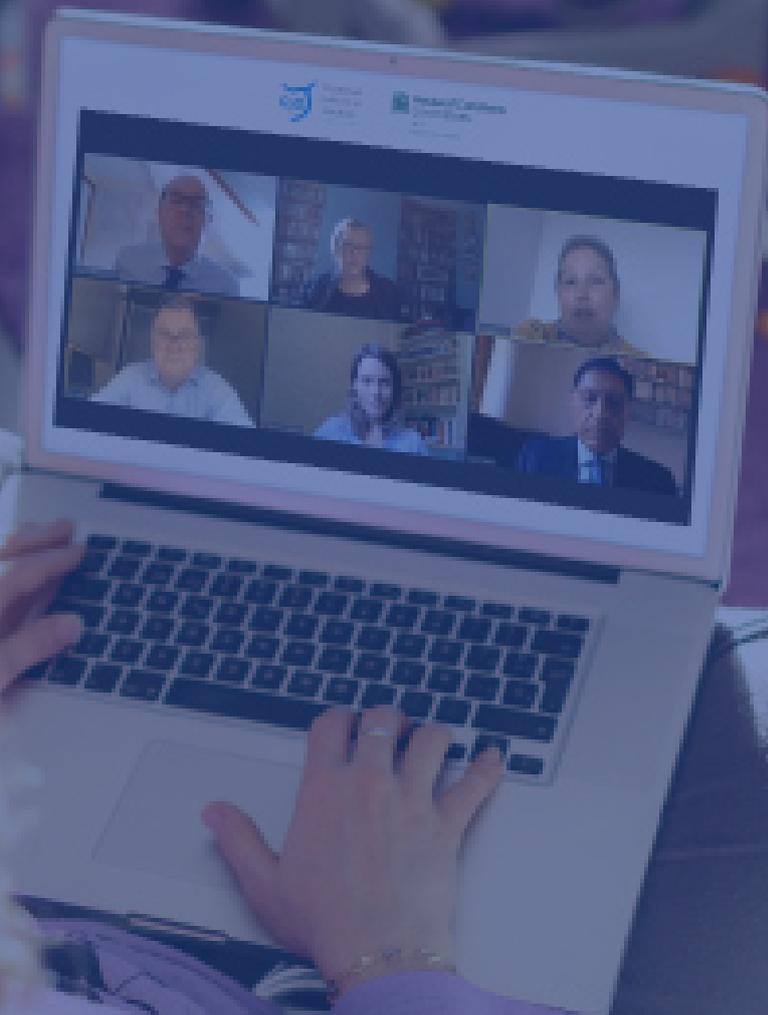


# Annual Report 2020

Published April 2021



# The CIO in 2020

Welcomed

**532**   
new members to the  
Institute

Published <sup>updated</sup>  
professional standards  
guidance and resolved  
**340**   
member queries

Met with HMRC  
and other policymakers  
**400+**   
times

Transformed our  
examinations to an  
online delivery model



**4,200**  
CTA and ADIT exams  
previously sat in exam centres  
sat online in 2020



**700,000+** views  
of LITRG's Covid-19  
webpages



Delivered **100+**  
webinars to help members  
and students maintain  
their technical knowledge



Featured  
**174**  
times in the  
national media



Cited **59**  
times in parliamentary  
debates and reports



**15** easements  
and other changes proposed by  
us in response to the pandemic,  
**adopted** in whole or in  
part by the government



Partnered with the  
House of Commons Treasury  
Committee to launch their  
"Tax after Coronavirus"  
inquiry

The Members of Council (the Trustees) present their Annual Report and audited Financial Statements of the Chartered Institute of Taxation for the year ended 31 December 2020. The Financial Statements comply with the Charities Act 2011, the governing documents and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) effective 1 January 2015.

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# Vision and Values

## Our vision

We will remain the leading Institute for taxation professionals in the United Kingdom, serving the public interest through the pursuit of excellence and with integrity.

## Our mission

The CIOT is the leading professional body in the UK for advisers dealing with all aspects of taxation. As a not-for-profit organisation our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all.

## Our purpose

The advancement of public education in taxation.

## Our values



## Our objects

The charitable objects of the Institute as set out in our Royal Charter are:

- (1) to advance public education in 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;
- (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.

## Our activities

Maintaining an educational and ethical framework of the highest standard aiming to produce tax advisers of the best quality for the general public (Chartered Tax Advisers)

- Working for greater public understanding of tax matters, including through:
  - Promoting tax discussion and debate
  - Publishing and distributing information on tax matters
- Setting ongoing educational and ethical practice requirements for tax advisers and reviewing compliance with those requirements
- Supervising members for compliance with anti-money laundering regulations
- Being available for consultation by legislators, regulators and administrators of tax law and others and by producing high quality representations and responses
- Understanding the needs of taxpayers and making recommendations to improve and simplify tax law and administration for the benefit of all sectors of society

## Our objectives for the tax system

The CIOT works for a better, more efficient tax system for all affected by it – taxpayers, their advisers and the authorities.

Our objectives for the tax system include:

- Greater simplicity and clarity, so people can understand how much tax they should be paying and why
- Greater certainty, so business and individuals can plan ahead with confidence
- A legislative process which translates policy intentions into statute accurately and effectively, without unintended consequences
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented)

## Our members

Membership of the CIOT is by examination; nationally recognised as the gold standard of UK taxation education. We support our 19,000 members and 7,500 students throughout their tax careers, providing assistance through our London-based head office and network of 39 branches across the UK and worldwide.

The CIOT is a registered charity in England and Wales, number 1037771 and a regulatory body for the purposes of anti-money laundering supervision of tax practitioners.

# President and Chief Executive's Report



2020 is not a year we will forget in a hurry. It was a year that tested our resolve, challenged our operations and gave us pause for thought. Like other organisations, the arrival of a pandemic caused us to respond, revisit and refresh everything we do. Given the exceptional nature of the year, we have decided to produce a joint report to members, reflecting how closely the CIOT staff and volunteers have worked together in 2020.

## Coronavirus

For the Institute, as for most of us individually, it was a year dominated by the coronavirus pandemic. On behalf of the Institute, we offer heartfelt condolences to all among our members and friends who have seen loved ones taken by this awful virus, and warmest best wishes to all those who continue to suffer its after-effects, or are supporting those yet to recover fully.

Professionally, the coronavirus was a cause of huge disruption to the tax profession. We were, perhaps, in a better position than most to adapt to working from home and meeting via Zoom and Teams, but the speed and efficiency with which we did so, while continuing to provide high quality support to clients – at the same time as, in some cases, home-schooling and/or caring for sick family members – is something to be proud of.

And of course many of those clients were – and at time of writing still are – suffering terribly, amid lockdowns and other restrictions that, however necessary, put profitable businesses at risk of insolvency overnight. The Government, and HMRC in particular, deserve credit for the speed with which they brought in the economic support package for those businesses affected by coronavirus. Tax professionals deserve credit for the speed with which they absorbed what felt at times like a constant stream of changes, usually at short notice, and guided clients through them, helping them keep their livelihoods afloat with effective use of furloughing and other support schemes.

## Working with HMRC

The Institute has a strong working relationship with HMRC and the value of this was seen clearly in the spring of 2020. Of the 22 easements and other changes we initially suggested in response to the pandemic, 15 were adopted in whole or in part. There is more about this work on pages 14-15 of this report. There was also a great deal of confidential engagement with HMRC at this time, particularly around some of the practicalities of the government's schemes. We pay tribute to both our technical department, with John Barnett, John Cullinane and Richard Wild in the lead, and our Low Incomes Tax Reform Group (LITRG), led by Moira Kelly and Victoria Todd, alongside many of our volunteers, for their tireless work helping to make these vital schemes work successfully.

LITRG and our technical and external relations teams also performed an important role in publicising and explaining these schemes. Working more closely with HMRC than we have ever done before, we stepped up our social media activity, created a technical 'Covid hub' on our website, updated daily, and helped numerous journalists and others to understand how the new schemes and other proposals would operate, highlighting new guidance, deadlines and other developments as they were announced, as well as hosting a number of very well-attended webinars.

LITRG once again showed why they are such an essential public service, moving at speed to produce a suite of webpages explaining the covid support measures in language that the average person can understand. These pages have been viewed nearly 700,000 times by businesses and members of the public. We congratulate the LITRG Team on their very much deserved Taxation Award and current technical officer Meredith McCammond and former director Robin Williamson for their individual awards.

### The Institute adapts

It was not only the technical side of the Institute that moved quickly and effectively in the spring. Following the lockdown announcement in March, the Branch Network, co-chaired by Zoe Roberts and Jo Routier, quickly sprang into action and moved technical CPD events online. With the help of a key partner, Presenta, and the support of our Technical Teams, our staff and branch volunteers continued to ensure our members, students and the public benefitted from the breadth and depth of our presenters' knowledge. We had held 55 events face to face when the lockdown came into force; by the end of 2020 we had held over 100 events online and reached over 20,000 members, students and the public. We sadly had to cancel our spring residential conference but we were delighted that we were able to hold an autumn virtual conference and a virtual Scottish conference. Thanks to all who organised and took part in these.

Our office in Monck Street, Westminster, had to close of course, and the 49 staff based there move to home working more or less overnight. The HR, IT and office support teams who managed this transition deserve great credit for doing it so smoothly, ensuring our work has continued more or less seamlessly through the pandemic.

### People

Despite the challenges that the year has brought for staff in terms of adjusting to homeworking, we have continued to see high levels of commitment and engagement across all teams. A number of roles were furloughed as we adapted to new ways of working and delivering services. The provision of wellbeing services such as workshops, virtual GP services and 24hr counselling, combined with an increased range of virtual social activities and online team-based meetings, have led to staff generally feeling supported and connected despite the difficult circumstances. Care has been taken to ensure staff are working comfortably and safely from home and survey responses show that there is strong support for the organisation's approach.

The staff mix has remained stable throughout this period with 54% of our 83 staff being female, 37% from ethnically diverse backgrounds, 38% working part time and 40% working from home permanently. We would like to thank all of our staff for their support, adaptability and sustained commitment throughout this year. We remain committed to ensuring that all our members, students, staff and volunteers feel welcomed, valued and supported, regardless of their background or identity.

### Values

In October, with the ATT we established a Joint Equality, Diversity and Inclusion (EDI) Committee (which replaces our EDI Working Group), chaired by Tina Riches, to assist

us in ensuring we have clear EDI values which can be demonstrated through our behaviours, actions and operations. You can read more about this in the July, August and September issues of Tax Adviser which are accessible at [www.taxadvisermagazine.com](http://www.taxadvisermagazine.com).

At our January all staff event, the CIOT and ATT worked together to consider and identify a set of values which reflect what we stand for. These are set out on page 4. When we consider what the teams achieved through the year, we are very proud and confident to say we lived up to these values and will continue to do so into 2021 and beyond. With our Council, we re-affirmed our Vision, Mission and Purpose, as also set out on page 4.

### Examinations

There has inevitably been disruption though, and one of the most significant decisions we had to take was to cancel our May CTA exams and June ADIT exams. We recognise this was a blow to those students who had been preparing so hard for them, but like so much in the face of this pandemic we did not really have a choice. The decision to move away from the paper-based handwritten three-hour tax exams to typed answers, with access to electronic legislation, had already been made prior to the pandemic, but the project was at an early stage. The launch was envisaged for 2022 so rapid acceleration was necessary. We worked with our long-standing partner for the existing, hour long computer-based exams (CBEs) to make this happen with a pilot online exam in the summer.

The November CTA exams and December ADIT exams were sat remotely with a full suite of papers being offered. More than 3,000 CTA exams were sat and more than 1,000 ADIT exams – in addition to the separate CBEs which are sat at test centres – a tremendous achievement by our education team, led by Roz Baxter, to make this happen so quickly.

We really appreciated the support given by everyone who sat these exams as they helped us to develop an entirely new CTA exam system. We were also delighted to receive our first student registrations for the CA CTA Joint Programme route as a consequence of our partnership with ICAS in 2019.

### Online debates

Our regular tax policy debates, held jointly with the Institute for Fiscal Studies, are now well-established. 2020 saw them, like so much else, move into cyberspace. When the debates were held physically in London we typically got an attendance of about 100. Held online we have had audiences of more than 1,000. Our June debate on 'Tax in the 2010s', with a panel including former tax minister David Gauke, had an audience of more than 1,700. Like all of our debates it remains free to view on the Institute's website.

In October, we were delighted to recognise David's contribution to the field of taxation during his time in Parliament, by awarding him an honorary fellowship of the Institute. Alongside this we recognised the outstanding contribution to the life of the Institute and the tax profession as a whole, of Heather Self, making her just the sixth ever recipient of our Council Award, the highest award we can give.

Another highlight was the launch of the House of Commons Treasury Committee's inquiry into Tax after Coronavirus. It is a real tribute to the respect the Institute commands across the political spectrum that we were invited to host this launch, as well as to give evidence (twice) to the inquiry. Our representations were once again widely cited during debate on this year's Finance Bill. It is not unusual for the points of criticism and concern we identify to be raised in debate by the opposition, but what was especially gratifying this year was that this was balanced with a number of occasions when the minister quoted our support for a measure while defending it. Being respected and cited by both government and opposition hopefully demonstrates our objectivity and even-handedness to all observers!

As the Finance Bill reminds us, amid the pandemic, normal business goes on. Work continued in 2020 on improvements to our CRM system and member portal, as well as refreshing our aspirations for our new website which we will launch, with a new Institute logo, in early 2021.

### Membership

Our professional standards team have continued to expand the number of anti-money laundering inspection visits (currently done virtually) they carry out and have published new guidance. Additionally the further regulation of the tax profession continues to be an issue.

There is no perfect solution here but, in response to a call for evidence, we indicated that, from a series of options put forward by the Government, we favoured moving over time to all tax advisers having to be members of a professional body, following that body's professional standards.

The Institute welcomed 532 new members in 2020, down from 734 the previous year due to the disruption to the May exams. However overall membership continued to rise, albeit more slowly than previously, increasing from 18,986 at the start of the year to 19,042 at the close. This is testament to a continuing very high renewal rate - 98% of members in a position to renew their membership during the year did so.

In June, we were delighted to grant the chartered tax adviser title, under licence, to the Tax Institute of Hong Kong (TIHK). Under the agreement, nearly 1,900 members of TIHK are able to convert their existing Certified Tax Adviser qualification to Chartered Tax Adviser, joining the existing 19,000 CIOT members,

more than 5,000 Irish Tax Institute (ITI) members and more than 7,000 members of The Tax Institute of Australia (TTI) who already call themselves Chartered Tax Advisers. This achievement was marked by a joint online event between the CIOT and TIHK on 16 July.

We continue to be represented on the Board of CFE Tax Advisers Europe and were pleased to attend the General Assembly by virtual means in September. CIOT's Vice President, Gary Ashford, was re-elected for a second term as a Vice President of the CFE. Council member Ian Hayes was re-elected as Chair of the CFE Tax Technology Committee.

### Finances

The CIOT's senior management and finance teams continued their important work to ensure the Institute's finances are robust and sustainable. A significant effort was undertaken to reforecast throughout the year to reflect the changing nature of the internal and external environment. Whilst the wider economic climate may pose challenges to some of our revenue streams, we closed the year with a surplus of £602,000. After two years of modest deficits, this surplus means we can continue to invest in our members, the services we provide and our wider charitable purpose. We could not have achieved any of this without the hard work and dedication of our people, or the commitment of our members - many of whom support us as volunteers. We recognise and thank each and every one.

In almost all respects the cogs of the Institute kept turning in the usual way in 2020. The exception, of course, was the presidency.

We agreed early on that, in the absence of physical events, it would make sense for Glyn to continue in post for an additional six months, and for Peter Rayney to also serve an 18 month term, so as to hopefully enable him to preside over our usual set piece events in 2021-22.

We thank Peter, as well as Glyn's other fellow elected Officers Susan Ball and Ray McCann, whose terms as Vice President and immediate past President were also extended until November, for their support during the year, Gary Ashford for patiently waiting until November to take up his role as Vice-President and all other Council members.

We also take this opportunity to thank those who have left the Council in the past year. Mandy Pearson and John Voyez both left Council in 2020. Mandy had served on Council for six years and remains involved in the Institute's professional standards work. John had served on Council for eight years and represented CIOT at CFE Tax Advisers Europe. John Preston left Council in early 2021, after nine years. He is a former President, and a former chair of the Education, Examinations and Membership and Branches committees. Mary Monfries will leave Council at the AGM, after three years. We thank all four of them for their dedicated service.

## A message from the new President

We also thank the Institute's staff team for their hard work over the year, often in challenging circumstances. Particular thanks are also due to our ATT colleagues, President Jeremy Coker and CEO Jane Ashton, who have supported and worked with us throughout the year.

### Into 2021

In November, we all learned of the progress made by scientists for a successful vaccine, which brought a sense of hope. We know that 2021 will present its own challenges, but the pandemic has encouraged us all to re-evaluate what is truly important and forced us to think differently. The CIOT is determined to continue to innovate. We have proven in 2020 that we can rise up to challenges and work as a community to deliver value and support. We will continue to manage our teams with their remote working, ensuring they have the support and flexibility to achieve our goals in a safe and collaborative way.

All that remains is for us to wish Peter, other Institute colleagues and all members and students well for the remainder of 2021. We will not make any predictions, just offer the hope that we will soon be able to put the pandemic behind us and return to the simple pleasures of meeting, working and socialising together in person.



**Glyn Fullelove**

CIOT President, May 2019 – November 2020



**Helen Whiteman**

CIOT Chief Executive

### Personal addendum from Glyn Fullelove

This has been the first full year for our Chief Executive, Helen Whiteman. She could not have expected what was to come when she joined us in September 2019. Her leadership in 2020 was outstanding. She ensured the Institute continued to provide a high standard of service to members and students, despite the pandemic, and maintained its influence with government and HMRC.

Beyond that, she dealt with a number of internal issues she had inherited with the Institute's systems and particular projects. The result of her actions is clear in the recovery in our financial position, and improved control and reporting to Council around the Institute's operations. I would like to thank her on behalf of the whole CIOT Council for this exemplary performance, for the support she provided to me as President, and for her efforts for members generally. The Institute is in good hands, whatever the future brings.



Because Glyn and I are serving 18 month terms, unusually this annual report is being published towards the start, rather than at the end, of my presidential term. As the President for the vast majority of 2020 it therefore made sense for Glyn to write the review of the year. But I wanted to take this opportunity to thank Glyn for his work alongside Helen Whiteman and the rest of the management team, in guiding the Institute through the first eight months of the pandemic.

2021 will clearly not be a 'normal' year but it will hopefully see a return to something close to normality during its course. However that doesn't mean we should revert to the status quo ante. Like many members I enjoy and value our branch meetings and can't wait to get back to 'face to face' meetings. But the viewing figures for some of our online debates and webinars show that there is a real demand for online content from members who, whether because of location or timing, aren't able to get to the physical meetings, but do want to access the technical and practical knowledge. We need to continue to cater for them too. Additionally some of the changes we've made, like moving our exams online, were things we were planning to do anyway (just at a more leisurely pace!)

