

# Annual Report and Financial Statements

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# 2012

The Chartered Institute of Taxation

The Professional Body for Chartered Tax Advisers • Registered as a Charity No. 1037771



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# Council Members 2012 - 2013

**President, Patrick Stevens** CTA (Fellow) FCA (2003)

**Deputy President, Stephen Coleclough** LLB (Hons) CTA (Fellow) FIIT FlntCPD FRSA Solicitor TEP (2000)

**Vice-President, Anne Fairpo** MA (Oxon) CTA (Fellow) Barrister (2008)

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

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

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

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

**Colin Ben-Nathan** MA (Cantab) CTA (Fellow) FCA (2002)

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

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

**David Collison** BSc (Hons) AKC CTA (Fellow) FCA TEP (2011)

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

**Nigel Eastaway** OBE CTA (Fellow) FCA CAP FCCA FCMA FCIS FCPA TEP (2003)

**Robert Ellerby\*** MA CTA (Fellow) FCA (2001)

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

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

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

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

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

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

**Francesca Lagerberg** CTA (Fellow) FCA Barrister (2007) (resigned 16 October 2012)

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

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

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

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

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

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

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

**Vincent Oratore\*** LLB (Hons) CTA (Fellow) (1996)

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

# Council Members 2012 - 2013

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

**Rosalind Upton** LLB CTA (Fellow) FCA (2005)

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

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

## Management Team

Chief Executive, **Peter Fanning** MSc BSc

Secretary and Head of Education, **Rosalind Baxter** BA (Hons) ACIS

Director of Member Services and Operations, **Mary Foley** MBA MAAT MCMi FSITM

Head of Finance, **Steve Hines** ACCA MAAT

Tax Policy Director, **John Whiting** OBE BSc CTA (Fellow) FCA

Technical Director, Low Incomes Tax Reform Group, **Robin Williamson** MA (Oxon) CTA (Fellow) Solicitor

Consultant, **Jonathan Crump** FCA

### Registered office

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

### Connected Charity

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

### Auditor

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

### Investment Advisers

Cornelian Asset Managers Ltd  
21 Charlotte Square  
Edinburgh EH2 4DF

### Solicitors

Allen & Overy LLP  
One Bishops Square  
London E1 6AO

### Bankers

HSBC  
333 Vauxhall Bridge Road  
London SW1V 1EJ

# President's Statement

2012 has been a year of growth and progress for the Institute. Following the successful amalgamation with the Institute of Indirect Taxation we now have more than 16,500 members, within a wider family of students and colleagues, including the Association of Taxation Technicians (ATT), of more than 30,000 tax professionals. Demand for the CTA qualification remains high and the Institute's public profile has never been higher.

I would like to welcome all new members to the Institute, and thank all continuing members for their support. This especially applies to those of you who volunteer your time to run local branches, contribute to our technical work, run examinations or help keep the Institute running in any other way. We have an excellent professional staff but we are a member-led organisation and dependent on the (mostly unsung) hard work of our members to keep us doing the things we do. It is a tribute to the work of our branch committees that whenever I have had the opportunity to attend branch meetings during the year – which I have enjoyed tremendously – I have been impressed by the high quality both of the speakers and of the contributions from the floor.

One of my areas of focus as your President has been on making sure the Institute is fully representative of all parts of the tax profession -

or at least of all professionals with the ability and integrity to qualify for membership. This will make a stronger organisation for the benefit of all of us. With this in mind I was delighted to be able to help launch in November a new Joint Programme with the Institute of Chartered Accountants in England and Wales (ICAEW) to enable students to achieve the CTA and the ICAEW chartered accountancy qualification, the ACA, more quickly, by reducing study and exam overlap (though with no loss of rigour!). The Programme was designed in consultation with business and is one of the ways we are seeking to increase our appeal to corporate tax professionals.

A big ongoing issue through 2012 has been HMRC's Tax Agent Strategy. Peter Fanning and I have attended regular meetings through the year with HMRC to get across the Institute's concerns on the proposals and attempt to steer them in the right direction. The good news is we have had some success – HMRC have decoupled their proposal for a 'self-serve' facility for agents, which has broad support within the profession, from the more controversial proposal for an 'agent view' (now rechristened 'Agent and Client statistics'). But key issues such as independent oversight and data security still remain to be resolved. Agent and Client statistics pilots are continuing and this remains a key focus for the Institute and for me personally.

## President's Statement

2012 has also seen developments in our international work. Our Advanced Diploma in International Taxation (ADIT) continues to grow in both scope – with the addition of papers covering India and Ireland – and popularity, with candidates, holders and affiliates living and working in more than 90 countries. Additionally, we have begun work on promoting the CTA as an international brand, granting licences to the Irish Tax Institute and The Tax Institute of Australia to use the designation, though only after determining that the qualifications, professional standards and other requirements for membership of those bodies are of a level as high as the CIOT's own. The CTA brand is probably our greatest asset and safeguarding it is at the forefront of all our minds.

