



Chartered
Institute of
Taxation
Excellence in Taxation

Annual Report

2019

Published June 2020

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 2019. 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 aims

Our vision

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

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)
- Responsive and competent tax administration, with a minimum of bureaucracy

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 5,500 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.

2019 – The Year in Review

CIOT President Ray McCann awards Graham Aaronson QC an Honorary Fellowship at the Institute's President's Luncheon



Philip Hammond's Spring Statement includes consultations on a new VAT collection mechanism for online sales and changes to discourage use of single-use plastic



Financial Times writer Vanessa Houlder gives CTA Address, observing that while the media's interest in 'tax dodging' has died down, the embers will stay warm for a long time



The CIOT moves into a new office in Monck Street, Westminster, as both the Institute and its sister body, the ATT, continue to grow



Former HMRC Executive Chair Sir Edward Troup was awarded an Honorary Fellowship by Ray McCann at a CIOT/ATT event in Glasgow



Tesco urges government to introduce a two per cent online sales tax to help fund a cut in business rates for shops



JANUARY

FEBRUARY

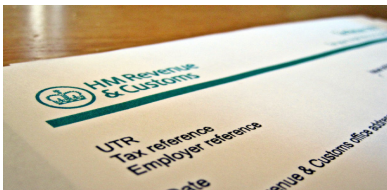
MARCH

APRIL

MAY

JUNE

HMRC reveals that 93.8 per cent of UK tax returns were submitted by 31 January 2019 deadline, setting a new record



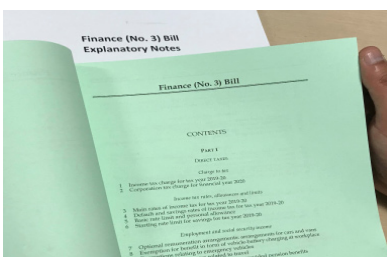
Making Tax Digital for VAT introduced, requiring businesses to keep digital records and file quarterly returns using compatible software



Speaking at the CIOT's Parliamentary Reception, new Tax Minister Jesse Norman says that if UK wants to compete with rising markets in Asia and elsewhere, we need to be a competitive location for overseas investors



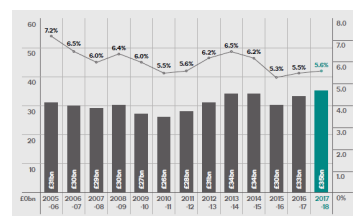
Finance Bill gains Royal Assent after unusually eventful passage which sees four sets of government amendments and six opposition amendments passed



New tax year brings personal allowance increase to £12,500 and higher rate threshold rises to £50,000 (except Scotland)



HMRC publishes figures showing progress in reducing the tax gap has stalled



ICAS and CIOT launch new joint qualification allowing students to study for their qualifications simultaneously



Government announces independent review of the loan charge, to be conducted by Sir Amyas Morse, former NAO chief executive, following campaigning by contractors and MPs



Parliament dissolved for election – retiring MPs include two former chancellors, Ken Clarke (pictured right) and Phillip Hammond, and former Treasury ministers Nicky Morgan (pictured left) and Geoffrey Robinson



Draft Finance Bill includes Digital Services Tax and off-payroll reforms, but changes to penalty regimes put on hold



Liberal Democrat members back radical changes to corporation tax at their conference in Bournemouth



Parties publish manifestos - Labour propose income tax increases and taxing capital gains and dividends at income tax rates; Conservatives put corporation tax cuts on hold but promise NI threshold increase



JULY

AUGUST

SEPTEMBER

OCTOBER

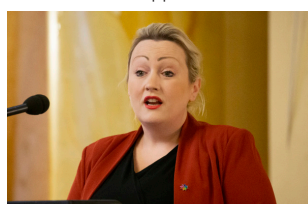
NOVEMBER

DECEMBER

Survey reveals that three quarters of GPs and hospital consultants have cut or are planning to cut their hours because of pension tax impact



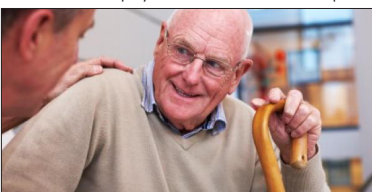
Speaking at ATT/CIOT event in Cardiff, Welsh Finance Minister Rebecca Evans AM vows that Wales will have a consistent approach to taxation



US government says new French tax on digital services represents a barrier to trade; they propose tariffs on French goods



Commons Treasury Committee says HMRC must do more to support vulnerable taxpayers involved in tax disputes



UK and EU agree revised Brexit deal, including Northern Ireland to follow EU customs and VAT rules



Boris Johnson's Conservative party win the 2019 General Election promising Brexit, a higher NIC threshold and no increases in income tax, NI or VAT rates



President's Review of the Year



The Annual Report is a review of 2019; and I am sure for most of you, that feels like a different world. The Institute's response to the Covid-19 pandemic is covered in the report of our CEO, Helen Whiteman. I will not repeat that, and will present a traditional review of last year.

What will we remember 2019 for?

It was a remarkable political year, culminating in the first December election in almost a century. It was the year of no Brexit. And it was the year – for the first time in more than 120 years – of no Budget. The CIOT had, of course, been pressing the case for just a 'single fiscal event' each year but this might fall into the category of unanticipated over-achievement!

At CIOT it was a year of change. We began the year by moving 500 yards down the road from our old Artillery House headquarters to larger, better-equipped premises in Monck Street. We also said farewell, after 10 years, to our Chief Executive Peter Fanning, who left for a well-deserved retirement, and we welcomed Helen Whiteman as his replacement.

Education and members

2019 also saw us pass the milestone of 19,000 Institute members. If you are one of our new members, welcome. Meeting new members at our admissions ceremonies has been one of the highlights of my time as President.

One topic that often comes up in talking to members new and old is the impact of technology. Technology increasingly influences how taxes are managed. In September I was delighted to chair a discussion exploring how large businesses are already using technology to handle tax compliance, reporting and even planning, how this is likely to develop further, and the practical implications of this for in-house tax professionals.

At November's CIOT Council strategy day we started a process of reviewing how our educational offerings can evolve to ensure we continue to focus on the knowledge and skills that tax professionals of the future will require. July saw us launch our new strategic partnership with ICAS, the Institute of Chartered Accountants of Scotland. Our international qualification, ADIT, is also going from strength to strength. This year, the exams were sat for the first time in South Korea, Bangladesh and the Philippines, among other places.

Government and regulation

Probably the most important external relationship the Institute has is with HMRC. HMRC's focus on preparing for Brexit, and delays caused by the election, meant slow progress on some initiatives in 2019. But there has been movement in some areas.

We were invited to join a new HMRC Powers and Customer Safeguards Implementation Evaluation Forum, reviewing powers introduced since 2012. This forum came out of a House of Lords inquiry to which we had contributed.

One thorny issue in 2019 – and continuing into 2020 – was the loan charge. CIOT, with LITRG very much involved, met with the Financial Secretary at his request to discuss it, and gave evidence to Sir Amyas Morse's review of the charge in the autumn. We also published a lengthy explainer on the issue on our website blog. Inevitably with a controversial issue like this not everyone will be satisfied with our approach; but we have approached this as we do all issues – with a mission to inform and, through LITRG, to support those who need advice or help.

We continue to argue strongly the major benefit to HMRC of dealing with professionals subject to professional conduct rules (PCRT). These provide high standards that are valuable to both taxpayers and tax authorities. PCRT has the potential to be one of the strongest positive messages in the CTA brand. Our clients can be sure that advice received from a CTA is not only of the highest technical standards; it is also advice that will not find them locked into disputes with HMRC that could have at least a severely detrimental impact on their reputation and, at worst, ruinous financial consequences.

Technical and Voice

Once again, CIOT continued to take its mission to promote tax debate seriously in 2019, holding debates with the Institute for Fiscal Studies, Institute for Government and others throughout the year (see pages 14-15). At the Labour Party conference in September I called for simplifying measures to be included in all parties' policy commitments – though looking at the election manifestos I'm not sure this call was heard! Nevertheless, choking complexity in the tax system does need to be addressed. Doctors not working because of how the rules on pension tax relief operate is surely a nonsense.

The treatment of different kinds of working by the tax system is a continuing source of friction. The Government's proposed solutions focus around the scope of off-payroll rules (IR35) but this is not a long-term answer. Surely the aim has to be to reform and reduce the tax advantages of different employment structures? This, however, is not easy when a government is committed not to raise income tax or national insurance rates.

The CIOT continues to be a leader in facilitating debate within the tax community, and LITRG does an excellent job of telling people about their tax rights and obligations, but is this enough? I take the view that good tax policy can only be effectively implemented if the general public understand the need for it; in future, therefore, we need to do more to widen the debate. Initiatives such as our Tax Conversation Toolkits pilot, with the think tank Common Vision, dip a toe in this water but we need to think about how we can go further.

International

International tax discussions continued to move forward in 2019. If the OECD secretariat's proposals are agreed and globally enacted that would lead to much greater certainty that multinational corporations were paying tax on all of their profits. It is unlikely, however, that that would be the end of the story. Further discussions on how much and where tax was being paid would be likely to continue. CIOT is firmly of the view that international co-operation, even on an imperfect system which may need further refinement, is better than individual countries taking unilateral measures. The OECD say unilateralism is a recipe for chaos. We agree.

CIOT continues to work internationally with bodies that share our values, both in educational standards and professional conduct. Most closely this is with the Irish and Australian tax bodies, who we license to award the CTA designation. They should shortly be joined by the Taxation Institute of Hong Kong. Despite Brexit we will continue to take a close interest in EU tax developments, and our membership of CFE Tax Advisers Europe will continue to help us to do this.

CFE is itself part of GTAP, a global alliance of tax professional bodies. October saw the first ever GTAP conference, in Turin. I attended and spoke; what was notable was apparent worldwide convergence on a tripartite model of tax compliance – collaboration between authorities, tax advisers and taxpayers to ensure the right amount of tax is paid, rather than a model based on confrontation and an 'enforcement' culture.

People

In addition to Peter Fanning, the Institute said goodbye to our Director of Finance and Operations, Paul Davies, in 2019. He is replaced by Karl Cerski.

Former President Anne Fairpo retired from Council at the end of 2019, and our current Chair of the Finance & Operations Committee, Keith Bell, will retire from Council in May 2020, in both cases after more than a decade on Council. We are grateful to both of them for their outstanding service to the Institute.

Thank you also to my predecessor, Ray McCann, for his contribution during his presidential year. Ray brought to the debate on HMRC's powers and obligations unique experience and insight. Thank you also to my other fellow elected Officers – Peter Rayney and Susan Ball – and other Council members for their parts in the Institute's achievements in 2019.

Thank you to all of you who serve on our branch and other committees for giving up your time to ensure that our members remain well informed and professionally developed, and that the Institute's educational work, technical input and other deliberations continue to be informed and led by the expertise of our members. And – last but absolutely not least – thank you to our talented and hard-working team of staff for keeping the cogs of the Institute turning, and delivering on the ambitions that Council sets.

However, one area on which we are not yet fully delivering is diversity. I am delighted that Susan is set to become our fourth female Institute President but, in a profession where the male/female intake is roughly 50/50, we should be seeing female Presidents with similar frequency. Other aspects of diversity also need to be addressed with urgency, and that is why we have set up a new Inclusion, Equality and Diversity working group, led by Tina Riches, to look at how we can improve diversity across the Institute.

2020 will not be a "normal" year for the Institute. I will not be handing on the Presidency to Peter Rayney at the AGM; this will be delayed until November, and then Peter will serve an eighteen-month term. This is likely to be one of the more minor impacts of the pandemic on the Institute. Whatever the challenges ahead, I am confident that the Institute is in good hands, in good shape and fit to continue to serve its members and to grow and prosper.

Glyn Fullelove

President

Chartered Institute of Taxation



Chief Executive's Report



I was pleased to join the CIOT at the beginning of September and have been incredibly impressed by the way in which volunteers and staff immerse themselves in our Institute. There is a considerable level of passion for the Chartered Tax Adviser profession and the public and consumer of tax services which it serves. A strong sense of fairness, professionalism and determination pervades, which has been incredibly inspiring to see and feel. I have enjoyed meeting and corresponding with many members and volunteers during my first few months, hearing about their career journeys, their views of the CIOT and sharing ideas for the future. Similarly it has been rewarding to meet with employers, industry, government departments and key partners who are associated with the Institute. It is clear that we are held in high regard and continue to play an important role.

First and foremost I would like to thank Peter Fanning who retired from the CIOT at the end of July. Peter played a pivotal role in raising the game of the Institute, growing the membership, ensuring we continue to lead the conversation on tax. The team and I will continue to build an Institute that can best serve the needs of the public, consumers of tax services and all its members, current and future. We could not do that without the incredible contribution our volunteers make. We thank each and every one of you.

The Chartered Tax Adviser profession

At the end of 2019, 96% of members chose to renew their membership with the Institute. 2019 has been a record year with 734 new members, the highest number in the last 5 years! We broke through the 19,000 members barrier for the first time during 2019 and while the usual end of year dip due to non-renewals saw us end the year with 18,986 members we were back up to more than 19,000 by the end of January 2020.

CIOT's reach overseas

We have received two applications from overseas tax institutes who wish to designate their members as Chartered Tax Advisers; one of those will be granted in early 2020. Those licensed to use the title will have demonstrated that they meet the required academic and professional conduct standards which have long been held by our Institute. We continue to be represented on the Board of CFE Tax Advisers Europe and were pleased to host an education zone at the International Fiscal Association conference in London in September.

Branch activity

Our branch network produced 286 events for members, students and the general public in 2019. The network is co-chaired by Zoe Roberts and Jo Routier, representing Sheffield and Jersey respectively, and oversees the work of 303 volunteers. Volunteers in the network meet three times a year and the popularity of their March conference is growing, with a 33% rise in attendance since 2016. I extend my thanks to each and every one of our volunteers who give up their spare time to engage, grow and develop branch activity. You can find more information on our website.

Qualifications

2019 saw all aspects of the recent review of the CTA qualification being implemented. The new case study exam paper, Application & Professional Skills, whereby candidates were required to demonstrate competence in three skills, was sat for the first time in May. Candidates were also provided with pre-seen information two weeks before this exam.

CIOT and ICAS entered into a partnership to launch a CA CTA route to membership of both bodies. This is a parallel route to the ACA CTA route with the ICAEW. We look forward to welcoming CA students onto the CTA in 2020.

The CTA Level 7 Trailblazer Taxation Professional Apprenticeship was also offered for the first time in late 2019.

Our ADIT qualification had a record breaking year for student registrations with an increase of 22% on 2018. 1,125 individuals had completed the qualification at the close of 2019 and they are based in 125 different countries. ADIT qualification is not the same as CIOT membership but it does now entitle the holder to join the Institute family as an International Tax Affiliate.

Tax Technical Activity

Our Technical team has maintained a high level of engagement with HMRC, the devolved tax administrations, and other policymakers. Notwithstanding that the pre-election period limited this interaction in November and December, we still averaged around a meeting a day in 2019.

We have been instrumental in achieving real changes that will benefit many businesses and other taxpayers, for example, delaying the start date for VAT changes affecting construction services to allow businesses to properly prepare, and obtaining a facility to allow businesses additional time on request for elements of Making Tax Digital. Pages 16-19 set out more of the areas where we have been working with HMRC and others to deliver improvements for the benefit of taxpayers and their advisers.

Our Low Incomes Tax Reform Group (LITRG) have continued to offer support to those least able to afford to pay for tax advice by providing free help and guidance via their four websites. In 2019, there were more than five million visitors across the four websites. The LITRG website in particular has seen a significant increase in visitor numbers and the average time spent on each page is over four minutes, which is testament to the continued work of the team in ensuring we publish helpful, understandable and relevant information.

