played an active part in this process. The Scotland Technical Team has assisted the Scotland Branch in making a significant number of submissions, including with regard to the Revenue Scotland and Tax Powers Bill (since enacted), which establishes Revenue Scotland and Scottish tax tribunals and provides for the collection and management of the taxes devolved to Scotland, and the Smith Commission's call for evidence on what further powers may be devolved to Scotland. Representatives of the CIOT have attended a number of meetings with officials over the year, and have given oral evidence before the House of Commons Treasury Select Committee and the Finance Committee of the Scottish Parliament. The CIOT's Welsh Affairs Group responded to and participated in discussions concerning the Wales Bill (now the Wales Act), which devolves tax and borrowing powers to Wales, and the White Paper on the collection and management of devolved taxes in Wales. The CIOT's response to the White Paper included the results of a survey of CIOT members in Wales. Further work is expected in 2015 and beyond, including with regard to Northern Ireland which is to be given the power to set its own rate of corporation tax.

## Working Together

In addition to normal Working Together business, including dealing with queries raised by members, we have been working with HMRC and our Working Together representatives with regard to HMRC's plans to put Working Together on more of a digital footing. HMRC are keen to open up new digital channels through which they can engage with agents and we support this in some circumstances; for example, the use of webinars, etc. should enable

HMRC to update agents on developments in an efficient manner. However, our representatives do not believe that the new digital solutions should replace face to face meetings in their entirety and this is a point we have made to HMRC, both in meetings and in a formal submission. Further, we have urged HMRC to use this as an opportunity to look at other ways of improving Working Together and we will continue to work with HMRC in this regard.

## And finally...

The technical work of the CIOT could not take place without the input from our many volunteers in practice, commerce and industry and Government. I would like to thank all of them and the staff for their hard work over the last year in helping the CIOT improve the tax system. If you would like to contribute then do get in touch with us via [technical@tax.org.uk](mailto:technical@tax.org.uk).

### **Bill Dodwell**

Chairman, Technical Committee

#### Statistics

Number of formal responses or other submissions produced in 2014: **158**

Number of volunteers who contributed to our work: **381**

Number of surveys of members that we have carried out: **9**

Number of webinars recorded: **4**

Number of queries from members and the public: **248**

# Confédération Fiscale Européenne (CFE)

The CFE was founded in 1959 to represent the interests of professional tax advisory bodies throughout Europe. Together with the Tax Faculty of ICAEW, the Chartered Institute of Taxation represents the UK at the CFE.

The key objectives of the CFE are to promote the interests of tax professionals, to exchange information about national tax law and practice, to contribute to the development of tax law at a European level by interaction both with the European Commission and the OECD and to maintain relations with any relevant authority where there is an international issue at stake. Where this may be with a national European authority such connection is through the relevant member associations.

2014 was a very active year for CFE with two General Assemblies, the Spring Forum in Brussels which addressed the issue of policies for a sustainable tax future and the Autumn PAC Conference in Paris dealing with tax transparency.

The two main committees of CFE, Fiscal and Professional, continued their detailed examination of significant fiscal proposals, participation in ongoing dialogue with the Commission and, through the Court of Justice of the European Union (CJEU) Task Force have issued detailed commentary on significant legal decisions. It is their ongoing intention to maintain their pre-eminent position as the first point of consultation for the Commission and the OECD tax executives and as a pre-eminent commentator on European tax law.

The CFE is represented directly on the EU VAT Forum, the VAT Expert Group of the EU VAT and Customs Union and the EU Platform for Tax Good Governance.

Over the year without doubt the major item of technical involvement has been and continues to be the BEPS debate and CFE have been forefront in its contribution to this which can be seen from the

number of specific commentaries on BEPS actions included within the 38 publications issued during the year.

Comments received during the year in response to the Taxpayer Charter are now being collated and the final version is being prepared for publication in 2015. Of particular note is the response from the OECD and the request to include extended commentary on the role of advisers. CFE is well able to do this given the continuing work it does in this field and the publication in December 2013 of the second edition of the European Professional Affairs Handbook for Tax Advisers.

More detailed information in respect of the commentaries and in many instances pdf downloads may be found on the CFE website [www.cfe-eutax.org](http://www.cfe-eutax.org).

The Institute representative on the CFE General Assembly and Council is Gary Ashford supported by Anthony Thomas and Peter Fanning. Rupert Shiers represents the Institute on direct tax matters and Jeremy Woolf on indirect tax at the Fiscal Committee. Jeremy is the alternate member of the VAT Expert Group. John Roberts, Heather Brehcist and Gary Ashford are the CIOT representatives on the Professional Affairs Committee.

CIOT is one of the key members of CFE as its members have been and are strongly involved in all its activities. We now have two Council members on the executive board - Ian Hayes, who has been elected for a second two year term as Vice-President and Stephen Coleclough who now sits on the Board as Secretary General, in both cases with effect from 1 January 2015.

The next CFE Forum "Tax governance and tax risk management in a post-BEPS world" will be held on 26 March 2015 in Brussels. Full details are on the website [www.cfe-eutax.org](http://www.cfe-eutax.org).

# Membership

The Membership and Branches Committee look after the transition of successful students into Membership. In 2014 the Committee were delighted to welcome 566 new successful candidates into Membership, with a good percentage of those attending an Admissions Ceremony at Drapers' Hall in the City of London. This brings the grand total of CIOT members to over 17,300 making CIOT a force to be reckoned with in the tax world.

The Committee, under the chairmanship of Keith Bell, is also responsible for ensuring that all Members comply with their obligations to undertake appropriate Continuing Professional Development (CPD) and that Members in Practice are supervised under the Anti-Money Laundering Regulations. The effective monitoring of Members through the Annual Return provides the general public with an assurance that by engaging a Chartered Tax Adviser they can expect a highly professional service from an adviser whose technical skills and legal obligations are fully up-to-date.

## Member Services

We have continued our aim to provide benefits and services appropriate to the working life of a member. We see the role of the Institute to provide Member Services in four main areas to support a Chartered Tax Adviser in his / her daily role – namely, entitlements, benefits, support and offers.

## Entitlement

Members of the Institute are entitled to use the letters CTA after their name and the title Chartered Tax Adviser, indicating to members of the public our members commitment to our code, Professional Conduct in Relation to Taxation. Successful students who are eligible for membership are invited to attend an Admission Ceremony, we hold two per year at Drapers' Hall in the City of London. Members who have held membership for over 50 years

are also invited to attend the ceremony and to offer words of wisdom and pass on the mantle of professionalism to the next generation. Prizes are awarded at the ceremony for excellence in both the CTA and ADIT examinations.

## Benefits

The monthly Tax Adviser journal provides members with myriad case studies and updates on recent issues alongwith news and views from the Institute and the wider tax policy community. Members are warmly welcomed to contribute technical articles to Tax Adviser, so if this is of interest please do contact the editor, Chris Mattos. The weekly email service, 'News for CTAs' is delivered to all members via email and is an excellent digest for busy professionals. Members receive a copy of the annotated Finance Act on an annual basis and are granted access to up to three branches (two in the UK and one overseas). Members can choose from a network of over 40 branches throughout the UK and overseas. The Tony Arnold Library, the UK Tax Repository is another resource available to members.

## Support

### *Excellence in Taxation*

The Member Services team administer the Annual Return. The Annual Return, now in its third year, consists of 11 questions based on a member's work history over the past 12 months and current work status. It is a crucial element in the Institute's role as an Anti-Money Laundering Supervisor. Additionally, the Return provides the vehicle for members to self-certify their CPD compliance and PII. The Institute's role as a Supervisor of firms for Anti-Money Laundering has grown in the last 12 months with over 790 firms now registered with the scheme. HMRC continue as the default supervisory authority for tax advisers not already supervised by the recognised bodies (such as CIOT and ATT) listed in the Money Laundering Regulations 2007.

# Membership

Members should note that their membership of CIOT precludes them from registering with HMRC for AML. If members have any doubt regarding their status under the regulations they should contact the membership team at [aml@ciot.org.uk](mailto:aml@ciot.org.uk) as this is an important legal requirement for those offering tax advice in the UK.

## Knowing Better

The usual two residential conference for members were held in April and September at Queens' College, Cambridge and the University of Warwick. These conferences represent an excellent way for members to gain their continuous professional development and network with colleagues and friends. Member Services are pleased to support the Branch Network in the delivery of their programmes of events for members. We are firm believers that attendance at local Branch events remains the most technically effective and cost effective way for members to get their CPD. If you have not visited your Branch before then we urge you to do so. As Chairman, I would like to extend my grateful thanks to all the speakers who have appeared at both national and branch conferences and given of their valuable time in support of the membership, making these events a continuing success. I would also like to express my thanks to the Branch Chairs and

their supporting officers and committees. There is a considerable amount of effort which is devoted, all on a voluntary basis, to running the Branch network and making them the envy of the professional world.

## Offers

The Institute chooses corporate partners very carefully and has limited the number of discounted services and offers to members to those, that the committee feel, deliver real value and genuinely enhance the role of the Chartered Tax Adviser.

## Conclusion

I would like to thank my fellow committee members for their valued contribution to the committee in the last 12 months.

I would welcome members thoughts and suggestions, favourable and unfavourable, regarding membership matters and potential members' services.

Thank you also to all the staff at Head Office for their continuing support which they always deliver with efficiency and good humour.

## Keith Bell

Chairman, Membership & Branches Committee

## Five year summary of the number of Members for the years ended 31 December:

	2014	2013	* 2012	2011	2010
<b>Fellows</b>	433	435	457	460	467
<b>Associates</b>	16,925	16,592	16,240	15,355	14,933
<b>Total</b>	17,358	17,027	16,697	15,815	15,400
<b>Increase</b>	1.94%	1.98%	5.58%	2.69%	2.74%

\* These figures include the new members as a result of the amalgamation with the IIT

# Branches

## Public Benefit of the Branches

One of the Institute's primary objectives is to provide Chartered Tax Advisers with the technical skills and support they require to do their job, thereby ensuring that the public benefits from tax advice of a high quality. The branch network also has a responsibility at a local level to meet that objective and to raise public awareness of the workings of the tax system. All members of the public with an interest in tax matters are warmly welcomed at any of the branch meetings.

## Continuing Professional Development – Know Better

The engaging, cost effective meetings and events offered by the branch network deliver continuing professional development of the highest level of technical excellence. The full programme for the 2014-15 season was distributed with the August 2014 issue of Tax Adviser. Detailed information about all branch events can be found at [www.tax.org.uk/branches](http://www.tax.org.uk/branches) where there is also the ability to book online for all branch events. We have also produced a pdf version of the branches programme "flipbook" this year, which is available at [www.tax.org.uk/bpb1415](http://www.tax.org.uk/bpb1415)

In recognition of the many ways in which training is now delivered, two branches: Severn Valley and East Midlands, have taken part in trial webinars. Enabling members who are unable to attend a branch meeting in person to view the live seminar and submit questions during the event. We were delighted that both webinars doubled attendance with as many people participating online as were present at the actual seminar and hope to be able to extend this to other branches, especially those covering a wide geographical area.

We have also been exploring new methods to market branch events to both members and non-

members. South London and Surrey Branch have participated in a pilot campaign aimed at increasing attendance at Branch Events. Early indications are that the branch has experienced an upturn in bookings and there has undoubtedly been a greater interest in the branch's activities.

## Branch Development and Governance

The Institute continues to assist the branches by providing active leadership and support. Branch Committee Members are welcomed to the Branches Conference, an annual event held at the University of Warwick. Each branch can send up to three of its committee members. As well as meeting with other branches to discuss issues of mutual interest, the conference also enables Head Office to demonstrate new initiatives to help to provide support and guidance. The theme for the branches this year has been press and publicity as we recognised the importance of branches marketing their activities to fellow professionals. The Branches Forum meetings also discussed how the branches can support the CIOT's Generation Y Project and increase the awareness of the Institute to encourage more students and younger members to get involved with the Institute or local branches.

## Branches Sub-Committee

The Sub-Committee has met three times during 2014. It provides leadership on branch development and develops policy on strategic matters. Issues debated during the year have included branch finances, increasing member engagement with the branch network and support for branches.

## Social media

We have developed an internal network to enable branches to communicate with each other and with Head Office. This has proved popular as a quick and efficient means of providing support.

# Branches

## Thank you

I am very grateful to all those who have served the branch network, both at national and local level and to everyone who has contributed to the work of the branches during the last year.

The branches network owes a huge debt to the generosity of the volunteers on the branch committees, and equally importantly, their employers and I thank you all for your support.

My thanks are also due to Mary Foley, Emma Barklamb and Sue Fraser and the team at Head Office for their support and advice.