So, as almost every section of this report shows, adapting to an increasingly online world will continue to be an Institute priority in 2021 and beyond, from our Education Technology Working Party to ensure our qualifications remain relevant, to our modernised, smartphone friendly website. Alongside this the debate on post-COVID, post-Brexit tax reform continues, which will no doubt keep our technical teams busy, and the debate about regulation of the profession bubbles along. We will continue to play a constructive part in that, seeking a way forward which makes avoidance schemes a thing of the past, while not making life harder for the compliant majority of advisers who play a vital role in the proper running of the tax system.

Plenty there to keep us busy! I look forward to talking to many of you about these and other topics when I see you in 2021, whether that is virtually or in person.



**Peter Rayney**

CIOT President, November 2020 – May 2022

# Public Benefit Report

The CIOT is an educational charity with the consequent obligation to work for the public benefit.

CIOT Council has considered the guidance published by the Charity Commission and concluded that the CIOT's core activities – as described in this report – satisfactorily address the principles of identifiable public benefit and demonstrate that the charity has fulfilled the public benefit requirement under Section 17 of the Charities Act 2011.

Since 2010 the Institute has had a Lay Public Interest Council Observer whose role is to advise the Institute's Council on the public interest regarding the Institute's activities. Since March 2019 the Institute has had two such observers. Their report appears below.

## Report from the CIOT's Lay Public Interest Council Observers



Jane Brothwood



Quinton Quayle

This is our second Public Benefit report since we joined CIOT in March 2019.

2020 has clearly been a momentous year for all organisations. However, we are glad to report that CIOT has emerged in good shape not only from COVID-19, but also from a number of other challenges this year.

### COVID-19 impact

As soon as the potential impact of the COVID-19 pandemic became apparent, CIOT reacted promptly to ensure the safety of staff and members. CIOT management moved swiftly to establish remote working as the new norm, and video technology was effectively harnessed to allow Council meetings and the AGM to be held electronically. Crucially, CIOT launched a project to enable on-line examinations and was able to pilot some exams digitally, thereby continuing to deliver its major charitable object, the advancement of education, for the public benefit.

### Budgetary pressures

The new CEO and Chief Finance Officer effectively addressed the budgetary pressures reported in the 2019 annual report.

Learning points were identified and new financial management processes introduced across the organisation. In addition, the financial pressures as a result of COVID have been handled well, with financial plans developed to assess and manage the potential impact of a possible reduction in student and member numbers as an impact of COVID.

The digital project also contributed to pressure on CIOT's budget. It was clear from discussions in Council that there were a number of lessons to be learned from the way this project had been launched without either a clear business case or effective governance to oversee the project.

It was good to see that the new CEO and CFO quickly got a grip on some of the issues which had received inadequate attention in the past. Council has now agreed a way forward to ensure that the project can proceed on a more modest basis than originally envisaged but which should nevertheless result in a much better digital offering than at present. The improved website should provide an enhanced service to current and future members and thereby promote understanding of professional standards in taxation advice, consistent with CIOT's charitable objects.

### Council members

In last year's report we suggested more consideration be given to defining the role of Council members. We also made reference to the size and effectiveness of Council and its decision making process, observations also made by our predecessor, Sam Younger.

The focus on finances and the IT project in 2020 indicate an increased attention by Council members, as trustees, to ensure implementation of the Charitable Governance Code, namely that "decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessments and management systems are set up and monitored".

We are pleased that Council recognises the importance of reform of Council and the clarification of the terms of reference of its Committees and that work on this has been prioritised.

## Diversity

In our report last year, we also drew attention to two key areas which we felt CIOT needed to address: the way new members are recruited to Council and the related issue of diversity.

We are glad to report that significant progress has been made in both areas. Council has followed up our suggestion that a Nominations Committee should be established to oversee the recruitment of new members to Council on an open and transparent basis.

Council has also given added impetus to work on Equality, Diversity and Inclusion (EDI) in a revamped Committee, with clearly focussed terms of reference.

The aim should be to ensure that EDI applies to all aspects of CIOT's work and its membership as well as to Council and CIOT Committees.

As a mark of their individual and collective commitment to EDI, it has recently been agreed that all Council members should undergo EDI training if they have not done so recently. This will help ensure that issues such as possible unconscious bias and stereotyping are effectively addressed.

This report has been written by us jointly with the exception of paragraph six on the digital project. This is because Jane Brothwood stepped down from her Public Interest Council Observer role to support CIOT in developing a governance framework for the digital project, working for 25 days as a paid consultant from mid-June to October.



**Jane Brothwood and Quinton Quayle**

Lay Public Interest Council Observers



## Bridge the Gap

### The tax profession's safety net

The two UK tax advice charities, Tax Help for Older People and TaxAid, provide free tax help and advice to vulnerable, low-income taxpayers. The need for access to free and trusted tax advice by low income, vulnerable people has never been higher. They currently help around 21,000 people a year between them, but demand continues to rise.

In 2015 the two charities, supported by CIOT, launched a joint campaign, Bridge the Gap, to raise an additional £250,000 a year to enable them to meet the increased demand for their help.

Please support the campaign to give them the resources they need to continue acting as 'the tax profession's safety net'.

[www.bridge-the-gap.org.uk](http://www.bridge-the-gap.org.uk)

# 2020 – The Year in Tax

CIOT/ATT survey challenges claims around benefits of digital tax reporting, with most saying MTD for VAT has not reduced errors and the costs of compliance have far exceeded government estimates



UK Budget- New Chancellor Rishi Sunak announces NI thresholds increase, a review of business rates and £12 billion COVID-19 response



Pledge to remove VAT from the sale of digital newspapers is brought forward by the Government amid concerns the sector is struggling to survive the pandemic



Brexit – UK Parliament passes Withdrawal Agreement, UK leaves EU on 31 Jan but remains in single market and customs union for transition period running till end of year



National lockdown- Chancellor launches unprecedented HMRC-led Coronavirus Job Retention Scheme, with government paying up to 80% of wages for employees not working, and a comparable scheme for the self-employed



YouGov poll finds 53% of people support a windfall tax on companies that have thrived during the pandemic, while 61% back a wealth tax for those with assets exceeding £750,000



<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>
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Scottish Budget – Public Finance Minister Kate Forbes stands in following Budget Day resignation of Derek Mackay. She is appointed Finance Secretary later in the month



Britain's digital services tax comes into force. United States warns it may retaliate by imposing tariffs on British imports



Finance Bill goes through Parliament, legislating for digital services tax and making changes to the loan charge, entrepreneurs' relief and private residence relief



National Audit Office report criticises the Government for failing to assess whether tax reliefs are working as intended



Mel Stride, the new chair of the Treasury select committee, urges the Chancellor to 'iron out' problems facing limited company directors and businesses that fall between the Government's COVID-19 economic support packages



Former Chancellor Sajid Javid calls for cuts to employer's NICs and switch from pension tax relief based on marginal rates to a flat bonus paid on contributions



Treasury Committee launches inquiry into Tax after Coronavirus with online event chaired by CIOT President Glyn Fullelove



Chancellor's summer economic plan includes SDLT 'holiday', temporary VAT cut for restaurants, hotels and attractions, and an 'Eat Out to Help Out' scheme during August



JULY

AUGUST

Report from Social Market Foundation argues offshore gambling companies should be required to have a base in Britain to stop the Treasury losing millions of pounds in tax



CIOT responds to government consultation with support for idea that all tax advisers should eventually be required to belong to a recognised professional body.



Labour's online 'alternative to a conference' sees debate on taxing wealth, business taxes and job protection programmes, but little policy development yet under new Shadow Chancellor Anneliese Dodds



Treasury announces it will scrap the VAT retail export scheme after the end of the Brexit transition period



SEPTEMBER

OCTOBER

At the online Conservative Conference, the Prime Minister promises to reverse the covid-driven expansion of the role of the state



54,800 people use a new online portal allowing workers to claim tax relief for working from home, during its first 11 days, HMRC reveal



Office of Tax Simplification report sets out framework of policy choices for simplifying capital gains tax

Government review urges major overhaul of capital gains tax

Report commissioned by Rishi Sunak recommends tax raid that could raise up to £1.4bn



HMRC and the Advertising Standards Authority launch new action to cut out misleading marketing by promoters of tax avoidance schemes



NOVEMBER

DECEMBER

Legislation passed to establish a special VAT and customs regime in Northern Ireland. On 31 Dec Brexit transition period ends and UK leaves single market and customs union



Welsh draft Budget published. Welsh Government keeps commitment not to raise Welsh Rates of Income Tax during this Senedd



# Coronavirus – the economic emergency

*"Our nation is facing unprecedented challenges and we welcome the government's commitment to do 'whatever it takes' to support families and businesses through the COVID-19 pandemic. We believe that the tax system can offer support, by limiting the impact of financial and compliance requirements, and providing support to those who need it."*

*Letter from CIOT to Rt Hon Jesse Norman MP, Financial Secretary to the Treasury, 19 March 2020.*

*"HMRC have been called on by the Chancellor to urgently direct financial support to where our citizens and businesses need it most...We need your help in this important work."*

*"Your influence and your reach across the business sector are instrumental in helping us ensure employers know what they can do to get ready to make their claim."*

*Letter from Jim Harra, HMRC Chief Executive, to tax professionals regarding CJRS, 8 April 2020.*

When coronavirus struck in March 2020 CIOT moved quickly. At a time of national emergency we were especially aware of our public benefit obligations. So in addition to making the necessary changes to the Institute's own operations we offered what assistance we could to HMRC and the Treasury in their efforts to respond to the economic aspects of the crisis.

In a letter to the Financial Secretary, sent shortly before the first lockdown, CIOT identified a range of deferrals and easements which could be made to help businesses and individuals through the crisis. 15 of the suggestions were fully or partially implemented by government.

As set out on these pages, both CIOT and our Low Incomes Tax Reform Group (LITRG) worked closely with policymakers through the year on the development and implementation of COVID support measures. We also worked with HMRC on publicising and explaining these measures, both to tax practitioners and to the general public, using dedicated webpages, webinars, email, the media and social media.

## Coronavirus economic support

The Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) are unprecedented income support interventions from government. HMRC deserve congratulations for getting initiatives of this size up and running so quickly.

CIOT and LITRG worked closely with officials on the development and implementation of these schemes, as well as publicity for them. We worked particularly closely with the SEISS team who we met with around 20 times during the year, forging a strong relationship which helped us to deliver four successful SEISS webinars (see page 15). Our early engagement with the CJRS team helped shape and improve published guidance and particularly the need for access to previous versions of guidance through the national archives.

Following engagement with LITRG, HMRC updated SEISS guidance in relation to those trading through a limited company, and changed the deadline for those claiming SEISS grant under the parental exception.

## Easements

From early on we were in discussions with HMRC around a range of practical matters to help taxpayers continue to engage with the tax authority and meet their compliance obligations during COVID-19. This included use of estimated returns in some circumstances, accelerating tax refunds, providing clearer guidance around time to pay and easing the process for authorising an agent.

We argued for a relaxation of the penalties regime for late filing and reporting, and therefore welcomed HMRC's decision not to charge daily penalties where someone was late in filing their 2018-19 self-assessment return. We also welcomed the announcement that where a taxpayer is unable to meet an obligation due to COVID, HMRC would accept that as a reasonable excuse.

We asked HMRC to accept the use of email more widely as a valid form of communication, and argued for relaxation of the 'physical' requirements which apply to some forms (eg 'wet' signatures on certain forms, 'stamping' documents for stamp duty purposes). We welcomed HMRC relaxations in both these areas and are encouraging HMRC to look into the extent to which these changes can be made permanent.

## Deferrals

One of the main ways in which HMRC, encouraged by CIOT, has moved to help taxpayers during the pandemic has been deferring various changes and deadlines to allow taxpayers additional time to prepare and comply, recognising the extreme disruption the pandemic has caused, as well as cash crises for many.

Proposals put to the Government by CIOT and LITRG, and later implemented, include:

- Deferral of self-assessment and VAT payment deadline dates
- Relaxations in the tax credit system around deadlines for self-employed claimants
- Deferral of the Making Tax Digital digital links deadline (from Apr/Oct 2020 to Apr 2021)
- Deferral of the VAT construction industry reverse charge (from Oct 2020 to Mar 2021)

## Guidance for members

In March CIOT's technical team quickly launched dedicated website pages to provide guidance and updates for members and other tax practitioners in key areas, supported by social media (see below) and our weekly email newsletter to notify developments. These pages were updated through the year, including responses from HMRC to questions that we have been asked, as well as ones we have raised ourselves. These COVID pages on the technical section of our website were visited nearly 132,000 times in 2020, helping our members and other tax professionals to help their clients access available support.

We have worked particularly closely with HMRC (and more recently HM Treasury) on the SEISS, which has enabled us, jointly with ATT, to run four webinars (see right) explaining the scheme and its changes since its initial launch in March. Nearly 4,000 people have viewed these webinars.

The screenshot shows a slide from a webinar. At the top, it says "Evidence – significant reduction in trading profits" and includes logos for ATT and CIOT. The main content is a list of bullet points:

- Evidence must show
  - a significant reduction in trading profits in a relevant basis period compared to what might otherwise have been expected; and that
  - significant reduction is because of the reduced activity due to coronavirus in period 1 November to 29 January
- Limited guidance on what 'significant' means in practice
- Likely to involve making some assumptions about future income and expenditure in the basis period
- Must be a reasonable belief based on the evidence
- Wait and see before you make your claim?

On the right side of the slide, there is a small video thumbnail showing a woman speaking.

## Information for taxpayers

When coronavirus restrictions began in March, traffic to LITRG's website spiked as people searched for information on what help was available. LITRG responded by rapidly setting up a dedicated COVID-19 hub. Initially focusing on areas like tax bills, sick pay and benefit entitlement during the pandemic, it was added to as the government announced economic support schemes and other COVID-specific measures. The pages were viewed nearly 700,000 times during 2020.

LITRG works closely with HMRC. The group's guidance is comprehensive and tailored to people and their own situations. The guidance specifically covers interactions between the tax and benefits systems as well as interactions between the various COVID schemes and tax/benefits. Additionally, LITRG's site contains some information – see page 22 for an example – obtained from HMRC but not published on GOV.UK.



## Media and social media

The media was an important outlet for CIOT and LITRG to help publicise easements and available economic support.

This included more than 500 COVID-related social media posts (Twitter / LinkedIn) and 25 COVID-related press releases, including one publicising the success of CIOT committee member Alan Powell in persuading HMRC to ease rules around alcohol duty to make it easier to produce hand sanitiser.

Articles we were featured in included:

- Coronavirus: tax tips for working from home (Sunday Times)
- How furlough affects your benefits and Universal Credit payments (The Sun)
- Coronavirus: 'One click and we were worse off' after universal credit claim (BBC News online)
- Taking pay cut 'could trigger a tax bill' (Financial Times)
- How coronavirus-hit workers can claim a £1,200 savings bonus from the government (Daily Telegraph)



# Promoting debate on tax

The Institute holds regular public debates in support of our objective of promoting debate on tax policy and administration, bringing together policy-makers, officials, tax professionals, economists, journalists and others with an interest in tax policy. These are often organised jointly with the Institute for Fiscal Studies (IFS).

Our debates are usually free to attend and open to all. Audience members are invited to pose questions and offer brief contributions to the debate.

Up to the end of 2019 all our debates were held face to face, though sometimes filmed for online viewing too. All our debates in 2020 were held online, and this looks likely to be the case through 2021. Beyond that we aim to adopt a hybrid approach, including both face to face debates (filmed for online viewing too), and online-only debates.

All the debates highlighted on these pages, and some earlier ones, can be viewed on the CIOT website at [www.tax.org.uk/media-centre/videos-and-audio](http://www.tax.org.uk/media-centre/videos-and-audio)

Details of forthcoming debates can be found at [www.tax.org.uk/members/conferences-events](http://www.tax.org.uk/members/conferences-events)

If you are not a CIOT member and would like to be added to the email invite list to be informed about forthcoming events please email [events@tax.org.uk](mailto:events@tax.org.uk) including your name, firm or other organisation, job title (if applicable) and the email address you would like invites sent to.

## CTA Address 2020



Left to right: Professor Stephen Mayson, Professor Jane Frecknall-Hughes, Sir Edward Troup, Peter Rayney

## Debating Professional Regulation

This year's CTA address was delivered in July by Professor Stephen Mayson, a barrister and legal commentator who recently concluded a two-year assessment of the regulation of legal services in England and Wales. In his address – the first to be held online – Professor Mayson explored the potential future regulation of the tax advice market.

Responding to the address, Professor Jane Frecknall-Hughes of Nottingham University said the devil would be in the detail of how oversight would apply, and noted that tax as a profession is different from many others. Sir Edward Troup, former chief executive of HMRC, accepted there is a problem with lack of regulation of some in tax practice but suggested it was no bad thing for this issue to continue hanging over the profession like a Sword of Damocles to keep everyone on their toes.

The event was chaired by CIOT Deputy President Peter Rayney.

CIOT/IFS Online debate

Chartered Institute of Taxation | IFS Institute for Fiscal Studies

### Where next for Capital Gains Tax?

**Stuart Adam** (IFS)  
**Katherine Bullock** (Field Court Tax Chambers)  
**Stephen Herring** (TaxPayers' Alliance, ex-IoD)  
**Robert Palmer** (Tax Justice UK)

## Debating Capital Gains Tax

Introducing September's CIOT/IFS debate on capital gains tax, Institute President Glyn Fullelove said CGT was shaping up to be a 'hot topic' in tax reform in the wake of the coronavirus pandemic.

Robert Palmer of Tax Justice UK suggested the equalisation of CGT rates with income tax. Stephen Herring, formerly of the Institute of Directors and now a member of the TaxPayers' Alliance's advisory council, rejected this idea, but favoured merging CGT with inheritance tax.

Katherine Bullock, a barrister at Field Court Tax Chambers, said that CGT was 'one of the more straightforward taxes' dealt with by practitioners. Stuart Adam of IFS set out a case for reform of CGT based on a restructuring of the tax base, the equalisation of tax rates across multiple sources of income and actions to incentivise investment and entrepreneurship.

CIOT/IFS Online debate

Chartered Institute of Taxation | IFS Institute for Fiscal Studies

### VAT and Customs Duties after Brexit

**Chris Giles** (Financial Times)  
**Daniel Lyons** (Deloitte UK)  
**Barbara Scott** (Customs Practitioners Group)  
**Mojgan Ahmad** (HMRC)

## Debating VAT and Customs

The UK has a once-in-a-lifetime chance to craft and simplify VAT and customs duties, agreed tax experts at a CIOT/IFS online debate on 'VAT and Customs Duties after Brexit', chaired by Institute President Peter Rayney.

Daniel Lyons, until a few days before the event Deloitte's Head of Tax Policy, focused on VAT, identifying both positives (extension of postponed accounting) and drawbacks (end of the Mini One Stop Shop and potential for legal chaos).

Mojgan Ahmad of HMRC, a late addition to the panel, focused her remarks on the implementation of the Northern Ireland Protocol. HMRC will be sympathetic and flexible when it comes to Brexit-related genuine errors before penalties are charged, she said.

Barbara Scott, Chair of the Customs Practitioners Group, highlighted the potential impact of rules of origin, and argued for greater trade liberalization. Chris Giles, Economics Editor at the Financial Times, warned that businesses may go under because of the way the new regime is administered.