External Relations

The Institute continues to facilitate debate between all those with an interest in tax policy and administration. This year we hosted or co-hosted four debates in London, one in Edinburgh and three at the political party conferences, all of which were well-attended. See pages 14-15 for further details on these.

Political engagement is an important part of the Institute's work. It is not our role to tell politicians what their objectives should be – beyond encouraging them to follow broad principles like certainty, simplicity and clarity – but where we can contribute to the tax policy process is by ensuring that that process is informed by the views of tax professionals. We can point out the flaws and unintended consequences in proposals so helping governments to avoid 'own goals', and we can help the opposition and backbenchers to hold ministers to account. Some of our accomplishments in this area are set out in pages 28-29 of this report. Pages 12-13 draw particular attention to our activity in Wales and (especially) Scotland, where we have had an increasingly high profile in the tax debate, including both nations' tax ministers attending our joint lunches with ATT as guest speakers in Cardiff and Glasgow.

Our People

We continue our investment in our staff as evidenced in our Employee Opinion Survey with 98% saying that their line manager is accessible and 89% saying that their manager supports their development.

77% of staff feel encouraged to come up with improvement ideas and 75% say they have opportunities to have those ideas adopted.

We actively support diversity and inclusion, both in the workplace and in our recruitment. 65% of staff members in the year were female. 71% are white UK nationals with the other 29% from diverse backgrounds. We recognise that being able to draw on a rich and diverse range of experiences and perspectives benefits the Institute. This includes valuing work-life balance and well-being; 31% of staff work part time and 65% work remotely all or some of the time.

Our vitality programme continues to be popular, with staff accessing physical and mental health management activities which, together with our work-life balance initiative, helps our sickness absence rate to run well below industry averages. I would like to thank all of our staff for their focus and hard work this year in supporting our members and charitable activities.

Covid-19 Update

The CIOT has been responding to meet both member, volunteer, staff and public interest needs since the emergence of the Covid-19 pandemic. Many of our members have been supporting their clients with both tax concerns and claiming through the government schemes. Our volunteer community, both tax technical and branches have worked tirelessly to deliver feedback, ideas and guidance to both HMRC, GOV.UK and local tax communities as the various government relief packages have emerged and operationalised.

We have supported our staff with remote working arrangements, ensuring we continue to deliver as seamless a service as possible. All of our events have moved online, with many free webinars and panel discussions being made accessible to all. The acceleration of delivering online exams has been challenging and exciting, our Covid-19 hub-page has proved an invaluable technical resource for members, tax advisers and wider user-groups. Throughout the crisis, serving our members, students, volunteers and staff has been our top priority.

We have revisited our strategic and operational plans, undertaking reforecasting and cashflow modelling as we navigate through an unstable period. We were as financially prepared as reasonably possible when the pandemic hit. We are mindful of course that the unfortunate economic impacts of the pandemic will be felt for some time and have therefore been cautious and conservative when reforecasting our income from members, employers and students. We hope that you will be able to support us, as we continue to support you.

Notwithstanding, our focus is on innovation and change as we find new ways to deliver existing and new service to members, students, employers and the public. We are firmly focused on the knowledge and skills required of the chartered tax adviser of the future. We are developing new tools and resources to support existing and future members, students and employers. Our role in supporting and guiding the public remains critical, and we will seek to optimise and widen this through digital means and working with others to support those for whom digital engagement is not feasible.

Finance & Operations

2019 was a pivotal year for the Institute, with two major strategic projects being delivered. The move to our new premises in Monck Street successfully took place in January 2019 and the key aim of replacing our legacy systems and implementing integrated Finance and Education systems is now largely complete, but not without some initial functionality issues which led to invoicing delays and additional financial provisions. The development activity was also more complex and took longer than expected and required additional external support, which added to cost. These issues are now largely resolved and the CRM (Customer Relationship Management) software is improving processes in both Education and Membership. 2019 was the first year that all students could sign in to the Portal to see their exam results simultaneously as the result emails were sent. Further functionality and improvements to business processes will continue into 2020. In the final quarter of the year, ClickDimensions, a Marketing Automation Software Solution, was implemented successfully and enabled several business requirements to be addressed. One such requirement was the need for an email marketing preference centre, which will be launched alongside the new CIOT website.

These major premises and IT projects undoubtedly put a strain on the organisation, its staff and finances. The deficit for the year of £570,000 reflects the challenges that the CIOT faced in 2019. However, new and much more rigorous budgeting and financial control processes have been introduced which will improve matters for 2020 and beyond.

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.

Sir Alistair Graham served in this role from 2010 to 2014 and Sam Younger from 2014 to the end of 2018. At the start of 2019 Jane Brothwood and Quinton Quayle were both appointed to the role, meaning that for the first time CIOT now has two Lay Public Interest Council Observers.

Jane Brothwood is Head of the Adjudicator's Office for HMRC and the Valuation Office Agency (VOA). She has been appointed in a personal capacity, rather than as an HMRC employee.

Quinton Quayle is a former British Ambassador and a former Public Interest Council member of the Institute of Chartered Accountants of Scotland.

Report from the CIOT's Lay Public Interest Council Observers



Jane Brothwood



Quinton Quayle

This is our first Public Benefit report since we joined in March. We have been warmly welcomed by CIOT Council members and staff, with positive engagement with us at Council meetings and in discussions with Office holders.

Public benefit

The need for CIOT to operate for the public benefit is enshrined in its charitable objects. The concept of public benefit is well understood in Council and features as necessary in Council discussion.

An example of this was the debate on whether the Tax Disciplinary Board should publish details of administrative sanctions taken against CIOT members for minor matters such as late submission of Anti-Money Laundering registration forms. CIOT considered carefully whether publication would be in the public interest but, following a thorough comparative review, it concluded that its disciplinary policy was at least as rigorous as other professional bodies.

In previous years, Sam Younger has rightly drawn attention to the need for CIOT to evaluate itself against the seven principles of the Charity Governance Code (Organisational Purpose, Leadership,

Integrity, Decision-Making, Board Effectiveness, Diversity, and Openness and Accountability). In our short time on the Council, we have been impressed by the Leadership and Integrity of the Council, where the President has given a strong lead.

Council membership

We have also been pleased to see that the new CEO, Helen Whiteman, is considering whether CIOT's strategy is sufficiently focussed on its Organisational Purpose (as enshrined in its Charitable Objects). This in turn feeds into how best to optimise the Council's decision-making and board effectiveness. It was good to see some improvements have recently been made in this area, for instance, the standardisation of the format of board papers.

The President has stressed the need for Council discussion to focus on strategic oversight rather than operational detail. However, we believe more consideration needs to be given to defining the role of Council members and the appointment process. In particular, there could be greater clarity on whether Council members are recruited primarily on the basis of their

technical expertise as tax professionals or their ability as board members.

Sam Younger highlighted the size of Council in his 2018 report. During the year, this has been discussed both in a Working Group and the Council, but it has not yet been possible to achieve a consensus on how best to reform Council membership. We believe that it is important that Council should find a way forward which improves the effectiveness of Council and its decision-making process.

Diversity

The size of Council and the issue of Council recruitment in turn raise the question of diversity. This remains a challenge for CIOT. It is debatable whether its current recruitment processes are sufficiently open and, in particular, whether more needs to be done to bring CIOT fully into line with the Charity Governance Code, for instance, 6.4.3:

“When deciding how to recruit trustees, the board thinks about how to attract a diverse pool of candidates. It tries to have diversity in any trustee appointment panels.”

Widening the pool of talent from which CIOT recruits should in turn help make the Council more open and accountable to its members. The evolution of Council processes is taking place against a sharper public focus on taxation, particularly given the shift in attitudes towards the line to be drawn between tax mitigation and tax avoidance. This in turn has implications for the public profile of professional bodies such as CIOT.

Charitable objects

There is no doubt in our minds that CIOT is operating in line with its charitable objects. It may however be worth considering whether it should look to communicate more overtly that its primary purpose is not to promote the interests of the profession but to carry out its key charitable objects, namely

“to advance public education....to prevent crime and to promote the sound administration of the law for the public benefit”.

A more explicit reference to CIOT’s charter and objects in the individual activities and topics discussed at Council meetings would also help improve strategic conversation and decision-making and could make better use of limited resources.



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

Enhancing the debate on devolved taxes

The CIOT has been at the forefront of the tax devolution process in Scotland and we are increasingly involved in the development of Welsh taxes.

As new taxes were being introduced in Scotland, we advised ministers and officials at both Holyrood and Westminster on the challenges involved in, for example, defining a 'Scottish taxpayer', and how to avoid unintended consequences.

Internally we boosted our capacity to engage on Scottish taxes by establishing a Scottish Technical Committee, initially chaired by Moira Kelly, now by Alexander Garden, and by appointing a Scottish Technical Officer, Joanne Walker, and External Relations Manager, Chris Young.

2019 was another significant year for us, as we continued our work to inform both the political scrutiny of Scottish taxes and public understanding of the practicalities of tax devolution. With the debate on tax in Wales moving in a similar direction, our Scottish experiences and expertise provide us with a useful framework for increasing our engagement with politicians and civil servants in Cardiff.

What does the public think?

Following the publication of our commissioned poll examining the views of Scottish taxpayers in 2018, we repeated this exercise in 2019. The findings appear to show a worrying decline in public awareness of devolved tax powers and responsibilities.

Some of the key findings of the 2019 poll include:

86 per cent of Scots say they need better information over how taxes are decided in Scotland

91 per cent have little or no understanding of the definition of a Scottish taxpayer

26 per cent can correctly identify that Scottish income tax is a shared responsibility of Holyrood and Westminster.

This work has been useful in supporting our ongoing dialogue with Scottish Government officials on the development of their Scottish income tax communications strategy.

Promoting public awareness of tax

We continue to enjoy significant levels of media coverage in Scotland and we are regularly sought out to provide expert comment and analysis by a media increasingly interested in the implications of tax policy divergence between Holyrood and Westminster.

When Boris Johnson, during the Conservative leadership race in June, expressed support for increasing the income tax higher rate threshold to £80,000, we warned that, if accompanied by the anticipated increase in the national insurance upper earnings limit, it could actually cost some Scottish taxpayers money.

This is because while tax on earned income is devolved, National Insurance is reserved to Westminster, resulting in a misalignment between the higher rate of Scottish income tax and the upper earnings limit for National Insurance.

Boris Johnson tax plans could hit Scots earning more than £80,000, expert warns
Headline of Press Association Report on Joanne Walker interview on BBC Good Morning Scotland, June 10, 2019, syndicated across 107 media outlets

Alexander Garden wrote an explainer for the Daily Telegraph's Scottish edition, and our comments on this issue were carried by more than 100 media outlets.

Towards the end of the year we highlighted how the delayed UK Budget could force the Scottish Government into an unenviable choice between a rushed Scottish Budget with little opportunity for scrutiny and a Scottish Budget before the UK one, when the Scottish Finance Secretary would not know the full fiscal context in which he was taking decisions. The then Finance Secretary, Derek Mackay, acknowledged these concerns in an article for The Herald.

Away from Scottish taxes, Ray McCann was interviewed for BBC Scotland's The Nine news programme on the loan charge. LITRG provided guidance for Marriage Allowance recipients in the 'Ask the Expert' column of the People's Friend magazine.



TAX experts have warned Holyrood's budget could become a 'victim' of [the] early general election.
The Chartered Institute of Taxation said it would hold up Holyrood's tax and spending plans for next year and damage the ability of MSPs to scrutinise them.
The Herald, Oct 26 2019

Engaging Scotland's politicians

In March, CIOT president Ray McCann welcomed guests to his home city of Glasgow for the Joint Presidents' Lunch. Our guest speaker for the event, held at the prestigious City Chambers, was Scotland's tax minister Kate Forbes. In the autumn, we were joined by then Finance Secretary, Derek Mackay, for a roundtable for senior figures in the tax profession, arranged by ourselves in partnership with CBI Scotland.

In November, then Scottish Conservative shadow finance secretary Murdo Fraser was guest speaker at our annual Scotland conference in Dunblane. We also engaged with MSPs from across Scotland's parties in written and oral evidence to the Finance and Constitution Committee, during party conference season, in one-to-one meetings and at our latest tax debate held with ICAS (see below).



In March, Scotland's public finance minister Kate Forbes became the first Scottish Government minister to address the CIOT/ATT Joint Presidents' Lunch in Glasgow.

Building alliances

In 2019, we continued to develop our collaboration with the Institute of Chartered Accountants of Scotland (ICAS). March saw us jointly organise the second 'Big Tax Debate', bringing together figures from the tax profession with representatives from Scotland's political parties, media and civic society to debate the role of devolved tax in Scottish society.

July saw us launch the CA-CTA qualification, a joint programme between our organisations that will enable students to fast track their studies and become dual qualified in both tax and accountancy. Once operational, the course will be the first face-to-face CTA tuition in Scotland to take place in several years. Our Scottish Taxes Policy Forum is expected to reconvene in 2020 to consider the next phase of its work as we approach the Scottish Parliament elections in 2021.



Panellists and speakers for the second CIOT/ICAS Big Tax Debate. Back row (L-R): Sean Cockburn, CIOT Scotland Hub chair; Tom Arthur MSP; Adam Tomkins MSP; Robin McAlpine, Director, Common Weal think-tank. Front row (L-R): Katrine Bussey, Political Editor, Press Association Scotland; Rona Dougall, broadcaster (event chair); Charlotte Barbour, Director of Tax, ICAS, and CIOT Council member; Michelle Mullen, Executive Director, Standards, ICAS.

Wales

We are also increasing our engagement with the devolved administration in Cardiff. The first Wales-only taxes for 800 years (Land Transaction Tax and Landfill Disposals Tax) became operational in 2018 and powers to vary income tax rates took effect the following year. 2019 also saw the first full year of operation of our Welsh Technical Committee, chaired by Lakshmi Narain. The committee has drawn on the lessons and experiences of Scotland to help shape its work.

We were joined by the Welsh minister for finance, Rebecca Evans, at our Joint Presidents' Lunch in Cardiff, and we are in the process of establishing relations with opinion formers in the Welsh media to promote understanding of devolved taxation. John Cullinane wrote for the Western Mail on the challenges that the Welsh Government is likely to face as it considers plans for a new social care levy.



Welsh Finance Minister Rebecca Evans and CIOT President Glyn Fullelove at the Joint Presidents' Lunch in Cardiff in October.

Promoting debate on tax



Debating the powers of HMRC

At a CIOT/IFS (Institute for Fiscal Studies) debate on the powers of HMRC in February, the former head of HMRC suggested there has been an erosion of the sense of personal responsibility for one's tax affairs. Nicky Morgan MP, Chair of the House of Commons Treasury Committee, had been due to speak, but delayed parliamentary votes kept her in Parliament. Kelly Sizer of LITRG was also due to take part, but had to pull out due to illness. The speeches they would have made were both published on the CIOT website. Pictured (left to right): Sir Edward Troup, Former HMRC Executive Chair; Ray McCann, CIOT President (chair); and Malcolm Gammie QC, Chair of the IFS' Tax Law Review Committee.



Debating the Digital Services Tax

There was not much love for the Government's Digital Services Tax at a CIOT/IFS debate in November 2019, with panellists preferring a multilateral approach to taxing large digital companies, rather than the UK going it alone.

Pictured (left to right): CIOT President Glyn Fullelove; Ali Kennedy, Vice President for Group Tax at Sophos Group plc; Paul Johnson, IFS Director (chair); Richard Collier, Senior Tax Advisor at the OECD; and Mike Devereux, Director of the Oxford University Centre for Business Taxation.