### **Andrew McKenzie-Smart**

Chairman, Branches Forum and  
Branches Sub-Committee

## Branches Chairmen 2014-15

<b>Aberdeen</b>	Charlotte Stewart	<b>Isle of Man</b>	Amanda Cowley
<b>Asia-Pacific</b>	Chris Evans	<b>Jersey</b>	Garry Bell
<b>Australasia</b>	Gordon Cooper	<b>Kent</b>	Clare Vinson
<b>Birmingham &amp; West Midlands</b>	Richard Freeman	<b>Leeds</b>	Karen Eckstein
<b>Bristol</b>	Andy Board	<b>London</b>	Michael Ashdown
<b>Commerce &amp; Industry Group</b>	Jennie Rimmer	<b>Manchester &amp; North West Hub</b>	Mark Fink
<b>Cumbria &amp; South West Scotland</b>	Carrie Taylor	<b>Merseyside</b>	Rob Adams
<b>East Anglia</b>	Felicity Whitley	<b>Mid-Anglia</b>	Patricia Caputo
<b>East Midlands</b>	Ken Curran	<b>North America</b>	Robert Moncrieff
<b>Edinburgh</b>	Fraser Allister	<b>North East England</b>	Jodie Barwick-Bell
<b>Essex</b>	Alastair Godfrey	<b>Northern Ireland</b>	Malachy McLernon
<b>European</b>	Stephen Coleclough	<b>Scottish Borders</b>	Jim Stark
<b>Glasgow</b>	Stewart Merry	<b>Scotland Hub</b>	Alexander Garden
<b>Guernsey</b>	Anthony Tennant	<b>Severn Valley</b>	James Geary
<b>Hampshire &amp; South East Hub</b>	David Bird	<b>Sheffield</b>	Zoe Roberts
<b>Harrow &amp; North London</b>	Harry Ross	<b>Somerset &amp; Dorset</b>	Stephen Moore
<b>HMRC</b>	Juliet Roche	<b>South London &amp; Surrey</b>	Jagriti Patwari
<b>Hong Kong</b>	David Cheng	<b>South Wales</b>	Ritchie Tout
<b>Hull &amp; Yorkshire Hub</b>	Nasim Sharf	<b>South West England</b>	Dale Simpson
		<b>Suffolk</b>	Sue Davies
		<b>Sussex</b>	Tracy Easman
		<b>Thames Valley</b>	Tom Wilde

# Communications & Brand Management

The Communications & Brand Management Committee is dedicated to ensuring that the messages the CIOT delivers to members, students and the public at large remain relevant and consistent. The Committee contributes to the public benefit remit of the organisation by supporting our objectives of promoting good practice in the tax profession and working for a better, more efficient tax system for all. Our membership is enriched by drawing upon the expertise of representatives from a broad range of other sub-committees including Education and IT.

After a number of key priorities came to fruition, the Committee went into abeyance in 2011. In 2014, it became clear that the time was right for the Institute to commence a fresh conversation on the way we present ourselves to the outside world, and the Committee resumed its work, holding meetings in July and September.

A key focus of these meetings was the format of the Institute's website and how we can ensure it delivers what members and others need from it. An analysis of stakeholders revealed significantly different requirements in how people interact with the website. For example, our members tend to use the website for engagement with the annual return, students use it to transact with us in relation to examinations and studying, whilst journalists will use the site to search for contacts and look over press releases. As a result of this wide-ranging analysis, we are discussing how the website should be designed and what it should provide.

The website is the primary vehicle for interaction between the Institute and its members and students and acts as a repository of information for advisers, politicians and the media.

The IT team are working to ensure that the website is easy to navigate, up-to-date and responsive to the needs of its multiple users; we want the

website to be sufficiently informative to enable tax advisers to do their job and user-friendly enough to allow others to engage with us. Last year, the team began development of a new Customer Relations Management (CRM) project which will help to enhance our public digital interface. IT have also completed a revised exam entry project; those entering for CTA examinations will now be able to avail themselves of a far more user friendly system for doing so. Looking ahead, 2015 will see a redevelopment of the 'My Profile' interface which will result in a more streamlined tool with which to navigate the website.

The prestige of the CTA brand and the information provided by the Tax Adviser publication continue to be highly valued by the members of the CIOT. We are not complacent though; there are always new ways to improve our standing and reputation among the employers of our members, large and small. The Committee produced some excellent suggestions on this front, including the development of podcasts and video content to promote the CTA qualification.

The Business Development and Marketing Team take a particularly keen interest in the brand and in identifying opportunities to promote it. In 2014, the first ever Middle East Tax Conference, in Dubai was delivered and led to establishing a new CIOT ATT branch which will be launched in 2015. The CIOT sponsored the 2014 Tax Team of the Year Award at the 2014 Scottish Business Awards for the first time. An ambitious programme of meetings with the practice and training heads of the largest employers of CTA's came to fruition providing ample opportunity to further promote our flagship qualification. A 'Careers Pack' for Branches and volunteer members to use for presenting at local schools, colleges and careers fairs was promoted at the Branches Forum in October 2014. 2015 will be a busy year; marketing the Joint Programme qualification with the ICAEW.

# Communications & Brand Management

The External Relations Team produced 90 press releases on behalf of the CIOT and the LITRG last year, many of which were covered in publications including the Financial Times, Telegraph and Guardian. Our media presence has covered a broad range of areas from comment on the OECD's flagship BEPS project through to providing professional opinion on tax devolution to Scotland.

We have set ourselves ambitious targets for 2015 and will continue to be the Institute's leading voice for improving and increasing awareness of our brand and website to aid the public benefit role of the CIOT.

## **Chris Jones**

Chairman, Communications & Brand Management Committee

# Education

The Education Committee maintains a focus on the future development of the tax profession to ensure that the educational aims of the Institute remain relevant. As well as providing support and encouragement for its students the Committee is also responsible for promoting the study and understanding of tax for the benefit of the wider public.

## Working with others

The Joint Programme with the ICAEW saw its first two sittings taking place in July and November 2014. This unique pathway enables students to achieve two prestigious qualifications: the ICAEW chartered accountancy qualification, the ACA, and the Chartered Tax Adviser qualification, the CTA. Those who successfully complete the Joint Programme will be eligible to apply for membership of both ICAEW and CIOT, provided they have met the membership criteria of both bodies. This new venture also saw the CIOT producing study materials for the Taxation of Major Corporates paper, which forms part of the overlap of the two routes and will be used by the tutorial bodies in their course delivery.

2014 also saw progress on the Tax Professionalism Project with HMRC, part of which was to consider how the syllabus of the HMRC qualification, the Tax Professional Development Programme, compares with the syllabi of both the ATT and the CTA. A greater understanding of the content and level of each other's qualifications has been reached which has led to mutual credits between the qualifications.

## Committee structure

The Education Committee has responsibility for several sub-committees and working parties, namely: ADIT Sub-Committee; ADIT Examination Sub-Committee; Grants Sub-Committee; Recognition of EU Professional Qualifications Sub-Committee; Fellowship Working Party; Examination Review Sub-

Committee and the Student Training Conferences Working Party.

Membership of all of these is comprised of highly committed and enthusiastic members without whom this organisation would not be able to function and to whom I express my sincere thanks.

## ADIT (The Advanced Diploma in International Taxation)

ADIT continues to develop into an internationally recognised qualification. It was promoted during 2014 at the inaugural CIOT Middle East Regional meeting, jointly hosted with the ATT and ICAEW in Dubai, United Arab Emirates and the Cyprus Professional Services to International Business Conference in Nicosia as well as several conferences in the UK, and at both King's College London and Queen Mary University of London.

We are also leading the way in examination technology with the on-screen examination method and electronic delivery system have been incorporated into the ADIT examination process, with the June 2014 ADIT exams offered to all candidates in either handwritten or on-screen formats. A second ADIT exam session was introduced in December, with all candidates sitting the December 2014 exams on-screen. Feedback from students and examination centres has been positive.

A new ADIT qualification structure, including new option papers in EU VAT and Upstream Oil and Gas, was launched during the year. Alignment of the Paper 2 and Paper 3 exam options is under development for 2015, in order to ensure comparability of rigour between all ADIT exam options. This will enable students to be given the choice of any two option papers, in addition to the mandatory Paper 1 exam, from 2016.

It was an encouraging year with over 500 new

# Education

students registered. As 2014 closed there were 1,896 registered ADIT students, 261 ADIT Graduates and 48 International Tax Affiliates, from 103 different countries and territories. 549 candidates sat 682 papers and 376 papers were passed in the June 2014 examinations, making the June 2014 ADIT exam session the largest to date. 254 candidates sat 282 papers in the December 2014 examinations. A total of 309 individuals have now completed the qualification. My grateful thanks go to the new ADIT Sub-Committee Chairman Jim Robertson and the members of the ADIT Sub-Committee and the new ADIT Examination Sub-Committee, for their continuous commitment over the year.

## Support for tax academia

In support of Anne Fairpo's presidential theme to support tax academics, the Grants Sub-Committee (previously known as the PhD Grants Sub-Committee) was awarded an increased budget and funds are now available for wider research. The Sub-Committee will be putting forward its own ideas for research projects and applicants can also apply independently.

A contribution of £5,000 was made to the Tax Research Network (a network formed of active and would-be tax researchers and teachers) to assist with their annual conference and £7,500 to a Symposium of Philosophical Foundations of Tax Law to be held at University College London in May 2015.

## Students' conferences

One-day student training days were as usual held in the spring and autumn. Spring days were held in Bristol, Belfast, Leeds and London and autumn days in London, Edinburgh, Bristol and Manchester. This year saw a student training day held in Belfast for the first time and other new locations will be trialed over the coming year. The training days focus on helping students to prepare for the examinations and I would like to thank the Student Training

Conferences Working Party and all the lecturers for their continuing hard work.

## External relations

We have had over 30 meetings this year with employers in the accounting, legal, and business and commerce sectors both in the UK and overseas. Feedback from employers has been positive and they welcome the increasing dialogue with the Institute.

Volunteers from various branches attended a number of undergraduate careers fairs to talk about the CTA qualification and the career options available in our profession. The annual Inside Careers Guide to the Tax Profession was also produced.

## Fellowship

In 2014 four individuals successfully presented a body of work or dissertation to the high standard required to achieve Fellowship.

2014 also saw the CIOT entering into a Memorandum of Understanding with Birmingham University in relation to its MSc by Research (Taxation) degree programme. CTA Associates who wish to pursue a Master's degree programme in taxation can also seek Fellowship of the Institute, by submitting their completed thesis for assessment by both the University and the Institute.

## Education team

Finally, I would like to extend my very sincere thanks to every member of the Education Team at Artillery House who provide tireless support with good humour to both the students and Committee members alike.

### **Daniel Lyons**

Chairman, Education Committee

# Examinations

A CTA is regarded as having achieved the premier tax qualification as a result of having passed examinations that require candidates to demonstrate technical expertise both in breadth and depth and an ability to apply that knowledge to practical situations. Candidates are also examined in Law and in Professional Responsibilities & Ethics. 486 students completed the exam requirements and became entitled to membership of the CIOT as a result of the 2014 examinations.

## Committee structure

The Examination Committee is responsible for the running and administration of the Institute's examinations. These examinations are run twice a year in May and November. The examinations in Law and Professional Responsibilities & Ethics are conducted via E-Assessments which are available throughout the year at various test centres around the UK.

The work of the Institute's Education Team is overseen jointly by the Education Committee and the Examination Committee and their various Sub-Committees and Working Parties. In particular the Examination Review Sub-Committee, which reports to the Education Committee, is tasked with reviewing all aspects of the CTA examination syllabus.

All of these bodies comprise highly committed and enthusiastic individuals without whom this organisation would not function and to whom I express my sincere thanks. Thanks are also, as ever, due to the large group of examiners ably led by the Chief Examiner, Nick Lloyd. I would also like to express my gratitude to Daniel Lyons, the Chairman of Education Committee.

The Education Team continue to cope with the demanding pressures of the examination administration as well as the large numbers who

enter for each examination session. The team comprises: Rosalind Baxter, Jude Maidment, Mary Shoemith, Lisa Roberts, Gavin Thai-Low, Vicki Crake, Claire Luckhurst, Rory Clarke, Beth Blake and Rhiannon Pardoe. I am very grateful to all of them for their extremely hard and dedicated work.

## Joint Programme with the ICAEW and CIOT

2014 saw the first sitting of the new joint programme Advisory paper, Taxation of Major Corporates. This paper has been developed with the ICAEW and CIOT in order that students may obtain both the ACA (ICAEW) and CTA (CIOT) qualifications simultaneously. At the first sitting one candidate took and passed the paper. The second sitting in November 2014 had 77 candidates attempting the paper with a pass rate of 75% which was pleasing. Student registrations for the joint programme have been encouraging.

## Online registration

2014 saw the introduction of a new online examination entry system which was trialled for the first time for the November 2014 examination session. The IT Team at CIOT Head Office developed this new system in house which has proved successful. A new online student registration system will be in place in early 2015. The changes to both systems should improve the user experience and make it a far more intuitive experience.

## E-Assessments

### *Professional Responsibilities & Ethics*

The manual for the E-Assessment on Professional Responsibilities & Ethics, specifically written with the needs of tax students in mind, has been available for students during 2014. A new edition was released in October 2014 which will be examinable from 1 March 2015. All the areas of professional responsibilities and ethics in the joint examination

# Examinations

syllabus with the Association of Taxation Technicians are covered in this study manual, the content of which defines what is examinable in the E-Assessment. This should bring clarity to students as to the level and depth of knowledge required for the exam. Thirty sample questions have been removed from the live Ethics question bank and compiled into a test for students to take before they enter for the real examination. This should provide students with an indication of whether or not they are ready for the examination. This will be available to students from early 2015.

## *Law*

For the past year, students have been provided with some representative questions to prepare them for the style of questions they will face on the day for the Law E-Assessment. Early indications show that this has improved the pass rate.