## Debating Tax in the 2010s

For our first debate of the 2020s, we looked back at the changes in taxation over the 2010s, under the coalition and Conservative governments. Stuart Adam of the IFS provided an overview of the main trends during the decade, highlighting increases in VAT and NI, and cuts in the form of raising the income tax personal allowance and lowering corporation tax rates.

Former tax minister David Gauke said he looks back at the 2010s as a progressive period in personal tax and pointed to the corporate taxes roadmap as having brought stability.

Former shadow Treasury minister Chris Leslie said that George Osborne had been an intensely political Chancellor who was good at pushing policies that the Opposition found hard to oppose.

Jane McCormick of KPMG provided a business perspective. She said anti-avoidance measures had had a big impact, and publication of tax strategies had brought tax into the boardroom.



## At Conservative Conference

At the CIOT/IFS event at October's online Conservative Party conference Financial Secretary to the Treasury Jesse Norman set out a number of areas where the Treasury has been developing tax policy, including the introduction of the Digital Services Tax, a review of the Business Rates regime and the development of a long-term focus on tax administration and strategy.

Peter Rayney, deputy president of the CIOT, focused on the impact of the pandemic on the SME sector. He identified three steps that could be taken to maintain the competitiveness of the sector and support the tax base. Helen Miller of IFS identified a range of potential tax reforms for the Government to consider, including aligning taxes on different form of income, reforms to the tax base for capital gains and a review of zero and reduced rates of VAT.

Deborah Mattinson was a guest speaker again (see below left). The chair was Sunday Times economics editor David Smith.



## At Labour Conference

Given the weakness of the economy, now is not the time for tax rises and ministers should concentrate on protecting the tax base, Shadow Chancellor Anneliese Dodds emphasised during her speech at the CIOT/IFS debate at Labour's online conference.

Helen Miller, Head of Tax at IFS, said while it may not be time for tax rises yet it is time to set out a plan for how the UK will pay for the economic impact of the pandemic. She said this was an opportunity to reform taxes, tackling distortions in the system.

CIOT President Glyn Fullelove focused his remarks on the taxation of digital multinationals. He said the OECD route was the only achievable solution at the moment, but we should consider whether the problem is monopoly, rather than digital, profits.

Deborah Mattinson, co-founder of BritainThinks, an insight and strategy consultancy, observed that the public 'like' taxation more today than they did just after the financial crisis, but less than they did in 2018, when the anti-austerity backlash started to be felt.

The debate was chaired by journalist Simon Gompertz, who until recently was personal finance correspondent at the BBC.



## Tax after Coronavirus inquiry launch

The CIOT partnered with the House of Commons Treasury Committee for the launch of a major inquiry into future tax policy by the committee in July.

Rt Hon Mel Stride MP, chair of the committee, praised CIOT input into previous inquiries by the committee. He said there had not been 'fundamental change' to the tax system for a very long time, and the pandemic, both because of its impact on people and because of the large structural deficit it would create, would put tax centre-stage and give government 'huge decisions' to take.

Angela Eagle MP, a senior Labour member of the committee, focused on practical issues around tax reform, highlighting the impact of technological and demographic changes.

The event was chaired by CIOT President Glyn Fullelove. Three tax experts contributed: economist Gemma Tetlow, from the Institute for Government; Sam Mitha, formerly of HMRC and a trustee at Tax Help for Older People; and Heather Self of Blick Rothenberg.

# Working for a better tax system

## Report from the CIOT Technical Committees

The CIOT's technical work is driven by our public benefit objectives. These include seeking a simpler, more workable tax system, and ensuring the interests of both represented and unrepresented taxpayers are considered by policy-makers.

A significant proportion of our work during 2020 related to COVID-19; working with HMRC and HMT on the development and implementation of the key support schemes, and with tax authorities across the UK to obtain a number of easements to help ensure that 'business as usual' could continue as much as possible. This activity is set out in our 'Coronavirus - the economic emergency' report on pages 14-15.

As with all organisations, we had to adapt to new ways of working; both internally and with third parties. From April onwards our committee meetings became wholly virtual, and this virtual way of working has led to increased engagement with third parties and, notwithstanding lockdowns and a disrupted year, we have had a record number of meetings with HMRC and other policymakers. Indeed our relationships with these parties have been strengthened over the past year; something we intend to build on for the future.

We were delighted that the CIOT Technical Committee was shortlisted in the 2020 Tolley's Taxation Awards category best specialist team in a public or not for profit organisation, and congratulate LITRG for winning the award.

Our committee chairs and vice-chairs are listed on page 40, and we are extremely grateful to the many volunteers who give up their time to lead or participate in our technical activities.

### Technical Policy and Oversight Committee

Some of the CIOT's technical work is driven directly by the Technical Policy and Oversight Committee (TPOC) itself, either because it is of strategic importance or because it spans several committees. For example, we engage with HMRC at senior levels, work with HMRC and the Government Digital Service to secure improvements to HMRC's guidance, and are represented on the Charter Stakeholder Group.

We continue to provide evidence to parliamentary inquiries. In 2020 we provided evidence to the Treasury Committee's inquiries into the Spring Budget 2020, tax after coronavirus, and the economic impact of coronavirus. We also provided evidence to the House of Lords Finance Bill Sub-Committee's inquiry into Finance Bill 2021.

In the latter part of 2020 we started discussions with HMRC about the Self-Assessment filing deadline, and requested a waiver of penalties for returns filed before 1 March 2021. These discussions continued into early 2021 and we were pleased when HMRC (albeit late in January) implemented this recommendation.

We have also made a number of changes to our Rules of Engagement (ensuring we consider EDI and climate change issues) and our written templates (ensuring our submissions have the greatest impact).

### Private Client (UK)

The Fifth Anti-Money Laundering Directive has received our ongoing attention. One result of our and some other professional bodies' representations was a more consistent and practical approach to determining which offshore trusts have to register with the Trust Registration Service, which has avoided a perverse incentive to offshore trustees to commission advice and services from less compliant jurisdictions. We continue to work with HMRC on the design of the new register and associated guidance.

We engaged with the OTS at both stages of their capital gains tax (CGT) review. Our consistent theme is that Treasury and HMRC need to consult more comprehensively on the broader policy issues than the OTS, with its statutory focus on simplification, can appropriately address. Other reports - the Country Land and Business Association's on rural business units, the All Party Parliamentary Group for Inheritance and Intergenerational Fairness's on reform of IHT, and the Wealth Tax Commission's report - have also been considered.

We provided detailed analysis of potential unintended consequences of the Finance Act 2020 changes to Business Asset Disposals Relief and made representations in relation to the Top Slicing Relief provisions and those for CGT Private Residence Relief to ensure they operated as intended.

We have worked with HMRC on the introduction of the new system for CGT 30-day reporting and payment to highlight difficulties in practice, suggest solutions and to raise awareness.

### Employment Taxes

Following the government's decision to defer implementing new off-payroll working rules to April 2021 we have continued our proactive engagement with HMRC on both the legislation, which resulted in HMRC announcing that section 61O will be amended, and practical issues, including tax offsets in recategorisation cases.

A significant number of benefits and expenses issues have been discussed with HMRC arising from the COVID-19 pandemic, including employer provided or reimbursed equipment, working from home expenses, the U-turn on taxing employer-provided COVID-19 testing, stranded internationally mobile workers, employer-provided personal protective equipment etc, and related matters such as Christmas parties and the cycle to work scheme.

In addition, HMRC's announcement in March 2020 that the employer-provided accommodation exemption for 'representative occupiers' would be withdrawn from April 2021 has led to continuing engagement with HMRC, not only in relation to the potential resulting tax charges on affected lower-paid employees, but also a significant issue for pensioners that have been permitted to continue to occupy such accommodation in retirement. HMRC's view is that the exemption is not retained in retirement and, thus, these pensioners (or their widow(er)) should be subject to an annual tax charge.

## Corporate Tax

We responded to the call for evidence on the modernisation of the stamp taxes on shares framework, noting that this framework is ripe for modernisation and saying that we hope that the call for evidence is the start of a medium to long term project which will result in a new, modernised framework.

We also responded with strong opposition to the proposal announced at the Budget last year for a requirement for large businesses to notify uncertain tax treatments to HMRC. Our view is that the proposed compliance obligation was inherently unclear and unfair and that taxpayers would not be able to comply with it with any confidence or certainty that they have got it right. We were pleased, therefore, that the government announced in November 2020 that the implementation of any measure along these lines would be delayed from the proposed date of April 2021 to April 2022, and that further thought would be given to the policy.

## Indirect taxes

Throughout the year we responded to various consultations, including on the plastic packaging tax, the reform of the VAT refund rules for the public sector, the Ministry of Justice's consultation on 'Retained EU case law', and the call for evidence on VAT grouping where we also held a virtual meeting to discuss practical issues with representatives from HMT, HMRC, and specialists from practice and industry.

Our work on Brexit included increased engagement with HMRC's Joint Consultative Customs Committee which had set up two additional working groups looking at Northern Ireland issues and EU transition issues, and our representatives attended what became weekly virtual meetings with HMRC, as well as reading room sessions looking at draft legislation. In December, the CIOT and IFS held a joint virtual debate on 'VAT and Customs Duties after Brexit'.

In October, our chair Alan McLintock gave evidence to the House of Commons Treasury Committee on the future of VAT as part of their 'Tax after Coronavirus' inquiry.

We successfully ran a wholly virtual Indirect Tax conference in November over two half days, with eight presentations from leading VAT specialists from the legal, advisory and industry sectors. Feedback from the conference was extremely positive.

We continue to be represented on HMRC's stakeholder engagement groups including: the Joint VAT Consultative Committee, the Joint Customs Consultative Committee, the Insurance Liaison Group, the Financial Liaison Group, the Land & Property Liaison Group, the Joint Alcohol & Tobacco Consultation Group, the Domestic Reverse Charge for Construction Working Group, and the Split Payment Working Group.

## Management of Taxes

We provided input into HMRC's Powers and Safeguards Implementation Evaluation Forum throughout the year, which included seeking evidence from members about their experiences of how HMRC have implemented various post-2012 powers, and joining several online sessions which looked at some of the in-scope powers in detail. HMRC's report, originally expected in May but delayed due to COVID-19, was published in early 2021.

We continue to have regular engagement with HMRC on offshore matters, and towards the end of 2020 provided feedback about the Worldwide Disclosure Facility, with some suggestions as to how it could be improved. During the year we responded to HMRC's call for evidence on data and transparency, and their consultation on tackling promoters of tax avoidance, and commented on draft legislation on the taxation of coronavirus support payments, HMRC's civil information powers and new checks on licence renewal applications. We also provided feedback to HMRC about their statutory review process on which they are conducting an informal review.

Following feedback from members about inconsistencies in HMRC's approach, we obtained some clarification from them about their Code of Practice 9 procedures during COVID-19. We also took part in regular online meetings with HMRC including the Compliance Reform Forum, the Dispute Resolution Group and the Fraud Forum, and began some initial engagement with them on their Tax Administration Framework Review which will start in earnest in 2021.

## Digitalisation and Agent Services

In early 2020 in conjunction with the Indirect Taxes committee we (jointly with the ATT) conducted an all-member survey on Making Tax Digital for VAT, to which we received 1,091 responses. The survey covered a variety of aspects of MTD, and the data and conclusions were submitted to HMRC.

In July the government announced it would mandate MTD for VAT for all VAT registered businesses from April 2022, for income tax self-assessment (ITSA) from April 2023, and to consult on introducing MTD for corporation tax (but no earlier than 2026). Our engagement with HMRC had continued throughout 2020, but increased towards the end of the year particularly because the draft regulations for MTD for ITSA were published in December. Alongside this work, we continue to challenge HMRC to ensure that agents will be able to fully support their clients in the transition to MTD and thereafter.

We are also active participants in HMRC's Agent Digital Design Advisory Group, seeking to ensure that agents are involved in the design and implementation phases of the roll out of new digital services.

We were delighted to welcome more than 10 new volunteers to the committee at our last meeting of 2020. They come from a diverse range of practices and will bring essential expertise and experience to our work.

## Property taxes

The committee led the CIOT's response to the consultation on the introduction of the non-resident SDLT surcharge, providing comments and suggesting improvements to a proposal which involves practical and technical challenges, particularly for conveyancers who will need to apply the charge in practice.

Detailed suggestions for improving HMRC's guidance in the areas of non-resident CGT, Land Remediation Relief, and SDLT have been made or facilitated by the committee this year.

We continue to explore the tax barriers to land assembly for housing developments and possible solutions, both long and short-term, with stakeholders.

The committee's Business Rates Working Group responded to both tranches of the government's Business Rates Review.

At the end of the year the committee wrote to the Treasury to request certainty in relation to a number of significant property-related tax changes due to take effect in March/April 2021 with far reaching consequences for the property and construction sectors in particular.

## International tax

The OECD published reports setting out the progress made by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) on the proposed multilateral solution which is based around a reallocation of taxing rights based on profits (Pillar One) and completion of the work addressing the issues identified by the project (Pillar Two). The CIOT welcomed these reports and the progress that had been made towards a consensus-based, long term reform of the international tax system. However, we also said it is clear that significant hurdles remain and that the path to political agreement around the outstanding issues faces many challenges.

We also responded to a consultation in the summer around some aspects of the hybrid and other mismatch rules. We welcomed the constructive approach that HMRC have taken following that consultation, set out in a Policy Paper (and draft Finance Bill 2021 clauses) published in November 2020. The changes will, in our view, ensure that the hybrids rules better reflect the policy objectives of the regime and will provide greater certainty, so businesses can plan ahead with confidence. The Committee has also been monitoring the recently introduced rules regarding the offshore receipts in respect of intangible property (ORIP) rules and the UK's digital services tax, which was introduced in April 2020.

Chair of Technical Committee: John Barnett  
Tax Policy Director: John Cullinane  
Head of Technical Team: Richard Wild

## Owner Managed Businesses

During the year we continued to receive feedback from members about their experiences dealing with HMRC's Clearance Unit. The issues involve consistency, legislative interpretation, the amount and relevance of HMRC's questions, and their response times. One particular issue concerns HMRC's approach to granting clearance applications involving the insertion of a new holding company to hold surplus cash to protect from trading risk until required for future use. Clearance is often now being refused in these type of cases. We have raised these issues with the head of the Clearance Unit, and have also provided examples of actual cases supplied to us by volunteers which seem to demonstrate a change in approach by HMRC compared to that seen in the past. We are hoping to continue our engagement on this with HMRC in early 2021.

In November, we took part in the first meeting of HMRC's new Small Business Technical Forum which has been set up by HMRC to look specifically at technical issues around how the smallest businesses compute their profits for trading income (for both income tax and corporation tax purposes). We look forward to contributing to this new group during 2021.

## Private Client (International)

The operation of the Statutory Residence Test in relation to restrictions on international travel as a consequence of the pandemic has been a focus for the committee - providing substantive input to HMRC.

The committee continued to highlight some ongoing areas of uncertainty and practical issues in relation to the substantive changes to the taxation of non-UK domiciliaries in 2017 and 2018, adding much needed clarity in this complex area.

We are currently engaging with HMRC over difficulties that have become apparent over the Finance Act 2020 changes to IHT excluded property trusts.

## Scotland

2020 commenced with us continuing to work as one of the members of the Scottish Government's Devolved Taxes Legislation Working Group. The Group published its interim report in February. Unfortunately, the onset of the coronavirus pandemic has meant that the Scottish Government has placed this work on hold for the time being, although it is hoped that it will be taken up in earnest following the Scottish Parliamentary elections in May 2021.

We also attended two pre-Budget roundtables at the invitation of the Cabinet Secretary for Finance: firstly, in January, prior to the Budget for 2020-21, and secondly in October, in advance of the Budget for 2021-22.

We have maintained close working relationships with the Scottish Government and Revenue Scotland, in particular providing input into consultations and calls for evidence in relation to the tax-related elements of the response to the coronavirus pandemic, and meeting to discuss policy and operations in relation to land and buildings transaction tax. We have also twice provided oral evidence to the Scottish Parliament's Finance and Constitution Committee.

### Wales

The committee responded to the Senedd Finance Committee's inquiry into the impact of variations in national and sub-national income tax and the Welsh Government's consultation on the future of Welsh law looking at classification, consolidation and codification.

We provided a detailed response to the Welsh Treasury's consultation on enabling changes to the Welsh Tax Acts. The Welsh Government considers that greater flexibility and agility is needed so that changes can be made to devolved tax legislation more quickly than is currently the case. The CIOT held a webinar with the Welsh Treasury to explain their thinking and the proposals. We also submitted comments to the Senedd's inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework in autumn 2020.

Two years on from the successful implementation of land transaction tax and landfill disposals tax, the committee built on some of our earlier recommendations for effective guidance in a further submission to the Welsh Revenue Authority.

### Working Together

HMRC's preferred medium of interacting with agents and professional bodies is via the online agent forum. Accordingly, the Working Together committee did not meet during 2020 and is now closed. Some of the volunteers on this committee have joined other committees or volunteering roles.

The CIOT remains a key representative on the Issues Overview Group, where we continue to work with HMRC and other professional bodies to remove the 'grit' in the system.

### EU & Human Rights

The committee did not meet in 2020 because most things it dealt with cut across other committees. Over the summer our EUHR expertise contributed to our responses to the House of Commons Committee on the Future Relationship with the European Union's inquiry into progress of the negotiations on the UK's future relationship with the EU, and the Ministry of Justice's consultation on retained EU case law. It has been decided, therefore, to retain the expertise from EUHR (as volunteers are generally also members of other committees), but for EUHR to continue as a working group rather than a committee.

### Climate Change Working Group

Recognising the importance of protecting the environment, during the latter part of 2020 we launched a new climate change working group with volunteers from a number of specialisms and backgrounds. The working group will consider the implications of climate change for UK tax policy. In addition to providing input to consultations, it will look for ways to introduce the role of tax in dealing with climate change into public debate.

## Formal submissions

### 2020



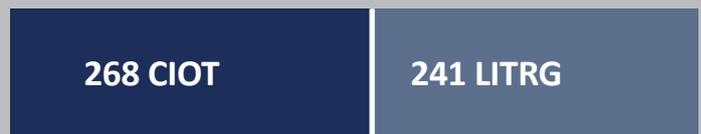
### 2019



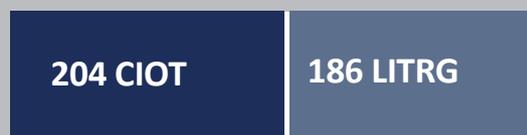
Formal submissions to HMRC, HM Treasury and other government and parliamentary bodies during the year (including devolved administrations).

## Meetings

### 2020



### 2019



Meetings (face to face or virtual) with officials from HMRC, HM Treasury and the devolved tax administrations.

# Giving the unrepresented a voice

## Report from the CIOT's Low Incomes Tax Reform Group (LITRG)

The Low Incomes Tax Reform Group's contribution to the CIOT's public benefit role is to help those unable to pay for tax advice. This mandate is fulfilled through two strands of work - by providing free, comprehensive guidance via the LITRG websites and by working to make the tax and associated welfare systems more equitable and accessible.