At Labour conference

The Institute's Labour and Conservative autumn conference debates were held jointly with the Institute for Government (IfG) and the IFS. At Labour conference in Brighton an expert panel debated 'Is austerity really over and how can a Labour government pay for it?'. Shadow Chief Secretary to the Treasury Peter Dowd told the fringe meeting that, under current Conservative plans, austerity was not over and he wanted a public debate about how much to invest in public services.

Pictured (left to right): Paul Johnson, Director of IFS; Peter Dowd MP; Gemma Tetlow of IfG (chair); CIOT President Glyn Fullelove; Frances O'Grady, TUC General Secretary.



At Conservative conference

Austerity is technically over but the spending squeeze on some government departments continues and a bad Brexit risks a return to fiscal belt tightening soon, said panellists at the CIOT's Conservative conference debate in October 2019.

Pictured (left to right): John Barnett, Chair of CIOT's Technical Committee; Kate Andrews, Associate Director of Institute of Economic Affairs; Bronwen Maddox, Director of the IfG (chair); David Willetts, a former minister in the Major and Cameron administrations and now a Conservative peer; and Paul Johnson, Director of the IFS.



Debating business rates

Opinions were split on whether it is time to retain, reform or replace business rates, at a CIOT/IFS debate on taxing commercial property, held in June 2019.

Pictured (left to right): Jerry Schurder, Head of Business Rates at Gerald Eve; Peter Wyatt, Professor of Real Estate Appraisal, University of Reading; CIOT President Glyn Fullelove (chair); Stuart Adam, Senior Research Economist at IFS; and Rachel Kelly, Senior Policy Officer at British Property Federation.



Debating tax and technology

'Keep it simple' when introducing technology into your tax management was a key message from the CIOT's panel discussion on the impact of technology on the tax profession, in September 2019.

Pictured (left to right): Ali Kennedy, Vice-President Group Tax at Sophos Group plc; Simon Upcott, former Group Head of Tax at Vesuvius plc; CIOT President Glyn Fullelove (chair); Shan Sun, Lead for Tax Innovation at Unilever plc; and Neil Harris, Director Tax, Treasury, Insurance and Pensions, BT plc.



At SNP conference

The challenges of managing a partly devolved income tax regime were the focus of CIOT's fifth successive event at SNP conference, in October 2019. Titled 'Tax at Twenty', the event provided delegates with the chance to hear from a panel comprised of politicians, a tax expert and a pollster tasked with reviewing the evolution of Scotland's devolved tax journey 20 years on from its inception.

Pictured (left to right): John Cullinane, Tax Policy Director, CIOT; Tom Arthur MSP, Member of Scottish Parliament Finance and Constitution Committee; Rachel Watson, Scottish Daily Mail; Kirsty Blackman MP, SNP lead economic affairs spokesperson at Westminster; Mark Diffley, of Mark Diffley Consultancy and Research.



Media reporting on tax

Financial Times journalist Vanessa Houlder reflected on her time as a tax correspondent and the challenges to reporting tax stories at the CTA Address. The Address was followed by responses from a panel. The Chair was the CIOT's new President Glyn Fullelove.

Pictured (left to right): Jim Marshall, Pearson; Vanessa Houlder; Heather Self, Blick Rothenberg; Glyn Fullelove; Rhiannon Kinghall Were, Macfarlanes.

Additionally our Big Tax Debate in Edinburgh is reported on page 13

Our debates with IFS are open to all who wish to attend, subject to the need to register to make sure we can fit everyone in. Email ciotevents@ciot.org.uk if you would like to be on the circulation list for publicity for these.

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.

2019 was an almost unprecedented year in taxation, with no Budget, and no Finance Bill published. While the UK did not leave the EU, preparation for Brexit, with or without a deal, was HMRC's key priority through the year. Inevitably, these resource-intensive preparations took their toll on HMRC's other activities.

Key areas of focus for the Institute during the year were Making Tax Digital and HMRC powers, and our work in these areas gets a separate mention below. Other key activity during the year appears under the headings of the relevant committee or sub-committee. The activity outlined here represents just a small fraction of our technical work over the year.

During 2019 we reorganised the Capital Gains Tax and Investment Income and the Succession Taxes sub-committees into Private Client (UK) and Private Client (International), to better reflect the nature of the activities of those sub-committees and the expertise of their volunteers. The new sub-committees continue to meet jointly and work closely.

In early 2020, CIOT Council approved the renaming of sub-committees as committees and, as a result, the former Technical Committee is now known as the Technical Policy and Oversight Committee. The other committees continue to report to the Technical Policy and Oversight Committee. In this section we use the terminology in force during 2019.

We are extremely grateful to the many volunteers who give up their time to lead or participate in our technical activities. Our committee chairs and vice-chairs are listed on page 37.

Technical Committee

Some of the CIOT's technical work is driven directly by the Technical Committee itself, either because it is of strategic importance or because it spans several sub-committees. For example, we continue to work with HMRC and the Government Digital Service to secure improvements to HMRC's guidance, and we started discussions with HMRC in relation to their 'Health of the Tax System' project.

We continue to engage with HMRC at senior levels, including at the Representative Bodies Steering Group (RBSG, formerly the Joint Initiatives Steering Group), where matters of significant importance to the agent community are discussed. We are also represented on the Agents Digital Design and Advisory Group, a new group looking at the development of digital services from the agents' perspective, which reports directly to the RBSG.

Private Client (UK)

The committee led the CIOT's response to the early stage consultation on the taxation of trusts. This review sought views on the extent to which the current tax code aligns with the principles that the government believe should underpin the taxation of trusts. The publication of the second OTS report on IHT reliefs similarly provided the opportunity to contribute to the debate.

The committee's detailed response to the consultation on the transposition of the Fifth Anti-Money Laundering Directive into UK law suggested that by applying the Directive's approach purposively and using an existing and sensible UK definition, most bare trusts and nominee arrangements would not require registration.

Private Client (International)

The committee has been trying to clarify areas of uncertainty in the technical provisions implementing the reforms to the taxation of non-UK domiciliaries. HMRC responses to questions posed by CIOT and other professional bodies added much needed clarity to this complex area. The committee continues to try to resolve the remaining uncertainties in this area.

The availability of Business Investment Relief for investment by charities and Community Interest Companies was the subject of a proactive submission to HMRC during the year, while the private client aspects of the implementation of the 2019 non-resident CGT regime were considered in conjunction with other sub-committees.

Corporate Tax

Structures and buildings allowances (SBAs) were announced at the Budget in October 2018, but only the bare bones of the allowances were set out in Finance Act 2019. The CIOT met with HMT and HMRC in January 2019 to discuss the detail of the rules. The CIOT remained engaged, commenting on the draft regulations when these were published, before coming into force in July 2019.

The CIOT is represented on an HMRC working group looking at crypto assets. This remains a challenging area of taxation for taxpayers and HMRC. This year has seen HMRC publish updated guidance for individuals, and new guidance for businesses on the tax treatment of crypto assets, both of which are welcome.

We also engaged with HMRC regarding the significant delays experienced by taxpayers due to HMRC's processing times for claims for R&D tax credits and expenditure credits, particularly during the earlier part of the year. The position is now greatly improved.

Employment Taxes

In another busy year for employment taxes, a significant part of our work was on the government's decision to extend the off-payroll working (OPW) rules from April 2020 to medium and large private sector entities. We wrote to HMRC expressing our view that their Check Employment Status for Tax (CEST) tool fails to properly consider Mutuality of Obligation and, after meeting with HMRC and responding to the consultation on implementing the new rules, we called for significant improvements to CEST. HMRC published an updated – though still flawed – CEST tool in November.

We responded to draft legislation restricting access to the Employment Allowance to employers with secondary Class 1 NICs liabilities below £100,000 in the previous tax year. A particular concern was the reporting requirements in regard to de minimis EU State Aid certification which have since been relaxed. We commented on draft secondary legislation intended to collect NICs from termination awards and income from sporting testimonials from April 2020. And we responded to a consultation on income tax exemptions and reliefs in relation to employer-provided health-related benefits-in-kind.

Indirect Taxes

Our main focuses during 2019 continued to be Making Tax Digital for VAT (see page 18), Brexit and the domestic reverse charge to combat fraud in the construction sector. On the latter we attended stakeholder meetings with HMRC and others, and provided technical feedback on draft guidance. In the light of the late availability of guidance, and a lack of awareness in the business population (particularly within small businesses), we prepared a submission to HMRC in the summer requesting that the start date of the domestic reverse charge be delayed. Shortly afterwards, the start date was postponed until 1 October 2020.

Our Brexit work has included reviewing and providing feedback on draft no-deal Statutory Instruments, testing HMRC's new UK VAT number checker software that will be required once the UK is no longer included in the EU's VIES (VAT Information Exchange System) database, seeking clarification from HMRC on a number of technical matters, and keeping the Brexit section of the CIOT website up to date with news and developments.

We continue to be represented on numerous, regular engagement meetings with HMRC, including the Joint VAT Consultative Committee, the Land & Property Liaison Group, the Insurance Liaison Group and the Finance Liaison Group. We are also represented on groups looking into specific matters, such as the Split Payments Working Group. We held a successful indirect tax conference in October.

HMRC Powers

Discussions continued in 2019 on "HMRC's Behaviour in their Investigative Approach", a project looking into HMRC's management of routine civil compliance interventions and how it can be improved. This has been a collaborative process and HMRC recognise that they need to formulate some proposals to address the concerns raised. We took part in several meetings and workshops through 2019 and HMRC are now reflecting on the discussions.

In 2018, the CIOT gave written and oral evidence to the House of Lords Economic Affairs Committee inquiry, and the Committee published a report "The Powers of HMRC: Treating Taxpayers Fairly". In response to this report, in July 2019 the Financial Secretary to the Treasury, Jesse Norman, announced several actions which HMRC would take to strengthen public trust in their operations. One such action was to evaluate the implementation of powers granted to HMRC since 2012. CIOT was represented at the inaugural meeting of the HMRC Powers and Customer Safeguards Implementation Evaluation Forum which was held in October. It is hoped that the project will report in early / mid 2020. Another proposed measure is the establishment of a new professional standards committee, advised by independent experts, to advise HMRC on their use of statutory powers. We look forward to engaging with this committee once it has been set up.

Management of Taxes

We continue to have regular engagement with HMRC on offshore matters. In April, we met with them to discuss their latest strategy for offshore compliance "No Safe Havens 2019". We also met to discuss implementation of DAC6, the EU Directive regarding automatic exchange of information relating to reportable cross-border arrangements. We produced guidance over the summer to help members decide the most appropriate way to respond if a client receives one of HMRC's offshore "nudge" letters and "certificates of tax position".

We also responded during the year to HMRC's consultations on Amendments to Tax Returns (using findings from a joint CIOT/ ATT member survey conducted in January), Electronic Sales Suppression, and "Protecting your Taxes in Insolvency".

In March over 30 volunteers gathered at the CIOT offices for a presentation and feedback session with HMRC on their statutory review process. The session was led by the chair of our Dispute Resolution and Litigation Working Group, Hui Ling McCarthy QC. In November, Hui Ling also co-presented a member webinar on Alternative Dispute Resolution and how it can be used to resolve disputes with HMRC. She was joined by Jim Benson and Jo Herring of HMRC.

Property Taxes

The committee has been pressing HMRC for greater clarity on the implementation of the 2019 provisions for taxing gains made by non-residents on UK real estate. There is also ongoing engagement with HMRC on the transition into corporation tax from income tax for non-UK resident landlord companies, to ensure the consequences and process for this measure are widely understood and reach the right audience.

In the area of housing, the committee has raised the taxation implications of developments, with the aim of both developing better guidance and to underline the need for taxation to be considered as part of the development of wider housing policy.

Engagement with HMRC to develop guidance for aspects of Stamp Duty Land Tax was undertaken in collaboration with the Stamp Taxes Practitioners Group. In addition, the sub-committee made proactive submissions on the 3% SDLT surcharge and the SDLT relief for house builders operating a part exchange scheme for buyers in new developments.

International Tax

Work continues under the OECD/G20 Base Erosion and Profit Shifting (BEPS) project towards reaching an international consensus on how to tackle the perceived challenges arising from the digitalisation of the economy and, more generally, globalisation of businesses. The CIOT has remained engaged with this issue, responding to the various consultations published by the OECD, holding discussions with HMRC and promoting debate between all those with an interest in this high profile area (see page 15).

We also continued our dialogue with HMT and HMRC regarding the offshore receipts in respect of intangible property rules, introduced for tax year 2019-20, and the UK's digital services tax, which is still expected to be introduced in April 2020.

Owner Managed Business

In April, we met HMRC to discuss the issue of "phoenixism" schemes that claim the targeted anti-avoidance rule (TAAR) on distributions in a winding up does not apply to them. HMRC say that the TAAR does apply. HMRC will also consider whether the General Anti-Abuse Rule (GAAR) applies to these schemes. A note of the meeting is on the CIOT website.

We met the Office of Tax Simplification to discuss their Scoping Paper "Simplification of tax reporting and payment arrangements for self-employed people and landlords of private residential property". Additionally, we contributed to the CIOT's responses to the BEIS consultation "Corporate transparency and register reform" and HMT's Call for Evidence on Social Investment Tax Relief.

We ended the year by asking members for their experiences of dealing with HMRC's response to statutory clearance applications. There have been some recent changes at HMRC's Clearance Unit, and we have heard concerns around customer service and consistency. Depending on the responses received from members we will look to arrange a meeting with the new HMRC lead in early 2020.

EU and Human Rights

Whilst the sub-committee did not meet during 2019, it contributed to the work of other sub-committees, particularly in regard to indirect and international taxes.

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

Making Tax Digital

From April 2019, Making Tax Digital (MTD) for VAT required most compulsorily VAT-registered businesses to keep records in digital form and file their quarterly VAT returns using compatible software. MTD continued to be a significant focus of our work in 2019, led by our Digitalisation and Agent Strategy Working Group. We continue to be represented on several MTD stakeholder groups and to work as a 'critical friend' to HMRC.

In particular, we have worked with HMRC on a number of ways to help with implementation, suggesting easements to assist with maintaining digital records, and contributing to discussions around digital links which led to HMRC allowing businesses to apply for an extension of time to put digital links in place. We continue to work to help ensure that the transition into MTD is as smooth as possible.

We have also concentrated significant efforts on helping members. We have a dedicated MTD section on the Policy and Technical pages of the CIOT website, which is frequently updated and contains lots of useful information and guidance. In early 2019 we published a timetable for signing up to MTD, to ensure businesses signed up at the right time, avoiding the difficulties which would otherwise arise. We held a further webinar in 2019 (see image top right; this remains available to view), and CIOT technical staff have spoken about MTD at numerous branch and similar events. We also continue to provide articles and updates via Tax Adviser magazine, and in the weekly CTA e-newsletter.

We ended 2019 with a detailed member survey about MTD, the results of which we will share with HMRC, to inform the future roll-out of MTD. We have already made clear our view that the government should not expand MTD beyond its current scope without consulting widely and carefully evaluating the impact of MTD for VAT.



Scotland

In recognition of the growing importance of its tax powers, the Scottish Government created a Taxation Directorate in early 2019. This published a consultation on a policy framework for devolved taxes, to which the CIOT contributed. The CIOT also helped to facilitate stakeholder events that the Scottish Government organised to support the consultation. Alongside this, CIOT has been represented on the Devolved Taxes Legislation Working Group, set up by the Scottish Government in conjunction with the Scottish Parliament, which is looking at alternative legislative processes for the devolved taxes. This is due to report in summer 2020.

Other consultations and calls for evidence have included Scottish Government regulations for a bottle deposit scheme and a detailed consultation on the principles of a local tourist tax.