## **John Preston**

Chairman, Examination Committee

## Examination Prizes

### *The Chartered Tax Adviser Examination – May 2014*

**The Institute Medal** for the best overall performance attempting the Awareness Paper and two Advisory Papers (all at the same sitting). Graeme Connell (BDO LLP, London)

**The Gilbert Burr Medal** for the Advisory Paper on Taxation of Owner-Managed Businesses. Steven Tampsett-Smith (PWC LLP, London)

**The Ronald Ison Medal** for the Advisory Paper on Taxation of Individuals. Sophie Nash (Deloitte LLP, Reading)

**The Victor Durkacz Medal** for the Advisory Paper on VAT on UK Domestic Transactions (including IPT & SDLT). David Graham (Armstrong Watson, Carlisle)

**The Wreford Voge Medal** for the Advisory Paper on VAT on Cross-Border Transactions & Customs Duties. Iona Brooks (EY, London)

**The John Wood Medal** for the Advisory Paper on Advanced Corporation Tax. Emily Sarah Morris (PWC LLP, London)

**The Ian Walker Medal** for the Awareness Paper. Alison McClenahan (PWC, Belfast)

**The Avery Jones Medal** for the Application and Interaction Paper. Susan Edith Waudby (Anderson Strathern LLP, Edinburgh)

**The LexisNexis Prize** for the highest total marks in two Advisory Papers (taken at the same sitting). Matthew Hughes (PWC LLP, Birmingham)

**The CCH Prize** for the highest distinction mark. Susan Edith Waudby (Anderson Strathern LLP, Edinburgh)

# Examinations

## *The Chartered Tax Adviser Examination – November 2014*

**The Institute Medal** for the best overall performance attempting the Awareness Paper and two Advisory Papers (all at the same sitting). Matthew Stringer (PwC, London)

**The Gilbert Burr Medal** for the Advisory Paper on Taxation of Owner-Managed Businesses. Benjamin Powell (Ballard Dale Syree Watson LLP, Droitwich)

**The Victor Durkacz Medal** for the Advisory Paper on VAT on UK Domestic Transactions, IPT & SDLT. Samuel Murphy (Deloitte LLP, Southampton)

**The Spofforth Medal** for the Advisory Paper on Inheritance Tax, Trusts & Estates. Antonia Vanbergen (EY, London)

**The Ronald Ison Medal** for the Advisory Paper on Taxation of Individuals. Steph Carr (BDO LLP, London)

**The Wreford Voge Medal** for the Advisory paper on VAT on Cross-Border Transactions & Customs Duties. Alexander Hale (Deloitte LLP, London)

**The John Wood Medal** for the Advisory Paper on Advanced Corporation Tax. Matthew Stringer (PwC, London)

**The Ian Walker Medal** for the Awareness Paper. Stella Mary Liesching (Self employed, Plymouth)

**The Avery Jones Medal** for the Application and Interaction Paper. Stephanie Symonds (EY, Reading)

**The LexisNexis Prize** for the highest total marks in two Advisory Papers (taken at the same sitting). James Pestell (BDO LLP, London)

**The CCH Prize** for the highest distinction mark. Matthew Stringer (PwC, London)

# Examinations

## *The Advanced Diploma in International Taxation – June 2014*

**The Heather Self Medal** for the highest marks in Paper I – Principles of International Taxation. The medal has been awarded to Benjamin Luke Wythe of London, who is employed by EY in London.

**The Raymond Kelly Medal** for the highest marks in Paper II – Advanced International Taxation (United Kingdom Option). The medal has been awarded to Karen Laura Fisher of Purley, who is employed by EDF Trading Ltd in London.

**The International Fiscal Association Prize** for the highest marks in Paper II – Advanced International Taxation (Options B – J). The prize has been awarded to Katarina Petovska of Bratislava, Slovakia who is employed by Dell in Bratislava and sat Paper IIB (United States option).

**The Worshipful Company of Tax Advisers Medal** for the highest marks in Paper III – Principles of Corporate and International Taxation (Options A - D). The medal has been awarded to Anna Maria Herrera of Attard, Malta, who is employed by PWC in Valletta and sat Paper IIIB (European Union option).

**The CCH Prize** for the highest marks in Paper III – Corporate and International Taxation (Transfer Pricing option). The prize has been awarded to Alessandra La Via-Graham of Thatcham, who is employed by Micro Focus Ltd in Newbury.

## *The Advanced Diploma in International Taxation – December 2014*

**The Heather Self Medal** for the highest marks in Paper I – Principles of International Taxation. The medal has been awarded to Kiret Singh of London, who is employed by Wilkins Kennedy in London.

**The Raymond Kelly Medal** for the highest marks in Paper II – Advanced International Taxation (United Kingdom Option). The medal has been awarded to Charlotte Beattie of London.

**The Worshipful Company of Tax Advisers Medal** for the highest marks in Paper III – Corporate and International Taxation (Options A – D). The medal has been awarded to Olaf Muscat Baron of Plazac, France, who is employed by Taxhelp.fr in Montignac and sat Paper IIIB (European Union option).

**The CCH Prize** for the highest marks in Paper III – Corporate and International Taxation (Transfer Pricing Option). The prize has been awarded to Nadia Lacramioara Oanea of Bucharest, Romania, who is employed by Baker Tilly Klitou in Bucharest.

# Low Incomes Tax Reform Group

## Public benefit

The remit of the Low Incomes Tax Reform Group is to provide a representative voice for the unrepresented taxpayer or tax credit claimant on a low income. The more that voice is respected within Government, the more rewarding we find working with HMRC towards a common goal. Nevertheless, we still campaign robustly where we feel that the tax system makes life needlessly difficult for those on low incomes, or in favour of measures we believe would improve things for them. Increasingly, we find we are able to influence outcomes for those we aim to help, while producing educational materials to aid their understanding of the tax and related welfare systems.

## A representative voice

It is gratifying when one's work, often combined with others', results in better law and better processes.

For example, when we warned that certain Ministry of Justice proposals to restrict access to judicial review would effectively put the remedy beyond the reach of the ordinary citizen, the Government backed down on one proposal that would have excluded representative bodies from taking cases on behalf of those they represent.

Our long-standing recommendation that the trivial commutation limits be increased for low-income pensioners was implemented in the March 2014 Budget. In the Autumn statement two more of our recommendations bore fruit: the £2,000 employment allowance will be extended to care and support employers from April 2015, and carers who take a meal with their employers or stay overnight as part of their duties will not face a tax charge on any resulting benefit in kind.

Two other LITRG successes deserve mention. Following the taxpayers' victory in LH Bishop

Electrical Co Ltd and others v HMRC Commissioners [2013] UKFTT 522 (TC), digitally excluded VAT payers are now able to file their returns by telephone or paper in appropriate cases, while FA 2014 has completed a useful set of reforms that enable more disabled beneficiaries to make use of tax-favoured trusts.

## Educational materials – working with HMRC

Early in the year we launched two websites financed by HMRC and covering tax for students ([www.taxguideforstudents.org.uk](http://www.taxguideforstudents.org.uk)) and for disabled people and their carers ([www.disabilitytaxguide.org.uk](http://www.disabilitytaxguide.org.uk)). The first was endorsed by the main student advisory bodies and has proved popular with other educational organisations such as the Open University and PFE (Personal Finance Education Group). In addition we won a fifth year of funding from HMRC to continue the award-winning website for advisers on tax credits and child benefit, [www.revenuebenefits.org.uk](http://www.revenuebenefits.org.uk), and have now secured funding for a sixth.

The year closed with the welcome announcement that HMRC would again fund LITRG project work in 2015/16. This new grant will finance projects on the armed forces, tax-free childcare and care and support employers (elderly and disabled people who employ carers to look after them).

Meanwhile, we have trained advisers to migrants, lone parents and disabled people employing carers. We have also been into schools to test a tax teaching module entitled "Where's my payslip?" All have proved popular.

Following closure of all HMRC's remaining enquiry centres, we have helped HMRC and other voluntary sector bodies develop a replacement service for those taxpayers and tax credit claimants who 'need enhanced support' (NES). The NES service now consists of a dedicated telephone helpline

# Low Incomes Tax Reform Group

and a face-to-face option. In thanking us for our participation, HMRC told us: “The commitment and time you have given up to help us to shape this model has been critical to us getting to where we are.”

## Research and action

In November we published a 70-page report on Travel expenses for the low-paid – time for a rethink? ([www.litr.org.uk/reports/2014/141117-LITRG-PAYE-report](http://www.litr.org.uk/reports/2014/141117-LITRG-PAYE-report)) the purpose of which was to give the perspective of the low-income worker. It was favourably reviewed, not least by umbrella organisations themselves, and HMRC responded by announcing a consultation in the Autumn statement.

In the New Year we plan to publish a completed report on couples in the tax system, as well as pursue a project with TaxAid and Tax Help for Older People aimed not just at helping people in debt to HMRC, but helping them avoid getting into debt in the first place.

## Tax and welfare

We believe it is impossible to get a proper picture of the financial dynamics of a low-income household without taking account of tax, NIC and welfare, especially now when a growing number of new policies have implications for all three. Thus Gillian Wrigley gave oral evidence to the House of Commons Committee examining the National Insurance Contributions Bill on the practical effects of the Class 2 changes on low-income self-employed workers, while Victoria Todd spoke to the Childcare Payment Bill Committee on tax-free childcare and now finds herself on HMRC’s Implementation Forum.

The interaction with welfare is also an important consideration for the countries of the UK to which income tax is being, or will be, devolved wholly or partially. Joanne Walker explained this to the

Finance Committee of the Scottish Parliament in February and continues to be very much involved in giving advice.

The battle continues to bring some balance between the political imperative to cut tax credits and fairness to the claimant, and we still hope that by the time universal credit has extended to low-income self-employed claimants the regime will recognise the reality of self-employment better than it does now.

## Website

Our profile continues to be enhanced by a better website offering, painstakingly delivered in stages over the year. Our webmaster Sophia Bell is to be congratulated on achieving nearly 55,000 new visitors to the website [www.litr.org.uk](http://www.litr.org.uk) over the last three months of the year, and a growing following for LITRG on twitter. All this gives a clear statement that we have joined the digital debate.

## Volunteers and staff

I very much welcome Sam Mitha CBE to the list of LITRG volunteers. Sam had a distinguished career in HMRC having recently left as a deputy director in the policy area and has made an excellent start in supporting some of our key work.

It is also a huge privilege for me to work with Robin Williamson, the technical director of LITRG and a totally committed team of staff and volunteers. It would be quite impossible for me to do my job without their tremendous support which has been outstanding during the year. I am grateful to them all and look forward to the challenges ahead in 2015.

## Anthony Thomas

Chairman, Low Incomes Tax Reform Group

# Professional Standards

Over the past several years it has become increasingly important that Chartered Tax Advisers observe and are seen to observe the high ethical and professional standards expected from CTAs. This is both to ensure that the public can rely upon CTAs to provide high quality advice and to protect members and the Chartered Institute of Taxation from reputational risks. Members are held accountable to these standards by the CIOT and by the independent Taxation Disciplinary Board. In 2012 a compulsory annual return was introduced and this plays a key part in reminding members of their obligations and monitoring their compliance.

## Keeping up to date

We aim to keep abreast of trends and developments in the tax profession and have invited external speakers and representatives from other professional bodies to our meetings. This helps us to gain a wider understanding of what is current.

## Raising awareness

It is important that members are familiar with not just their ethical obligations but also the considerable amount of Professional standards practical guidance which is available, for example, on powers of attorney and alternates. To help raise awareness the Professional standards team and Karen Eckstein a professional negligence lawyer have been taking their “Standards on Tour” talk around the branches. This has been very well received and if your branch has not heard them yet please get in touch with the Membership Team at Artillery House.

Part of the Professional Standards Committee’s role is to assist with the drafting of the rules and provide practical guidance on their interpretation and application. Professional Standards also makes a significant contribution to a number of projects and these are discussed further below.

## Professional Conduct in relation to Taxation (PCRT)

An updated version of PCRT was issued in February 2014. This guidance which concerns the relationship between the tax adviser, the client and HMRC has been recognised by the courts as setting the standard for use by all tax advisers in the UK. HMRC has also accepted that it is ‘an acceptable basis for dealings between members and HMRC’. The importance of making clients fully aware of the risks as well as the advantages of tax planning is stressed in the guidance.

Tax is such a fast moving area that no sooner than PCRT was released work began on the next edition and this is expected to be published in Spring 2015. Amanda Pearson chairs the working party.

## Engagement letters

The engagement letters working party, which like the PCRT working party, comprises members of the main tax and accounting bodies, reconvened. Its first step was to issue interim guidance on the new Distance Selling rules. It is important for members to observe these as failure to do so could result in a member being unable to recover their fees.

## Anti-Money Laundering

The CIOT supervises around 790 CIOT firms for AML purposes. Professional Standards’ role is to set the policy and monitor compliance by CIOT supervised firms. This is achieved through a review of the annual AML return completed by all supervised firms and a small number of compliance visits.

The AML Supervisors’ Forum which is attended by all Supervisors provides a useful means of keeping up with AML developments and sharing best practice.

The Treasury approved Consultancy Committee of Accountancy Bodies (CCAB) AML guidance which

# Professional Standards

members should follow is being updated. The continual deferral of the 4th Money Laundering Directive has delayed the update but it is hoped that both the Directive and the guidance will be issued in 2015.

The UK is preparing for a peer review by the Financial Action Task Force in the next few years. As part of that exercise the Treasury has visited all AML Supervisors, including the CIOT, to assess their approach to and effectiveness of their compliance monitoring.

## Confédération Fiscale Européene (CFE) Professional Affairs Committee (PAC)

CIOT staff and Committee volunteers attend the CFE's PAC and contribute to virtual working parties, for example on anti-money laundering. This provides a convenient and reliable way of keeping up to date with European developments which impact on a tax adviser's work. The tax avoidance debate featured prominently on the agenda in 2014 and the topic for the PAC conference this year was 'Tax Transparency – how to make it work'.

## Engagement with HMRC

Members of HMRC regularly contribute to the work of Professional Standards on Agent On Line Services and PCRT, in addition to attending meetings of the Committee.

## The Committee and its members

The Committee is a well-informed, lively and committed group which contributes greatly to the work of the CIOT. We welcomed new members Colin Murrell, Tina Riches and Jean Jesty. Ellie Brown stepped down from the Committee and we thank her for her contribution.