In 2020, LITRG responded to 33 consultations and attended 241 meetings with HMRC, other government departments and third sector organisations. LITRG engages regularly with both the Welsh and Scottish governments and the devolved revenue authorities. In 2020, LITRG were referenced several times in a report produced by the Scottish Government's Advisory Group on Economic Recovery.

### LITRG websites

LITRG's free guidance is primarily delivered via the main LITRG website, supported by a niche website aimed at advisers who assist people with tax credits and other HMRC entitlements. Although aimed at those unable to pay for advice, the websites are widely used including by CIOT and ATT members, other professionals and third sector advisers.

In 2020, there were 5.5 million visitors and nearly 9 million page views across the websites. The LITRG team also replied to over 1,500 queries received from members of the public. The LITRG website visitor numbers and page views continue to show impressive growth, having also successfully retained users of the separate student website on incorporating its material into the main website.

In early 2020, Lindsay Kirk joined the team to replace Sophia Bell as LITRG's digital content manager. Although most of the team's focus has been on the COVID-19 hub and response, a number of improvements have been made to the website through the year to make the site easier to use. For example, page navigation has been improved for users on mobile devices and images have been optimised to assist visually impaired users.

Work was undertaken in 2020 to improve search engine optimisation and rankings. A programme of work to review

our current websites also began, with a view to making further improvements during 2021. This included a survey of website users, tracking user journeys and asking volunteers to test various aspects of the website.

### Response to COVID

As the extent and potential impact of the COVID-19 situation became clear, LITRG's resources were diverted nearly exclusively to COVID-related matters. The LITRG team engaged closely with HMRC on behalf of unrepresented taxpayers on the development of the various support schemes, easements and deferrals, and the process for accessing them. A dedicated COVID-19 hub was set up on the main LITRG website to provide specific guidance and news articles, and was viewed nearly 700,000 times by the end of 2020. Our work in this area meant:

- HMRC updated their guidance on the Self-Employment Income Support Scheme in relation to those trading through a limited company following issues raised by LITRG based on website queries received from members of the public
- Specific information was published on the LITRG website about the Job Retention Scheme for those working through umbrella companies after getting clarification from HMRC – this information was not available on GOV.UK
- Changes were made to the tax credit regulations relating to coronavirus-impacted workers and treatment of coronavirus payments was clarified as a result of LITRG identifying deficiencies in earlier regulations
- HMRC changed the deadline for those claiming the Self-Employment Income Support Scheme grant under the parental exception – following LITRG feedback
- Relaxations were introduced in the tax credit system for self-employed claimants around various deadlines reflecting the impact of the pandemic

## A better deal for the low income taxpayer

In December 2020, LITRG published a paper outlining practical steps to making the tax and associated welfare system work better for people on low incomes. The 47 recommendations in the paper are grouped around seven principles that LITRG believe should be firmly lodged in the minds of those designing and managing the tax and benefits systems. The recommendations are not intended to be exhaustive but merely provide examples of changes that could be made to improve the experience of low-income taxpayers. The paper has been shared widely with parliamentarians, HMRC and devolved administrations and will form the basis of some of the group's work for 2021. Read it at [tinyurl.com/litrg2020](https://tinyurl.com/litrg2020).

### Principles for the tax system

1. Clear and up to date
2. Simple
3. Equitable
4. Just
5. Accessible and responsive
6. Joined up
7. Inclusive



## 2020 successes

Some examples of success in our efforts to improve the tax and related welfare systems for the benefit of low-income, unrepresented taxpayers:

- HMRC guidance on the Making Tax Digital VAT exemption was substantially improved and incorporated changes suggested by LITRG
- LITRG comments were incorporated into guidance aimed at contractors and agency workers on GOV.UK
- Out of date wording was changed on the Self Assessment tax return as a result of LITRG raising issues on behalf of shared lives carers
- HMRC's interactive tax tools were changed to remove incorrect wording and improve clarity following LITRG feedback
- LITRG published a dedicated Q&A, working closely with HMRC, to help the one million people affected by a tax credit renewal error
- LITRG comments were incorporated into HMRC materials produced to support people through compliance checks
- LITRG were invited to give oral evidence on two occasions to the House of Lords Economic Affairs Committee's Finance Bill Sub-Committee and were extensively quoted in the Committee's subsequent report on HMRC powers

In addition, LITRG's technical expertise continues to be sought after. Technical workshops and training have been run for other organisations including Advice NI, Shared Lives Plus Scotland, NASUWT (The Teachers' Union) amongst others. We have also been asked to sit on expert panels, for example by the London School of Economics talking about tax and benefit interactions and we have been commissioned to write a factual report looking at how labour market intermediaries work.

## Taxation awards

In May 2020, LITRG picked up three Tolley's Taxation awards. The team won the 'Best specialist team in a public or not for profit organisation' category. Meredith McCammond, Technical Officer, won 'Best Rising Star in Tax', and Robin Williamson, previously Technical Director of LITRG and current LITRG Committee member, was given the Lifetime Achievement award.

Chair of LITRG: Moira Kelly  
Head of LITRG Team: Victoria Todd  
Senior Technical Manager: Kelly Sizer

## What LITRG website users say

"My daughter found your website when she was looking for information re her tax credits... I thought it was excellent. I can't see how you could make it any clearer or simpler. Very many thanks"

"I just wanted to say thank you so much for this outstanding resource. As one who is new to the UK, I sincerely appreciated all the guidance set out here - it really is excellent"

"I regularly find your website both informative and helpful, recently in the case of helping a client resident in the UK but receiving an overseas state pension."

*CIOT member*

"I am very grateful for all your help and guidance. I was calling several advice offices today (citizens advice, HMRC, acas) and nobody was really able to help me, so I am very grateful"

"Having reviewed a number of publications covering Income & Business Taxation I believe your self-employment guide ranks highly therefore this has led me to make my recommendation to the students."

*From a lecturer who prescribes the LITRG self-employment guide as course reading 'as your content is written in such a way that it is easier for them to grasp these concepts'*

"I looked over one hour for whether scholarships could be taxed and you guys nailed it. Thank you!"

# Promoting excellence in tax education

## Report from the Education Committee

The Education Committee ensures that the educational aims of the Institute remain relevant and maintains a focus on the future development of the tax profession.

In addition to providing support and encouragement for its students, the Committee has responsibility for promoting the study and understanding of tax for the benefit of the wider public.

By the close of 2020, there were 5,624 students registered for the CTA qualification (this includes the ACA CTA Joint Programme) and a further 1,973 registered for the Tax Pathway, the joint ATT CTA route to qualification. In addition, there were 3,661 students registered for the ADIT qualification.

The Education Committee has responsibility for several sub-committees and working parties.

These are: ADIT Sub-Committee; ADIT Examination Sub-Committee; Grants Sub-Committee; Recognition of EU Professional Qualifications Sub-Committee; Fellowship Working Party; Student Training Conferences Working Party and the Members' Conference Working Party.

### What was new for 2020?

#### ICAS Joint Programme

2020 saw the first registrations for the CA CTA Joint Programme.

This partnership had been agreed with ICAS in 2019. Students may specialise in one of three areas of tax – Owner Managed Businesses, Major Corporates or Indirect Taxation. Whichever CTA paper the student chooses takes the place of the ICAS TPS Taxation paper.

There are currently 39 CA CTA students registered with the Institute and 2021 should see the first of these take a CTA paper.

#### Fellowship

In 2020, five individuals successfully presented a body of work or dissertation to the high standard required to achieve Fellowship. Several individuals had their synopses approved.

### Student support in 2020

The Institute continues to help support its students, with one-day student training days being held in the spring and autumn. The webinars have steadily grown in popularity over the last few years, with the majority of attendees having selected this option. With the cancellation, for obvious reasons, of traditional face-to-face sessions, they have become even more crucial. Students are able to get copies of the webinar after the end of the session, so even if something prevented them from joining live, they are still able to access the content.

With a lot of students unable to attend classroom courses at all in 2020, these sessions are more valuable than ever and hopefully 2021 will see record numbers attending.

### Employer relations

Meetings have taken place this year with employers in the accounting, legal, and business and commerce sectors, both in the UK and overseas.

This has been a real focus for the Business Development team in 2020, focussing on keeping contact with firms the CIOT have been in contact with before, but also speaking to new firms.

In 2020, there were over 50 employer calls, with Business Development having done an excellent job on finding the right people at each firm to speak to about their students.

The increased dialogue with employers continues to grow year on year and with such a huge change in working practices over the past six to nine months, it is more important than ever to stay in touch with employers.

For the second half of 2020, the focus of these meetings has been talking to employers about how their students had found the changes to the delivery of the CTA examinations and talking to them about recruitment plans for the year ahead.

The majority of the feedback on the new CTA exam structure – which has now had two years to bed in – has been positive.

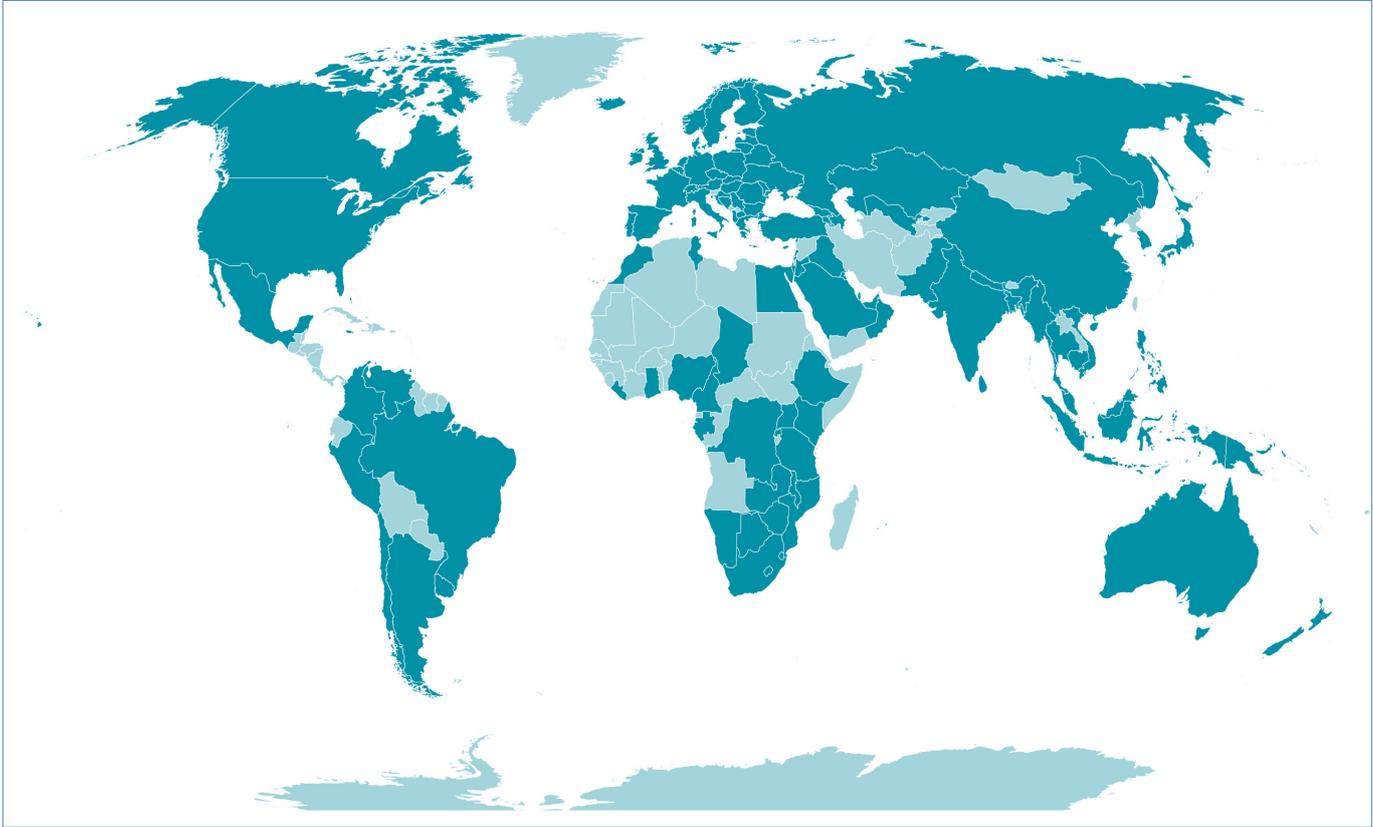
Chair of Education Committee: Ray McCann

Director of Education: Rosalind Baxter

Education Development Manager – Andy Brodrick

ADIT Examinations Manager – Rory Clarke

## ADIT: International Tax



More than 3,600 students, from around 120 countries across the world, are currently pursuing our ADIT qualification.

In addition, 1,184 individuals have thus far completed the qualification of whom 206 have subscribed as International Tax Affiliates.

The map above shows (shaded more darkly) the countries with an ADIT student or graduate.

2020 saw approximately 850 new students registering onto the ADIT qualification. The planned June 2020 exam session was postponed due to COVID-19, with all ADIT exam modules being offered online in December 2020; approximately 1,700 exam entries were received. Students sat the online exams at their homes and offices, in 76 countries.

ADIT was represented in the joint delivery of two major online CIOT events: the KCL/ADIT/IFA Joint International Tax Conference, which was held on 7 and 10 July and attracted 178 bookings, and the CIOT European Branch/ADIT/IFA Young International Corporate Tax Practitioners Conference, which took place on 24 and 25 September and attracted 151 bookings.

A series of ADIT webinars was also launched, as part of the CIOT's move to online events. Between August and December 2020, seven ADIT webinars were delivered, attracting a total of 465 bookings.

Each webinar is priced at £20, with free entry for International Tax Affiliates, providing a further benefit for Affiliates in addition to those which have been implemented following the strategic development working party's activities in 2019.

# Examinations report

## Report from the Examination Committee

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.

The primary objective of the Examination Committee is the supervision of the administration arrangements for the CTA examinations, and review of the examination format and results in line with the requirements of Council. We are grateful to our examiners and staff for all of their hard work in what is a huge administrative and intellectual exercise. In particular thanks to the Examination Committee members who gave up much of their time, often at short notice, for discussions on the running of the exams in 2020 in the light of the totally new circumstances caused by the pandemic.

Following the exam results published in January 2021 378 students had completed the exam requirements for membership of the CIOT as a result of the 2020 examinations. This includes those on the Tax Pathway and ACA CTA Joint Programme routes. The Committee hope that some of the successful candidates will go on to play an active role in the future of the CIOT, volunteering for whichever area of the Institute's work interests them most.

### Moving exams online

In common with many other organisations, the Examination Committee took the difficult decision to cancel the May 2020 CTA exams due to the pandemic. All student registrations and existing exam passes and exemptions were extended.

The Examination Review Sub-Committee had already taken the decision to replace the traditional paper-based written CTA exams with answers being typed instead with access to electronic legislation and utilising remote invigilation in one form or another. This was at a very early stage with an anticipated go live date of 2022.

With governance from a small group of volunteers drawn from the Examination Committee, it was decided that the Education Team would offer a pilot emergency session in the summer of 2020 for one CTA exam (this being Application and Professional Skills (APS) which has six options). 291 students sat the APS exam and were invigilated via their laptop/PC webcam. There were challenges for some and overall the experience was deemed too variable to use for the November 2020 exam session where it was hoped there would be a much larger than normal cohort of students due to the cancelled May session.

In order to be able to run a successful full exam session in the time available it was decided to use the software which had been tried and tested on the CIOT's ADIT exams, sat in test centres, for several years. As the exams were uninvigilated we moved to open book and software was used to check for any collusion. This worked well and more than 2,000 students were able to successfully sit the exams.

We are very proud that students were able to progress with their studies and careers during this extraordinary time in both their personal and professional lives.

### The future

The same software, with increased functionality, will be used for the May and November 2021 exams. This will give certainty to students and tuition providers and give the Examination Committee and the Education Team the time to plan and prepare for the 2022 exams.

### Computer Based Examinations

In addition to our main examination sessions, candidates are also examined via our existing Computer Based Examinations (CBEs) which are available throughout the year at various test centres around the UK. Despite the pandemic most of the test centres remained open for much of the time allowing students to sit and take the CBEs but in the circumstances the rule was relaxed that these had to be passed before their last tax exam. Remote sitting of CBEs will be offered as a pilot in 2021.

### Tax Pathway

During the course of 2020, 59 students on the Tax Pathway successfully completed all examination papers required of them. The Tax Pathway was launched in June 2016 and enables students to study for both the ATT and CTA qualifications and become members of both bodies in less time, without reducing the quality and rigour of the qualifications. Students are able to transfer into the Tax Pathway from the traditional CTA and ATT routes, providing they meet the requirements.

### CIOT and ICAEW Joint Programme

During the course of 2020, 80 students completed both qualifications and thus successfully completed the ACA CTA Joint Programme.

Chair of Examination Committee: Daniel Lyons  
Director of Education: Rosalind Baxter  
Education and Examinations Manager: Jude Maidment

# Prize Winners

We were unable to hold admission and graduation ceremonies for our successful CTA and ADIT students in 2020. But we can still celebrate the achievements of all those who passed our qualifications over the past year, and especially those whose performances won medals and prizes.

## CTA examinations medal and prize winners

### November 2020 CTA exam session



**Sandeep Dev**  
(Deloitte)  
*Victor Durkacz Medal*



**Thomas Andrew**  
*Ronald Ison Medal*



**Christopher Stones**  
(Grant Thornton)  
*Wreford Voge Medal (jt)*



**Patrick Boch**  
(Old Square Tax Chambers)  
*Avery Jones Medal*



**Hussein Bhajji**  
*Chris Jones Prize*

**Other winners for this session:** **Joseph Eloi** (EY), *Wreford Voge Medal (jt)*; **Sarah Ling** (Macfarlanes), *Institute Medal*; **Hugo Kirby** (Blick Rothenberg), *Gilbert Burr Medal and Croner-I Prize*; **Amy Brown** (Dixon Wilson Chartered Accountants), *Spofforth Medal*; **Charlotte Page** (Price Bailey), *John Tiley Medal*; **Nicholas Skidmore** (Azets), *Ian Walker Medal*.

### June/July 2020 CTA exam session

**Jessica Allan** (RSM) won the *Avery Jones Medal*. (NB. Only one paper was sat at this sitting – see p26.)

### November 2019 CTA exam session

**Winners for this session were:** **Joseph Robinson** (Macfarlanes), *Institute Medal*; **Adam Sibley** (MW Accounting Services), *Gilbert Burr Medal*; **Tooba Aslam** (EY), *Victor Durkacz Medal*; **Kamla Mistry** (Mercer & Hole), *Spofforth Medal*; **Angharad Williams** (Sayers Butterworth), *Ronald Ison Medal*; **Hugo Kirby** (FTI Consulting), *John Tiley Medal and Croner-I Prize*; **Josef Szekeres** (PwC), *Wreford Voge Medal*; **Elizabeth James** (Butler & Co), *Ian Walker Medal*; **Matthew Rossiter** (Blick Rothenberg), *Avery Jones Medal*.