Following a change of Chairperson for the Scottish Taxes Policy Forum, our collaboration with ICAS, the group is pausing to consider its next project, and will reconvene in 2020.

Some of our other Scottish activity, including our polling of Scottish taxpayers, is set out on pages 12-13.

Wales

The first full year of the operation of our Welsh Technical Committee has built on existing links with the Welsh Treasury, the Welsh Revenue Authority (WRA) and other Welsh stakeholders in order to ensure that the CIOT contributes effectively to the operation of the existing devolved taxes and to the development of new taxes for Wales within the devolved taxes framework.

Members of the Welsh Treasury and the WRA have attended committee meetings during the year, and John Cullinane spoke at the Cardiff Business School social care funding conference on converting policy into tax law.

The committee is leading the CIOT's response to the Welsh Assembly Finance Committee inquiry into the possible impact of different income tax rates across the Wales-England border.

Working Together

It has been a largely frustrating year for members involved in Working Together. The primary way of raising issues with HMRC is on the Agent Forum. The forum was expected to be moved to a new platform, with increased functionality, in the spring / summer of 2019, but this did not happen until the autumn. Whilst an improvement as compared to previously, the new forum still needs time to bed in, and currently has less than half as many users as the previous forum.

The CIOT is represented on the Issues Overview Group (IOG), comprising a number of the larger professional bodies, whose job it is to help identify high-priority issues and escalate them within HMRC. The IOG had limited success in obtaining a satisfactory outcome to the issues it escalated within HMRC during 2019. The IOG held its annual face-to-face meeting with HMRC in November. A number of issues were raised at that meeting, and we are hopeful that the forum will operate more effectively in future.

Formal submissions

2018

81 CIOT

51 LITRG

2019

80 CIOT

44 LITRG

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

Meetings

2018

254 CIOT

192 LITRG

2019

204 CIOT

186 LITRG

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 Institute's public benefit role is to help those unable to afford to pay for tax advice by providing free, relevant guidance and by working to make the tax and related benefits systems more equitable and accessible.

In 2019 LITRG responded to 44 consultations and attended nearly 200 meetings with HMRC, other government departments and third sector organisations. LITRG engages regularly with both the Scottish Government and the Welsh Revenue Authority (WRA). In 2019 our representations were highlighted in a Scottish Parliament committee report on in-work poverty and we were mentioned in the WRA's equality report.

LITRG websites

LITRG's free guidance is primarily delivered via the main LITRG website – supported by three niche websites aimed at students, people taking on a carer, and advisers who support people with tax credits, child benefit and Tax-Free Childcare. 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 2019, there were just over 5.5 million visitors across the four websites – visitor numbers to the websites continue to show impressive growth despite the closing down of our universal credit postcode tool early in 2019 which attracted nearly 600,000 visitors in 2018. The number of downloads of factsheets and guides increased from 80,223 in 2018 to 187,434 in 2019.

LITRG in the political debate

LITRG continues to have our views listened to with respect by both government and opposition politicians. We gave written and oral evidence to a number of parliamentary committees and this was regularly cited in debates and committee reports. In particular we were heavily quoted in the Treasury Committee's report on 'Disputing Tax' and in the Government's response to it, and our evidence to a 2018 Lords inquiry was influential in a series of government announcements (see Vulnerable taxpayers, above).

"During the consultations on MTD in 2016, we received detailed responses from... Chartered Institute of Taxation, Low Incomes Tax Reform Group... and others. Their contribution was influential in shaping the Making Tax Digital (MTD) service." **Financial Secretary to the Treasury Mel Stride MP, response to a written parliamentary question, 18/2/19**

"We were pleased to hear that, acting on earlier evidence given to the Treasury Sub-Committee by the Low Incomes Tax Reform Group, you have started a programme of work to improve HMRC's engagement with unrepresented taxpayers and build better links between HMRC's compliance teams and the Needs Enhanced Support team." **Treasury Committee Chair Nicky Morgan MP, letter on behalf of the committee to Jim Harra, HMRC Tax Assurance Commissioner, 20/2/19**

"the Department will use the pilot to help us inform our tests for readiness to move to managed migration at scale, and we are pleased that the Committee has noted that valued stakeholders, such as Mind and the Low Incomes Tax Reform Group, appreciate that it is sensible to establish detailed measures for readiness after the pilot." **Government response to Work and Pensions Committee report on Universal Credit: tests for managed migration, 8/7/19**

"We recommend that HMRC reports on how it has reflected on the insights of groups such as the Low Incomes Tax Reform Group, the tax charities and other advice bodies to gain a full insight into the difficulties faced by taxpayers who cannot afford to pay for advice." **Recommendation 53, House of Commons Treasury Committee report, Disputing Tax, 31/7/19**

Tax relief on pension contributions

LITRG, together with Baroness Ros Altmann, has continued to lead a group of professional body and pensions industry representatives campaigning for equal tax relief for low-income workers making pension contributions to net pay arrangement schemes as compared to those in relief at source schemes. The group has gained interest in the issue from a number of politicians from different parties, and the Conservative manifesto for the recent election included a commitment to address this issue. We look forward to working with the Government in 2020 to tackle this injustice.

Vulnerable taxpayers

We were pleased by the Financial Secretary to the Treasury's statement in July which set out a series of measures the Government will take to strengthen support for those who need extra help in the tax system, including help dealing with HMRC investigations and resolving disputes. The minister also promised to work closely with external representatives to understand taxpayers' needs better, and to set up a new committee to advise HMRC on (among other things) its implementation of powers.

Guidance

Following representations by LITRG, several pieces of guidance on GOV.UK have been amended to correct misleading statements or errors and to add additional information.

LITRG in the media

LITRG use the media primarily to inform taxpayers about their rights and obligations. It was another busy year on this front, with members of the team guests on Radio 4 Moneybox, Moneybox Live, Radio 5 drive time and BBC Radio Scotland, among others. LITRG also featured extensively in the print and online media, from the FT (pension tax relief, third party reporting) to the Daily Mail (pensions credit, savings tax).

"People with a 'reasonable excuse' for filing their tax return late have been urged to contest HM Revenue and Customs' automatic £100 penalty. The Low Incomes Tax Reform Group said reasonable excuses include unforeseen work pressure, physical or mental disability, and serious problems with online filing." **Sunday Times, 3/2/19**

"the Low Incomes Tax Reform Group, which fights the corner for the low-paid and those on welfare, says in its guide to the [loan] charge that some agency workers may have had little choice to participate in such schemes, if they wanted to work." **The Guardian, 16/2/19**

"Time is running out for eligible couples to claim their Marriage Allowance entitlement for its first year of operation. Victoria Todd, head of the Low Incomes Tax Reform Group, explains how they can make a claim for the tax break but points out that any retrospective claims can only be backdated four years." **Daily Mirror, 18/4/19**

"People who claim tax credits will be in danger of losing their payments if they missed a renewal deadline at the end of July. But advice group LITRG has explained that they may have a second chance to avoid losing some of their benefits." **BBC News Online, 2/8/19**

"The Low Incomes Tax Reform Group has urged savers to check the amount of tax they are paying, saying it has received reports of inaccurate income figures, suggesting savers could be paying too much or too little tax." **Daily Mail, 4/9/19**

Self-employment

In 2019 we published a detailed guide to tax and self-employment which has been downloaded over 40,000 times.

Loan charge

LITRG has continued to publish accessible guidance about the disguised remuneration loan charge and what it means in practical terms. This material has been heavily quoted and linked to on other websites. Our lead on labour market issues met with the Financial Secretary to the Treasury (along with the CIOT President) to discuss the loan charge.

Compliance

LITRG has met several times with HMRC to help them understand the customer journey in compliance cases and how customers requiring extra support are dealt with during compliance investigations. This has also included commenting on communications that are used in such investigations.

Life events

The LITRG team worked closely with the OTS on their autumn 2019 report on life events and many of the points we made were included in the final report, including a recommendation that the net pay pension inconsistency be addressed (see Tax Relief on Pension Contributions on previous page).

Surrogacy

LITRG was the only organisation to provide a submission to the Law Commission with detailed comments on the tax and benefit consequences of surrogacy arrangements. As a result, we have facilitated a meeting between the Law Commission and HMRC to discuss the proposals further.

Engagement and partnerships

Building strong relationships with potential partner organisations and others who can support our work – or whose work we can inform – is a priority for LITRG. As well as regular meetings with HMRC and other parts of government, organisations we met with in 2019 included the Law Commission, TUC, Taxpayers Alliance, Shared Lives Carers, Association of British Insurers and National Audit Office. We ran workshops to promote our work and publicise our websites at a UNISON Care Workers event, an NASUWT (The Teachers' Union) event and Talk Money week, as well as at a number of CIOT/ATT conferences and branch events.

We have monthly calls with representatives from TaxAid and Tax Help for Older People. They provide LITRG with valuable evidence of problems in the tax system that we use in our submissions.

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

“In my efforts to keep a family afloat as a single parent, I’ve often despaired at how convoluted and impersonal dealing with HMRC can be... I’d often wished for a mentor to hold my hand through some of these processes using plain language, so that I could be sure I was making the best use of my hard-won income, and not being duped or ignored for any tax breaks or entitlements. And today I found it in [your] website”

Member of the public and website user

“I have been perusing your website for hours... [I] am now able to work independently in the UK, but have been trying to make sense of the best way to do this prior to contacting an accountant and getting started. I just wanted to say, this is an incredible, invaluable resource; thank you for creating it”

Member of the public and website user

“I use your website all the time in relation to client cases. It's excellent.”

CIOT/ATT member and website user

“I just wanted to say an excellent article on the dangers when claiming the state pension lump sum. Clear and easy to understand, unlike the tax reliefs/allowances/deductions the article discusses!”

CIOT/ATT member and website user

Promoting excellence in tax education

Report from the Education Committee

The Education Committee ensures that the educational aims of the Institute remain relevant and maintain a focus on the future development of the tax profession. In addition to providing support and encouragement for its students, the Committee has the responsibility for promoting the study and understanding of tax for the benefit of the wider public.

By the close of 2019, there were 2,844 students registered for the CTA qualification, a further 1,660 registered for the CIOT-ICAEW Joint Programme, and 1,082 more registered for the Tax Pathway, the joint ATT CTA route to qualification. In addition, there were 3,210 students registered for the ADIT qualification.

Level 7 Trailblazer apprenticeship

Following the acceptance of the CIOT's application to become an Apprenticeship End-point Assessment Organisation in 2018, November 2019 saw the first window for apprentices to submit their project report for marking by Independent Assessors.

The project report is one of two elements of the apprenticeship End-point Assessment (EPA), the second being the CTA Application and Professional Skills examination. Once apprentices have passed both elements of the EPA, the CIOT can apply to the relevant government body (The Institute for Apprenticeships and Technical Education or IfATE) for them to issue the Level 7 certificate to each learner.

Support for tax academia

In 2019, the Committee agreed to make a contribution of £7,000 to the Tax Research Network (a network formed of active and would-be tax researchers and teachers) to assist with their annual conference at the University of Birmingham. As in 2018, the event included a day of activities related to tax teaching in the UK.

In addition, the Committee approved two other funding requests. The first was for an event entitled 'The Dynamics of Taxation', held in honour of Professor Judith Freedman. £5,800 was contributed to this two-day event, which took place in May 2019 at the Saïd Business School in Oxford. The second grant was to the University of Cambridge, for a total of £1,435 to support the fourth annual Tax Policy Conference in July 2019 at the Centre for Tax Law, Lucy Cavendish College.

Fellowship

In 2019, three individuals successfully presented a body of work or dissertation to the high standard required to achieve Fellowship, and two individuals had their synopses approved.

Student support

The Institute continues to support its students, with training days being held in the spring and autumn, including the option of webinars running alongside the traditional face-to-face sessions. The webinars have steadily grown in popularity, with the majority of attendees now selecting this option. They are able to get copies of the webinar after the end of the session, so even if something prevented them from joining live, they do not miss out.

In 2018 the Education Committee approved a significant reduction in prices for all of the training sessions, with the aim of expanding the availability to those students who may not previously have been able to afford them. Due to the success of this policy, the reduced prices were held for 2019.

External relations

Meetings have taken place this year with employers in the accounting, legal, and business and commerce sectors, both in the UK and overseas. The increased dialogue with employers over the past few years has been universally welcomed and it continues to grow year on year, with the Business Development team doing an excellent job focussing on finding the right people at each firm to speak to about their students.

For the second half of 2019, the focus of these meetings has been asking for feedback on the revised CTA exam structure, given the majority of the new elements came into force during the year. The majority of the feedback from employers on the new exam structure has been encouraging, but understandably there is still some confusion from individuals and firms as to the best route through the CTA exams.

Tax policy training for HM Treasury

In October, we ran a successful tax policy training session at HM Treasury, which was led by the CIOT's President, Glyn Fullelove, and Tax Policy Director, John Cullinane, and also involved key Council-level volunteers.

It followed a pilot event in April which we also developed into a session for the Scottish Government in July 2019. We are planning to turn the training into a recurring offering for HM Treasury (maybe twice a year). The next session is planned for April 2020.

The training is designed to help delegates understand what the tax services market is, what different types of tax agent do, what sort of outcomes their clients are looking for, and how tax policy decisions transmit into what eventually happens in practice once they become law. It focussed on its effect on taxpayer (both individual and business) decision making and behaviour based on our experience and knowledge as tax agents and advisers, and comprised a combination of presentations, Q&As and group discussions.

Exam Review Sub-Committee

The education environment doesn't stay the same for long, and already the sub-committee is considering whether further changes are needed to our exams in the future. A survey was sent to all students in November 2019, and the sub-committee will digest the responses and consider other research undertaken during 2020 with the intention of identifying ways forward by the end of the year. Two issues that we are already conscious of are the challenges presented by the need to bring increasingly heavy suitcases of legislation to exam centres and that in the modern world many people are unused to writing by hand for an extended period!

ADIT

Our international tax qualification, ADIT, has attracted students in around 125 countries and territories around the world. 1,125 individuals have now completed the qualification.

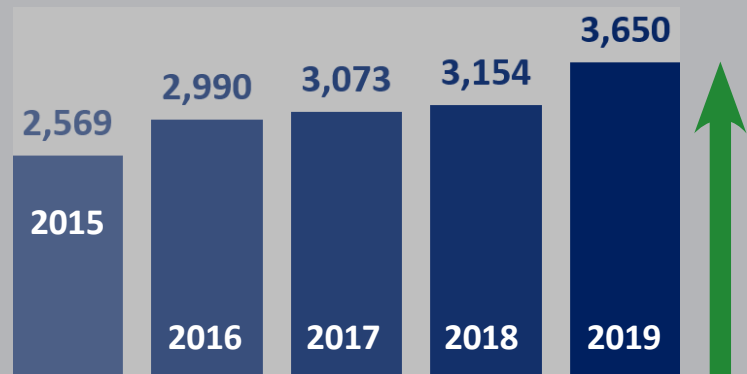
2019 saw more students than ever before registering for ADIT and sitting exams, with over 900 student registrations and the number of exam entries exceeding 2,000 for the first time. Students sat exams at new exam centres including Beijing, Chicago, Jeddah and Reykjavik, while the proportion of ADIT students choosing to sit their exams electronically continued to increase.

For the first time we held a dedicated graduation event for ADIT students. The inaugural ADIT Conference and Graduation Ceremony took place on 13 September 2019 at the Ironmongers' Hall in central London.

ADIT formed the centrepiece of the CIOT's Tax Education Zone at the International Fiscal Association (IFA) Annual Congress in London, an event which was attended by approximately 2,000 delegates. In addition, ADIT was promoted at a diverse range of international tax events including the IFA USA Branch Annual Conference in Washington, DC.