### **Ray McCann**

Chairman, Professional Standards Committee

# Enforcing Standards: Complaints and Discipline

In 2001 the CIOT and the ATT established the Taxation Disciplinary Board (TDB) as an independent body to handle complaints about alleged breaches of professional rules of conduct by members and students of the two bodies. The Institute of Indirect Taxation (IIT) was a member of the Board from February 2011 until its merger with the CIOT in July 2012.

## Public interest

The Board is responsible for administering the Taxation Disciplinary Scheme, which sets out the principles and powers which underlie the participants' complaints and disciplinary procedures. One of the key principles underlying the Scheme is that of fairness – fairness to both the public and to the profession. They are not mutually exclusive. We aim to process cases as efficiently and promptly as possible in a manner that is proportionate, transparent and effective. We are focussed on our public duty to address both the incompetent adviser and the oppressive complainant. Members who conduct themselves in a professional manner are unlikely to face disciplinary proceedings. However, the disciplinary procedures exist to protect the public and members of the participating bodies. By enhancing the standing and reputation of the tax profession, they can only be beneficial to all its members. We are concerned to ensure that the TDB remains at the forefront of best regulatory practice and therefore better serves the public interest on behalf of an open and aware profession that commands widespread public confidence.

## Structure of TDB

Overall responsibility for the Taxation Disciplinary Scheme rests with the Directors of the Board. The Chairman of the Board is a joint appointee of the CIOT and the ATT. Des Hudson, the former Chief Executive of the Law Society, was appointed as the Chairman in November 2009. The other two

Directors, John Dewhurst and Larry Darby, are individual appointments of the two participating bodies. The committees and tribunals appointed by the Board are drawn from panels of lay persons, including lawyers (who are not tax professionals), and professional members who have no current involvement with the standards setting of the two participants. All are appointed through a process of open recruitment. The Board employs a part-time Executive Director, who has day to day responsibility for the processing of complaints and the smooth running of the Board. Neville Nagler retired from this role early in 2015, and has been replaced by Peter Douglas, who was previously the Secretary to the Disciplinary Tribunal.

## Complaints and disciplinary procedures

Under the Scheme, the Board deals with complaints alleging breaches of professional standards and guidance (as set out in the Professional Rules and Practice Guidelines of the CIOT and ATT), the provision of inadequate professional service, and conduct unbecoming a professional person. The initial handling of complaints is carried out by the Executive Director, who may reject a complaint if it appears frivolous, vexatious, more than a year old or outside the jurisdiction of the Scheme, subject to a right of appeal to an independent assessor. If the complaint involves a breach of the participants' administrative rules, the Board may impose a limited financial penalty, but a member who objects is entitled to request a full hearing by a Disciplinary Tribunal.

The majority of valid complaints are referred to an Investigation Committee to consider whether there is a prima facie case to answer. If the Committee decides that a prima facie case has not been made out or that the matter is too minor to warrant referral to a Disciplinary Tribunal, the complainant has a right of appeal to an assessor, who may reject the appeal or require a new Investigation Committee

# Enforcing Standards: Complaints and Discipline

to reconsider it. All other cases are referred to a Disciplinary Tribunal.

If the public interest appears to require more urgent action, for example where a case alleges criminal behaviour or dishonesty but where the complexity of the case requires a full and lengthy investigation of all the issues, the Board has in place powers to impose an interim order. Although it has not yet proved necessary to use such powers, they allow the Board to take urgent action in a case where the Investigation Committee has found that there is prima facie evidence and considers that the member poses a risk to the public such that it is in the public interest or necessary for the protection of the public to suspend his membership of the ATT or CIOT, pending the full hearing of disciplinary charges by a Disciplinary Tribunal.

The Disciplinary Tribunal is composed of three members, who include a legally-qualified chairman, a lay member and a professional member. The Tribunal hears the evidence and listens to any witnesses. If the Tribunal finds the case against the member proven, it may impose a relevant sanction, ranging from a warning through to expulsion. It will normally award costs against a defendant against whom it has made a finding and order that its finding be published. Following a finding by a Disciplinary Tribunal, both the defendant and the Board may seek to appeal. If the appeal meets the specified criteria, the case will go to an Appeal Tribunal, which has a similar composition to a Disciplinary Tribunal.

## Recent changes

In January 2014 the Board introduced some amendments to the Regulations which govern the TDB's procedures. The principal change was to introduce a simplified procedure for presenting cases to the Disciplinary Tribunal where the defendant accepts the charges. This will avoid the

need for a barrister in such cases and should reduce the level of costs awarded against such defendants. Another change designed to avoid defendants ending up with heavy costs is to allow the Interim Orders Panel to make an interim costs order in a case where it has already made an interim order. The third change allows the TDB to publish the full written decisions of tribunals, suitably redacted to avoid naming complainants or other third parties. Summaries of decisions are still published on the TDB website and in Tax Adviser, but the full report is now accessible via a hyperlink.

## Cases dealt with in 2014

The Scheme provides for the fair and independent investigation of every complaint referred to the Board and fair treatment for any member against whom a complaint is made. During 2014 the Board received a record number of 75 new complaints and dealt with 12 complaints outstanding from 2013. (58 of these cases related to CIOT members.) Of this total, 27 cases arose from the failure of members to submit the required AML returns. The Investigation Committee considered 12 complaints (9 involving CIOT members), whilst 8 were dealt with by a financial penalty (6 involving CIOT members). Of the remainder, 15 fell outside the scope of the TDB's regulations, 33 (19 involving CIOT members) were withdrawn or not pursued by the complainant, whilst 19 cases were still under investigation at the end of the year (13 involving CIOT members).

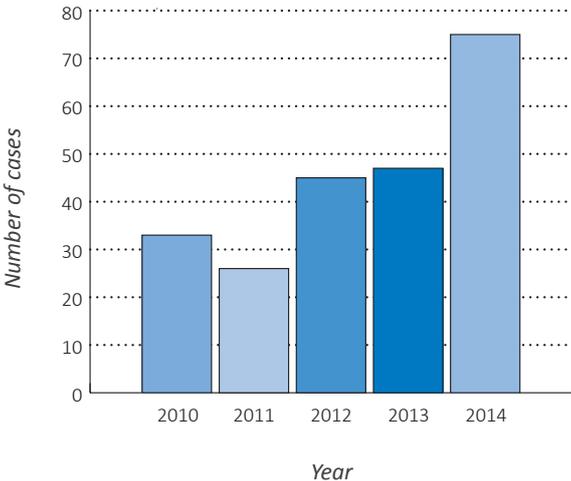
The number of disciplinary cases involving members of the two bodies remains small. During 2014, only 5 cases were heard by Disciplinary Tribunals (4 involving CIOT members), whilst a further 2 cases (1 involving a CIOT member) were outstanding at the end of the year. Findings were made against all the defendants. No Appeal Tribunals were held.

## Neville Nagler

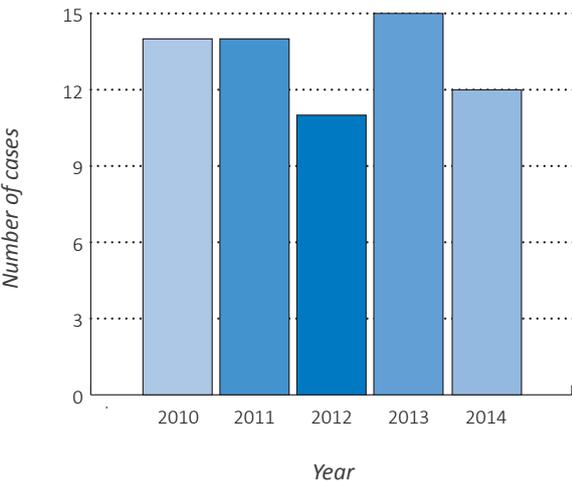
Executive Director, Taxation Disciplinary Board

# Enforcing Standards: Complaints and Discipline

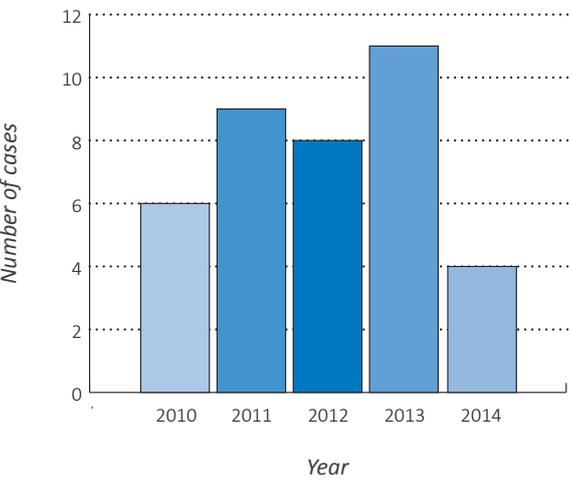
Total number of new complaints received



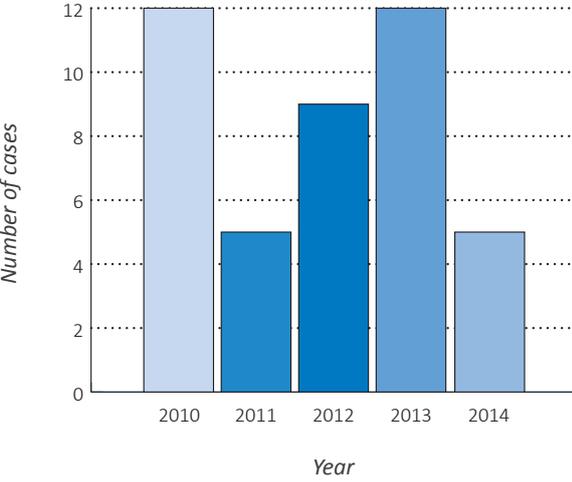
Cases referred to the Investigation Committee



Cases referred to a Disciplinary Tribunal



Disciplinary and Appeal Hearings



# Finance & General Purposes

The CIOT, as a charity delivering public benefit and operating as a professional membership body supporting its members, requires well managed resources and systems to deliver these objectives. The Finance & General Purposes Committee (F&GPC) is a delegated committee of the CIOT Council with a remit to ensure that this objective is met. It advises the Executive and reports to Council on all matters relating to financial policy and the financial arrangements and on matters relating to the operating resources including IT, HR and property.

## 2014 Outturn

Total incoming resources amounted to £7,262,000, an increase over 2013 of 6.6%. It is pleasing to report a very satisfactory outturn for the year with an operating surplus of £298,000 which was strongly assisted by new CTA members, student numbers and ADIT affiliates towards the end of the period. Because of this, the performance exceeded the budget whilst costs continued to be closely controlled throughout the year. Net assets have increased by some £321,000 due to a combination of the operating surplus and the increase in investment values.

## Investments

The CIOT investment portfolio has experienced a modest rise over the year and the realised and unrealised gains at the year-end had appreciated by £25,000 to £4,710,000. The F&GPC considers investment performance at each meeting and holds discussions with the portfolio managers, Cornelian, and the strategic investment advisers, LJ Athene. The F&GPC also considers the CIOT reserve holdings of term deposits and the index linked gilt portfolio intended to provide funds required to cover potential expenditure arising in the future on the expiry of the Artillery House lease in 2024. In line with the investment policy, the holdings of

index linked gilts have continued to be increased by £150k annually.

## Overheads

Overheads are subject to strict control and monitoring against budgets which have been scrutinised carefully by F&GP before approval. During the year, management accounts and variance analysis are then reviewed regularly. Total costs for the year amounted to £6,964,000, reflecting an increase of £516,000 or 8% over 2013. Aside from inflationary increases in costs, the main expenditure increases have occurred in IT.

## Branches

The CIOT/ATT Branches have had a reasonable year financially with a consolidated net surplus of £19,000 before central costs. Although a challenging year, branches have continued their important role for members and have attracted good delegate numbers at their meetings. The implementation of a purpose-built events booking system has greatly assisted the branches and provides management information relating to activity which should help to boost numbers going forward.

## Controls

A comprehensive business process review was undertaken by external consultants during 2014 and CIOT management are in the process of implementing the recommendations. Many of the recommendations will help to strengthen further the controls and have also identified some scope for developments to enable working practices to be improved further.

## IT

The F&GPC continues to review the CIOT's development programme for IT based systems

# Finance and General Purposes

and to monitor the related budgets, progress undertaken and costs incurred to update systems. The CIOT strategy remains the eventual replacement of legacy systems, all of which have given good service for many years but are now in need of updating. F&GPC recognise that the cost of these improvements and replacements, whilst significant, is essential for the development of CIOT and to enable IT delivery which meets members and students expectations and needs.

## HR

Staffing has been reasonably stable during the year with some growth in the IT Team to meet the increasing demands on technology to support the business. There has been investment in management development and an in-house eLearning system has been introduced for all staff. The declaration of compliance required by the Pensions Regulator has been completed and following implementation of the Auto-Enrolment changes during 2014, all staff who were not in the pension scheme are now enrolled.

## Charity Commission

The F&GPC has continued to consider the implications for CIOT of new recommendations and guidance issued by the Charity Commission and, in particular it has been reviewing the new SORP requirements which will be operative for the next annual report and financial statements.

## The Future

The 2015 budget anticipates a small operating surplus. Costs will continue to be tightly monitored as will the trends in new member and student numbers which have a direct effect on annual operating results. Given trends in recent years, it is appropriate to look forward with confidence and be cautiously optimistic about 2015.