## ADIT examinations medal and prize winners

### December 2020 ADIT exam session



**Hugo Holmes**  
*Heather Self Medal*



**Kieran Hutchinson Dean**  
(Dixon Wilson)  
*Raymond Kelly Medal*



**Stephen Hodgson**  
(Ladbroskes Coral)  
*Croner-i Prize*



**Roberta Zoccheddu**  
*Worshipful Company of Tax Advisers Prize*



**Abdulrazak Ibrahim**  
(Deloitte)  
*Wood Mackenzie Prize*

### December 2019 ADIT exam session

**Winners for this session were:** **Flora Barnes** (Future plc) and **Kathryn Miles** (HMRC), *Heather Self Medal (jt)*; **James Carpenter** (Deloitte), *Raymond Kelly Medal*; **Jonathan Hinchcliffe** (HMRC), *Croner-i Prize*; **Christis Christoforou** of Athens, Greece (Naftomar), *Wood Mackenzie Prize*; **Adrian Cloer** of Falkensee, Germany, *Worshipful Company of Tax Advisers Medal*.

NB: CTA medals/awards are awarded for the following: **Institute Medal** for the best overall performance attempting the Awareness Paper and two Advanced Technical Papers (ATPs) (all at the same sitting). **Gilbert Burr Medal** for the highest mark in the Taxation of Owner-Managed Businesses ATP. **Victor Durkacz Medal** for the highest mark in the Domestic Indirect Taxation ATP. **Spofforth Medal** for the highest mark in the Inheritance Tax, Trusts & Estates ATP. **Ronald Ison Medal** for the highest mark in the Taxation of Individuals ATP. **John Tiley Medal** for the highest mark in the Taxation of Major Corporates ATP. **Wreford Voge Medal** for the highest mark in the Cross-Border Indirect Taxation ATP. **Ian Walker Medal** for the highest mark in the Awareness Paper. **Avery Jones Medal** for the best performance in the Application and Professional Skills Paper. **Chris Jones Prize** for the highest total marks in two ATPs (taken at the same sitting). **Croner-I Prize** for the candidate with the highest distinction mark in an ATP.

ADIT medals/awards are awarded for the following: **Heather Self Medal** for best overall performance in Module 1 Principles of International Taxation. **Raymond Kelly Medal** for best overall performance in Module 2 United Kingdom option. **Croner-i Prize** for best overall performance in Module 3 Transfer Pricing option. **Worshipful Company of Tax Advisers Medal** for highest mark in Module 3 (all other options). **Wood Mackenzie Prize** for highest mark in the Upstream Oil and Gas module.

# Engagement, support and growth

## Report from the Membership and Branches Committee, and the Branch Network

### Members

The Institute proudly welcomed 532 new members in 2020 of which 153 are joint members with the Association of Taxation Technicians (ATT). 110 of those new members came via our partnership with the Institute of Chartered Accountants in Scotland (ICAS) whereby those with the ITP (ICAS Tax Professional) qualification are invited to join CIOT.

The Institute had 19,042 members at the close of a challenging year, up slightly on the end of 2019. The cancellation of the May exam sitting impacted the new member cohort, down year on year; however, the CIOT remains buoyant with a healthy, high retention figure for the year of 98%.

Despite disruption to the collection of signatures for certificates this year the team were able to produce certificates for members reaching their 50th year of membership. We were delighted to send 67 certificates to members in October 2020.

### Branch Network Strategy

During 2020 the Membership and Branches Committee, supported by the Joint Branches Sub-Committee, with the Head Office Team, focussed on supporting our local committees in continuing to deliver their high-quality programmes of continuous professional development (CPD) as these moved online following the lockdown announcements in March. With physical meetings impossible the teams mobilised to produce a new programme of curated tax content for delivery online on a national basis. We are very grateful to the branch committees for their enthusiastic response to the new online platform and to our speakers who adopted the new technology and adapted their usual face to face formats to suit our new online delivery. The year's two presidents, Glyn Fullelove and Peter Rayney, and other members of the Presidential Team, were among those who participated in the programme.

### Branch Strategy - Engagement

We had held 55 events face to face before 24 March when the lockdown came into force. By the end of 2020 we had held over 100 events online and reached over 20,000 online attendees. We are really delighted with the increase in engagement that online events have fostered. Events held face to face that typically attracted 100-150 delegates were attended by over 500 delegates online.

Around half of our branches produced content for the online programme, which contained a mixture of:

- free lunchtime learning sessions of 60 minutes or less
- paid for 90 minute courses on a niche or deeper dive topic
- full three hour events providing members, students and the public with a thorough technical briefing on core subjects of vital importance to the profession

Our webinars were watched by 1,300 members of the public, a wonderful way to achieve our charitable purpose whilst face to face events were not possible. Nearly 30% of the online output has been free to view.

### Branch Strategy - Support

Branch Network volunteers came together three times over the course of the year, to hear important updates from the Technical and Head Office Teams and to meet with our Chief Executive, Helen Whiteman, new Chief Financial Officer, Karl Cerski, and the Finance Team. The events were held in March (face to face) and online in May and November with record attendances from volunteers at the virtual sessions.

We launched a supplementary 'Branches Guidance for Volunteers' booklet in March to ensure rules, procedures and practical guidance documentation are in place to support the regionally dispersed committees.

### Branch Strategy - Growth

We were very pleased at the interest our "Are You Thinking of Becoming a Speaker" initiative prompted 24 members and students came forward to join the ranks of our illustrious speaker network. We are working with them on their first outings online as part of our Regional Discussion Programme for 2021.

We are always keen to hear from members and students who have an interest in volunteering for their branch committee locally. We welcomed 20 new volunteers to our Branch Network in 2020. If you would like to become a volunteer for your local branch, please contact the team at [branches@tax.org.uk](mailto:branches@tax.org.uk).

Chair of Membership and Branches Committee: Christopher Lallemand

Co-Chairs of the Branches Network: Jo Routier (Jersey) and Zoe Roberts (Sheffield)

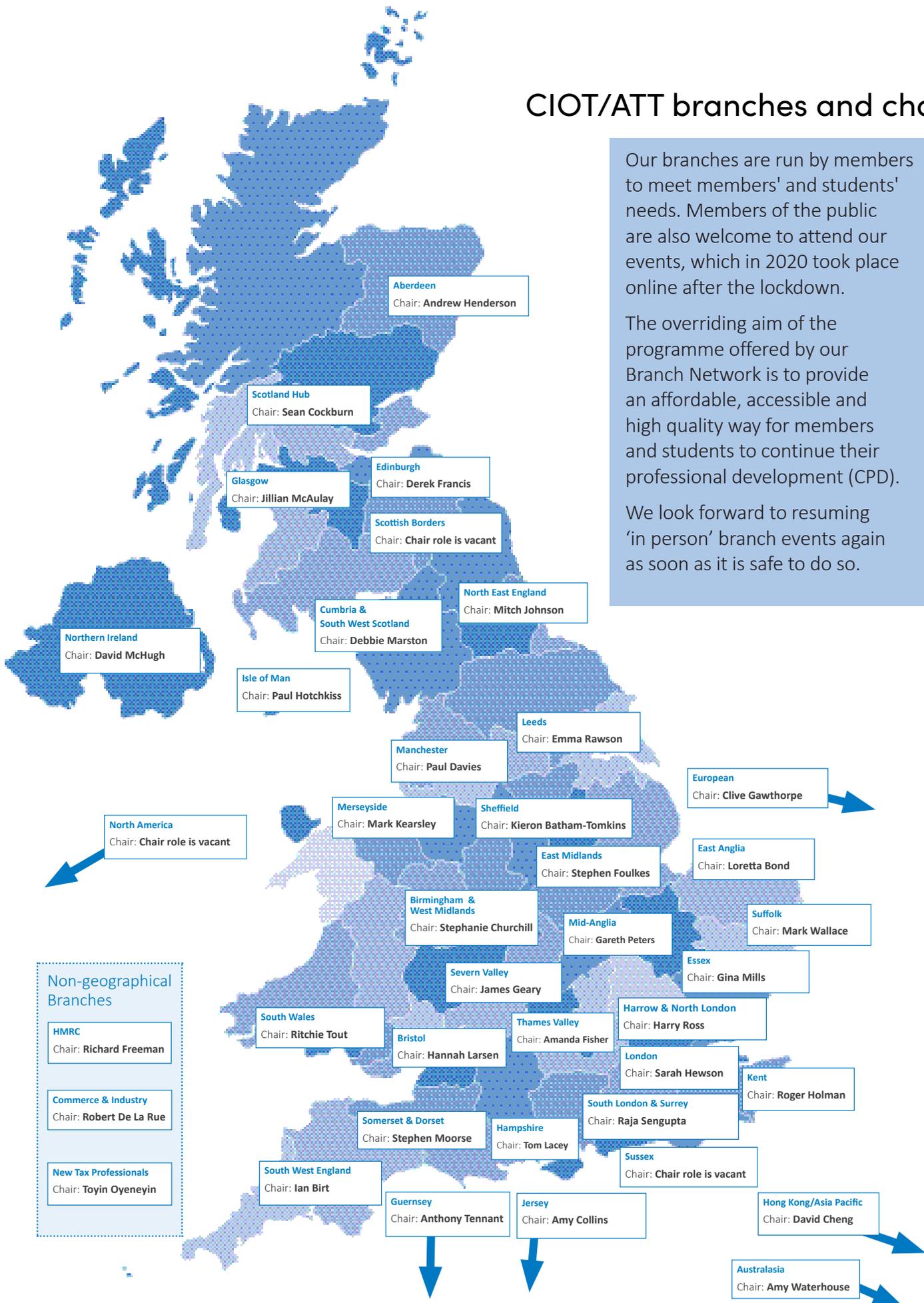
Head of Member Services: Emma Barklamb

## CIOT/ATT branches and chairs

Our branches are run by members to meet members' and students' needs. Members of the public are also welcome to attend our events, which in 2020 took place online after the lockdown.

The overriding aim of the programme offered by our Branch Network is to provide an affordable, accessible and high quality way for members and students to continue their professional development (CPD).

We look forward to resuming 'in person' branch events again as soon as it is safe to do so.



# Promoting understanding of tax

The Institute's objectives include creating "a well-informed public opinion" on taxation. To achieve this we inform public debate via the media, we directly publish helpful information for taxpayers (mainly via our Low Incomes Tax Reform Group (LITRG)), we engage with politicians and other policy makers, and we promote forums for discussion of tax policy involving all with an interest in it.

## CIOT in the media



The CIOT, including LITRG, featured 174 times in the mainstream media during 2020, in addition to hundreds of mentions in the tax and accountancy trade press.

Beyond the tax implications of the pandemic (see pages 14-15), the CIOT and LITRG were prominent in the mainstream media on a range of topics. We continue to be a trusted source of information and analysis on devolved tax matters in Scotland and are building a presence in the Welsh media.

A sample of our 2020 media coverage included:

- Financial Times – Making Tax Digital (MTD), loan charge, review of CGT, corporate tax reform
- The Times – The 'tax gap', HMRC powers, Scottish tax reform
- Daily Mail – Self-assessment, inheritance tax reform, regulation of the tax profession
- Telegraph – MTD, reform of the UK tax system
- Appearances on Radio 4's Moneybox programme on Budget day and talking about claiming benefits due to coronavirus
- LBC Radio – MTD, tax reform, the furlough scheme
- Opinion articles by CIOT representatives in The Independent (paying for the coronavirus debt), the Western Mail (income tax in Wales), The Times (Scottish edition) (scrutiny of devolved taxation) and City AM (taxing multinationals)

## Engaging with policy-makers

We continue to work with politicians of all parties in pursuit of better informed tax policymaking. In 2020, we engaged with a total of 62 politicians at Westminster, the Scottish Parliament and Welsh Assembly – 22 Conservatives, 18 Labour, 12 SNP, 5 Lib Dem and 5 others. These included:

- Meetings with Financial Secretary Jesse Norman, and with new Labour and SNP shadow ministers at Westminster
- Engagement with the Scottish Finance Secretary and Public Finance Minister, and with Scottish and Welsh shadow ministers in relation to devolved tax matters
- Attendance by parliamentarians at pre-pandemic CIOT events in London and Edinburgh
- Shadow Chancellor Anneliese Dodds and the Financial Secretary spoke at our online Labour and Conservative party conference events
- Engagement with MPs and Peers in relation to the publication of the LITRG paper 'A better deal for the low-income taxpayer'

## Online information

We continue to publish online information on topical tax matters on our blog. In 2020, this included expert articles on topics including reform of the UK tax system, tax and the justice system, Northern Ireland and Brexit, and the operation of trusts. Our External Relations team regularly produces summaries of parliamentary debates, policy developments and the work of think-tanks.

### Our most read blogs from 2020

1. The 'furlough' coronavirus job retention scheme features and legal issues (guest article by Tarlochan Lall, April) – 10,100 page views
2. How will we pay for the coronavirus debt – and should we? (article by John Cullinane, August) – 4,200 page views
3. MPs call for further flexibilities in coronavirus support schemes (political report, May) – 3,400 page views

However our two most-read blogs during the year were both published the previous year –

1. The Loan Charge – an explainer (Sept 2019) – 23,800 page views in 2020 (35,900 in total)
2. Scottish income tax rates and thresholds for 2019/20 – (April 2019) – 12,400 page views in 2020 (26,300 in total)

## Informing the political debate

CIOT and LITRG were cited or otherwise mentioned on 59 occasions in parliamentary debates and reports during the course of 2020.

At Westminster, CIOT President Glyn Fullelove (loan charge), Director of Public Policy John Cullinane (Tax after Coronavirus), Head of Technical Richard Wild and LITRG Technical Officer Tom Henderson (HMRC powers), Indirect Taxes Committee Chair Alan McLintock (VAT), and Employment Taxes Committee Chair Colin Ben-Nathan and LITRG Technical Officer Meredith McCammond (off-payroll working) provided expert evidence on behalf of CIOT and LITRG to parliamentary committees.

CIOT was referenced 24 times during the course of parliamentary debate on the Finance Bill, by both the Financial Secretary and shadow ministers. The topics included the annual investment allowance, private residence relief, entrepreneur's relief and the digital services tax.

CIOT and LITRG evidence was cited in House of Lords reports into Off-Payroll Working and HMRC powers, and a Commons Public Accounts Committee report on Tackling the Tax Gap.

There were 15 mentions of CIOT and LITRG in Scottish parliamentary debates and reports on topics including the Scottish Budget and reforms to the tax policy process. Our opinion polls on Scottish public awareness and understanding were used by the country's Citizens Assembly to facilitate a session on tax awareness in early 2020. John Cullinane gave evidence to a Scottish Parliament inquiry into the fiscal framework and to its annual pre-Budget inquiry.

## Shaping the political debate - Tax after Coronavirus

The House of Commons Treasury Committee plays a crucial role in scrutinising the Government's approach to tax policy and administration. In the summer of 2020, the CIOT was invited by the committee to help launch its major tax inquiry of the current Parliament, into the future of the UK tax system after coronavirus.

In July CIOT President Glyn Fullelove hosted a virtual launch event for the Inquiry (see page 17). Two CIOT representatives appeared before the committee as expert witnesses and both CIOT and LITRG submitted written evidence. The committee published its conclusions in March 2021 – again with an event hosted by CIOT – and the report cited CIOT evidence in a number of places when making its recommendations.

Director of Public Policy: John Cullinane  
Head of External Relations: George Crozier

## “the Chartered Institute of Taxation, which is well respected across the Committee”

Financial Secretary to the Treasury, Jesse Norman, noting CIOT's welcome for a measure in Finance Bill 2020 (June 2020)

## “If members opposite have followed all that detail... I am sure a bright future awaits them for a career at the Chartered Institute of Taxation”

Wes Streeting MP (then Shadow Exchequer Secretary (Labour)), makes a complex point during Finance Bill Committee (June 2020)

## “It would be incredibly helpful if people such as the Chartered Institute of Taxation... could come before the Committee and we could hear from them”

Alison Thewliss MP, SNP Treasury spokesperson, on the need for expert witnesses during consideration of the Finance Bill (June 2020)

# Upholding Professional Standards

## Report from the Joint CIOT/ATT Professional Standards Committee

In what was a very unusual year the joint Professional Standards Committee was very mindful of the need to 'keep the show on the road' and to help the CIOT to meet its charitable objects which include:

- (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.

Our quarterly meetings continued as before albeit virtually and the Professional Standards team continued to work remotely.

### New rules

Each year the Professional Standards team attend the Taxation Disciplinary Board's training day to give an update on any changes or developments in the CIOT's rules and also to benefit from the training which is led by a lawyer who specialises in professional body regulatory matters. This brought to light the fact that while cautions can be given for relatively minor offences they can also be given for much more serious offences. Similarly, summary only motoring offences include serious offences. At the time neither category of offence was reportable to the CIOT. Following legal advice and a recommendation by the Committee, the CIOT decided that any such offences committed on or after 1 January 2021 must be reported by members and students.

### New guidance

As a result of an ATT/CIOT initiative (prompted by members), 'Topical Guidance covering the application of professional standards to the provision of R&D tax credit services' was introduced alongside the Professional Conduct in Relation to Taxation rules and help sheets. The working party supported this with some additional guidance on 'Choosing a Specialist Research and Development (R&D) Tax Adviser: Tips on how to choose the right specialist for your business!'

### Engagement letters

Engagement letters are kept under regular review and were updated this year with minor changes in a number of areas including MTD for VAT, VAT MOSS, off payroll working and in-year capital gains. A new schedule for use by members acting as a subcontractor to another firm of tax advisers or accountants was added to the engagement letters guidance.

### Professional Indemnity Insurance

PII has been more challenging this year with fewer insurers in the market, rising premiums and insurers being more selective about whom and what they will insure. We maintain regular contact with brokers to keep up to date with developments.

### Annual return

The completion and submission of the Annual return is a key membership obligation. It not only helps the CIOT to keep its records up to date but also enables members to confirm their compliance with the Professional Rules and Practice Guidelines and Professional Conduct in Relation to Taxation. This latter point is very important at a time when the government is looking at raising the standards in the tax advice market (see below). Not only must the CIOT enforce its professional standards, it must be seen to do so. 2020 saw a determined effort to raise awareness of the significance of the Annual return and this will continue in 2021 and beyond.

## Raising standards in the tax advice market



Figure 1: Potential approaches to raising standards in the tax advice market

HMRC issued a call for evidence with a view to raising standards in the tax advice market to which we responded. From a selection of options put forward by HMRC (see above) CIOT favoured the approach whereby the profession worked gradually towards a position where all tax advisers had to be members of a professional body, observing that body's professional standards, holding PII and carrying out continuous professional development.

Chair of CIOT/ATT Professional Standards Committee: Richard Todd

Director of Public Policy: John Cullinane

Head of Professional Standards: Heather Brehcist

# Anti-Money Laundering

The law requires that all businesses in the UK tax and accounting sector must be supervised for anti-money laundering (AML) purposes by an approved supervisory body. Currently, 882 firms are registered for AML supervision with CIOT (March 2021 figures).