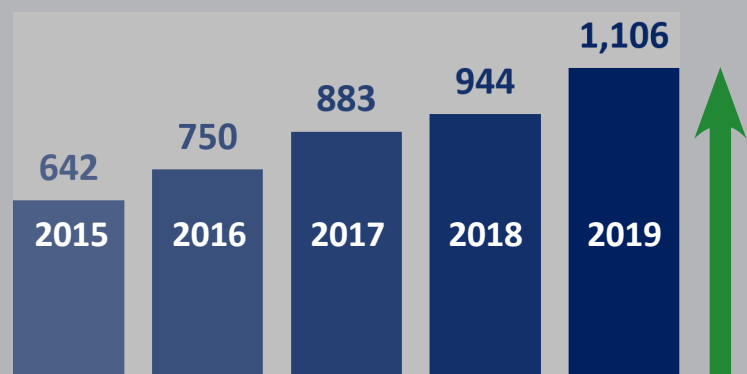
A strategic development working party, chaired by Nikhil Mehta, planned and implemented a range of improvements to the ADIT qualification and Affiliate package, including a global ADIT Code of Conduct, access to online resources and the appointment of ADIT Champions for selected countries, all of which are expected to continue to further growth in both the number of international tax professionals pursuing ADIT certification and the proportion of ADIT holders who subscribe with the CIOT as International Tax Affiliates.

Number of candidates sitting exams - CTA



Candidates who sat exams in both spring and autumn exam sittings are included twice in these figures.

Number of candidates sitting exams - ADIT



Chair of Education Committee: Peter Rayney
(Ray McCann took over this role in January 2020)
Director of Education: Rosalind Baxter
Education Development Manager – Andy Brodrick
ADIT Examinations Manager – Rory Clarke

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.

Following the exam results published in January 2020 511 students had completed the exam requirements and became entitled to membership of the CIOT as a result of the 2019 examinations. 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.

CTA Examination Review

The work of the Examination Review Sub-Committee, which reports to the Education Committee, culminated in a revised examination structure taking effect from the May 2019 exam session.

The biggest change was to the case study paper, formerly known as Application and Interaction. This paper is now known as Application and Professional Skills. Candidates are required to demonstrate competence in each of three skills. For the first time, candidates were provided with pre-seen information (background information relevant to the questions, though not the questions themselves) two weeks before the exams. The inaugural sitting of this paper in May 2019 was favourably received. Sample papers are available to view on the CIOT website. No exemptions are permitted and specific rules are in operation for ACA CTA and CA CTA Joint Programme candidates.

Computer Based Examinations

In addition to our main examination sessions, candidates are also examined via Computer Based Examinations (CBEs) which are available throughout the year at various test centres around the UK. 2019 saw the introduction of the new CBE in Principles of Accounting in addition to the existing ones in Law and Professional Responsibilities & Ethics.

Electronic Marking Platform (EMP)

The Education Team has been working with Secure & Confidential Documents Ltd (SCD) since early 2017 on the implementation of the EMP. This has allowed examiners to mark scripts on screen rather than the traditional method of paper marking. All candidates now receive a barcoded answer booklet in which to write their answers which also bears their unique candidate number. This has improved the security and integrity of the candidates' answer booklets.

All examiners now use EMP to mark their scripts onscreen; the scanning project was a key step for the implementation and success of the EMP. The examiners for the Application and Professional Skills paper receive hard copies of the scripts to mark, however, they input the marks into the EMP which has been configured to deal with the competency-based marking system.

The CIOT and SCD will continue to strive for improvements with the EMP and respond to issues that arise. SCD and the Education Team will continue to add new features and improve the user functionality in response to examiners' feedback.

Tax Pathway

During the course of 2019, 58 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 ICAS Joint Programme - new for 2019

CIOT and ICAS are delighted to have entered into partnership to bring together two high-quality designations. The programme allows students to specialise in one of three areas of tax (in the same manner as the CIOT and ICAEW Joint Programme). The programme allows students to fast-track their CA and CTA studies, achieving their designatory letters in three to four years by combining the CA and CTA study routes.

CIOT and ICAEW Joint Programme

During the course of 2019, 97 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



At the April 2019 admission ceremony, prize winners from the May and November 2018 CTA exam sittings received their awards from then CIOT President Ray McCann

Front row (left to right): Kamla Mistry (Ian Walker Medal), Anna Haworth (John Tiley Medal), Ray McCann (CIOT President), Matthew Boggis (Institute Medal, Spofforth Medal, Chris Jones Prize and Croner-i Prize) and Marina Vatrassova (Wreford Voge Medal)

Back row (left to right): Robert Tough (Gilbert Burr Medal), James Rogers (Chris Jones Prize, May 2018 sitting), Nicholas Edgley (Avery Jones Medal) and Adam Sibley (Ronald Ison Medal)



At the October 2019 admission ceremony, prize winners from the May 2019 CTA exam sitting received their awards from Institute President Glyn Fullelove.

Back row (left to right): Luke Hanratty (Ian Walker Medal), Erica White (Spofforth Medal), Florence Barnes (Institute Medal), Lewis McDonald (Gilbert Burr Medal) and Jacob Stokes (John Beattie Medal).

Front row (left to right): Tamara Shaw (Chris Jones Prize), Jessica Barnes (Annual Pat Cullinan Memorial Medal on behalf of KPMG), Louisa Lingard (Avery Jones Medal), Glyn Fullelove (CIOT President), Hannah Emmett (Wreford Voge Medal) and Marion Denby (Ronald Ison Medal and Croner-i-Prize).

Prize winners from this sitting not pictured are Josef Szekeres (Victor Durkacz Medal) and Sophie Randle (John Tiley Medal).



ADIT award winners at the inaugural ADIT Conference and Graduation Ceremony in September 2019.

Awards from December 2018 exam sitting

Katy Rabindran (Heather Self Medal)
Joseph Miles (Raymond Kelly Medal)
Edgars Vilnis (Croner-i Prize)
Elinor Crockford (Worshipful Company of Tax Advisers Medal)

Awards from June 2019 exam sitting

Tobias Hagemann (Heather Self Medal)
George Jenkins (Raymond Kelly Medal)
Luis De Campos (International Fiscal Association Prize)
Elizabeth Doak (Croner-i Prize)
Christis Christoforou (Wood Mackenzie Prize)
Adrian Nowak (Worshipful Company of Tax Advisers Medal)

Engagement, support and growth

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

Members

We proudly welcomed 734 new members in 2019, a five-year high, 42 of whom joined us from ICAS's ITP qualified route.

We broke through the 19,000 members barrier for the first time during 2019. The usual seasonality of the membership year meant we ended the year with 18,986 members; however, we were back up to more than 19,000 by the end of January 2020.

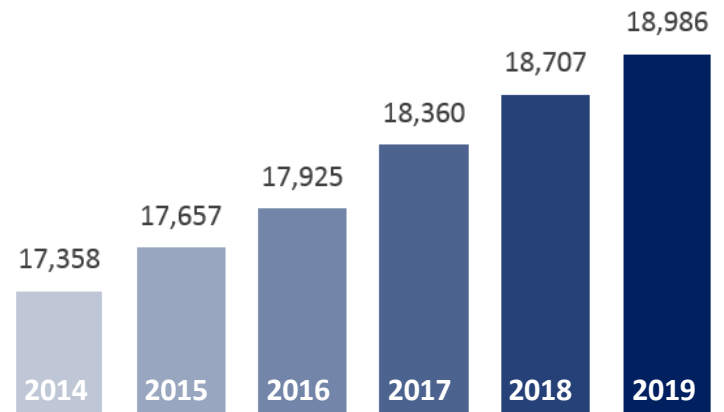
Branch Network Strategy

The Committee's work this year has focused on oversight of the implementation of the new Branch Network Strategy. Following a substantial piece of research in support of the network, a 2019-2024 Branch Network Strategy document was launched in July 2019. The strategy's main focus is on providing volunteers with the support, infrastructure and environment to fulfil their duties, thereby promoting an engaged and knowledgeable community of tax professionals.

The Branch Network Strategy also sets out objectives that will further strengthen and develop our engaged community of tax professionals. There are three main strands to the strategy -

- 1. Support:** providing an administrative framework allowing branch volunteers to fulfil their duties; being clear with volunteers about their duties; supporting a balanced budget for all activities and improving resources available to the branch network. The recently expanded head office membership team now has a programme of visiting all branches at least once every two years and maintains close contact with branch officials through quarterly meetings and other usual communication channels.
- 2. Growth:** communicate effectively with members and encourage involvement; supporting succession (finding volunteers); helping support new activities and collaborating with other bodies.
- 3. Engagement:** helping members develop a greater sense of engagement with their community; measuring and reporting on who attends events; finding new markets; conducting research amongst members, students and non-members to sense check needs and price points. The Branch Network remains a crucial player in delivering our charitable aim of educating the public - 24% of attendees in 2019 were non-members.

CIOT Membership (numbers for end of each year)



Branch activity

Our 39 CIOT/ATT branches, spread throughout the UK and the world, are led by 303 volunteers who plan a well-respected annual programme of branch events that works on developing an active, strong and vibrant community of tax professionals

Our community of volunteers delivered 286 events in 2019 for members, students and the general public. The Institute is grateful to all those who give their time and commitment to be the local face of the CIOT.

Branch volunteers

The need for smooth and efficient succession in branch committees has been a key theme at Branches Conferences of late. 13 new branch chairs took up their posts in 2019, a succession rate of 26%.

2019 saw 5 "NTP'ers" - members (or students) in the first 10 years of their career - join a team of regional volunteers. This followed our "Get Connected - Branch Network" campaign flyer - encouraging exam-qualified students to get involved with their branches.

The work of the branch network relies on the support of new volunteers to continue to run effectively. We therefore encourage members and students to get involved. Being on a branch committee provides an opportunity to play a part in the life of the Institute and to develop skills that are useful in your professional life over and above the tax technical knowledge that branch activity promotes. Why not get in touch by contacting branches@tax.org.uk.

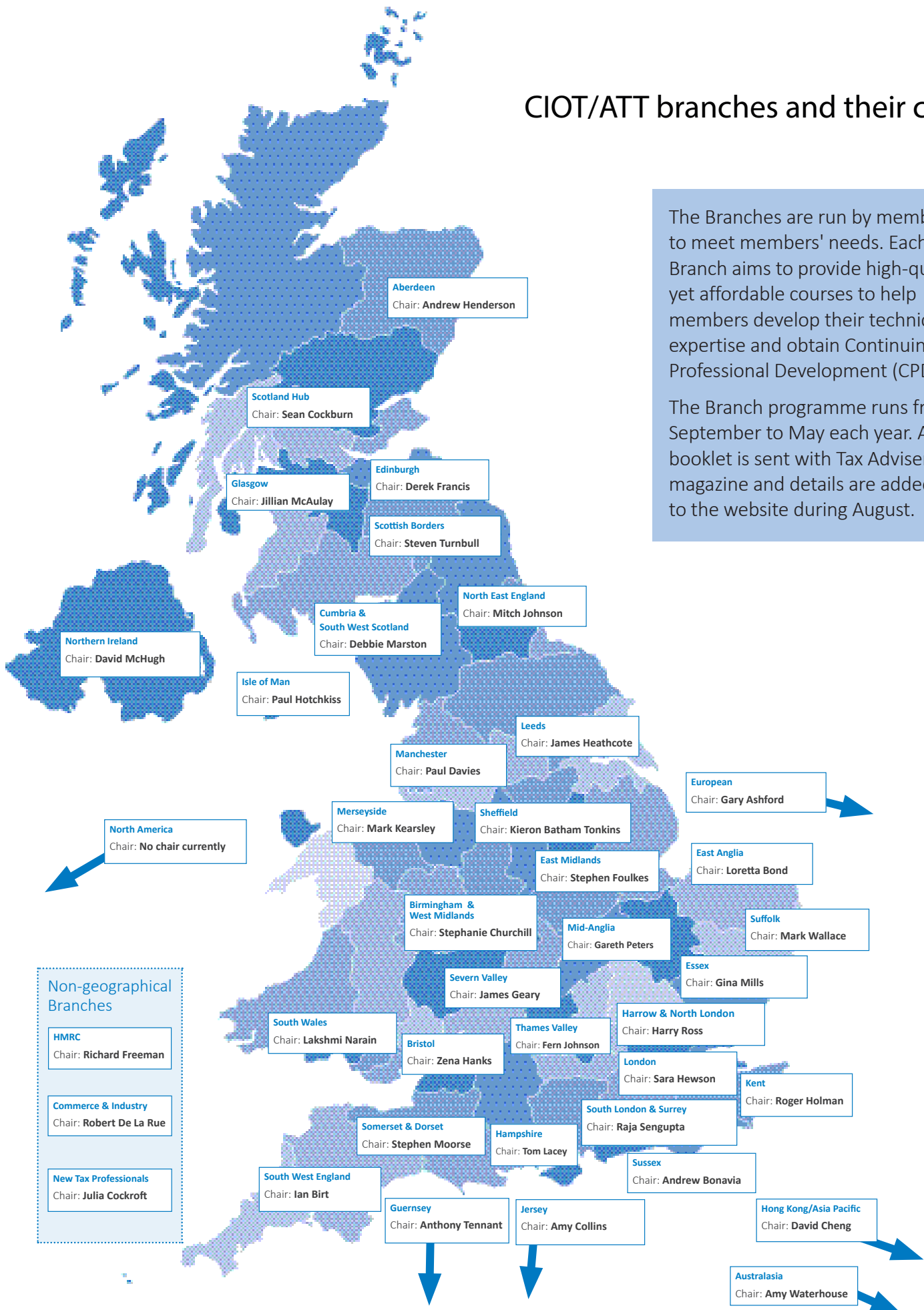
Chair of Membership & Branches Committee: Christopher Lallemand
Co-Chairs of Branches Network: Jo Routier (Jersey branch) and Zoe Roberts (Sheffield Branch)

Head of Member Services: Emma Barklamb

CIOT/ATT branches and their chairs

The Branches are run by members to meet members' needs. Each Branch aims to provide high-quality yet affordable courses to help members develop their technical expertise and obtain Continuing Professional Development (CPD).

The Branch programme runs from September to May each year. A booklet is sent with Tax Adviser magazine and details are added to the website during August.



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, directly publish helpful information for taxpayers (mainly via our Low Incomes Tax Reform Group (LITRG)), engage with politicians and other policy makers, and promote forums for discussion of tax policy.

CIOT in the media



CIOT Head of Technical Richard Wild was interviewed for a BBC investigations show about VAT fraud, with clips featuring on BBC 1 evening news

The CIOT, including LITRG, featured on 228 occasions in the mainstream media during 2019, in addition to hundreds of mentions in the tax and accountancy trade press.

Making Tax Digital was of course a big issue for the profession through the year, and CIOT continues to be looked to for comment and insight. We take care to maintain political neutrality, but that does not prevent us offering opinions on tax proposals that politicians put forward. In the run up to the 2019 General Election that happened once again. Brexit, the loan charge, net pay pensions (see page 20) and Scottish tax changes (see page 12) also featured prominently.