As always, I should like to record my appreciation to the other members of the F&GPC for their enthusiasm and commitment throughout the year and to thank Mary Foley, Director of Member Services and Operations and Steve Hines, Head of Finance together with their staff for their hard work and valued contribution which has been much appreciated. Finally, as I shall be stepping down as CIOT Treasurer and Chairman of the F&GPC at the forthcoming AGM, I should like to offer best wishes to my successor and am sure they will find the position as interesting and worthwhile as I have done.

## **Nick Goulding**

Treasurer

# Institute Governance

## Compliance Statement

The Institute operates within the terms of its Royal Charter (the Charter), Byelaws and regulations and its management is under the control of the Council of the Institute. Good governance and leadership is essential for the success of the Institute and Council is committed to following the principles of good governance set out in the Charity Commission guidance 'Hallmarks of an effective charity' and Good Governance - Code for the Voluntary and Community Sector. These principles of effective governance and leadership are: understanding the role and responsibilities of Council; ensuring delivery of the Institute's aims; working effectively, both individually and collectively; exercising effective control; acting with integrity; and being open and accountable.

## Council

The Council comprised 31 Trustees at the close of 2014 (30 in 2013) who provide a wide range of skills and experience. The Officers Group of Council comprises the CIOT President (Chairman), CIOT Deputy President, CIOT Vice-President, CIOT Vice-President elect, ATT President and Chief Executive. The Treasurer also attends. The members of staff who attend all Council meetings are the Chief Executive, Secretary and Director of Education, the Tax Policy Director and the Director of Member Services and Operations. All their roles are separate and clearly defined. Other members of the Management Team attend as and when required for specific items. The Council considers that its Committee Members are independent and that no individual, or small group of individuals, can dominate Council decisions.

The Council met five times during the year to deal with Trustee business, review financial performance, strategy and risk and has a formal agenda of matters specifically reserved to it for decision in accordance with the Charter paragraph

5 (3). One day-long meeting was entirely devoted to strategic planning. Council papers comprising an agenda, formal Council and Standing Committee Minutes together with briefing papers on specific Trustee matters and usually a technical discussion item are sent to all Council members in advance of each meeting. The Officers Group of Council met five times in the year to deal with day-to-day executive matters which include reports from Institute executives and staff remuneration with reference to annual performance. Council members achieved an overall attendance rate of 87% (2013: 89%) at Council meetings and 90% (2013: 93%) at Officers Group meetings. In compliance with Council Regulation 21, Council members and other Standing Committee Members are required to make declarations of interests at meetings which might give rise to a conflict of interest or influence their vote on a resolution proposed at a Council or other committee meeting. All Members of Council have access to the advice and services of Institute staff and may take independent professional advice on Institute matters. There are a number of Standing Committees of Council to which various matters are delegated and they adopt the same approach as Council to the preparation and distribution of papers for meetings. Membership of the Committees is set out on pages 76 to 80.

## Election to Council

Election to Council is by the Members of the Institute at the Annual General Meeting. The Council is responsible for dealing with nominations under Members Regulation 28 (Nominations for Election to Council). Council is also responsible for the election of its Honorary Officers.

To help identify potential candidates with the skills which Council needs, prospective new Council members, who must also be Members of the Institute (Byelaw 5), are selected for what they can contribute to the Institute and must sign a

# Institute Governance

declaration that they are not disqualified from acting as a Trustee as detailed in Section 178 of the Charities Act 2011. Trustee training is provided for new and existing Trustees on an annual basis.

Prospective new Council members are considered at Cross-Cutting Committee which brings together the Chairmen of all the Standing Committees of the Institute and acts as a Nomination Committee once a year for this purpose.

## Lay Public Interest Council Observer

Sir Alistair Graham retired as the Institute's Lay Public Interest Council Observer in the year after completing a four year term advising Council on public interest matters relating to the Institute's activities and compliance with the Institute's charitable obligations. He attended three Council meetings in the year and contributed to the deliberations of Council in all matters. Sam Younger CBE will succeed Sir Alistair Graham in 2015.

## Audit Committee

The Audit Committee is a joint committee of the Institute and the ATT and it has a separate budget for expenditure. Its six members (listed on page 67) including the Chairman are appointed by Institute and Association Councils from their memberships and comprise: a serving member of each Council, a nominee from each of the Institute and the Association and two other members. The Institute and Association Treasurers, the Chief Executive of the Institute and the Executive Director of the Association attend all meetings. Members of the Committee receive no remuneration for their services although travel expenses are reimbursed; are independent of the Council; have accountancy and taxation qualifications; and recent and relevant experience. The Committee acts as a catalyst in relation to matters affecting the Institute's financial controls, reporting requirements and

risk management strategy and is authorised to seek any information it requires from members of the Councils of the Institute or the Association, external auditor and employees. In this role it reviews financial control policies and their practical implementation; the changes in the external environment and the procedures used to respond to them; and the management of any prospective risk. It has specific responsibility for the relationship with the external auditor, and makes a recommendation to the Council on their appointment, reappointment and removal. It met three times during the year and requests and receives reports from management, external professional advisers and also from the external auditor on the audit. The Chairman or his deputy attends the external audit scope and audit closure meetings and the Committee reviewed the auditor's forensic analysis of the audit process in the year. The Audit Committee considers annually a wide range of audit related subjects and reports annually directly to Council. The most significant matter reviewed during the year was the positioning of the Institute and the Association for the future and the risks posed by those strategic issues. Reputational risk is at the forefront of the Committee's mind particularly in relation to HMRC's tax agent strategy; the CIOT/ICAEW Joint Programme; and the role of the Taxation Disciplinary Board.

## Council Members' Remuneration

Council members normally receive no remuneration for their services although their travelling expenses on Institute business are reimbursed. However, under paragraph 8 (2) (b) of the Charter, not more than a minority of the total number of members of the Council for the time being may receive reasonable remuneration for delivering lectures or writing articles on taxation matters on behalf of the Institute in any one calendar year. Payments to Council members for services rendered to the Institute total £16,589 VAT inclusive (£12,579 in 2013).

# Institute Governance

## Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on page 48. The Council statement on going concern is set out below. There were no non-audit services provided by the Auditor during the year.

The Council is responsible for the Institute's system of internal controls and for taking such steps as are reasonably open to it to safeguard the assets of the Institute and to prevent and detect fraud and other irregularities. The Code for the Voluntary and Community Sector emphasises the importance of maintaining and regularly reviewing the systems of financial controls, performance reporting, policies and procedures with the Council periodically taking steps to assure itself of their effectiveness. As with all such systems, internal control is designed to manage rather than eliminate the risk of failure to achieve strategic objectives and can provide reasonable and not absolute assurance against material misstatement or loss. The day-to-day running of the Institute's business is delegated to the Officers Group and to the Management Team comprising Institute executives (listed on page 5). An annual letter of assurance is signed by Institute executives with responsibility for the preparation of financial statements and the adequacy of systems of internal financial, compliance and non-financial controls. The President, Officers and Committee Members of the Institute visit Head Office and its Branches on a regular basis and meet volunteers, members, students, staff and law-makers and administrators of the tax system. Quarterly financial statements are presented to Council at meetings and are measured against both budget and interim forecasts. A clear organisation structure with defined authority limits has been established. The Council keeps under review the need for internal audit at the Institute. Its current view, which is supported by the Audit Committee, is that a separate function

is not required given: the size and nature of the Institute; the close management supervision exercised; and the increased attention paid to the adequacy of financial, operational, organisational and compliance controls and risk management.

An independent business process review of the Institute's operations took place in 2014 and a number of projects are now underway to streamline processes for the journey from student to member of the Institute.

## Remuneration and Performance Committee

The terms of reference of the Remuneration and Performance Committee were revised in the year to clarify certain responsibilities and reflect the fact that it is now a joint committee of the Institute and the ATT. Committee membership comprises a Chairman, the CIOT Past President, a CIOT and ATT representative and the Treasurer. The Committee met twice in the year to recommend the annual salary review for 2013-2014; to monitor the objectives for 2014 for the Chief Executive and senior staff (which were agreed in conjunction with the Chief Executive and the President); and to progress the revision of the policy on executive remuneration and performance. The Committee reports directly to the Audit Committee and the Chairman attends Officers Group and Council once per year.

## Risk Management

The Officers Group keeps the principal risk areas regularly under review and discuss risk at each meeting.

The Institute has developed a 'statement of ambition' and has analysed this by threats or risks to achieving these ambitions. At each meeting, Officers review an ambition and how the risks of failing to achieve that ambition are being mitigated.

# Institute Governance

The overall risk management process is reviewed annually by Audit Committee.

The 'statement of ambition' analyses the Institute's ambitions:

- People in tax want to join the Institute and contribute to its work and the public benefit so engendered.
- The Institute leads the conversation on tax and promotes public understanding of tax.
- That the Institute is a strong organisation that supports and enables members, students and the taxpaying public.

The statement was presented to Council during 2014 and sets the framework for the Institute's strategy for the coming period. An analysis of detailed risk flows from this, as does the performance management of senior staff.

Key risks identified are:

- Less than expected student registration numbers due to economic climate or lack of support from employers.
- Retention of members.

## Governance Working Party

The Working Party met twice during the year to review the governing documents regulating the activities of the Institute and its members and students. Legal advice and assistance has been taken in connection with the redrafting of the documents and the Privy Council has been consulted. The draft documents were placed on the website in November 2014 with an article in Tax Adviser drawing attention to them, summarising the changes and inviting any comments on the proposed

changes from members. This is the first systematic review of the governing documents since the Royal Charter was granted 20 years ago. The intention has been to streamline and update them and improve their clarity.

A resolution regarding the revised documents will be presented to the AGM in May 2015.

## Going Concern

The Council has reviewed the Institute's financial statements, budgets and forecasts and is satisfied that it is appropriate to prepare the financial statements on the going concern basis.

# Organisations relevant to Chartered Tax Advisers

## The Worshipful Company of Tax Advisers

The Worshipful Company of Tax Advisers (WCTA) was initially founded as a City Guild in 1995 by some leading CIOT members. It became the 107th livery company of the City of London in 2005 and was granted a Royal Charter in 2009. WCTA's primary aims are to:

- enhance the standing of the profession of tax adviser in the City of London;
- support the Lord Mayor and the City of London Corporation;
- support and fund charitable and benevolent causes; and
- promote fellowship among tax advisers.

WCTA is the corporate trustee of The Tax Advisers Benevolent Fund (registered charity 1049658) of which details are given below and The Tax Advisers Charitable Trust (registered charity 1064392) which supports a variety of charities including tax charities.

Freedom of the Company is open to all tax advisers in the UK and Overseas who are appropriately qualified.

Enquiries regarding membership of the Worshipful Company of Tax Advisers should be addressed to The Clerk, 191 West End Road, Ruislip, HA4 6LD or [clerk@taxadvisers.org.uk](mailto:clerk@taxadvisers.org.uk)

Website: [www.taxadvisers.org.uk](http://www.taxadvisers.org.uk)

## The Tax Advisers Benevolent Fund

The Tax Advisers Benevolent Fund (TABF) has been providing financial assistance and advice to CIOT and ATT members and former members and their dependants who are in need since it was established in 1995. TABF also provides grants for CIOT and ATT students who can demonstrate a need for financial assistance towards training to become Chartered Tax Advisers and Taxation Technicians and a commitment to undertake a course of preparation to sit the exams.

TABF is entirely dependent on donations and volunteer administration and members can help TABF to achieve its charitable objects by:

- making members and students aware of our existence and the work we do;
- making a one-off or regular donation by gift aid, cheque, online by BT MyDonate, or bank transfer;
- leaving a legacy; and
- becoming a volunteer.

Enquiries regarding support for the charities and applications for assistance from the Benevolent Fund should be addressed to the Almoner, Tax Advisers Benevolent Fund at 1st Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT or [almoner@tabf.org.uk](mailto:almoner@tabf.org.uk)

# Organisations relevant to Chartered Tax Advisers

## Tax Volunteers (Tax Help)

Tax Volunteers, which was conceived by the Institute's Low Incomes Tax Reform Group, operates independently of the Institute and was incorporated on 10 September 2003 as a private company limited by guarantee. It was registered as a charity on 24 February 2004 (registered charity no. 1102276) with the objectives of providing free tax advice and related services to those unable to afford to pay professional fees; to carry out research into the impact of taxation on the poor; to publish the results of the research; and to educate the public on those related issues. In the year it was awarded an advice quality standard certificate by the Advice Services Alliance.

Tax Volunteers has over 500 active volunteer advisers who work from over 400 surgery venues across the UK. Over 29,000 calls were handled during the year and there were over 21,000 advice sessions including over 2,500 home visits.

In addition to constructive consultation with HMRC on a wide range of issues, tax education activities include training sessions and public events on planning for retirement.

Enquires regarding support for the charity should be addressed to The Chief Executive, Tax Volunteers, Pineapple Business Park, Salway Ash, Bridport, Dorset DT1 1UT.

Website: [www.taxvol.org.uk](http://www.taxvol.org.uk)

## TaxAid UK

TaxAid UK is totally independent of the Institute and was incorporated on 21 May 1997 (registered charity no. 1062852). It aims to resolve tax problems that people on low incomes cannot solve alone through a national helpline and through face to face services in London, Birmingham, Manchester and Newcastle. Advice by teleconference is available in Bristol, Plymouth, Sheffield, Newcastle and Stoke on Trent. The charity's strategic direction remains further outreach advice services in major conurbations of the UK; development of the tax trainer role to the voluntary sector; advising government and HMRC in cases where the tax system is unfair, inefficient or reduces incentives to work; and the use of technological developments that improve service and access for low income groups.

Enquiries regarding support for the charity should be addressed to The Secretary and Director, TaxAid, Room 304, Linton House, 164-180 Union Street, London SE1 0LH.