## Supervision and inspection visits

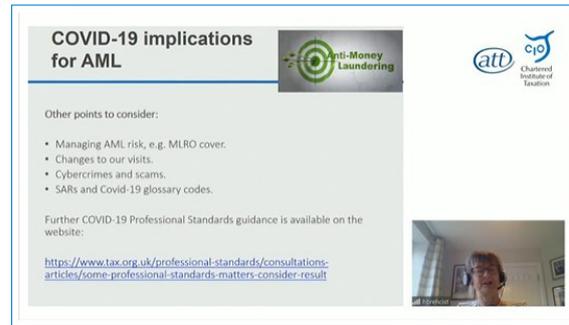
AML work continues to occupy a substantial amount of time and resource for CIOT. Even before COVID we were expanding the number of inspection visits which could be done virtually to make best use of the resources available. Under COVID all visits have had to be done remotely with staff and members becoming adept at using Zoom, Webex, Teams etc. This has worked remarkably well and has enabled us to comply with the Office for Professional Body AML Supervision (OPBAS)'s expectation that AML supervision should continue as normal.

CIOT takes compliance with AML obligations extremely seriously and firms which fail to comply (for example, not submitting/late submission of AML registration form) are referred to the Taxation Disciplinary Board (TDB). It was very encouraging to note that, despite COVID and the sharp supervision fee increase (due to the costs of the increased expectations on supervisors), that in 2020 only three CIOT members were referred to the TDB for this.

## Economic Crime Levy

HM Treasury issued a consultation on "Economic Crime Levy: Funding new government action to tackle money laundering" in July. The levy would be charged to those businesses operating in the AML regulated sector and 'form one part of the sustainable resourcing model to tackle economic crime'. The CIOT put forward the view that the small business threshold of £10.2m should be used as the bar below which supervised firms would not have to contribute to the levy. This is on the basis that, in our view, the burden of AML compliance already falls disproportionately on smaller businesses which are required to meet the same requirements as much larger entities. We were also in favour of HMRC acting as the collection agent as opposed to the professional body supervisors as it already has the infrastructure in place to carry out this function. Further details are expected in early 2021.

## Communication



Members of the Institute's Professional Standards Team produced two webinars in 2020

We have kept our AML supervised members abreast of AML developments with regular newsletters, articles in Tax Adviser and notes in the Friday Weekly News. One of the few positives about COVID has been the opportunity to connect with many more members through webinars and we have produced two - one was a general update on AML and the other on taking a risk based approach.

## Whistleblowing

As part of the drive to combat money laundering OPBAS has asked the professional body supervisors to encourage their members to report to their professional body instances where they become aware of other advisers who are not adhering to the Money Laundering Regulations, for example by not being supervised or not applying customer due diligence.

See [tinyurl.com/AMLwhistle](https://tinyurl.com/AMLwhistle) for more information.

Chair of CIOT/ATT Professional Standards Committee: Richard Todd

Director of Public Policy: John Cullinane

Head of Professional Standards: Heather Brehcist

# Enforcing Standards: Complaints and Discipline

## Report of the Taxation Disciplinary Board

The Taxation Disciplinary Board (TDB) is an independent body which handles complaints about alleged breaches of professional rules of conduct by members and students of the CIOT and ATT.

The TDB is responsible for administering the Taxation Disciplinary Scheme (TDS), which sets out the principles and powers that underlie the participant bodies' complaints and disciplinary procedures. These procedures exist to protect the public but by maintaining and enhancing professional standards they also enhance the standing and reputation of the tax profession and so are beneficial to all members. The TDB aims to ensure it is at the forefront of best regulatory practice and is committed to an open and effective system of complaints handling and disciplinary tribunals.

### Governance of the TDB

Overall responsibility for the administration of the TDS rests with the Directors of the Board of the TDB. The Chair of the Board is Susan Humble, who took on the role in February 2020. The Board has four other directors: two are appointed by the participating bodies (John Whiting by CIOT and Brian Palmer by ATT) and two are independent (Colin Wilby and Elizabeth Fullerton-Rome), ensuring a majority of independent directors on the Board.

The Committees and Tribunals appointed by the Board are drawn from a panel including lawyers, lay persons and tax professionals (who have no current involvement with the standards setting of the two participant bodies). The Board employs a part time Executive Director, Peter Douglas, who has day to day responsibility for the processing of complaints and the smooth running of the Board; Nigel Bremner is the Clerk to the Disciplinary Tribunal, responsible for the organising and conduct of the disciplinary hearings.

### Developments in 2020

In common with every organisation, the TDB has had to adapt to remote working. This has included setting up arrangements for virtual Tribunal hearings. We have been very careful to ensure that these online hearings are fair to all concerned and have been pleased at the positive responses we have received from participants in the hearings we have run to date.

The TDB has been carrying out a major review of its Indicative Sanctions Guidance during 2020. This document sets out the various sanctions available under the TDS and discusses how they might be applied to the various types of offences the Tribunals encounter.

It is important to appreciate that the document is guidance rather than a rule book: it is intended to help Tribunals but also to be a reference for members who may wish to understand how the Tribunal will approach situations.

The review commenced with a short general public consultation document in January which attracted a good number of responses; a second round of full consultation took place in the summer and following consideration at our annual training day for panel members, the document was finalised and issued in December. It now incorporates a wide range of material, including guidance on costs awards and can be found on the TDB website: [tinyurl.com/TDB21](https://tinyurl.com/TDB21).

The TDB has taken a close interest in the HMRC consultations on 'Raising Standards in the Tax Advice market' and made a significant submission to HMRC in response; we have been involved in the continuing discussions on the subject. This is an area the TDB anticipates continuing to participate in during 2021.

### Complaint cases dealt with in 2020

Almost all cases that the TDB handles will involve alleged breaches of the Professional Rules and Practice Guidelines published by the CIOT and ATT and/or Professional Conduct in Relation to Taxation (PCRT), published by the seven main tax professional bodies (including CIOT and ATT).

During 2020 the TDB received 44 new complaints (2019-37), 29 involving CIOT and joint CIOT/ATT members and students. The Investigation Committee considered eight complaints, seven of which involved CIOT and joint CIOT/ATT members. All the complaints were referred to the Disciplinary Tribunal. The Disciplinary Tribunal (DT) heard eight cases during the year; findings resulted in three exclusions, three censures, one warning and one suspension for 12 months. Costs were awarded to the TDB in respect of all DT cases. There was one appeal against a decision of the DT; the appeal was not upheld by the Disciplinary Assessor appointed under TDS regulation 21.6.

In addition, four (2019-160) cases (three relating to CIOT members) arose from the failure of members to submit the required Anti-Money Laundering (AML) returns.

**Susan Humble**  
Chair

On behalf of the Taxation Disciplinary Board

# Managing our resources

## Report of the Finance and Operations Committee

The Finance and Operations Committee (F&OC) is a delegated committee of the CIOT Council and its objectives are:

- To oversee the financial activities of the Institute and to provide information and advice on financial matters to its Council and committees;
- To oversee the production of the annual financial statements and Chairman's report and their presentation to members; and
- To ensure that the operational systems of the Institute are effective and appropriate and that public benefit issues are adequately reflected in the annual report.

The F&OC is chaired by a member of Council. The Committee presents its report for 2020:

### 2020 results

The Institute made an operating surplus of £624,000 for the year (2019: loss of £777,000).

The impact of the pandemic and the consequent changes the Institute made to the delivery of its services and activities resulted in significant reductions in operating expenditure. Total expenditure for the year was £7,676,000 (2019: £9,716,000) which is a reduction of £2,040,000. The cancellation of all face-to-face meetings, conferences, events and physical examination sittings from 23 March 2020, together with all staff working from home, contributed to the reduction in expenditure.

Total income for the year was £8,300,000 (2019: £8,939,000), a reduction of £639,000. Membership income was £5,612,000 (2019: £5,465,000), the majority of which had been received prior to the onset of the pandemic. However, the effect on examination income, conferences and events income and branch activity income resulted in reductions compared to 2019: Education and Examination income was £1,688,000 (2019: £2,075,000) and Conferences and Events income was £351,000 (2019: £868,000).

The value of the investment portfolio at the end of 2020 reduced, providing unrealised losses of £74,000 and realised gains of £52,000 (2019: unrealised gains of £292,000 and realised losses of £5,000).

Net income for the year was £602,000 (2019: net expenditure of £489,000). General Funds at the end of the year amount to £5,052,000 (2019: £4,450,000). Total funds at the end of 2020 amount to £6,376,000 (2019: £5,774,000).

The Institute continues to share staff and other back office resources with The Association of Taxation Technicians (ATT) which enables both organisations to benefit from economies of scale.

### COVID-19 Update

The onset of the COVID-19 pandemic and the resulting emerging impact on the economy has brought a great deal of uncertainty.

The CIOT took action by cancelling all face-to-face meetings, events and physical examination sittings after 23 March 2020 and replacing them with a programme of online meetings, content and webinars and, crucially, by accelerating the delivery of online examinations. These arrangements remain in place during 2021.

The effect of the pandemic on our membership numbers remains uncertain, but the long-term nature of membership provides some reassurance, and whilst income streams have been and will be affected, they are partly mitigated by cost savings, and together, these factors have informed the reforecasting exercises that the Chartered Institute has regularly carried out. The longer-term impact on the operating costs of the Institute remains uncertain.

The CIOT has substantial reserves, standing at £6,376,000 at 31 December 2020. These reserves have been built-up over the years to provide financial stability for the Chartered Institute to continue its charitable purposes in just such circumstances as this pandemic and the financial assets held by CIOT can be readily converted into cash.

Since the pandemic struck, the financial markets have been increasingly volatile and the CIOT listed investment portfolio has increased in value from £2,773,438 at 31 December 2020 to £2,776,972 at 23 March 2021, an increase of £3,534, or 0.1%. No withdrawals or additions to investments have been made since the balance sheet date.

The financial statements are prepared on a going concern basis as the Trustees are satisfied that there is a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future.

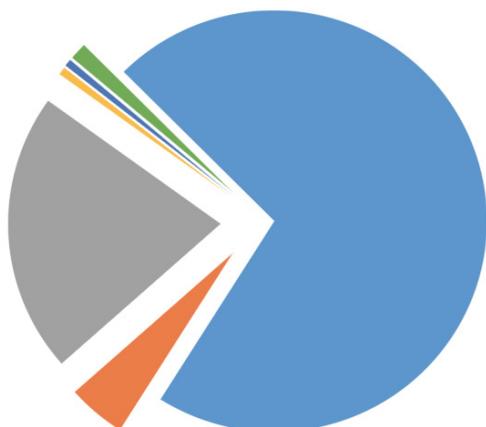
### Investments

The CIOT investment portfolio showed a decrease over the year with net losses of £22,000 (2019: gains of £288,000).

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.'

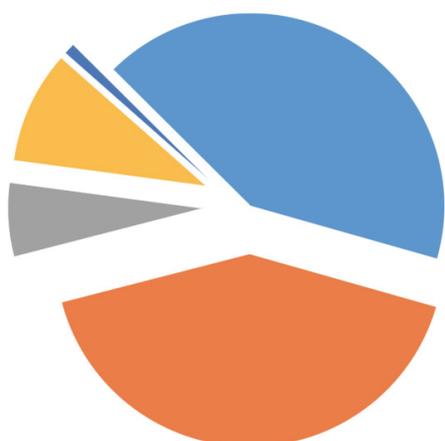
The Byelaws state that 'the Council may invest any monies belonging to or held by the Institute in such stocks, funds or securities as the Council shall from time to time think fit anywhere in the world, subject to the provisions of the law relating to investment by Trustees'. Council has also determined that no direct investment is to be made in commercial property, however investments in collective funds holding commercial property are permissible.

### Income



- Membership subscriptions - £5,612,000
- Conference and event fees - £351,000
- Student registrations and examination fees - £1,688,000
- Other income from charitable activities - £498,000
- Sponsorship - £46,000
- Investment income - £105,000

### Expenditure



- Education and student services - £3,218,000
- Member services - £3,189,000
- Consultation and representation - £473,000
- Regulation and compliance - £724,000
- Other expenditure - £72,000

A full breakdown of CIOT income and expenditure is provided in the Notes on Financial Statements section of this report.

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 (held on term deposits or in gilts) and low/ medium risk for its longer term investments (under independent professional management).

The F&OC carries out regular reviews of its investments and their performance with the portfolio manager and investment adviser. This is to ensure that invested funds are adequate to meet the obligations identified in the Institute's strategic plans.

As advised by the Institute's Portfolio Manager and Investment Adviser, no changes were made to investment strategy during the year. The longer- term investment portfolio continues to outperform both the agreed benchmark and our peer group.

Council has not placed any restrictions on investments for environmental or ethical reasons, but it was agreed that all investments would be regularly reviewed in the light of prevailing circumstances and that we would make it clear to our investment advisers that we take any risk to the CIOT's reputation very seriously and that this should always inform their investment decisions.

#### Reserves

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 at December 31, 2020 should be £6,978,000, comprising the following:
  - nine 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; and
  - two designated funds providing cover over specific projects, as follows:
    - Disciplinary Procedures Fund – a fund to cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board; and
    - Property Fund – a sum to be set aside to build up a property fund for use on the expiry of the current lease.

Full details on the calculation of the Reserve target are given on page 52 in the Notes on Financial Statements.

As of December 31, 2020, there was a shortfall of £602,000 representing 9% of the Reserves target. Continuing cost control and targeting surpluses will address the shortfall over the medium term. Free Reserves were £2,146,000 which represents 3.4 months running costs which falls below the target of 9 months. Trustees keep the Institute's overall financial position under regular review through F&OC and Officers Group and retain the power to reallocate these designated funds within unrestricted funds, unless and until expended.

#### Branches

The CIOT/ATT branches have provided a consolidated net surplus of £21,000 before central costs. Branches have continued their important role for members and have attracted good delegate numbers at their meetings, assisted by staff at Head Office. We are continually reviewing the logistical support provided to branches and the new CRM and Finance systems (see IT below) provide the platform for this. The Finance team in Head Office has responsibility for each of the branches' accounting functions.

#### Controls

Controls and systems are reviewed by CIOT management and are updated as necessary, in agreement with the Audit Committee, to ensure that appropriate support, control and best practice are achieved.

#### IT

Following the independent review carried out in early 2018, a number of necessary IT infrastructure projects were begun in order to realise the strategic goal of replacing our legacy systems. The new CRM (Customer Relationship Management), including integrated Finance and Education systems, has been implemented, and work continues to improve the efficiency and effectiveness of our business processes.

The project to replace our websites in order to provide efficient digital interaction between our members and other stakeholders, and connectivity with the new CRM system, was begun during 2019. The new websites will be launched in 2021.

#### HR

Staffing has been stable during the year. We continue to invest in training and development to strengthen the capabilities of employees and enable them to achieve their full potential.

#### Charity Commission

The F&OC considers the implications for CIOT of new recommendations and guidance issued by the Charity Commission.

Chair of Finance and Operations  
Committee: Keith Bell

Chief Finance Officer: Karl Cerski

Head of Finance: Emma Best

Head of Human Resources: Annette Hutchinson

# CFE Tax Advisers Europe

CFE (short for Confédération Fiscale Européenne) Tax Advisers Europe brings together professional bodies for tax advisers throughout Europe. It acts as a forum for the exchange of information about national tax law and practice, and contributes to the development of tax law at a European level.

Together with the Tax Faculty of ICAEW, the CIOT represents the UK at the CFE. CIOT involvement in the CFE includes a Vice President, Gary Ashford, the chair of the Tax Technology Committee, Ian Hayes, and the chair of the Indirect Tax Fiscal Sub-Committee, Jeremy Woolf. Former CIOT President Anthony Thomas is an Adviser to the CFE's Executive Board.

## Coronavirus impact

Following the outbreak of COVID-19, the CFE Executive Board were forced to make the difficult decision to cancel the 2020 CFE Annual Forum, General Assembly and other meetings which were scheduled to be held in April in Brussels, and in September in Seville. However the CFE team and committees have continued their work, taking the opportunity to develop the organisation's virtual presence, holding the General Assembly, webinars, the Professional Affairs Conference and other meetings online for the first time in CFE's history.

## Fiscal Affairs

The Fiscal Committee's 2020 agenda has remained largely focussed on the tax challenges of digitalisation. In response to the OECD's October blueprints in this area, CFE published an opinion statement setting out its view that a coordinated international policy response is necessary in order to avoid fragmentation of the EU Single Market, and the risk of double or multiple-taxation, and arguing for collaborative work towards a future proof, longer-term reform of the international tax system that addresses the challenges that digitalisation presents to it.

Other opinion statements in 2020 covered the harmonisation of VAT penalties in the EU, the deduction of import VAT on the import of goods, the Directive on Tax Dispute Resolution Mechanisms in the EU, double taxation in VAT, unharmonized reporting obligations in VAT, the EU TOMS (Tour Operators Margin Scheme) VAT Regime and the EU Carbon Border Adjustment Mechanism & Energy Taxation Directive.

Additionally the CFE ECJ Task Force made opinion statements on several decisions of the Court of Justice of the EU, including in relation to progressive turnover taxes and the cases involving Ireland and Apple.

## Professional Affairs Committee

CIOT representative Alistair Cliff was appointed as vice chair of the Professional Affairs Committee (PAC) in 2020. Key issues at the three PAC meetings in 2020 included mandatory disclosure rules and exchange of information.

Committee members gave feedback on if and how DAC6 was being implemented in their member state. There was considerable variation in progress and approach.

CIOT inputted into the CFE PAC opinion statement on the EU anti-money laundering action plan. The CFE called for better feedback from the authorities on the suspicious activities which the tax profession is allegedly failing to report and on the outcome of the suspicious activity reports which are submitted.

The Committee is looking at ways of promoting appropriate professional judgment in relation to advice which would include a greater emphasis on ethics. A significant project is also underway on taxpayer charters which set out the rights and obligations of taxpayers.

## Cryptocurrency

Cryptocurrencies such as Bitcoin are an area of increasing interest to the EU and to national governments, with regulation, taxation and transparency all being considered, and countering money laundering a particular concern. In 2020 all three CFE committees contributed to a submission to the European Commission on DAC8, an initiative to amend the Directive on Administrative Cooperation to include areas such as crypto-assets and e-money.

The Tax Technology Committee has established a Cryptocurrency Sub-Committee, chaired by CIOT Vice President Gary Ashford, with a remit to monitor European Commission work in this area and provide input on any public consultations.

## Tax Technology Committee

In its second year the Technology Committee is looking at blockchain, cryptocurrencies and tokens (see above), artificial intelligence, cybersecurity and Making Tax Digital (MTD).

On blockchain, having issued its first report, the committee is now preparing a second to take account of the development of the European blockchain platform. CIOT Council member Paul Aplin (an ICAEW rep at the CFE) is leading on MTD and his group has developed an interactive questionnaire to go to all member bodies to document country by county progress in this area.

In 2021 the committee plans to start an online update service for member organisations.

## Global Tax Advisers Platform (GTAP)

Gary Ashford is also part of the team developing the Global Tax Advisers Platform (GTAP) which brings together CFE, the Asia Oceania Tax Consultants' Association (AOTCA) and the West Africa Union of Tax Institutes (WAUTI), together representing more than 700,000 tax advisers across the world. In 2020 CFE contributed to a GTAP response to a consultation by The Platform for Collaboration on Tax (a joint initiative of the IMF, OECD, UN and World Bank), welcoming its draft toolkit on tax treaty negotiation for developing countries.