A sample of our 2019 media coverage includes:

- The Financial Times – tax return deadline, net pay pension arrangements, off-payroll tax changes, etc
- The Times – Brexit, Making Tax Digital, HMRC seeking information from tenants about their landlords, etc
- Daily Mail – changes to private residence relief, savings tax, tax and pension freedoms, etc
- Tax Policy Director John Cullinane being interviewed on Radio 4's Today programme about the loan charge
- Appearances on Radio 4's Money Box talking about topics including Making Tax Digital, the Spring Statement, the tax credits deadline and tax and pensions
- Opinion articles by CIOT representatives in the Western Mail (social care levy), City AM (tax devolution), The Times (Scottish edition) (delay to Budget) and Daily Telegraph (Scottish edition) (impact of changes to income tax higher rate threshold in Scotland)

Engaging with policy-makers

We continue to work with politicians of all parties in pursuit of better-informed tax policymaking. We engaged with a total of 77 politicians at Westminster, the Scottish Parliament and Welsh Assembly during 2019 – 36 Conservatives, 21 Labour, 8 SNP, 8 Lib Dem and 4 others. In addition to the debates featured on pages 14-15 and the Scottish and Welsh engagement featured on page 12-13, this included:

- Meetings with Conservative, Labour, SNP and Lib Dem ministers and shadow ministers to discuss issues ranging from the Finance Bill to the loan charge
- Regular engagement with the House of Commons Treasury Committee which led to issues including HMRC service levels being raised with ministers and civil servants, and then committee chair Nicky Morgan writing a blog for the CIOT website on HMRC powers
- Our successful parliamentary reception in June with Financial Secretary Jesse Norman as guest speaker and nine other parliamentarians joining us as guests
- Attendance at four party conferences, where we listen to, and sometimes take part in, tax policy discussions and report back via the CIOT website blog
- Working with Baroness Altman (Con) and Lord McKenzie (Lab) on the net pay pension campaign (see page 20)

Online information

In addition to the extensive information provided by LITRG (see pages 20-21) the CIOT publishes information on its website blog to assist public understanding of current tax issues. In 2019 this included expert articles on a 'no deal' Brexit, tax simplification, HMRC powers, theology and tax, tax and the rule of law, transferring SDLT liability, tax allowances, digital services tax and tax transparency. Additionally, members of the Institute's external relations team produced regular summaries of parliamentary tax debates and published briefings on the tax policies of the main parties during the conference season and the election campaign.

Our five most viewed blogs from 2019:

1. Labour set out radical changes to taxation of capital gains, dividends and multinationals (Labour Election manifesto, November) - 14,500 page views
2. Scottish income tax rates and thresholds for 2019/20- what do they mean for Scottish taxpayers? (April) - 13,900 page views
3. The Loan Charge- an explainer (September) - 12,100 page views
4. 2019 General Election tax tracker (spreadsheet of all parties' tax policies, December) - 6,900 page views
5. Boris Johnson preparing emergency Budget for September (June) - 4,000 page views

Informing the political debate



Colin Ben-Nathan (Chair, CIOT Employment Taxes Sub-committee) gave evidence to the House of Commons public bill committee considering the National Insurance Contributions (Termination Awards and Sporting Testimonials) Bill in May; the CIOT's representations were cited by MPs from three different parties during debate on the Bill

Despite no Finance Bill being published during the year, CIOT and LITRG were cited or otherwise mentioned on 50 occasions in parliamentary debates and reports during 2019. These included:

- Extensive citation in the House of Commons Treasury Committee's report on Budget 2018, on issues from off-payroll working rules to the Digital Services Tax
- More than 20 references to CIOT and LITRG evidence in the Treasury Committee's report on tax disputes, enquiries, avoidance and evasion
- Extensive citation of LITRG evidence in two Work and Pensions Committee reports on migration to universal credit
- 16 citations in Scottish Parliament debates and reports, including reports on the Scottish Government Budget 2019-20, social security and in-work poverty, and business rates.
- Mike Trotman (CIOT Indirect Tax Sub-committee and Welsh Technical Sub-Committee) giving evidence to the House of Commons Welsh Affairs Committee on devolution of air passenger duty
- John Cullinane (CIOT Tax Policy Director) and Jo Joyce (CIOT representative) giving evidence to the Scottish Parliament Finance and Constitution Committee inquiries into, respectively, VAT assignment and the Land and Buildings Transaction Tax Additional Dwelling Supplement
- CIOT and LITRG concerns on Making Tax Digital being raised during a House of Lords debate on the issue in April
- Other topics on which the CIOT were quoted in Parliament included preparing tax legislation, the loan charge, business tax reliefs and the VAT gap

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

“[CIOT engagement] really helps us to hold HMRC and Treasury ministers to account and encourage change for the better”

Nicky Morgan MP, then Treasury Committee chair, February 2019

“the Chartered Institute of Taxation and other tax experts have raised concerns around the lack of information in the Bill about how this new class 1A charge will be collected”

Peter Dowd MP, Shadow Chief Secretary to the Treasury (Labour), NI Bill debate, May 2019

“Let me begin by thanking the Association of Taxation Technicians and the Chartered Institute of Taxation, which have provided me with some information so that I can help to scrutinise this incredibly technical piece of legislation”

Kirsty Blackman MP, then SNP Treasury spokesperson, July 2019

Upholding Professional Standards

Report from the Joint CIOT/ATT Professional Standards Committee

The joint Professional Standards Committee continues to play a significant role in helping the CIOT meet its objective “to prevent crime and 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.”

Engagement letters

Where possible, CIOT liaises with other relevant professional bodies (as well as HMRC and other government departments as appropriate) to achieve a consistent approach in updating its guidance and recommendations of best practice. This occurred with its publication in January 2019 of a new Engagement Letter Schedule on getting clients ready for Making Tax Digital for VAT, which was prepared by the joint professional bodies' working party (AAT, ACCA, ATT, CIOT and STEP) and in liaison with ICAEW. The working party will continue to keep the main guidance and engagement letters schedules under review in 2020.

Professional Conduct

In addition, CIOT, in conjunction with AAT, ACCA, ATT, ICAS, ICAEW and STEP, published the latest version of Professional Conduct in Relation to Taxation (PCRT) in March 2019 in a digital format. PCRT, which is mandatory for all CIOT members and students to observe, now comprises the Fundamental Principles and the Standards for Tax Planning. It is supported by supplementary help sheets designed to help members in applying the standards set out in PCRT.

In response to a request from members working in the R&D sector, we are developing guidance in conjunction with R&D specialists on the application of professional standards to the provision of R&D tax credit services.

Taxation Disciplinary Board

We have agreed a Memorandum of Understanding with the Taxation Disciplinary Board (TDB) which acknowledges the TDB's independence and enshrines commitments designed to ensure that CIOT can be satisfied as to the effectiveness of the disciplinary process operating in the public interest.

Anti-money laundering

A significant amount of the Professional Standards team's time was spent on anti-money laundering (AML) issues in 2019. We have 810 firms that are registered for AML supervision and have increased the number of visits/desk based reviews (i.e. remote visits) of supervised firms with plans to increase this further in 2020. CIOT takes compliance with AML obligations extremely seriously and failures to comply (for example, not submitting/



In October John Roberts (second left) of the Professional Standards Committee chaired a webinar for members on AML compliance obligations. The webinar can be viewed until Oct 2020 at <https://tinyurl.com/ciotaml>.

late submission of AML registration form) are referred to the TDB. In 2019, 72 CIOT supervised firms were fined by TDB for this reason.

The tax sector appendix to the AML Guidance for the Accountancy Sector (AMLGAS) was developed in conjunction with ATT, ICAEW, ACCA, ICAS and HMRC and approved by HM Treasury. It was published in July 2019 and focuses on the interaction between AML compliance and tax offences as well as covering the issues that a tax practitioner is most likely to encounter in practice. To help sole practitioners or those in smaller practices, we devised pro forma policies and procedures and risk assessment templates for members to adapt for their own practices.

We participated in the consultation on the update of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 following the 5th Money Laundering Directive. The revised regulations were issued on 10 January 2020.

AML supervision and risk

Further to the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) inspection visit in December 2018, CIOT received a report of their findings in March 2019 which predominantly focussed on CIOT's relationship and communication with TDB. As a consequence, we prepared an Action Plan and are providing bi-monthly progress updates to OPBAS, the first of which took place in November 2019.

CIOT has completed a questionnaire in respect of the risks and vulnerabilities in our sector. HM Treasury will be using the information they receive from the questionnaires to help identify the risks for the UK in relation to money laundering and terrorist financing.

Chair of CIOT/ATT Professional Standards Committee: Alistair Cliff
Tax Policy Director: John Cullinane
Head of Professional Standards (CIOT): 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 CIOT and ATT.

The TDB is responsible for administering the Taxation Disciplinary Scheme (TDS), which sets out the principles and powers which underlie the participants' complaints and disciplinary procedures. The disciplinary procedures exist to protect the public and members of the participating bodies. By enhancing the standing and reputation of the tax profession, they are beneficial to all members. The TDB is concerned to ensure that it remains at the forefront of best regulatory practice and therefore better able to serve the public interest on behalf of an open and aware profession that commands widespread public confidence.

Recent Changes

Overall responsibility for the administration of the TDS rests with the Directors of the Board of the TDB. The Chairman of the Board is a joint appointee of the CIOT and the ATT. Des Hudson, the former Chief Executive of the Law Society, was appointed as the Chairman in November 2009 and resigned in November 2019. Susan Humble has been appointed to succeed Des Hudson as Chair with effect from 17 February 2020.

The major change in the activity of the TDB in 2019 has been to deal with a very large number of referrals (160, previously usually 4 or 5), from both CIOT (96) and ATT (64), in respect of late or incomplete member registration documentation for anti-money laundering (AML) supervision, due by 1 June 2018 (for 2018-19), only notified to the TDB towards the end of that year, and thus mostly dealt with during 2019 (123 financial penalties paid, 5 duplicates, 19 withdrawn, 3 referred to the Investigation Committee (IC), 10 referred to the Disciplinary Tribunal (DT)). Major contributing factors to this increase in numbers were the requirement for AML registrants to provide a DBS (Disclosure and Barring Service) certificate and stricter enforcement of the time by which submission of full documentation was required, occasioned by the regulation by the new body for AML supervisors, OPBAS.

In respect of the registrations due by 1 June 2019 (2019-20), AML registrants had got better used to a more stringent deadline and there was no requirement for continuing registrants to provide another DBS certificate, and so as a consequence, the number of referrals fell to 36.

All AML referrals are dealt with under TDS administrative provisions, TDS Reg 3.11. To recognise the changes in the regulatory regime of OPBAS, a revised Memorandum of Understanding between TDB, CIOT and ATT was put in place in December 2019.

As is the case every year a full day's training was held for all panel members and directors, which was also attended by members of staff from CIOT/ATT.

Complaint cases dealt with in 2019

The TDS provides for the fair and independent investigation of every complaint referred to the TDB and fair treatment for any member against whom a complaint is made.

During 2019 the TDB received 37 new complaints (the same as in 2018), 31 involving CIOT members including students and joint members (up from 25 in 2018).

In addition to the above total, 160 (up from 4 in 2018) cases (96 CIOT, 64 ATT) arose from the failure of members to submit the required AML revised returns, in full, and by 1 June 2018. These cases were all reported to TDB by CIOT and ATT towards the end of the year and as a consequence were mostly dealt with in the calendar year 2019.

During 2019 the IC considered 18 complaints (14 involving CIOT members, up from 3 in 2018). All the complaints, bar one, were referred to the DT.

During 2019, 13 cases (4 involving the same individual) were heard by DTs, 10 of them involving CIOT members or students. 2 Interim Orders Panels were also held (1 involving a CIOT member). Currently 9 further cases, 6 involving CIOT members or students, were awaiting a hearing at the end of the year. Findings, in respect of cases heard by a DT in 2019, resulted in 11 exclusions (including the individual with 4 cases), 1 censure and 1 warning. Costs were awarded to the TDB in respect of all DT cases.

There was 1 appeal (a CIOT case) against a decision of the DT; the appeal was not upheld by the Disciplinary Assessor appointed under TDS regulation 21.6.

At 31 December 2019, excluding the AML cases, there were a total of 21 cases open and under investigation, of which 17 were CIOT members.

Peter Douglas
Executive Director
Taxation Disciplinary Board

This is an edited version of the full TDB report for 2019 which will be published at www.tax.board.org.uk. Findings of individual hearings can also be viewed here.

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 2019:

2019 results

The Institute incurred an operating loss of £858,000 for the year (2018: £224,000). This is after making provisions for a VAT liability of £41,000 (further provisions totalling £158,000 have been made in respect of 2016 – 2018, which have been treated as prior-year adjustments) and for potentially irrecoverable debt of £215,000. The need for the debt provision arose as a result of a delay in raising examination and registration invoices due to some functionality issues with the new Customer Relationship Management (CRM) system.

Higher than anticipated costs for implementing the new CRM software and new website development of £416,000, together with higher professional fees relating to protecting our trademarks of £71,000 have also contributed to the operating loss for the year. The value of the investment portfolio at the end of 2019 increased, providing unrealised gains of £292,000 and realised losses of £5,000 (2018: unrealised losses of £303,000 and realised gains of £4,000) and, together with interest payable of £9,000, when added to the operating loss for the year, results in net expenditure of £570,000 (2018: £523,000). General Funds at the end of the year amount to £4,369,000 (2018: £4,939,000). Total funds at the end of 2019 amount to £5,693,000 (2018: £6,263,000).

Total income for the year was £8,839,000 (2018: £8,231,000), which is an increase of 7%. Membership income of £5,465,000 (2018: £5,297,000) and student registration and examination fees of £1,975,000 (2018: £1,794,000) provide the majority of the Institute's total income.

Total expenditure for the year amounted to £9,697,000 (2018: £8,455,000), an increase of 15%. The increase of £1,242,000 includes the additional provisions mentioned above, totalling £256,000, increased IT costs and professional fees. 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 has taken action by cancelling all face-to-face meetings, events and physical examination sittings for the rest of 2020 and replaced them with a programme of online meetings, content, webinars and crucially, by accelerating the delivery of online examinations. The effect of the pandemic on our membership numbers remains uncertain, but the long-term nature of membership provides some reassurance. The Executive are also planning other cost saving measures. So whilst income streams have and will be affected, they are partly mitigated by cost savings and together, these factors have informed the reforecasting exercise that the Chartered Institute has recently carried out, projecting through to December 2021.

The CIOT has substantial reserves, standing at £5,693,000 at 31 December 2019. 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 fallen in value from £2,801,323 at 31 December 2019 to £2,551,276 at 28 May 2020, a fall of £250,047 or 8.9%. 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.

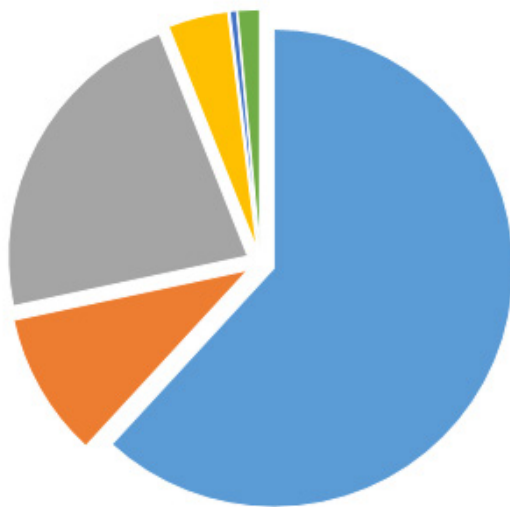
Investments

The CIOT investment portfolio showed an increase over the year with net gains of £287,000 (2018: losses of £299,000). This change in performance reflects the general increases in investment markets at the end of 2019 compared to 2018.

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 - £5,465,000
- Conference and event fees - £868,000
- Student registrations and examination fees - £1,975,000
- Other income from charitable activities - £359,000
- Sponsorship - £41,000
- Investment income - £131,000

Expenditure



- Education and student services - £4,518,000
- Member services - £4,217,000
- Consultation and representation - £373,000
- Regulation and compliance - £418,000
- Other expenditure - £159,000

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 (managed by Cornelian) 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, 2019 should be £6,514,000, 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 48 in the Notes on Financial Statements.