Website: [www.taxaid.org.uk](http://www.taxaid.org.uk)

# Statement of Council Members' responsibilities

Council members, as trustees of the Institute are responsible for preparing the Annual Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for

the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees who are in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees has confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

# Independent Auditor's Report

We have audited the financial statements of the Chartered Institute of Taxation for the year ended 31 December 2014 on pages 50 to 65. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Council Members' responsibilities set out on page 48 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2014 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BAKER TILLY UK AUDIT LLP

Statutory Auditor & Chartered Accountants  
Marlborough House,  
Victoria Road South,  
Chelmsford CM1 1LN

2 April 2015

Baker Tilly UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Financial Statements

Statement of Financial Activities for the year ended 31 December 2014

	Restated			
	Unrestricted Funds 2014 £'000	Restricted Funds 2014 £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
<b>Incoming resources</b>				
<b>Incoming resources from generated funds:</b>				
Activities for generating funds <sup>2b</sup>	43	-	43	11
Investment Income <sup>2a</sup>	131	-	131	147
Grants receivable	-	176	176	224
<b>Incoming resources from charitable activities:</b> <sup>2c</sup>	6,912	-	6,912	6,429
<b>Total incoming resources</b>	7,086	176	7,262	6,811
<b>Resources expended</b>				
<b>Cost of generating funds:</b>				
Investment management costs <sup>2d</sup>	18	-	18	15
<b>Charitable activities</b> <sup>2d</sup>	5,896	168	6,064	5,943
<b>Governance costs</b> <sup>2e</sup>	882	-	882	490
<b>Total resources expended</b> <sup>2d</sup>	6,796	168	6,964	6,448
<b>Net incoming resources before other recognised gains and losses</b>	290	8	298	363
<b>Other recognised gains and losses:</b>				
Net gains on investment assets <sup>4</sup>	25	-	25	256
(Loss) on foreign exchange	(2)	-	(2)	(2)
<b>Net movement in funds</b>	313	8	321	617
<b>Reconciliation of funds</b>				
<b>Total funds brought forward at 1 January</b> <sup>10</sup>	6,080	84	6,164	5,547
<b>Total funds carried forward 31 December</b> <sup>10</sup>	6,393	92	6,485	6,164

The above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 53 to 65 form part of these financial statements.

# Financial Statements

## Balance Sheet as at 31 December 2014

	2014 £'000	Restated 2013 £'000
<b>Fixed Assets:</b>		
Tangible assets <sup>3</sup>	176	169
Investments <sup>4</sup>	4,710	4,737
<b>Total Fixed Assets</b>	4,886	4,906
<b>Current Assets</b>		
Stock <sup>5</sup>	77	42
Debtors <sup>6</sup>	697	682
Cash on short-term deposit and at bank <sup>7</sup>	2,379	2,753
<b>Creditors</b>		
Amounts falling due within one year <sup>8</sup>	(1,508)	(2,173)
<b>Net Current Assets</b>	1,645	1,304
<b>Total assets less current liabilities</b>	6,531	6,210
<b>Creditors</b>		
Amounts falling due after more than one year <sup>9</sup>	(46)	(46)
<b>Net Assets</b>	6,485	6,164
<b>Funds:</b>		
Restricted <sup>10</sup>	92	84
Unrestricted <sup>10</sup>	6,393	6,080
<b>Total Funds</b>	6,485	6,164

Approved and authorised for issue by the Council on 27 March 2015 and signed on its behalf by:

A. Fairpo          President

N. C. Goulding    Honorary Treasurer

P. Fanning          Chief Executive

# Financial Statements

## Cash Flow Statement for the year end 31 December 2014

	2014 £'000	2013 £'000
<b>Net cash (outflow) from operating activities (see below)</b>	(510)	(111)
<b>Returns on investments and servicing of finance</b>		
Investment income	102	84
Short-term deposits	29	63
	131	147
<b>Capital expenditure and financial investment</b>		
Acquisitions and disposals		
Purchase of tangible fixed assets	(45)	-
Sale of investments	50	675
<b>Management of liquid resources</b>		
Cash inflow/(outflow) on short term deposit	443	(964)
<b>Increase/(Decrease) in cash for the year<sup>7</sup></b>	69	(253)
<b>Reconciliation of net incoming resources to net cash flow from operating activities</b>		
Net incoming resources for the year	298	363
Investment income and interest received	(131)	(147)
	167	216
Depreciation charge for the year	38	57
(Increase) in stock	(35)	(10)
(Increase) in debtors	(15)	(55)
(Decrease) in creditors	(665)	(319)
<b>Net cash (outflow) from operating activities</b>	(510)	(111)
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(Decrease) in cash in the year	69	(253)
Cash (outflow)/inflow from short term deposits	(443)	964
Change in net funds resulting from cash flows	(374)	711
Net funds at 1 January	2,753	2,042
Net funds at 31 December	2,379	2,753

# Notes to Financial Statements

## 1. Accounting policies

### *Basis of preparation of accounts*

The financial statements of the Institute for the year ended 31 December 2014 include the results of its Branches, which are not separate legal entities, for the year ended 30 June 2014 and have been prepared under the historical cost convention at market value as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards in the United Kingdom.

The provisions of Accounting and Reporting by Charities, Statement of Recommended Practice 2005 (SORP 2005) issued in March 2005 and the Charities Act 2011 have been adopted in these financial statements. The Association of Taxation Technicians of 1<sup>st</sup> Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT is a connected charity but it is not subordinate to the Institute and therefore consolidated financial statements have not been prepared. The Institute and the University of Exeter formed and became sole members of a company limited by guarantee, The Journal of Tax Administration Company Limited, in February 2014. No accounts are yet available for that company and accordingly it has been excluded from these financial statements. Payments made by the Institute to that company have been included as grants payable in the SOFA.

### *Going concern*

As detailed in the Council Members' responsibilities statement, the accounts are prepared on a going concern basis unless it is inappropriate to presume that the Institute will continue in operation. The Institute's Council Members have approved the Institute's budgets and forecasts for 2015 to 2016 and conclude that the Institute has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements.

### *Prior year Adjustment*

The trustees have identified a fundamental error in the previously presented financial statements. As a consequence they have restated comparative 2013 debtors and reserves resulting in an increase in debtors of £207,000 and a corresponding increase in reserves. The opening balance in the previous period has also been adjusted by the same amount.

### *Tangible Fixed Assets and Depreciation*

All single purchases of less than £1,000 (inc VAT) are written off in full to the Statement of Financial Activities in the year of purchase unless forming part of a bulk purchase where the total is £1,000 (inc VAT) or more, which is capitalised.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line basis as follows:

Leasehold improvements written off over the remaining life of the lease (15 years)	
Office equipment	25%

### *Stock*

Stock is valued at the lower of cost and net realisable value. An annual review is carried out for any obsolete stock which is written off accordingly.

# Notes to Financial Statements

## *Pension Costs*

Auto-enrolment has now been completed for all staff who are eligible to join the Institute's defined contribution retirement benefit scheme. The scheme provides individual pension plans which are managed by independent pension providers. The amounts charged to the statement of financial activities in respect of pension costs is the actual contribution payable in the year.

## *Income Recognition*

Incoming resources are recognised in the year to which they relate including those from cash deposits. Student registration fees are not refundable and are credited to income over the period of the registration. Subscriptions, sponsorship, examination fees and registration income are credited to income over the period to which they relate with that portion relating to subsequent years included in creditors. Investment income from the Institute's portfolio of investments is credited on an earnings basis each year.

## *Expenditure Recognition*

Expenditure is recognised when a liability is incurred. Resources expended comprise all actual and accrued expenditure directly relating to the charitable objectives. Grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Support costs are central administration costs and are allocated across the categories of charitable expenditure and governance costs. The basis of allocation is given in the notes to the financial statements. Governance costs include those incurred in the governance of the charity and are primarily associated with organisational administration, and constitutional and statutory requirements.

## *Reserves*

In 2014 the target for reserves was composed as follows:

	2014 £'000
12 months running costs to provide financial stability and enable the Institute to meet its commitments for a reasonable period in the event of adverse operating conditions.	5,004
To cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board	1,096
	6,100
Actual reserves at 31 December 2014 (excluding restricted funds)	6,393
Target level of reserves exceeded	293

# Notes to Financial Statements

## *Foreign Currencies*

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate set at the date of transaction. All differences are taken to the statement of financial activities.

## *Taxation*

The CIOT is a registered charity and is therefore exempt from tax on income and gains falling within part II of the Corporation Tax Act 2010 where it relates to Charitable Objects.

Irrecoverable VAT is attributed to the relevant category or capital expenditure as appropriate.

## *Fixed Asset Investments*

Investments have been valued at market prices at 31 December 2014. Account is therefore taken of both realised and unrealised gains in the Statement of Financial Activities.

## *Leased Assets and Obligations*

All leases are “operating leases” and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term, which expires in 2024.

## *Fund Accounting*

General funds are unrestricted as to their use and have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors.

## *Liquid Resources*

Included as liquid resources in the cash flow statement are term deposits that do not meet the FRS1 definition of cash.

# Notes to Financial Statements

## 2. Analysis of incoming resources and resources expended

### 2a. *Investment income*

	2014 £'000	2013 £'000
Dividend income	102	84
Other interest receivable	29	63
	131	147

### 2b. *Activities for generating funds*

	2014 £'000	2013 £'000
Sponsorship	43	11

### 2c. *Breakdown of incoming resources from charitable activities*

	2014 £'000	2013 £'000
Membership subscriptions	4,649	4,465
Chartered Tax Adviser registration fees and entrance fees	46	36
Student registrations and examination fees	1,310	1,125
Conference and event fees	691	654
Sale of books and journal	114	46
Anti-Money Laundering fees	95	84
Other sales	7	19
	6,912	6,429

# Notes to Financial Statements

## 2d. Breakdown of costs of resources expended

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2014 £'000	Total 2013 £'000
<b>Charitable activities</b>					
Grants payable	-	72	-	72	62
Education and student services	1,307	-	793	2,100	1,993
Membership services	1,541	-	935	2,476	2,427
Regulation and compliance	25	-	16	41	355
Consultation and representation	688	-	417	1,105	925
LITRG restricted funds	168	-	102	270	181
	3,729	72	2,263	6,064	5,943
Investment management costs	18	-	-	18	15
Governance	549	-	333	882	490
	4,296	72	2,596	6,964	6,448

Support costs are central administration costs allocated to each activity on the same basis as expenditure incurred directly and are analysed as follows:

	Total 2014 £'000	Total 2013 £'000
Information technology	526	425
Staff costs	996	931
Operating costs	1,074	887
	2,596	2,243

# Notes to Financial Statements

## *Grants payable in respect of charitable activities*

	Total 2014 £'000	Total 2013 £'000
Grants payable to tax and other charities to help meet the core operating costs of providing free tax advice to persons who cannot afford to pay for professional help or training and to promote public understanding of tax matters		
Tax Advisers Benevolent Fund (registered Charity no. 1049658)	10	10
Tax Aid (registered Charity no. 1062852)	2	19
Tax Volunteers (registered Charity no. 1102276)	22	20
Grants payable to three University Students for original tax research	5	13
Grant for Journal of Tax Administration	33	-
	72	62

## *2e. Governance costs*

	Total 2014 £'000	Total 2013 £'000
Audit fee	20	27
Legal and professional fees	228	174
Council meetings (inc. Council members' expenses)	104	101
Property	21	16
Governance support	509	172
	882	490

# Notes to Financial Statements

## 3. Tangible Fixed Assets

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost at 1 January	215	404	619
Additions	-	45	45
Cost at 31 December	215	449	664
Depreciation at 1 January	66	384	450
Charge for the year	15	23	38
Depreciation at 31 December	81	407	488
Net book value at 31 December 2014	134	42	176
Net book value at 31 December 2013	149	20	169

All tangible fixed assets are held for charitable purposes.

# Notes to Financial Statements

## 4. Fixed Asset Investments

	2014 £'000	2013 £'000
Market value at 1 January	4,737	5,158
Term (withdrawals)/deposits	(52)	(677)
Unrealised gains on investment assets	21	191
Unrealised gain/(loss) on gilts	4	(29)
Realised gain on sale of investments	-	94
<b>Market value at 31 December</b>	<b>4,710</b>	<b>4,737</b>
Historical cost	4,499	4,210
There was one category of investments representing more than 5% of the portfolio valuation at 31 December 2014.		
2.5% index linked Treasury Gilt – 2024	471	440
1.78% index linked Treasury Gilt – 2022	458	306
Listed investments held at 31 December comprised of the following:		
Fixed interest	670	632
UK equities	957	1,077
International equities	378	437
Other assets	171	248
Gilts	929	746
Term deposits and cash	1,605	1,597
	<b>4,710</b>	<b>4,737</b>

## 5. Stock

	2014 £'000	2013 £'000
Publications and merchandise	77	42

# Notes to Financial Statements

## 6. Debtors

	Restated	
	2014 £'000	2013 £'000
Other debtors	191	330
The Association of Taxation Technicians	254	147
Prepayments and accrued income	252	205
	697	682

## 7. Analysis of changes in cash and short-term deposits

	At 01.01.14 £'000	Cash flows £'000	At 31.12.14 £'000
Cash at bank	143	69	212
Cash on short-term deposit	2,610	(443)	2,167
	2,753	(374)	2,379

## 8. Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Taxes and social security	81	95
Accruals	420	735
Deferred income (fees and subscriptions received in advance)	1,007	1,343
	1,508	2,173

Deferred income includes subscriptions, examination fees and conference fees paid in 2014 but relating to income and events in 2015.