The CFE's own annual report can be read at: [tinyurl.com/cfereport20](https://tinyurl.com/cfereport20)

# Reference and Administrative Information

(as at 13 April 2021)

## President

**Peter Rayney** CTA (Fellow) FCA TEP (2016)

## Deputy President

**Susan Ball** CTA (Fellow) ATT (2017)

## Vice-President

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



*Peter Rayney*



*Susan Ball*



*Gary Ashford*

## Other Members of Council

Paul Aplin OBE BSc FCA CTA (Fellow) (2017)  
Charlotte Barbour MA CA CTA (Fellow) (2019)  
John Barnett MA (Oxon) CTA (Fellow) TEP Solicitor (2014)  
Joanna Bello LLB CTA (Fellow) (2021)  
Tracy Easman CTA (Fellow) ATT (Fellow) (2018)  
John Endacott BSc CTA (Fellow) FCA (2016)  
Glyn Fullelove\* MA CTA (Fellow) ACA (2014)  
Ian Hayes BA FIIT CTA (Fellow) FCA FRSA (2013)  
Sarah Hewson LLB CTA (Fellow) ATT (2021)  
Mobeen Ismail BSc CA CTA (Fellow) (2021)  
Moirra Kelly BACC ALCM CTA (Fellow) CA (2013)  
Chris Lallemand BSc CTA (Fellow) FCA (2011)  
Daniel Lyons BA CTA (Fellow) Solicitor (2011)  
Ashley Makoni BSc CTA (Fellow) FCCA (2021)  
Ray McCann\* CTA (Fellow) ATT (2012)  
Nikhil Mehta LLB Barrister CTA (Fellow) (2018)  
Mary Monfries BA CTA (Fellow) ACA (2018)  
Jonathan Riley CTA (Fellow) (2017)  
Jennie Rimmer LLB CTA (Fellow) (2014)  
Nichola Ross Martin CTA (Fellow) FCA (2017)  
Christopher Shrubsole BSc Exec MBA CTA (Fellow) (2021)  
Mike Thexton MA CTA (Fellow) FCA (2016)  
Penelope Tuck BSc PhD FCA CTA (Fellow) (2019)

Year of appointment to Council shown in brackets.

\* indicates Past President

## Lay Public Interest Council Observers

Jane Brothwood  
Quinton Quayle

## Management Team

### Chief Executive

Helen Whiteman BA, MSc, PGDip

### Secretary and Director of Education

Rosalind Baxter BA ACIS

### Chief Finance Officer

Karl Cerski BA ACMA

### Director of Public Policy

John Cullinane MA CTA (Fellow) FCA

## Registered office

The Chartered Institute of Taxation  
30 Monck Street  
London  
SW1P 2AP

### Committees of Council and Sub-Committees

#### Officers Group

Chair | Peter Rayney  
Deputy Chair | Susan Ball  
Vice-Chair | Gary Ashford

#### Membership & Branches Committee

Chair | Chris Lallemand

#### Education Committee

Chair | Ray McCann

#### Low Incomes Tax Reform Group

Chair | Moira Kelly

#### Performance & Remuneration Committee

Chair | Vincent Oratore

#### Professional Standards Committee (Joint CIOT/ATT)

Chair | Richard Todd  
Vice-Chair | Ruth Cook

#### Examination Committee

Chair | Daniel Lyons  
Vice-Chair | Mike Thexton

#### Audit & Risk Committee (Joint CIOT/ATT)

Chair | Laura Kaye Tomlinson

#### Finance & Operations Committee

Chair | Tracy Easman

#### Joint Branches Sub-Committee

Co-Chairs | Zoe Roberts and Jo Routier

#### Examination Review Sub-Committee

Chair | John Beattie

#### Tax Adviser Committee

Chair | Yvette Nunn

#### ADIT Sub-Committee

Chair | Jim Robertson

#### ADIT Examination Sub-Committee

Chair | David Salter

#### Nominations Committee

Chair | Charlotte Barbour

#### Equality, Diversity & Inclusion Committee

Chair | Tina Riches

### Technical Committees

#### Technical Policy and Oversight Committee

Chair | John Barnett  
Vice-Chair | Adrian Rudd  
Vice-Chair | Peter Dylewski

#### Scottish Technical

Chair | Alexander Garden

#### Wales Technical

Chair | Lakshmi Narain  
Vice-Chair | Ritchie Tout

#### Corporate Taxes

Chair | Adrian Rudd  
Vice-Chair | Chris Lallemand

#### Employment Taxes

Chair | Colin Ben-Nathan  
Vice-Chair | Mark Groom

#### International Taxes

Chair | David Murray  
Vice-Chair | Alastair Munro

#### Management of Taxes

Chair | Helen Adams

#### Owner Managed Business

Chair | Pete Miller  
Vice-Chair | Andrew Constable  
Vice-Chair | Victor Daupe  
Vice-Chair | Jitendra Patel

#### Private Client (International)

Joint Chair | Emma Chamberlain  
Joint Chair | Giles Clarke

#### Private Client (UK)

Chair | John Bunker  
Vice-Chair | Danny Clifford

#### Property Taxes

Chair | Marc Selby  
Vice-Chair | Leigh Sayliss

#### Indirect Taxes

Chair | Alan McLintock  
Vice-Chair | Linda Skilbeck

#### Digitalisation and Agent Services

Chair | Tina Riches  
Vice-Chair | Claire Rulten  
Vice-Chair | Alison Hobbs

### Connected Charity

Association of Taxation Technicians  
30 Monck Street  
London  
SW1P 2AP

### Auditor

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

### Investment Advisers

Cornelian Asset Managers Ltd  
21 Charlotte Square  
Edinburgh EH2 4DF

### Strategic Investment Advisers

Alvarium  
9 Clifford Street  
London W1S 2FT

### Solicitors

Stone King  
Boundary House  
91 Charterhouse St  
Clerkenwell  
London  
EC1M 6HR

### Bankers

HSBC  
333 Vauxhall Bridge Road  
London SW1V 1EJ

# Structure, governance and management

The Institute of Taxation was founded in 1930 and 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. The governing instruments of the Institute are its Royal Charter, and Byelaws as amended from time to time.

## Governance

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 and recommended practice in the Charity Governance Code (as recommended by the Charity Commission)- [www.charitygovernancecode.org/en](http://www.charitygovernancecode.org/en). These principles are organisational purpose, leadership, integrity, decision-making, risk and control, board effectiveness, diversity, and openness and accountability. Towards the end of 2020 a comprehensive review of the Code against CIOT's governance began. This is expected to be complete, and any adjustments required addressed, during the course of 2021. This work is being accompanied by a review of all of the Committees' Terms of Reference and delegated responsibilities from Council.

## Council

The Council comprised 22 Trustees at the close of 2020 (25 at the close of 2019) 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, Immediate Past-President, ATT President, Chief Executive, Secretary and Director of Education, Director of Public Policy and the Chief Finance Officer.

The members of staff who attend all Council meetings are the Chief Executive, Secretary and Director of Education, the Director of Public Policy and the Chief Finance Officer. All their roles are separate and clearly defined. Other staff members attend as and when required for specific items.

The Council considers that its Members are independent and that no individual, or small group of individuals, can dominate Council decisions.

The Council met six 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). Council papers comprising an agenda, formal Council Minutes, together with briefing papers on specific Trustee matters, are sent to all Council members in advance of each meeting. This was an increase in meetings compared to 2019 occasioned by the challenges of the Coronavirus pandemic.

The Officers Group of Council met six times in the year to deal with day-to-day executive matters which include reports from Institute executives.

Council members achieved an overall attendance rate of 85% (2019: 87%) at the six Council meetings and attendance at Officers Group meetings was 89% (2019: 82%).

In compliance with Council Regulation 10.9 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 declarations of interest and the preparation and distribution of papers for meetings.

## 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 19 (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 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.

A new more transparent process for the recruitment of Council members was developed during 2020 with an advertising campaign across Tax Adviser, CIOT conferences, the weekly members' email and social media. CTAs from a diverse range of viewpoints and backgrounds were encouraged to consider this trustee role and put themselves forward. The Nominations Committee were delighted to receive 19 applications and an interview process was conducted to enable the Committee to make recommendations to Council for new trustees, who will stand for election at the AGM in May 2021.

## Audit & Risk Committee

The Audit Committee is an independent joint committee of the Councils of the Institute and the Association of Taxation Technicians.

Its members are appointed by the Councils of the Institute and the Association and comprise a serving member of each Council, a nominee from each of the Institute and the Association and two other independent members. The Chief Finance Officer, ATT Treasurer, CIOT Chief Executive, ATT Chief Executive, Secretary and Director of Education and the Director of Public Policy attend the meetings.

Members of the Committee receive no remuneration for their services, operate independently from the Council, have both accountancy and taxation qualifications and recent and relevant experience. The Committee acts as a catalyst in relation to matters that affect the Institute's financial controls, reporting requirements and risk management and is authorised to seek any information it requires from members of the Council, the external auditor and the staff. In this role it:

- reviews financial control policies and their practical implementation;
- examines the budgets and management accounts;
- considers the changes in the external environment and the procedures used to respond to them; and
- oversees the risk management process at a strategic level

It has a specific responsibility for making a recommendation to Council on the appointment and removal of the external auditor, attending the audit planning and closure meetings and having private meetings with the auditors as necessary. The Committee reviews the audit strategy document and ensures that all recommendations made by the auditors by way of their management letter receive attention and action.

It met five times during the year (an increase on 2019) and requests and receives reports from management and from the external auditor on the audit. It considers annually a wide range of audit-related subjects and reports directly to the Council and comments on perceived weaknesses. No major weaknesses in internal control systems have been identified.

## 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) 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 during 2020 total £1,920 VAT inclusive (£7,968 VAT inclusive in 2019).

## Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on pages 45-47. The Council Statement on going concern is set out on page 51.

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 Senior Management Team comprising Institute executives (listed on page 39).

Usually 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. Since mid March 2020, when the Institute offices closed and all staff moved to home working due to the Coronavirus pandemic, all meetings have been held virtually using Zoom or MS Teams.

Quarterly management accounts 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.

### Data Protection

The Institute complies with the General Data Protection Regulation (GDPR) 2018 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. An independent consultant has been reviewing GDPR procedures and documentation and this work will be complete by the first quarter of 2021. All staff undertook mandatory GDPR training in 2020.

### Remuneration and Performance Committee

This Committee considers the Institute's key management personnel and how their remuneration is set. Committee membership comprises a Chairman, the CIOT Past President, a CIOT and ATT representative, Chairman of the Audit Committee and one of the CIOT Lay Public Interest Observers acting as an observer. The Committee held discussions once during the year to consider Executive pay levels and to review the performance of the Chief Executive. The Committee reports directly to the Audit & Risk Committee, and the Chairman normally attends Officers Group and Council once per year.

### Staff and volunteers

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

The CIOT's 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 full-time and part-time roles in the year was 83 (a mix of 32 part-time and 51 full-time, excluding exam invigilators who did not work for the CIOT in 2020. (2019- 85 employees.)

Institute members and students are encouraged to become involved in Institute activities, and there are over 760 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 19,932 volunteer hours were provided during the year.

A member of staff seconded to the Institute from HMRC contributed an estimated 1,610 hours in the year.

### 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.

During 2020 we conducted two risk assessments and a feedback survey both regarding staff's home working arrangements during the pandemic. We also supplied necessary equipment and training to support their physical and mental well-being as well as virtual GP services and on demand counselling services.

### 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 to develop and maintain a diverse workforce of staff and volunteers at all levels within the Institute.

All new employees undergo diversity and unconscious bias training as part of their induction. During 2020 the Diversity Working Party was re-named the Equality, Diversity and Inclusion (EDI) Committee and its Terms of Reference were widened to include the impact of EDI on areas of tax technical work, in addition to sponsoring a culture among volunteers and other members and students that actively values difference and recognises that people from different backgrounds and experiences can bring valuable insights and enhance the way the Institute works.

## Safeguarding

The Institute approved a new safeguarding policy in late 2019. The policy lays out the commitments made by the CIOT and informs staff, members, volunteers, students, consultants and contractors of their responsibilities in relation to safeguarding. A risk assessment and Action Plan has been drawn up and work continued through 2020 to embed this. It is a wider reaching policy than previously where the focus was mainly on safeguarding in relation to career talks, exhibitions and other events where young or vulnerable people might be present. The Institute is continuing its development of safeguarding practices and has trained all those responsible as well as sharing this issue through the Branches' conference and handbook. Enquiry handling is centralised at Head Office.

## Recycling and environmental sustainability

All card, plastic and paper in the office are recycled where possible through Westminster Council. Paper and plastic cups have been largely withdrawn. At the end of 2020, a staff Climate Change group was established to consider and identify our carbon footprint and how we can become more sustainable. A plan will be developed in 2021 and we are sharing experiences with other similar bodies to ensure we deliver real change.

## Risk Management

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.

The strategic risk register is presented to Council and Audit Committee quarterly.

Key risks are grouped under headings which are: reputation, education, governance, regulation, influence, competition and partnership working. Operational risks are captured on the risk register.

Two key risks are:

- Employers no longer seeing the CTA qualification as relevant to their business so withdrawing their support

Mitigation includes continued regular meetings with the biggest employers and trainers of students and periodic reviews of the exam structure to ensure the qualification remains fit for purpose and relevant.

- Retention of members

Mitigation includes demonstrating the Institute's authority and prestige by playing a leading role in the key issues in tax affecting the public and the profession. Members in practice are involved in all our activities from setting exams to engaging with government, through holding each other to account for compliance with our professional rules (including the anti-money laundering scheme), to managing the organisation.

## Fundraising

The CIOT does not raise funds for itself through asking for public donations in any form.

## 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 its income and expenditure 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- 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.

## Statement of disclosure of information to the Auditor

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.

This report was approved by Council on 13 April 2021.

By order of the Council



**Rosalind Baxter**

Secretary

# Independent Auditor's report

## Independent auditor's report to the trustees of The Chartered Institute of Taxation

### Opinion

We have audited the accounts of the Chartered Institute of Taxation (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts 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.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charity through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the charity, including the Charities Act 2011;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and

- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. 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.

*Buzzacott LLP*

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London EC2V 6DL

20 April 2021.

Buzzacott 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 2020

	Note	Unrestricted Funds 2020 £'000	Total Funds 2020 £'000	Unrestricted Funds 2019 £'000	Total Funds 2019 £'000
<b>Income from:</b>					
Charitable activities <sup>2a</sup>	2a	8,148	<b>8,148</b>	8,767	<b>8,767</b>
Other trading activities <sup>2b</sup>	2b	47	<b>47</b>	41	<b>41</b>
Investments <sup>2c</sup>	2c	105	<b>105</b>	131	<b>131</b>
<b>Total income</b>		8,300	<b>8,300</b>	8,939	<b>8,939</b>
<b>Expenditure on:</b>					
Raising funds <sup>2d</sup>	2d	15	<b>15</b>	12	<b>12</b>
Charitable activities <sup>2d</sup>	2d	7,661	<b>7,661</b>	9,704	<b>9,704</b>
<b>Total expenditure</b>		7,676	<b>7,676</b>	9,716	<b>9,716</b>
<b>Operating gain/(loss)</b>		624	<b>624</b>	(777)	<b>(777)</b>
Net (loss)/gain on investments <sup>6</sup>	6	(22)	<b>(22)</b>	288	<b>288</b>
<b>Net income/(expenditure) and net movement in funds</b>		602	<b>602</b>	(489)	<b>(489)</b>
<b>Reconciliation of funds</b>					
<b>Total funds brought forward at 1 January</b>	14	5,774	<b>5,774</b>	6,263	<b>6,263</b>
<b>Total funds carried forward 31 December</b>	14	6,376	<b>6,376</b>	5,774	<b>5,774</b>

The above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 51 to 63 form part of these financial statements.

Balance Sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Fixed Assets</b>			
Tangible assets	4	731	869
Intangible Assets	5	2,175	1,994
Investments	6	3,774	4,633
<b>Total Fixed Assets</b>		<b>6,680</b>	<b>7,496</b>
<b>Current Assets:</b>			
Stock	8	14	104
Debtors	9	1,300	1,484
Cash at bank and in hand	10	3,422	867
<b>Total Current Assets</b>		<b>4,736</b>	<b>2,455</b>
<b>Liabilities</b>			
Creditors falling due within one year	11	(4,821)	(4,038)
<b>Net Current (Liabilities)/Assets</b>		<b>(85)</b>	<b>(1,583)</b>
<b>Total assets less current liabilities</b>		<b>6,595</b>	<b>5,913</b>
<b>Creditors</b>			
Amounts falling due after more than one year	12	(219)	(139)
<b>Net Assets</b>		<b>6,376</b>	<b>5,774</b>
<b>Funds of the charity</b>			
Unrestricted	14	6,376	5,774
<b>Total Funds</b>		<b>6,376</b>	<b>5,774</b>

Approved and authorised for issue by the Council on  
13 April 2021 and signed on its behalf by:

President



Chief Finance Officer



Chief Executive



# Financial Statements

## Statement of Cash Flows for the year ended 31 December 2020

	2020 £'000	2019 £'000	
<b>Net cash provided by operating activities (Table A)</b>	<b>2,173</b>	<b>459</b>	
<b>Cashflow from investing activities</b>			
Dividend and interest from investments	105	131	
Purchase of tangible fixed assets	(53)	(269)	
Purchase of intangible fixed assets	(507)	(1,132)	
Proceeds from sale of investments	534	372	
Purchase of investments	(483)	(372)	
Movement on term deposits	786	507	
<b>Net cash provided/(used in) by investing activities</b>	<b>382</b>	<b>(763)</b>	
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	<b>2,555</b>	<b>(304)</b>	
<b>Cash and cash equivalents at 1 January</b>	<b>867</b>	<b>1,171</b>	
<b>Cash and cash equivalents at 31 December (Table B)</b>	<b>3,422</b>	<b>867</b>	
<b>Table A</b>			
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>			
Net income/(expenditure) as per Statement of Financial Activities	602	(489)	
Adjustments for:			
Depreciation charge for the year	191	179	
Amortisation charge for the year	326	289	
Loss on disposal of fixed assets	0	53	
Dividends and interest from investments	(105)	(131)	
Loss/(gain) on investments	22	(288)	
Decrease/(increase) in stock	90	(11)	
Decrease/(increase) in debtors	184	(328)	
Increase in creditors	783	1,231	
Increase/(decrease) in creditors (long term)	80	(46)	
<b>Net cash provided by operating activities</b>	<b>2,173</b>	<b>459</b>	
<b>Table B</b>			
<b>Analysis of cash and cash equivalents</b>			
Cash in hand	98	55	
Notice deposits (less than 3 months)	3,324	812	
<b>Total cash and cash equivalents</b>	<b>3,422</b>	<b>867</b>	
<b>Analysis of changes in net debt</b>	<b>At 1 January 2020 £'000</b>	<b>Cash flows £'000</b>	<b>At 31 December 2020 £'000</b>
Cash	867	2,555	3,422
<b>Total</b>	<b>867</b>	<b>2,555</b>	<b>3,422</b>

# Notes on Financial Statements

## 1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

### Basis of preparation of accounts

The financial statements are presented in sterling and rounded to the nearest thousand pounds. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Chartered Institute of Taxation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements of the Institute for the year ended 31 December 2020 include the results of its Branches, which are not separate legal entities, for the 12 months ended 31 December 2020 (2019: 18 months ended 31 December 2019).