As of December 31, 2019, there was a shortfall of £821,000 representing 13% of the Reserves target. 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 had a reasonable year financially with a consolidated net surplus of £148,000 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 IT necessary 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, taking longer than expected, and work continues to improve efficiency and effectiveness of our business processes. This has led to additional costs, and problems with invoicing functionality caused delays in raising examination and registration invoices resulting in the requirement to provide for potential irrecoverable income.

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 the year. The new websites are expected to be launched in late 2020/early 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
IT Systems Manager: Nick Pope

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.

CLOT involvement in the CFE includes a current Vice President, Gary Ashford, the chair of the Indirect Tax Fiscal Sub-Committee, Jeremy Woolf, and the chair of the new Tax Technology Committee, Ian Hayes. Through the CFE we are represented on various EU forums such as the EU Platform for Tax Good Governance and the European Commission VAT Expert Group, which Jeremy Woolf attends.

60th anniversary

CFE Tax Advisers Europe celebrated its 60th Anniversary in 2019 with a series of events, including the General Assembly and inaugural Global Tax Advisers Platform (GTAP) conference, held over three days in Torino, Italy, in October. OECD Tax Director Pascal Saint-Amans addressed the General Assembly, highlighting the long-standing collaboration between the CFE and the OECD. Representing the European Commission, Bert Zuijendorp thanked CFE for its contribution to the Commission's taxation policy work over the years. Two books were published to mark the anniversary.

A number of changes were made to CFE statutes including setting the maximum number of terms that may be served as president at three, and removing the requirement for the president to be EU resident.

Fiscal Affairs

The CFE's Spring Forum in Brussels considered the question "Creating Tax Certainty in an Uncertain World: Double Taxation, Tax Rulings & Dispute Resolution Processes". The CFE's spring committee meetings heard Sami Koskinen set out the Finnish Government's tax policy priorities for the period of its Presidency (July to December 2019).

Throughout the year, various European Commission initiatives featured on the agenda of the Fiscal Committee, including the Road Map to Qualified Voting and ongoing discussions around a common (consolidated) corporate tax base (CCTB/CCCTB), although no specific actions were taken in relation to these during 2019. Also topical was consideration of the implementation of the ATAD II (anti-tax avoidance) and DAC6 (mandatory disclosure rules for cross-border tax arrangements) EU directives.

In addition to engaging with the EU's tax agenda, the CFE produced Opinion Statements in response to OECD consultations on the digital economy. These strongly supported the aim of a future-proof, long-term reform of the international tax system to address the challenges of digitalisation.



CFE General Assembly, October 2019

Professional Affairs

In 2019, the Professional Affairs Committee, together with GTAP, initiated a project on Taxpayers' Rights. CFE carried out a survey in order to find out basic information about how taxpayer rights, obligations and complaints are dealt with in CFE member countries. The results will be presented at the Fifth International Taxpayer Rights conference in May 2020. The aim is to extend the survey to a global level.

Other topics discussed at the PAC in 2019 included DAC6 and European Parliament inquiries into tax evasion, avoidance and financial crimes. Further surveys were carried out on continuous professional development and the rights and obligations of tax advisers. The PAC annual conference, held in Paris, focused on anti-money laundering.

Tax Technology Committee

CFE's Tax Technology Committee was launched in January 2019 in recognition of the importance of digital taxation and technology and its applications in taxation. In its first year the committee, chaired by Ian Hayes, took particular interest in the impact of digital systems on taxpayer rights and the role tax advisers will play in the process of digitalisation. A paper on Blockchain and its potential use as a tool against fraud and weak security in cross-border VAT is being drafted and will be published in 2020. Projects are planned on country comparisons for Making Tax Digital and cybersecurity.

Membership

CFE's membership expanded in 2019, with the admission of Croatian and Montenegrin tax bodies as full members, and Serbian and Slovenian bodies as observers.

New Tax Professionals

The New Tax Professionals ad hoc committee was formally established during the October General Assembly. The committee will enable the representation of the views of newer (generally younger) tax advisers to the CFE. It is expected to explore topics such as social mobility, diversity and inclusion, regulation, and tax, ethics and morality.

More on all these topics at <https://taxadviserseurope.org>

Reference and Administrative Information

(as at 18 March 2020)

President

Glyn Fullelove MA CTA (Fellow) ACA (2014)

Deputy President

Peter Rayney CTA (Fellow) FCA TEP (2016)

Vice-President

Susan Ball CTA (Fellow) ATT (2017)

Upcoming Vice-President

Gary Ashford CTA (Fellow) ATT (2011)

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)
Keith Bell CTA (Fellow) ATT (2008)
Tracy Easman CTA (Fellow) ATT (Fellow) (2018)
John Endacott BSc CTA (Fellow) FCA (2016)
Ian Hayes BA FIIT CTA (Fellow) FCA FRSA (2013)
Moira Kelly BACC ALCM CTA (Fellow) CA (2013)
Chris Lallemand BSc CTA (Fellow) FCA (2011)
Daniel Lyons BA CTA (Fellow) Solicitor (2011)
Ray McCann* CTA (Fellow) ATT (2012)
Nikhil Mehta LL B, Barrister CTA (Fellow) (2018)
Mary Monfries BA CTA (Fellow) ACA (2018)
Amanda Pearson BSc CTA (Fellow) ACA (2014)
John Preston* BSc FCA CTA (Fellow) (2012)
Jonathan Riley CTA (Fellow) (2017)
Jennie Rimmer LLB CTA (Fellow) (2014)
Nichola Ross-Martin CTA (Fellow) FCA (2017)
Mike Thexton MA CTA (Fellow) FCA (2016)
Penelope Tuck BSc PhD FCA CTA (Fellow) (2019)
John Voyez BSc CTA (Fellow) FIIT FMAAT (2013)

Year of appointment to Council shown in brackets.

* indicates Past President

Lay Public Interest Council Observers

Jane Brothwood
Quinton Quayle



Peter Rayney, Glyn Fullelove and Susan Ball at AGM, May 2019

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

Tax Policy Director

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 | Glyn Fullelove
Deputy Chair | Peter Rayney
Vice-Chair | Susan Ball

Membership & Branches Committee

Chair | Chris Lallemand
Vice-Chair | John Endacott

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 | Keith Bell

Joint Branches Sub-Committee

Co-Chairs | Zoe Roberts and Jo Routier

Examination Review Sub-Committee

Chair | John Beattie

Tax Adviser Sub-Committee

Chair | Yvette Nunn

ADIT Sub-Committee

Chair | Jim Robertson

ADIT Examination Sub-Committee

Chair | David Salter

Technical Committees

Technical Policy and Oversight Committee

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

Scottish Technical Committee

Chair | Alexander Garden

Wales Technical Committee

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

EU & Human Rights

Chair | Jeremy Woolf

International Taxes

Chair | David Murray
Vice-Chair | Alastair Munro

Management of Taxes

Chair | Chris Davidson
Vice-Chair | Helen Adams

Owner Managed Business

Chair | Pete Miller
Vice-Chair | Andrew Constable
Vice-Chair | Victor Dauppe
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 | Brian Slater
Vice-Chair | Marc Selby

Indirect Taxes

Chair | Alan McLintock
Vice-Chair | Linda Skilbeck

Working Together

Chair | Jonathan Stride

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) - <https://www.charitygovernancecode.org/en>. These principles are organisational purpose, leadership, integrity, decision-making, risk and control, board effectiveness, diversity, and openness and accountability.

Council

The Council comprised 25 Trustees at the close of 2019 (30 in 2018) 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 Tax 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 Tax Policy Director 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 four 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.

In addition, a day-long meeting was entirely devoted to strategic discussion in November. Matters discussed included education and the tax profession of the future, the evolving regulatory landscape, external public pressures and public trust/confidence in professional ethics.

A Working Party to review Council processes and procedures, formed in 2019, made several recommendations towards the end of the year which have been adopted. They include a new format for Council papers and a review of delegations,

responsibilities and powers for both Council and Standing Committees. 2020 will see the development of a more transparent process for the appointment of Council members. This refresh will ensure that the Institute is in good shape for the future.

A Diversity Working Party was also formed to increase diversity across the volunteers working with the Institute. It will continue its work in 2020.

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 87% (2018: 74%) at Council meetings and 82% (2018: 90%) at Officers Group meetings.

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 more transparent process for the recruitment of Council members will be launched in 2020, and a Nominations Committee will consider the applicants against agreed criteria.

Audit Committee

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

The Audit Committee has specific responsibility for the Institute and Association relationship with the external auditors, 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.

In addition to matters of internal control, the Audit Committee oversees the risk management process at a strategic level. The Institute's strategic risk register was re-designed at the close of 2019.

The Committee also reviews the accounting policies and practices of the bodies and the presentation within their respective accounts, examines the budgets and management accounts, and monitors the internal financial control policies of the CIOT and ATT.

During the year the Audit Committee met twice in formal meetings. Also during the year, the Chair for six years, Rakesh Shaunak, retired after nine years' dedicated Committee service. The new Chair, Laura Kaye Tomlinson, who was appointed following an open recruitment process, took up the role in November.

The Chief Finance Officer, ATT Treasurer, CIOT Chief Executive, ATT Chief Executive, Secretary and Director of Education and the Tax Policy Director attend the meetings. Areas for discussion and review during 2019 included: Making Tax Digital, Litigation in India, Data Protection Act and GDPR, Level 4 and Level 7 Apprenticeships, OPBAS and relations with HMRC.

The Committee reviewed and updated the Terms of Reference in November.

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 2019 total £7,968 VAT inclusive (£15,477 VAT inclusive in 2018).

Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on pages 41-43. The Council Statement on going concern is set out on page 47.

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 36).

The President, Officers and Committee Members of the Institute visit Head Office and its Branches on a regular basis and meet volunteers, members, students, staff and law-makers and administrators of the tax system.

Quarterly 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 Data Protection Act 1998 and is the data controller and sole owner of personal data collected. The Institute uses up-to-date industry procedures to keep personal data as safe and secure as possible and to protect against loss, unlawful processing, unauthorised disclosure or access. The Institute has taken the necessary steps to ensure full compliance with the General Data Protection Regulation (GDPR), which came into effect in May 2018. An independent consultant was engaged at the end of 2019 to review GDPR procedures and documentation.

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 met twice during the year to recommend the annual pay review for 2018-19 and to monitor the objectives and performance of the Chief Executive. The

Committee reports directly to the Audit 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 85 (a mix of 29 part-time and 56 full-time, excluding exam invigilators who work for the CIOT approximately four days per year) (2018- 85 employees).

Institute members and students are encouraged to become involved in Institute activities, and there are over 680 unpaid volunteers on Council, Committees, Sub-Committees, Branches and Working Parties. The Institute is grateful not only for their generous input but also to their firms who may ultimately bear the financial cost. It is estimated that over 19,700 volunteer hours were provided during the year.

In addition, office space and utilities have been donated for meetings by other organisations. A member of staff seconded to the Institute from HMRC contributed an estimated 1,610 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognised in the statement of financial activities.

Health and Safety

The nature of the Institute's activities means that employees and volunteers do not encounter many hazards in the workplace. However, safety receives regular management attention and a general policy statement of health and safety at work is included in the Employee Handbook.

The ongoing responsibilities include assessment and management of areas of exposure to organisational and remote workers' risk assessments, first aid provision, issuing statutory information and increasing employee awareness of their role in maintaining a safe environment.

Equality and Diversity

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

All new employees undergo diversity training as part of their induction.

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 will continue 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.

Recycling

All card, plastic and paper are recycled where possible through Westminster Council. During 2019 paper and plastic cups were largely withdrawn from the office.

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 Officers Group keeps the principal risk areas regularly under review and towards the end of 2019 the strategic risk register was redeveloped, including the control measures. It is now displayed as a heat map using a red, amber and green system. From 2020 this document will be presented to Council and Audit Committee quarterly.

Key risks identified have been grouped under headings which are: reputation, education, governance, regulation, influence, competition and partnership working. Operational risk registers sit below the strategic risk register. Two key risks are:

- Less than expected student registration numbers

Mitigation includes continued regular meetings with the biggest employers and trainers of students and periodic reviews of the exam structure.

- 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 9 June 2020

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 2019 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 2019 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.

Emphasis of matter - effects of COVID-19

We draw attention to the information contained in the trustees' report, principal accounting policies and note 17 to these financial statements, which describe the disruption the charity is facing as a result of the COVID-19 pandemic and resultant enforced lockdown. In particular, the operations of the charity have needed to be adapted and there are financial challenges created because of the cancellation of face-to-face meetings, events and examinations and replacement with online content and examinations, uncertainty over the impact of the pandemic on membership numbers, and the impact on the charity's investment portfolio. Our opinion is not modified in respect to this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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.

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. 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
Statutory Auditor
130 Wood Street
London
EC2V 6DL

10 June 2020

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 2019

	Note	Unrestricted Funds 2019 £'000	Total Funds 2019 £'000	Unrestricted Funds 2018 £'000	Total Funds 2018 £'000
Income from:					
Charitable activities ^{2a}	2a	8,667	8,667	8,049	8,049
Other trading activities ^{2b}	2b	41	41	56	56
Investments ^{2c}	2c	131	131	126	126
Total Income		8,839	8,839	8,231	8,231
Expenditure on:					
Raising funds ^{2d}	2d	12	12	12	12
Charitable activities ^{2d}	2d	9,685	9,685	8,443	8,443
Total expenditure		9,697	9,697	8,455	8,455
Operating (loss)/gain		(858)	(858)	(224)	(224)
Net gain/(loss) on investments ⁶	6	288	288	(299)	(299)
Net expenditure and net movement in funds		(570)	(570)	(523)	(523)
Reconciliation of funds					
Total funds brought forward at 1 January	14	6,263	6,263	6,786	6,786
Total funds carried forward 31 December	14	5,693	5,693	6,263	6,263

The above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 47 to 60 form part of these financial statements.

Balance Sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed Assets			
Tangible assets	4	869	833
Intangible Assets	5	1,994	1,151
Investments	6	4,633	4,853
Total Fixed Assets		7,496	6,836
Current Assets:			
Stock	8	104	93
Debtors	9	1,403	1,156
Cash at bank and in hand	10	867	1,171
Total Current Assets		2,374	2,420
Liabilities			
Creditors falling due within one year	11	(4,038)	(2,807)
Net Current (Liabilities)/Assets		(1,664)	(387)
Total assets less current liabilities		5,832	6,449
Creditors			
Amounts falling due after more than one year	12	(139)	(186)
Net Assets		5,693	6,263
Funds of the charity			
Unrestricted	14	5,693	6,263
Total Funds		5,693	6,263

Approved and authorised for issue by the Council on 9 June 2020 and signed on its behalf by:

President



Chief Finance Officer



Chief Executive



Financial Statements

Statement of Cash Flows for the year ended 31 December 2019

	2019 £'000	2018 £'000
Net cash (expended)/provided by operating activities (Table A)	459	(129)
Cashflow from investing activities		
Dividend and interest from investments	131	126
Purchase of tangible fixed assets	(269)	(792)
Purchase of intangible fixed assets	(1,132)	(657)
Proceeds from sale of investments	372	453
Purchase of investments	(372)	(510)
Movement on term deposits	507	248
Net cash provided by investing activities	(763)	(1,132)
Decrease in cash and cash equivalents in the year	(304)	(1,261)
Cash and cash equivalents at 1 January	1,171	2,432
Cash and cash equivalents at 31 December (Table B)	867	1,171
Table A		
Reconciliation of net income/expenditure to net cash flow from operating activities		
Net (expenditure)/income as per Statement of Financial Activities	(570)	(523)
Adjustments for:		
Depreciation charge for the year	179	67
Amortisation charge for the year	289	171
Loss on disposal of fixed assets	53	117
Dividends and interest from investments	(131)	(126)
(Gain)/Loss on investments	(288)	299
(Increase) in stock	(11)	(37)
(Increase) in debtors	(247)	(179)
Increase in creditors	1,231	65
(Decrease)/Increase in creditors (long term)	(46)	17
Net cash (expended)/provided by operating activities	459	(129)
Table B		
Analysis of cash and cash equivalents		
Cash in hand	55	356
Notice deposits (less than 3 months)	812	815
Total cash and cash equivalents	867	1,171

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 recognized 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 2019 include the results of its Branches, which are not separate legal entities, for the eighteen months ended 31 December 2019 (2018: twelve months ended 30 June 2018).