# Notes to Financial Statements

## Deferred Income

	2014 £'000	2013 £'000
Amount brought forward	1,343	2,173
Released in the year	(1,343)	(2,173)
Amounts deferred in the year	1,007	1,343
Amount carried forward	1,007	1,343

## 9. Creditors: Amounts falling due after one year

	2014 £'000	2013 £'000
Student registration fees:		
At 1 January	46	40
Fees received in advance	194	156
Release of income in year	(194)	(156)
	46	46

## 10. Income Funds: Unrestricted

	Movement in funds					
	Previous at 01.01.14 £'000	Prior year adjustment £'000	Restated at 01.01.14 £'000	Net Income £'000	Transfer £'000	At 31.12.14 £'000
<b>Unrestricted</b>						
General	4,783	207	4,990	313	(112)	5,191
Designated:						
Property	790		790	-	112	902
Disciplinary procedures	300		300	-	-	300
	5,873	207	6,080	313	-	6,393

The transfer of £112,000 from the General to the Property Fund comprises a transfer of £150,000 to the Property Fund in accordance with the reserve policy and transfer of £38,000 from the Property Fund to the General Fund relating to depreciation on capitalised expenditure. Please see the accounting policy for more information.

# Notes to Financial Statements

## Income Funds: Restricted

	Movement in funds			At 31.12.14 £'000
	At 01.01.14 £'000	Incoming Resource £'000	Outgoing Resources £'000	
HMRC	84	176	(168)	92

Grants received from HMRC relate to four projects; a joint website benefit/tax credits website, tax help for migrants, tax help for disabled people and tax help for students. The agreement ends in 2015.

## 11. Capital Commitments

At 31 December 2014 there were no capital commitments contracted or authorised but not contracted (2013 none).

## 12. Financial Commitments

The Institute has annual commitments under operating leases as follows:

	2014 £'000	2013 £'000
Property lease expiring in more than 5 years	374	374

The Institute entered into a long term lease at 1<sup>st</sup> Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT in January 2009. The lease has an element of a rent free period. In accordance with UITF abstract 28 operating lease incentives, the rent free period incentive has been spread over five years, and a rent review took place in 2014.

### *Other financial commitments*

The Institute has a commitment under an agreement with the University of Exeter to make payments of £33,000 per annum to The Journal of Tax Administration Limited during the years 2015 and 2016.

# Notes to Financial Statements

## 13. Personnel

All members of staff, with the exception of the Chief Executive, who is employed by the Institute, are jointly employed by the Chartered Institute of Taxation and the Association of Taxation Technicians. All costs are initially disbursed by the Institute and an agreed proportion is attributed to the Association.

The Institute has maintained liability insurance throughout the year to pay on behalf of the Institute or its Council, committee members and staff, any claims for wrongful acts arising out of the conduct of the Institute's business, or committed in their capacity as officers. The insurance premium paid by the Institute covering both claims against the Institute and the Trustees personally amounts to £7,500 (2013: £7,300).

The Institute operates a defined contribution pension scheme whose assets are held separately from those of the Institute in independently administered funds. The pension cost charge represents staff pension contributions. Contributions paid by the Institute amounted to £356,379 (2013: £264,000).

There were no outstanding pension contributions at year end for 2013 and 2014.

The average number of employees is 73 (2013 - 70) and the number whose salary and benefits in kind, excluding pension contributions, fell within the following bands is as follows:

	2014	2013
£60,001 - £70,000	4	4
£70,001 - £80,000	2	2
£80,001 - £90,000	4	-
£90,001 - £100,000	-	1
£100,001 - £110,000	3	3
£160,001 - £170,000	1	1

Payments to pension schemes for the employees included in the bandings above £60,000 totalled £116,000 (2013: £112,000).

Total staff costs:

	2014 £'000	2013 £'000
Salaries	2,963	2,702
Social Security costs	309	290
Pension costs	356	264
Other staff costs	10	116
	3,638	3,372

# Notes to Financial Statements

## 14. Council Members

Council members receive no remuneration for their services as Trustees. The Charter of the Institute was amended so that making reasonable payments to members of the Council (or to a firm or company employing a member or in which a member has an interest) in respect of services provided by them to the Institute or on its behalf in delivering lectures or writing articles on taxation matters could occur provided that not more than a minority of the total number of members of the Council for the time being may benefit in any calendar year. Council members' remuneration for the year was £16,590 (2013: £12,579). The Council members paid for delivering lectures for CIOT Branches or CIOT National Conferences and/or writing articles for the CIOT journal, Tax Adviser, in 2014 were John Barnett (£1,440, paid to Burges Salmon LLP), Emma Chamberlain (£2,172) and Keith Gordon (£12,976). Council members' travelling expenses are reimbursed in respect of expenses incurred on Institute business. In the year ended 31 December 2014, 21 Council members claimed reimbursement of expenses aggregating to £63,000 (2013: 18 claimed a total of £63,000 for the year). Council members pay subscriptions on the same basis as other Members.

## 15. Related Party Transactions

### *The Association of Taxation Technicians*

The Association is a connected charity in that it has common, parallel or related objects and activities and unity of administration with the Institute. All employees, with the exception of the Chief Executive of the Institute who is employed by the Institute, are jointly employed by the Institute and the Association. Labour, operating and overhead costs borne by the Institute on behalf of the Association are charged to the Association on a quarterly basis using a simple and equitable formula agreed by both parties.

At a meeting of the Officers of both parties it was agreed that the current formula would continue with a review annually.

The total allocation for the year is £1,019,000 (2013: £905,000) and the balance outstanding from the Association at the balance sheet date was £254,000. (2013: £147,000), included in Debtors Note 6.

### *The Taxation Disciplinary Board*

The Institute and the Association have an agreement with the Taxation Disciplinary Board; a company limited by guarantee managed by an independent board of directors. Neither the Institute nor the Association exercises any significant influence over the operating and financial policy of the Board whose object is to administer the Taxation Disciplinary Scheme. The Institute's contribution to costs in the year was £91,000 (2013: £92,000). The amount due to CIOT from TDB at the balance sheet date was £75,723 (2013: £60,014).

# Committees of Council Volunteers 2014-2015

## Officers Group

Anne Fairpo (Chairman)  
Chris Jones (Deputy Chairman)  
Bill Dodwell (Vice-Chairman)  
Nick Goulding (Treasurer)  
Stephen Coleclough  
Natalie Miller (ATT matters only)

## Membership & Branches Committee

Keith Bell (Chairman)  
Chris Brydone (Vice-Chairman)  
Derek Carr  
Bernard Critchley  
Eile Gibson  
Nick Goulding  
Chris Lallemand  
Helen McGhee  
Andrew McKenzie-Smart  
Yvette Nunn  
Clifford Rodgers  
Paula Tallon  
David Treitel

## Education Committee

Daniel Lyons (Chairman)  
Alex Galloway (Vice-Chairman)  
Philip Baker  
Roger Barnard  
John Beattie  
Adeline Chan  
Kenneth Crofton Martin  
Bob Davies  
Chris Jones  
Barry Jefferd  
Pete Miller  
Steve Nash ◊  
John Preston  
Philip Ridgway  
Penelope Tuck

## Low Incomes Tax Reform Group

Anthony Thomas (Chairman)  
Barbara Abraham  
John Andrews  
Jane Ashton  
Stephen Banyard  
Alan Barton  
Leonard Beighton  
Jane Booth  
Colin Bruce  
Jenni Cooper  
Frances Corrie  
Larry Darby  
Nigel Eastaway  
Andrew Flint  
Eile Gibson  
Martin Hodgson  
Norman Kirby  
Bianca Marsden  
Patrick Millard  
Sam Mitha  
Jane Moore  
Carol Pavely  
Philip Ridgway  
Graham Sherburn  
Clair Thackaberry  
Victoria Todd  
Clive Tulloch  
Joanne Walker  
Sally West  
John Whiting  
Gillian Wrigley

## Performance & Remuneration Committee

Michael Squires (Chairman)  
Stephen Coleclough  
Nigel Eastaway  
Nick Goulding  
David Stedman

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◊ = Ex-Officio

# Committees of Council Volunteers 2014-2015

## Professional Standards Committee

Ray McCann (Chairman)  
Tracy Easman (Vice-Chairman)  
Gary Ashford  
Rosemary Blundell  
Alistair Cliff  
Ruth Cook  
Matt Coward  
Abigail Day  
Karen Eckstein  
Andrew Evens  
Susanna Hanks  
Ian Hayes  
Jean Jesty  
Lisa Macpherson  
Colin Murrell  
Amanda Pearson  
Tina Riches  
Ilana Rinkoff  
John Roberts  
David Stedman  
Richard Todd  
Anthony Thomas ♦  
Rosalind Upton  
John Whiting

## Communications & Brand Management

Chris Jones (Chairman)  
Keith Bell  
Nic Byrne  
Bill Dodwell  
Anne Fairpo  
Heather Miller

## Examination Committee

John Preston (Chairman)  
Roger Barnard  
John Barnes  
Jeremy Coker (ATT matters only)  
Kenneth Crofton Martin  
Anne Fairpo  
Kim Harmer  
Mike Thexton

## Audit Committee (Joint CIOT/ATT)

Rakesh Shaunak (Chairman)  
Simon Groom  
John Roberts  
Richard Geldard  
Ian Menzies-Conacher  
Peter Newsam

## Finance & General Purposes Committee

Nick Goulding (Chairman)  
Stephen Coleclough  
Stephen Foulkes  
Ian Sandles  
Anthony Thomas  
Graham Batty (ATT representative)

## Cross-Cutting Committee

Anne Fairpo (Chairman)  
Keith Bell  
Chris Brydone  
Stephen Coleclough  
Bill Dodwell  
Nick Goulding  
Chris Jones  
Daniel Lyons  
Ray McCann  
Andrew McKenzie-Smart  
Natalie Miller  
John Preston  
Rakesh Shaunak  
Anthony Thomas

## Joint Branches Sub-Committee

Andrew McKenzie-Smart (Chair)  
David Bradshaw  
Chris Brydone  
Rebecca Cave  
Sally Cox  
Bernard Critchley  
Ronnie Fell  
Stephen Foulkes  
Alexander Garden  
Joanne Routier  
Jeffrey Smith

# Committees of Council Volunteers 2014-2015

## Examination Review Sub-Committee

John Beattie (Chairman)  
Sarah Allatt  
Loretta Bond  
Peter Coulthard  
Kenneth Crofton Martin  
Bob Davies  
Natalie Miller  
Donald Pearce-Crump  
John Preston

## Tax Adviser Sub-Committee

Bill Dodwell (Chairman)  
Anne Fairpo  
Chris Jones  
Tanya Hiscock  
Yvette Nunn

## ADIT Sub-Committee

Jim Robertson (Chairman)  
Steve Dale (Vice-Chairman)  
Trudy Armstrong  
Philip Baker  
John Cullinane  
Marissa Hall  
Conrad Law  
Nisha Modha  
Martin Powell  
Abbas Sadak  
Jeff VanderWolk  
Bertil Weigend

## ADIT Examination Sub-Committee

David Salter (Chairman)  
Emma Bairstow-Ellis  
Ariel Bergmann  
Kenneth Crofton Martin  
Elaine Doyle  
Christiana HJI Panayi  
Tony Jackson  
Nikhil Mehta  
Tom O'Shea  
Bernard Schneider  
Joy Svasti-Salee

Michael Walpole  
Xiong Wei

## Technical Committee and its Sub-Committees

### Technical Committee

Bill Dodwell (Chairman)  
Adrian Rudd (Vice-Chairman)  
Peter Dylewski (Vice-Chairman)  
Paul Aplin (ICAEW)  
John Barnett  
Colin Ben-Nathan  
Nigel Clarke  
Stephen Coleclough  
John Cullinane  
Nigel Eastaway  
Anne Fairpo  
Glyn Fullelove  
Andrew Gotch  
Martyn Gowar  
Paul Hill  
Andrew Hubbard  
John Lindsay  
Alex McDougall (ICAS)  
Simon Newark  
Vincent Oratore  
Elspeth Orcharton (ICAS)  
Jonathan Preshaw  
Brian Slater  
Patrick Stevens ◊  
Anthony Thomas ◊  
Chris Williams  
Jeremy Woolf

### Scottish Technical Committee

Moira Kelly (Chairman)  
Carrie Armstrong  
Charlotte Barbour  
Jodie Barwick-Bell  
Roger Berl  
Eric Brown  
Richard Brunton  
Christopher Coles

# Committees of Council Volunteers 2014-2015

Michael Collin  
Karen Davidson  
Donald Drysdale  
Craig French  
Hazel Gough  
Alexander Green  
Derek Hanlan  
Jo Joyce  
Tim Mallon  
Alex McDougall  
Gavin McEwen  
Elaine McInroy  
Colin Pearson  
David Small  
John Todd

## CGT & Investment Income

John Barnett \* (Chairman)  
Aparna Nathan (Vice-Chairman)  
Martin Benson  
David Bowes  
Emma Chamberlain  
Giles Clarke  
Nick Dunnell  
Jeremy Franks  
Martyn Gowar  
David Hughes  
Alex McDougall \*  
Simon McKie  
Mark McLaughlin  
Natalie Miller  
Lakshmi Narain  
Graham Poles  
Daniel Sladen  
Graeme Stenson  
Anne Wright

## Corporate Taxes

John Lindsay (Chairman)  
Mohammed Amin  
Graeme Blair

David Boneham  
Michael Collin  
John Cullinane \*  
Victor Dauppe  
Bill Dodwell  
Pauline Finney  
Malcolm Gammie  
Philip Gillett  
Bill Ismail  
Rebecca Knight  
Morag Loader  
John Messore  
Rebecca Murray  
Lakshmi Narain  
David O'Keeffe  
Vincent Oratore \*  
Philip Ridgway  
Jennie Rimmer  
Adrian Rudd  
Maryanna Sharrock  
David Southern  
Richard Thomas  
Chris Williams