The Association of Taxation Technicians of 30 Monck Street, London SW1P 2AP is a connected charity but it is not subordinate to the Institute and therefore consolidated financial statements have not been prepared. Further information on the relationship can be found in note 18.

## Going Concern

As detailed in the Council Members' responsibilities statement, the Trustees are required to prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in business. In making this assessment, the Trustees have considered the potential impact and uncertainty of the COVID-19 pandemic on the operations of the charity and prepared financial forecasts to June 2022. The coronavirus pandemic is likely to have an impact on CIOT's finances in the year to 31 December 2021 and potentially beyond that into the following year. This is likely to be felt in the following areas:

- Income. Examinations will be delivered on-line, but numbers sitting are likely to be reduced. Membership renewals are likely to be lower. Events income will be reduced as a result of cancelling all face-to-face events.
- Expenditure. There will be cost-savings as a result of cancelling all travel, face-to-face events, physical examination sittings and meetings. All unnecessary discretionary expenditure has ceased. Other cost saving measures will be implemented.
- Cash flows. As a result, net cash inflows will be reduced. However, reserves are sufficient to cover the reduction.

The Trustees conclude that the CIOT has sufficient resources to continue in operational existence, and accordingly continue to prepare the accounts on a going concern basis.

## Income Recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met and it is probable that the income will be received and the income can be reliably measured.

Student registration fees are not refundable and are credited to income over the period of the registration with 50% recognised in the first year and 25% in each subsequent year. This phasing reflects the additional administration costs incurred in the first year of 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. The date to which examination fees relate is deemed to be the date of the examination.

Investment income from the Institute's portfolio of investments is credited on an earnings basis each year.

# Notes on Financial Statements

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognized when the charity has entitlement to the funds, any performance conditions attached to the funds are met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

## Expenditure Recognition

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Expenditure on raising funds comprises the costs of commercial trading including investment management costs.
- Expenditure on charitable activities includes, but is not limited to, the cost of regulation and compliance, student services, education, governance and grants.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

## Donated services and facilities

In accordance with Charities SORP (FRS 102) the contribution of unpaid volunteers is not recognized as income in the financial statements given the absence of a reliable measurement basis. More information about the contribution is given on page 63.

Donated services and facilities are recognised on receipt or supply on the basis of the value of donation or contribution which is the amount that the Institute would be willing to pay or charge to obtain or supply facilities and services on the open market. Corresponding amounts are recognized as income and expenditure in the period.

## Significant accounting estimates and judgements

Preparation of the accounts requires the trustees and management to make significant judgements and estimates. The items in the financial statements where these include judgements and estimates have been made include:

- Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate;
- Estimating the useful economic life of intangible fixed assets for the purposes of determining an amortisation rate; and;
- Estimating the recoverability of debtors for the purposes of determining the bad debt provision.

- In addition to the above, the full impact of the recent emergence of the global COVID-19 pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, members, suppliers and the wider economy. Estimates used in the accounts are therefore subject to a greater degree of uncertainty and volatility.
- As set out in these accounting policies under "Going Concern", the Trustees have considered the impact of the pandemic on the charity's financial position and going concern. They have concluded that, although there is uncertainty related to this, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

## Allocation of support costs

Support costs are central administration costs that assist the work of the charity but do not directly undertake charitable activities and are allocated across the categories of charitable expenditure. The basis of the allocation is given in note 2d to the financial statements. Governance costs, now included as part of support costs rather than a separate category, include those incurred in the governance of the charity and are primarily associated with organisational administration and constitutional and statutory requirements.

## Reserves

In 2020 the target for reserves was composed as follows:

	<b>2020 £'000</b>
9 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.	5,654
To cover (i) the unpredictable future costs of investigating and disciplinary hearings by the Taxation Disciplinary Board and (ii) the depreciation charge arising in future years on the capitalised expenditure incurred on the move to Monck Street.	1,324
	6,978
Actual reserves at 31 December 2020 (excluding restricted funds)	6,376
Shortfall in target level of reserves	602

## Intangible and Tangible Fixed Assets and Depreciation and Amortisation

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

- Leasehold improvements are written off over the remaining life of the lease (15 years)
- Office equipment 25%
- Intangible assets relating to CRM and accounting system 20%

## Fixed Asset Investments

Investments have been valued at fair value at 31 December 2020. The fair value of investments quoted on a recognized stock exchange is the quoted bid price. Account is therefore taken of both realized and unrealized gains/losses in the Statement of Financial Activities.

## Stock

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

## Debtors

Trade and other debtors are recognized at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

## Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## Creditors and Provisions

Creditors and provisions are recognized where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognized at their settlement amount after allowing for any discounts due.

## Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognized at the transaction value and subsequently measured at their settlement value.

## Pension Costs

Members of staff 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.

## Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated to Sterling at rates applying at the balance sheet date. Transactions in foreign currencies are recorded at the rate set at the date of the transaction. All differences are taken to the Statement of Financial Activities.

## Taxation

The CIOT meets the definition of a charity in Schedule 6 Finance Act 2010 and accordingly is entitled to the exemptions set out in Part II Corporation Tax Act 2010 and Section 256 Taxation of Chargeable Gains Act 1992 to the extent that its income and gains are applied for charitable purposes.

## Operating Leases

The charity classifies the lease of property as an operating lease; the title of the property remains with the lessor and the lease agreement expires in 2028 whilst the economic life of such property typically exceeds this. Rental charges are charged on a straight line basis over the term of the lease.

## Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity.

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.

# Notes on Financial Statements

## 2. Analysis of income and expenditure

### 2a. Income from Charitable Activities

	2020 £'000	Restated 2019 £'000
Membership Subscriptions	5,612	5,465
Chartered Tax Adviser registration fees and entrance fees	15	24
Student registrations and examination fees	1,688	2,075
Conference and Event fees	351	868
Sale of books and journals	93	140
Anti Money Laundering Fees	276	141
Grants receivable	84	35
Other income	29	19
<b>Total Income from Charitable Activities</b>	<b>8,148</b>	<b>8,767</b>

The income from charitable activities was £8,148,000 (2019: £8,767,000), all of which was unrestricted.

Government grants received in the year amounted to £84,000 (2019: £35,000). There were no unfulfilled conditions or other contingencies attaching to the grants that were recognized in income nor any other forms of government assistance from which the charity directly benefited during the year.

### 2b. Income from Other Trading Activities

	2020 £'000	2019 £'000
<b>Sponsorship</b>	<b>47</b>	<b>41</b>

### 2c. Investment Income

	2020 £'000	2019 £'000
Dividend income	51	68
Other interest receivable	54	63
<b>Investment Income</b>	<b>105</b>	<b>131</b>

## 2d. Breakdown of expenditure

	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Total 2020 £'000
<b>Charitable activities</b>				
Grants payable	0	0	35	35
Education and student services	1,096	2,122	0	3,218
Members Services	1,086	2,103	0	3,189
Regulation and Compliance	247	477	0	724
Consultation and representation	161	312	0	473
LITRG costs	7	15	0	22
<b>Total expenditure on charitable activities</b>	<b>2,597</b>	<b>5,029</b>	<b>35</b>	<b>7,661</b>
<b>Raising funds</b>				
Investment management costs	15	0	0	15
<b>2020</b>	<b>2,612</b>	<b>5,029</b>	<b>35</b>	<b>7,676</b>

	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Restated total 2019 £'000
<b>Charitable activities</b>				
Grants payable	0	0	57	57
Education and student services	1,782	2,758	0	4,540
Members Services	1,663	2,573	0	4,236
Regulation and Compliance	165	255	0	420
Consultation and representation	147	228	0	375
LITRG costs	30	46	0	76
<b>Total expenditure on charitable activities</b>	<b>3,787</b>	<b>5,860</b>	<b>57</b>	<b>9,704</b>
<b>Raising funds</b>				
Investment management costs	12	0	0	12
<b>2019</b>	<b>3,799</b>	<b>5,860</b>	<b>57</b>	<b>9,716</b>

Expenditure on charitable activities was £7,676,000 (2019: £9,716,000), all of which was unrestricted.

# Notes on Financial Statements

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

	<b>Total 2020 £'000</b>	<b>Restated total 2019 £'000</b>
Information technology	683	778
Staff costs	2,685	2,805
Operating costs	1,028	1,382
Audit remuneration	20	25
Legal and professional fees	130	233
Council meetings (inc. Council member's expenses)	24	88
Property	459	549
	5,029	5,860

Grants payable to tax, other charities and individuals to help meet the core operating costs of providing free tax advice to persons who cannot afford to pay for professional help or training, original tax research and to promote public understanding of tax matters:

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Tax Advisers Benevolent Fund (registered Charity no. 1049658)	0	10
Tax Aid (registered Charity no. 10622852)	15	20
Tax Volunteers (registered Charity no. 1102276)	20	20
Grants payable to 1 University Student for original tax research (2018: nil)	0	3
Grant for Journal of Tax Administration	0	4
	35	57

### 3. Net income/(expenditure) for the year

	<b>2020 £'000</b>	<b>2019 £'000</b>
This is stated after charging:		
Depreciation	191	178
Amortisation	326	290
Fair value gains on investments	(22)	288
Operating lease rentals	343	366
Auditors' remuneration:	20	25
Loss on disposals of tangible fixed assets	0	53

#### 4. Tangible Fixed Assets

	Leasehold Improvements	Office equipment	Total Tangible Fixed Assets
	£'000	£'000	£'000
Cost at 1 January 2020	528	998	<b>1,526</b>
Additions	0	53	<b>53</b>
Cost at 31 December 2020	528	1051	<b>1,579</b>
Depreciation at 1 January 2020	53	604	<b>657</b>
Change for the year	53	138	<b>191</b>
Depreciation at 31 December 2020	106	742	<b>848</b>
Net book value at 31 December 2020	422	309	<b>731</b>
Net book value at 31 December 2019	475	394	<b>869</b>
All tangible fixed assets are held for charitable purposes.			

#### 5. Intangible Assets

	£'000
Cost at 1 January 2020	2,472
Additions	507
Cost at 31 December 2020	2,979
Amortisation at 1 January 2020	478
Charge for the year	326
Amortisation at 31 December 2020	804
Net book value at 31 December 2020	2,175
Net book value at 31 December 2019	1,994

# Notes on Financial Statements

## 6. Fixed Asset Investments

	2020 £'000	2019 £'000
Fair value at 1 January	4,633	4,853
Additions at cost	483	372
Disposal proceeds	(534)	(372)
Net unrealised investment gains/(losses)	(59)	310
Unrealised (loss) on gilts	(15)	(18)
Realised (loss)/gain on sale of investments	52	(5)
Movement on cash/deposits	(786)	(507)
<b>Fair value at 31 December</b>	<b>3,774</b>	<b>4,633</b>
<b>Historical cost</b>	<b>3,522</b>	<b>4,319</b>

Holdings representing more than 5% of the investment portfolio valuation at 31 December 2020 were:

2.15% and 0.125% index linked Treasury Gilt – 2024	477 (12.6%)	354 (7.6%)
1.78% index linked Treasury Gilt – 2022	344 (9.1%)	332 (7.2%)

Listed investments held at 31 December comprised of the following:

Fixed interest	702	834
Listed UK equities	699	851
Listed International equities	549	641
Other Assets	746	428
Gilts	821	836
Term deposits and cash	257	1,043
	<b>3,774</b>	<b>4,633</b>

## 7. Interest payable

	2020 £'000	2019 £'000
Other interest payable	0	9

## 8. Stock

	2020 £'000	2019 £'000
Publications and merchandise	14	104

## 9. Debtors

	2020 £'000	Restated 2019 £'000
Trade debtors	118	66
Other debtors	111	190
The Association of Taxation Technicians	290	381
Prepayments and accrued income	781	847
	<b>1,300</b>	<b>1,484</b>

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

	2020 £'000	2019 £'000
Cash at bank	98	55
Cash on short-term deposit	3,324	812
	<b>3,422</b>	<b>867</b>

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

	2020 £'000	Restated 2019 £'000
Trade creditors	832	573
Other creditors	53	69
Taxes and social security	290	254
Accruals	967	919
Deferred income	2,679	2,223
	<b>4,821</b>	<b>4,037</b>

Deferred income includes subscriptions, examination fees and conference fees paid in 2020 but relating to income and events in 2021.

### Deferred Income

	2020 £'000	2019 £'000
Amount brought forward	2,223	1,548
Released in the year	(1,990)	(1,490)
Amounts deferred in the year	2,446	2,165
Amount carried forward	<b>2,679</b>	<b>2,223</b>

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

	2020 £'000	2019 £'000
Student registration fees:		
At 1 January	139	186
Fees received in advance	354	139
Release of income in year	(274)	(186)
At 31 December	<b>219</b>	<b>139</b>

## 13. Financial Instruments

The carrying amount of the charity's financial instruments at 31 December were:	2020 £'000	2019 £'000
<b>Financial Assets</b>		
Debt Instruments measured at amortised cost	519	637
Instruments measured at fair value through profit or loss	3,774	4,633
Total	4,293	5,270
<b>Financial Liabilities</b>		
Measured at amortised cost	1,175	896
Total	1,175	896

## 14. Income Funds: Unrestricted

	At 01.01.20 as restated £'000	Income and gains £'000	Expenditure £'000	At 31.12.20 £'000
<b>Unrestricted</b>				
General	4,450	8,300	(7,698)	5,052
Designated:				
Property	1,024	0	0	1,024
Disciplinary procedures	300	0	0	300
	5,774	8,300	(7,698)	6,376
	At 01.01.19 £'000	Income and gains as restated £'000	Expenditure as restated £'000	At 31.12.19 as restated £'000
<b>Unrestricted</b>				
General	4,939	9,227	(9,716)	4,450
Designated:				
Property	1,024	0	0	1,024
Disciplinary procedures	300	0	0	300
	6,263	9,227	(9,716)	5,774

## 15. Analysis of net assets between funds

	Unrestricted Fund £'000	Designated Funds £'000	2020 Total £'000
Tangible Fixed Assets	731	0	731
Intangible Fixed Assets	2,175	0	2,175
Investments	3,774	0	3,774
Cash on short-term deposit and at bank	2,098	1,324	3,422
Other net current (liabilities)	(3,507)	0	(3,507)
Creditors falling due after more than one year	(219)	0	(219)
<b>Total 2020</b>	<b>5,052</b>	<b>1,324</b>	<b>6,376</b>

	Unrestricted Fund £'000	Designated Funds £'000	2019 Total £'000
Tangible Fixed Assets	869	0	869
Intangible Fixed Assets	1,994	0	1,994
Investments	4,633	0	4,633
Cash on short-term deposit and at bank	(457)	1,324	867
Other net current (liabilities)	(2,450)	0	(2,450)
Creditors falling due after more than one year	(139)	0	(139)
<b>Total 2019</b>	<b>4,450</b>	<b>1,324</b>	<b>5,774</b>

## 16. Capital Commitments

At 31 December 2020 there were capital commitments of £nil (2019: £nil).

## 17. Analysis of Unrealised Gains

The total of unrealised gains at 31 December 2020 constitutes movements on revaluation and are as follows:

	2020	2019
Unrealised gains included above:		
On investments	252	314
<b>Total unrealised gains at 31 December</b>	<b>252</b>	<b>314</b>
Reconciliation of movements in unrealised gains/(losses):		
Unrealised gains/(losses) at 1 January	314	(134)
Add/(less) in respect to disposals in year	12	(156)
(Less)/add (losses)/gains arising on revaluations in year	(74)	292
<b>Total unrealised gains at 31 December</b>	<b>252</b>	<b>314</b>

## 18. Financial Commitments

The Institute has future commitments under its office lease as follows

	2020 £'000	2019 £'000
Amounts due:		
Within one year	450	388
Between one and five years	1,779	1,550
After five years	1,091	1,479
<b>Total commitment</b>	<b>3,320</b>	<b>3,417</b>

The Institute entered into a long term lease at 30 Monck Street, London SW1P 2AP in October 2018.

## 19. 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 Trustees personally amounted to £13,451 (2019: £13,811).

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 £366,213 (2019: £324,219).

There was an outstanding pension contribution at the year-end for 2020 of £45,248 (2019: £nil).

The average number of employees was 83 (2019: 85), a mix of 32 (2019: 29) part time and 51 (2019: 56) full time employees (excluding exam invigilators who work approximately 4 days per year), and the number whose salary and benefits in kind fell within the following scales is as follows:

	2020	2019
£60,001- £70,000	8	6
£70,001- £80,000	4	4
£80,001- £90,000	3	4
£90,001- £100,000	0	0
£100,001- £110,000	1	1
£110,001- £120,000	1	1
£120,001- £130,000	1	0
£130,001- £140,000	0	0
£140,001- £150,000	1	1
<b>Total staff costs:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	3,771	3,803
National Insurance	366	392
Pension costs	366	324
	<b>4,503</b>	<b>4,519</b>

Key management personnel are defined as those with the day-to-day control of running the organisation. At the Institute, those people are Chief Executive Officer, Director of Education and Secretary, Director of Public Policy and the Chief Finance Officer. Their aggregated remuneration in 2020 was £515,432 (2019: £578,557).

# Notes on Financial Statements

## 20. Donated Services and Facilities

Institute members and students are encouraged to become involved in the Institute activities and there are over 700 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 19,932 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations, and facilities and administration services have been supplied by the Institute to other tax charities. Staff seconded to the Institute from HMRC contributed an estimated 1,820 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.

## 21. Related Party Transactions

Council members' remuneration for the year was £9,675 (2019: £3,850).

In the year ended 31 December 2020, 11 Council Members claimed reimbursement of expenses aggregating £3,611 (2019: 14 claimed a total of £15,643).

### The Association of Taxation Technicians

The total allocation for the year is £1,537,495 (2019: £1,677,141) and the balance outstanding from the Association at the balance sheet date was £289,551 (2019: £371,364).

### The Taxation Disciplinary Board

The Institute's contribution to costs in the year was £177,390 (2019: £95,445). The amount due to the CIOT at the balance sheet date was £129,316 (2019: £102,879).

## 22. Prior period restatements

The financial statements have been restated as a result of an adjustment to examination and student registration income. In 2020 the charity invoiced examination and student registration income of £100,335 relating to 2019. This income has now been accrued at 31 December 2019. A provision for bad debt of £19,417 has also been raised at 31 December 2019. These restatements have had the following impact on the net movement in funds and net expenditure for 2019:

	<b>Total funds as restated 2019 £'000</b>
Total funds as previously stated	5,693
Add: examination and registration income	100
Less: provision for bad debt	(19)
Total funds as restated	5,774
	<b>Net expenditure as restated 2019 £'000</b>
Net expenditure as previously stated	(570)
Add: examination and registration income	100
Less: provision for bad debt	(19)
Net expenditure as restated	(489)

# ELIZABETH 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 an 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 in 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 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 assent thereto, have willed and ordained and do, by virtue of Our prerogative Royal and of all other powers enabling Us so to do, of 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 on the date of this Our Charter and remain 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 Public 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 book, alter and make more the said Common Seal from time to time as it shall seem good and which by the same name shall and may sue and be sued 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 in 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 so far as 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 purposes to enter into all such contracts (including contracts of indemnity) as may be necessary or desirable.
  - (2) To prescribe 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 issue of

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