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 December 2021. The coronavirus pandemic is likely to have an impact on CIOT's finances in the year to 31 December 2020 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 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 recognized 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% recognized 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 and 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 comprise 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 59.

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:

- For 2018, the financial statements include the results of its Branches, which are not separate legal entities, for the year ended June 30 2019. For 2019 the Institute has aligned the Branch accounting year-end date with that of the Institute, and therefore the financial statements include 18 months of results for the Branches ending 31 December 2019;
- Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate; and
- Estimating the useful economic life of intangible fixed assets for the purposes of determining an amortisation rate.

- 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 2019 the target for reserves was composed as follows:

	2019 £'000
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.	5,190
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. A Further £150,000 per annum is to be set aside for 9 years before the expiry of the current lease.	1,324
	6,514
Actual reserves at 31 December 2019 (excluding restricted funds)	5,693
Shortfall in target level of reserves	821

Fixed Asset Investments

Investments have been valued at fair value at 31 December 2019. 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

	2019 £'000	Restated 2018 £'000
Membership Subscriptions	5,465	5,297
Chartered Tax Adviser registration fees and entrance fees	24	24
Student registrations and examination fees	1,975	1,794
Conference and Event fees	868	678
Sale of books and journals	140	102
Anti Money Laundering Fees	141	110
Grants receivable	35	43
Other income	19	1
Total Income from Charitable Activities	8,667	8,049

The income from charitable activities was £8,667,000 (2018: £8,049,000), all of which was unrestricted.

Government grants received in the year amounted to £35,000 (2018: £43,000). 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

	2019 £'000	2018 £'000
Sponsorship	41	56

2c. Investment Income

	2019 £'000	2018 £'000
Dividend income	68	64
Other interest receivable	63	62
Investment Income	131	126

2d. Breakdown of expenditure

	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Total 2019 £'000
Charitable activities				
Grants payable	0	0	83	83
Education and student services	1,782	2,736	0	4,518
Members Services	1,663	2,554	0	4,217
Regulation and Compliance	165	253	0	418
Consultation and representation	147	226	0	373
LITRG Restricted Funds	30	46	0	76
LITRG Restricted Support Costs	0	0	0	0
LITRG Unrestricted costs	0	0	0	0
Total expenditure on charitable activities	3,787	5,815	83	9,685
Raising funds				
Investment management costs	12	0	0	12
2019	3,799	5,815	83	9,697
	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Total 2018 £'000
Charitable activities				
Grants payable	0	0	174	174
Education and student services	1,456	2,046	0	3,502
Members Services	1,549	2,177	0	3,726
Regulation and Compliance	144	202	0	346
Consultation and representation	255	358	0	613
LITRG Funds	34	48	0	82
LITRG Support Costs	0	0	0	0
LITRG costs	0	0	0	0
Total expenditure on charitable activities	3,438	4,831	174	8,443
Raising funds				
Investment management costs				12
2018	3,438	4,831	174	8,455

The basis of allocation of the expenditure between activities undertaken directly and support costs was reviewed and updated to properly reflect the focus of the organisation's resources for 2019 and 2018. As a result, the breakdown of expenditure for 2018 has been re-stated to provide comparison.

Expenditure on charitable activities was £9,685,000 (2018: £8,443,000), 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:

	Total 2019 £'000	Total 2018 £'000
Information technology	778	400
Staff costs	2,805	2,628
Operating costs	1,337	953
Audit remuneration	25	18
Legal and professional fees	233	127
Council meetings (inc. Council member's expenses)	88	87
Property	549	618
	5,815	4,831

Grants payable in respect of charitable activities.

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

	Total 2019 £'000	Total 2018 £'000
Tax Advisers Benevolent Fund (registered Charity no. 1049658)	10	10
Tax Aid (registered Charity no. 10622852)	20	20
Tax Volunteers (registered Charity no. 1102276)	20	20
Grants payable to 1 University Student for original tax research (2018: nil)	3	0
Grant to Low Incomes Tax Reform Group	26	0
Grant for Journal of Tax	4	0
	83	50

3. Net income/(expenditure) for the year

	2019 £'000	2018 £'000
This is stated after charging:		
Depreciation	178	65
Amortisation	290	171
Fair value gains on investments	288	(299)
Operating lease rentals	366	341
Auditors' remuneration:	25	18
Loss on disposals of tangible fixed assets	53	116

4. Tangible Fixed Assets

	Leasehold Improvements	Office equipment	Total Tangible Fixed Assets
	£'000	£'000	£'000
Cost at 1 January 2019	581	729	1,310
Additions	0	269	269
Disposals	(53)	0	(53)
Cost at 31 December 2019	528	998	1,526
Depreciation at 1 January 2019	0	477	477
Change for the year	53	127	180
Disposals	0	0	0
Depreciation at 31 December 2019	53	604	657
Net book value at 31 December 2019	475	394	869
Net book value at 31 December 2018	581	252	833

All tangible fixed assets are held for charitable purposes.

5. Intangible Assets

	CRM £'000
Cost at 1 January	1,340
Additions	1,132
Cost at 31 December 2019	2,472
Amortisation at 1 January	189
Charge for the year	289
Amortisation at 31 December 2019	478
Net book value at 31 December 2019	1,994
Net book value at 31 December 2018	1,151

6. Fixed Asset Investments

	2019 £'000	2018 £'000
Fair value at 1 January	4,853	5,345
Additions at cost	372	510
Disposal proceeds	(372)	(455)
Net unrealised investment gains/(losses)	310	(287)
Unrealised (loss) on gilts	(18)	(16)
Realised (loss)/gain on sale of investments	(5)	4
Movement on cash/deposits	(507)	(248)
Fair value at 31 December	4,633	4,853
Historical cost	4,319	4,987

Holdings representing more than 5% of the investment portfolio valuation at 31 December 2019 were:		
2.15% and 0.125% index linked Treasury Gilt – 2024	354	487
1.78% index linked Treasury Gilt- 2022	332	368
Listed investments held at 31 December comprised of the following:		
Fixed interest	834	852
Listed UK equities	851	768
Listed International equities	641	564
Other Assets	428	264
Gilts	836	855
Term deposits and cash	1,043	1,550
	4,633	4,853

7. Interest payable

	2019 £'000	2018 £'000
Other interest payable	9	0

8. Stock

	2019 £'000	2018 £'000
Publications and merchandise	104	93

9. Debtors

	2019 £'000	2018 £'000
Trade debtors	66	0
Other debtors	190	278
The Association of Taxation Technicians	381	318
Prepayments and accrued income	766	560
	1,403	1,156

Notes on Financial Statements

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

	2019 £'000	2018 £'000
Cash at bank	55	356
Cash on short-term deposit	812	815
	867	1,171

11. Creditors: Amounts falling due within one year

	2019 £'000	Restated 2018 £'000
Trade creditors	573	0
Other creditors	69	0
Taxes and social security	254	292
Accruals	919	967
Deferred income	2,223	1,548
	4,037	2,807

Deferred income includes subscriptions, examination fees and conference fees paid in 2019 but relating to income and events in 2020.

Deferred Income

	2019 £'000	2018 £'000
Amount brought forward	1,548	1,664
Released in the year	(1,490)	(1,664)
Amounts deferred in the year	2,165	1,548
Amount carried forward	2,223	1,548

12. Creditors: Amounts falling due after one year

	2019 £'000	2018 £'000
Student registration fees:		
At 1 January	186	169
Fees received in advance	139	126
Release of income in year	(186)	(109)
At 31 December	139	186

13. Financial Instruments

The carrying amount of the charity's financial instruments at 31 December were:	2019 £'000	2018 £'000
Financial Assets		
Debt Instruments measured at amortised cost	591	569
Instruments measured at fair value through profit or loss	4,633	4,853
Total	5,224	5,422
Financial Liabilities		
Measured at amortised cost	561	967
Total	561	967

14. Income Funds: Unrestricted

	At 01.01.19 as restated £'000	Income and gains £'000	Expenditure	Transfer	At 31.12.19
Unrestricted					
General	4,939	9,127	(9,697)	0	4,369
Designated:					
Property	1,024	0	0	0	1,024
Disciplinary procedures	300	0	0	0	300
	6,263	9,127	(9,697)	0	5,693
	At 01.01.18 as restated £'000	Income and gains as restated £'000	Expenditure as restated	Transfer	At 31.12.18 as restated
Unrestricted					
General	5,235	8,231	(8,754)	227	4,939
Designated:					
Property	1,251	0	0	(227)	1,024
Disciplinary procedures	300	0	0	0	300
	6,786	8,231	(8,754)	0	6,263

Notes on Financial Statements

15. Prior period restatements

The financial statements have been restated as a result of an adjustment to membership subscription income and an adjustment to VAT payable. In 2019 the charity received membership income of £109,086 relating to 2018 memberships. This income has now been accrued at 31 December 2018. VAT has been incorrectly apportioned between zero rated and standard rated, and as such the charity has recognized an additional £158,325 in VAT for periods relating to 2016-2018.

These restatements have had the following impact on the funds and net movement in funds for the comparative periods.

	Total funds as restated 2018 £'000	Total funds as restated 2017 £'000
Total funds as previously stated	6,312	6,842
Less: VAT restatement	(158)	(56)
Add: Membership income restated	109	0
Total funds as restated	6,263	6,786

The adjustments shown above had the following impact on the net movement in funds for the year ended 31 December 2018.

	2018 £'000
Net expenditure as previously stated	(530)
Less: Vat restatement	(102)
Add: Membership income restatement	109
Net expenditure as restated	(523)

16. Analysis of net assets between funds

	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)	(2,531)	0	(2,531)
Creditors falling due after more than one year	(139)	0	(139)
Total 2019	4,369	1,324	5,693

	Unrestricted Fund £'000	Designated Funds £'000	2018 Total £'000
Tangible Fixed Assets	832	0	832
Intangible Fixed Assets	1,151	0	1,151
Investments	4,853	0	4,853
Cash on short-term deposit and at bank	(153)	1,324	1,171
Other net current (liabilities)	(1,558)	0	(1,558)
Creditors falling due after more than one year	(186)	0	(186)
Total 2018	4,939	1,324	6,263

17. Capital Commitments

At 31 December 2019 there were capital commitments of £nil (2018: £nil).

18. Analysis of Unrealised Gains

The total of unrealised gains at 31 December 2019 constitutes movements on revaluation and are as follows:

	2019	2018
Unrealised gains/(losses) included above:		
On investments	(12)	(299)
Total unrealised (losses)/gains at 31 December	12	(299)
Reconciliation of movements in unrealised gains:		
Unrealised (losses) at 1 January	(299)	0
(Less)/Add in respect to disposals in year	(5)	4
Add/(less) gains/(losses) arising on revaluations in year	292	(303)
Total unrealised gains/(losses) at 31 December	(12)	(299)

19. Financial Commitments

The Institute has future commitments under its office lease as follows

	2019 £'000	2018 £'000
Amounts due:		
Within one year	388	39
Between one and five years	1,550	1,860
After five years	1,479	2,209
Total commitment	3,417	4,108

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

20. 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 £13,811 (2018: £12,674).

The Institute operates a defined pension contribution 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 £324,219 (2018: £514,040).

There was an outstanding pension contribution at the year end for 2019 of £nil (2018: £43,059).

The average number of employees was 85 (2018: 85), a mix of 29 (2018: 27) part time and 56 (2018: 58) 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:

	2019	2018
£60,001- £70,000	6	3
£70,001- £80,000	4	2
£80,001- £90,000	4	1
£90,001- £100,000	0	1
£100,001- £110,000	1	1
£110,001- £120,000	1	0
£120,001- £130,000	0	0
£130,001- £140,000	0	0
£140,001- £150,000	1	0
£170,000- £180,000	0	1
Total staff costs:	2019	2018
	£'000	£'000
Salaries	3,803	3,928
National Insurance	392	393
Pension costs	324	362
	4,519	4,683

The breakdown of total staff costs between salaries and pension costs for 2018 has been re-stated to correct the salary-sacrifice pay that had been included in pension costs, amounting to £146,000. Total staff costs for 2018 of £4,863,000 remains unchanged.

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, Chief Finance Officer, Director of Education and Secretary and the Tax Policy Director. Their aggregated remuneration in 2019 was £578,557 (2018: £552,560).

Notes on Financial Statements

21. 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 over 37,500 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 1,610 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognized in the statement of financial activities.

22. Related Party Transactions

Council members' remuneration for the year was £3,850 (2018: £15,477).

In the year ended 31 December 2019, 14 Council Members claimed reimbursement of expenses aggregating £15,643 (2018: 10 claimed a total of £17,570).

The Association of Taxation Technicians

The total allocation for the year is £1,677,141 (2018: £1,624,789) and the balance outstanding from the Association at the balance sheet date was £371,364 (2018: £317,850).

The Taxation Disciplinary Board

The Institute's contribution to costs in the year was £95,445 (2018: £86,705). The amount due to the CIOT at the balance sheet date was £102,879 (2018: 89,047).

23. Post Balance Sheet Events: Covid-19

The CIOT has been responding to meet both member, volunteer, staff and public interest needs since the emergence of the Covid-19 pandemic. Many of our members have been supporting their clients with both tax concerns and claiming through the government schemes. Our volunteer community, both tax technical and branches have worked tirelessly to deliver feedback, ideas and guidance to both HMRC, GOV.UK and local tax communities as the various government relief packages have emerged and operationalised. We have supported our staff with remote working arrangements, ensuring we continue to deliver as seamless a service as possible. All of our events have moved online, with many free webinars and panel discussions being made accessible to all. The acceleration of delivering online exams has been challenging and exciting, our Covid-19 hub-page has proved an invaluable technical resource for members, tax advisers and wider user-groups. Throughout the crisis, serving our members, students, volunteers and staff has been our top priority.

We have revisited our strategic and operational plans, undertaking reforecasting and cashflow modelling as we navigate through an unstable period. We were as financially prepared as reasonably possible when the pandemic hit. We are mindful of course that the unfortunate economic impacts of the pandemic will be felt for some time and have therefore been cautious and conservative when reforecasting our income from members, employers and students. We hope that you will be able to support us, as we continue to support you.

Since the pandemic struck, the financial markets have been increasingly volatile and the CIOT listed investment portfolio has fallen in value from £2,801,323 at 31 December 2019 to £2,551,276 at 28 May 2020, a fall of £250,047 or 8.9%. No withdrawals or additions to investments have been made since the balance sheet date.

Notwithstanding, our focus is on innovation and change as we find new ways to deliver existing and new service to members, students, employers and the public. We are firmly focused on the knowledge and skills required of the chartered tax adviser of the future. We are developing new tools and resources to support existing and future members, students and employers. Our role in supporting and guiding the public remains critical, and we will seek to optimise and widen this through digital means and working with others to support those for whom digital engagement is not feasible.



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