## Employment Taxes

Colin Ben-Nathan (Chairman)  
Mark Groom (Vice-Chairman)  
Sharad Badhwar  
Anne Croft  
Graham Farquhar  
Lesley Fidler  
Andrew Gotch  
Mark Groom  
David Heaton  
Sue Illingworth  
Alan Judes  
Eleanor Meredith  
Peter Moroz  
Nicola Pitcher  
Teresa Preece  
Stephen Tampsett-Smith  
Paul Tucker  
Stephen Ward

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\* = Member of Technical Committee

# Committees of Council Volunteers 2014-2015

## EU & Human Rights

Jeremy Woolf (Chairman)  
Peter Cussons (Vice-Chairman)  
Philip Baker  
Barbara Belgrano  
Patrick Cannon  
Stephen Coleclough  
John Dewhurst  
Nigel Eastaway  
Paul Farmer  
Hui Ling McCarthy  
Rory Mullan  
David Ratcliffe  
Rupert Shiers

## International Taxes

Glyn Fullelove (Chairman)  
Philip Baker  
Julie Bryant  
James Bullock  
Peter Cussons  
Bill Dodwell \*  
Anne Fairpo  
Malcolm Gammie  
Ian Menzies-Conacher \*  
Ginny Monro  
Paul Morton  
Peter Nias  
Gerry O'Brien  
David Oliver  
Jennie Rimmer  
Andrew Roycroft  
Ian Sandles  
Jonathan Schwarz  
Arnold Sherman  
Lisa Shipley  
Jason Short  
Joy Svasti-Salee  
Eric Tomsett

## Management of Taxes

Jonathan Preshaw (Chairman)  
Stephen Barnfield (Vice-Chairman)

Gary Ashford  
Martin Benson  
Patrick Cannon  
John Cassidy  
Jason Collins  
Bob Crawford  
Nigel Eastaway \*  
Keith Gordon  
David Heaton  
Andrew Hubbard  
Hui Ling McCarthy  
Rachel McEleney  
Andrew McKenna  
Chris Sanger  
Rupert Shiers  
Andy Wells

## Owner Managed Business

Andrew Gotch (Chairman)  
Victor Dauppe (Vice-Chairman)  
Annette Morley (Vice-Chairman)  
Martin Benson  
Rebecca Cave  
Jeremy Coker  
Bob Crawford  
Arnold Homer  
Chris Jones  
Jacquelyn Kimber  
Richard Mannion  
Frank Tett  
Peter Upton  
Tim Walford-Fitzgerald  
John Walsh  
Henry Wood

## Property Taxes

Brian Slater (Chairman)  
Mike Arnold  
Patrick Cannon  
Malcolm Gammie  
Eile Gibson  
Michael Hunter  
Chris Lallemand  
Andrew Levene

# Committees of Council Volunteers 2014-2015

Robert Maas  
Ian Mackie  
Lakshmi Narain  
Philip Ridgway  
Adrian Rudd  
Marc Selby  
Cathryn Vanderspar

## Succession Taxes

Chris Williams (Chairman)  
Keith Gordon (Vice-Chairman)  
John Barnett  
Martin Benson  
Emma Chamberlain  
Giles Clarke  
Alexander Garden  
Martyn Gowar  
David Hughes  
Alex McDougall \*  
Sharon McKie  
Simon McKie  
Mark McLaughlin  
Ray Magill  
David Mellor  
Aparna Nathan  
Graham Poles  
Geoff Robinson  
Graeme Stenson  
Carol Wells  
Anne Wright

## Indirect Taxes

Simon Newark (Chairman)  
Peter Dylewski \* (Vice-Chairman)  
Alan McLintock (Vice-Chairman)  
Mike Arnold  
Andrew Bailey  
Steve Botham  
Daniel Campbell  
John Carlin  
Phil Challen  
Stephen Coleclough \*  
Mark Delaney  
Paul Farmer

Hugh Faulkner  
Douglas Gordon \*  
Philip Griffiths  
Tony Jackson  
Peter Ladanyi  
Tarlochan Lall  
Nick March  
Peter Mason  
Ron Natrass  
Alan Paterson  
Alan Powell  
David Ratcliffe  
Anne-Marie Roberts  
Peter Sheppard  
Alan Sinyor  
John Voyez  
Richard Wild  
Jeremy Woolf  
Laura Wilkinson

## Working Together

Nigel Clarke (Chairman)  
Chris Brydone  
Simon Caplan  
David Collison \*  
Guang Deng  
Nigel Eastaway \*  
Sarah Fraser  
Barbara Harewood  
Jaquelyn Kimber  
Chris Jones  
Helen Lillis  
Robert Lillycrop  
Andrew McKenzie Smart  
Richard Mannion  
Colm Quinn  
Jonathan Stride  
Peter Upton

# Committees of Council Volunteers 2014-2015

## “Virtual” Members of Technical Sub-Committees:

Stuart Adam  
Zoe Anderson  
Nic Arnold  
Gillian Arthur  
Stephen Arthur  
Peter Ashby  
Sharad Badwhar  
Susan Ball  
David Bateman  
Geraldine Beazley  
Fiona Bell  
Paul Benney  
Annette Beresford  
Aman Bharti  
Deb Biswas  
Alice Bowen  
John Brewis  
David Chandler  
Rhiannon Churchill  
Stephanie Churchill  
Fiona Clark  
Giles Clarke  
Danny Clifford  
David Coleman  
Michael Conlon  
Margaret Connolly  
Dave Cooper  
Lisa Cornwell  
Amanda Cowley  
Bob Crawford  
Claire Crawford  
Anne Croft  
Nick Cronkshaw  
Fiona Cross  
Anthony Davies  
Phillip Dearden  
John Dewhurst  
Andrew Disley  
Nigel Doran  
Eleanor Dowling

Donald Drysdale  
Nick Dunnell  
Rob Durrant-Walker  
Carl Emmerson  
Anne Fairpo  
Elizabeth Farrington  
Hugh Faulkner  
Carol Ferguson  
Gavin Fernandes  
Rachel Finch  
Pauline Finney  
Maggie Fleming  
Andrew Flint  
Stephen Foulkes  
William Franklin  
David Fraser  
Mary Fraser  
Jon Fursdon  
Nicholas Gardiner  
Neil Gaskell  
James Geary  
Timothy Gibbons  
Philip Gillett  
Maggie Gonzalez  
Keith Gordon  
Andrew Gotch  
Peter Gravestock  
Andrew Green  
Steve Hall  
Ian Harris  
Karen Hayzen-Smith  
Matthew Herring  
Ashley Hill  
James Hill  
Lee Holloway  
Roger Holman  
Anthony Hooper  
Andrew Hubbard  
David Hughes  
Liz Hughes  
Stuart Ison  
Clare Jeffries  
Jane Jia

# Committees of Council Volunteers 2014-2015

Gary Jones  
Patricia Kinahan  
Roy Knowles  
Peter Ladanyi  
Chris Lallemand  
Peter Landon  
Binka Layton  
Rob Lever  
Colm Quinn  
Jonathan Stride  
Peter Upton

# Notice of Annual General Meeting

Notice is hereby given that the twenty-second Annual General Meeting of Members of the Chartered Institute of Taxation will be held on Tuesday 12 May 2015 at 16.15.

## Location:

The Smeaton Room  
One Great George Street, Westminster  
London SW1P 3AA

1. To receive and adopt the Report of the Council for 2014.
2. To receive and adopt the audited Financial Statements of the Institute for the year ended 31 December 2014.
3. To re-elect as Members of the Council the following, who retire by rotation under Members' Regulation 30:
  - (a) Chris Brydone
  - (b) Emma Chamberlain
  - (c) Stephen Coleclough
  - (d) Bill Dodwell
  - (e) Ian Hayes
  - (f) Moira Kelly
  - (g) Ian Menzies-Conacher
  - (h) Yvette Nunn
  - (i) Anthony Thomas
  - (j) John Voyez
4. To re-elect as a Member of Council the following member who was co-opted and retired under Members' Regulation 29:
  - (a) Jennie Rimmer
5. To re-appoint Baker Tilly UK Audit LLP as auditor to the Institute to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting.

## Special Business

6. To consider and if thought fit to pass the following as a Special Resolution:

In accordance with Article 9 of the Charter of the Institute, it is HEREBY RESOLVED that, subject to such further minor modifications as the Privy Council may require and to allowance by Her Majesty in Council, Article 10 of the Charter shall be amended to read:

10. For the purposes of this Our Charter "Special Resolution" means a Resolution of the Members of the Institute at a meeting of the Members convened in the manner prescribed by or in accordance with the Byelaws and passed by a majority of not less than three-quarters of those Members entitled to vote and voting.

7. To consider and if thought fit to pass the following as a Special Resolution:

In accordance with Article 6 (2) (b) of the Charter of the Institute, it is HEREBY RESOLVED that, subject to such further minor modifications as the Privy Council may require and to obtaining the approval of the Privy Council in due course, the existing Byelaws shall be deleted and replaced in their entirety by the new Byelaws produced to the meeting (having been previously made available for review by the Members) and, for the purposes of identification, initialled by the Chairman.

# Notice of Annual General Meeting

8. To consider and if thought fit to pass the following as a Special Resolution:

It is HEREBY RESOLVED that the existing Members' Regulations shall be deleted and replaced in their entirety with the new Members' Regulations produced to the meeting (having been previously made available for review by the Members) and, for the purposes of identification, initialled by the Chairman.

## Explanatory note:

### Items 6., 7. and 8.

The proposed amendments to the Institute's governing documents have been drawn up in consultation with the Privy Council and its special advisers, including the Charity Commission. The amendments are intended to improve the accessibility of the governing documents and facilitate the day-to-day administration of the Institute for the advancement of its charitable purposes. In summary, the proposed change to the Charter is intended to facilitate increased Member participation, through electronic voting. The revisions to the Byelaws are intended to focus their scope on the high-level matters delegated to the Byelaws by the Charter. The operational details of the matters set out in the Byelaws are then further delegated to Members' Regulations and to Council Regulations as appropriate. Cross-referencing between the documents has been improved during this process.

The proposed amendments to the Institute's governing documents (the Charter, the Byelaws, the Members' Regulations and the Council Regulations) were made available for review and comment by Members on the Institute's website from 18 November 2014. Please see:

[www.tax.org.uk/draftgoverningdocuments](http://www.tax.org.uk/draftgoverningdocuments)

Any Member who requires a paper copy of the governing documents to be sent to them by post is requested to contact the Secretary.

By order of the Council

### **Rosalind Baxter**

Secretary

The Chartered Institute of Taxation  
1st Floor, Artillery House  
11-19 Artillery Row  
London SW1P 1RT

17 March 2015

**E**LIZABETH THE SECOND  
by the Grace of God of the United Kingdom of Great Britain and  
Northern Ireland and of Our other Realms and Territories Queen,  
Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS a humble Petition has been presented to Us by The Institute of Taxation a company limited by guarantee and hereinafter referred to as "the Company" praying that We might be graciously pleased to grant a Royal Charter incorporating the members of the Company as a body corporate for the advancement of public education to and the promotion of the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation and to grant a Charter with such provisions as that behalf as shall seem to Us right and suitable.

NOW THEREFORE KNOW YE that We having taken into Our consideration the said Petition and being minded to accede thereto, have willed and ordained and do by these Our Letters Patent and of all other powers enabling Us in that behalf Our especial grace, certain knowledge and mere motion for Us, Our Heirs and Successors will and ordain as follows:

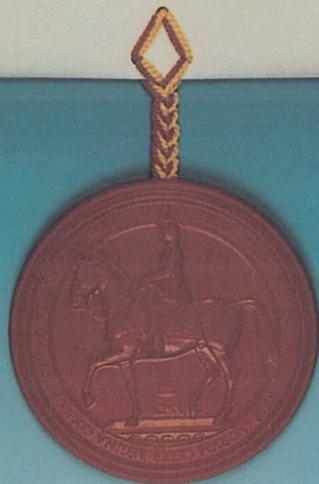
1. Those persons who are members of the Company at the date of this Our Charter and become members of the Institute in accordance with the Byelaws and all other persons who shall hereafter in accordance with the Byelaws become and remain members of the body hereby constituted shall be members of a Body Corporate and Polite: by the name "The Institute of Taxation" (hereinafter referred to as "the Institute") which by the same name shall have perpetual

succession and a Common Seal, with power to break, alter and make anew the said Common Seal from time to time as its will and pleasure, and which by the same name shall and may use and be used in all Courts, and in all matters of actions and suits, and which shall have power to do all other matters and things incidental to or appertaining to a Body Corporate.

2. The objects of the Institute shall be the advancement of public education to and the promotion of the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation.

3. Subject to this Our Charter and to the Byelaws, and to the extent only that such powers shall be consistent with its charitable objects, the Institute shall have the following powers:

- (1) To take over all the assets, undertaking and obligations of the Company and for such purpose to enter into all such contracts (including contracts of indemnity) as may be necessary or desirable.
- (2) To promote and lay down standards of education, training and experience appropriate for practitioners in taxation, to institute and establish scholarships, grants, awards and prizes, to hold examinations and tests of



The Chartered Institute of Taxation  
1st Floor, Artillery House,  
11-19 Artillery Row,  
London SW1P 1RT  
Registered charity number: 1037771  
Tel: 020 7340 0550 or 0844 579 6700  
[www.tax.org.uk](http://www.tax.org.uk)