Nowhere are the credibility and reputation of the Institute as visible as in the regularity with which we are asked to comment on, and explain, the latest tax story in the media. Tax has always been a talking – and arguing – point, but rarely, if ever, can a year have passed where it has so regularly featured on the front pages of the nation's press. Evasion, avoidance, VAT, income tax, corporation tax, stamp duty, wealth taxes, even HMRC's Large Business Strategy – all have had their moment in the Sun (and The Times, the Mail, The Guardian...) The coverage has not always been as fair, accurate and proportionate as it could have been, but it

has thrown up issues that I do not believe can be ignored.

The Institute's role in these situations is, I believe, two-fold. Firstly to promote greater understanding of the issues and how the tax system works in general. We do this primarily through the media, which is why I have made finding time for the media a priority throughout my presidential year. In the debates about both personal tax avoidance schemes and levels of corporate taxes we have tried to bring light rather than heat to the debate. It is a longstanding principle of the CIOT that people and businesses should be taxed under the law, not by judgement, guidance, government whim or anything else. However the tax system must be upheld and treated with respect. Abuses of the system bring it into disrepute and must be closed down.

Secondly the Institute has an important role in bringing the collected wisdom and experience of the tax profession to the table in the debate about what should be done and how it can best be achieved. We do this primarily by engaging with government – sometimes through our consultation responses, sometimes in meetings with HMRC, the Treasury, ministers and other policy-makers and opinion-formers. In this it is tremendously valuable to have the support of the hundreds of members on our technical sub-

# President's Statement

committees as well as the thousands of members beyond who feed in your experiences and insights as tax practitioners to enable my colleagues and me to speak with greater authority and confidence.

As the Technical and Low Incomes Tax Reform Group (LITRG) sections of this report show, we have once again had substantial success in persuading government to adapt its approach in particular areas. The changes to the business record checks regime have made it more targeted and educational. The Government's decision to deal with 'controlling persons' through existing rules rather than bureaucratic new legislation. Further progress in improving the statutory residence test. Just a few examples of where strong representations and hard work by the Institute have borne fruit over the year. Even on 'real time information' and the high income child benefit charge – two areas where we have been, and remain, loudly critical of the Government's approach – we have made some progress in persuading the Government to introduce greater flexibility and clarity.

The General Anti-Abuse Rule is another example where our constructive and patient approach has yielded some progress in 2012 - the independent panel, for example. Although not all of our concerns have been met, I believe we are getting

towards a workable rule that can be effective against abusive schemes whilst not getting in the way of general business planning.

As ever the work of LITRG is a source of tremendous pride for all associated with the Institute. After 14 years as Chairman, John Andrews stepped down in 2012. LITRG was set up by John back in 1998 when he was President of the CIOT. Since then, under his leadership, it has grown into an ever-more influential advocate for pensioners, low income workers and those others least able to afford tax advice. The regularity with which HMRC themselves now turn to the Group for advice and effective project management is indicative of the Group's credibility. With Anthony Thomas now installed as Chairman I know the Group is in safe hands.

At the May 2013 Council meeting Rob Ellerby will stand down after 12 years on Council. On behalf of the Institute I would like to thank Rob for his many years of service, particularly with regard to his work as chairman of the education committee and his year as President in 2007-8. I would also like to thank Francesca Lagerberg for her work for the Institute. Francesca stepped down from Council in October 2012.

Finally, a personal note. I am now approaching the end of a career in our profession lasting



# President's Statement

something over 47 years. The last 17 years have been as a partner at Ernst & Young and they have been a great time. I have also really enjoyed the time I have spent doing my best to make our Institute a little better for the benefit of all our members. In both cases it has principally been the people I have worked with that makes the less exciting bits worthwhile. I must also thank my partner, Linda, for putting up with me for taking on two full time jobs when I was supposed to be preparing for retirement. Finally, thanks to all of our members for being as interesting as you are and good luck for the future of the profession.

**Patrick Stevens**

President

# Chief Executive's Report

Membership of the Institute ended the year at 16,697, an increase of 5.58% on 2011. In addition over 98% of those who were members in 2011 and could renew their membership, did so in 2012.

The pleasing membership results for 2012 include new members from the Institute of Indirect Taxation (IIT) who joined the Institute in August.

The CIOT and the IIT amalgamated following discussions which culminated with both bodies holding general meetings; the CIOT on the 15 May and the IIT on the 28 May. Members of both bodies voted overwhelmingly in favour of an amalgamation which took effect on 1 August. Upon the amalgamation approximately 500 members of the IIT who were not already members of the CIOT became members, taking the amalgamated institute's membership total to more than 16,500 at the 1 August 2012.

Our new members are most welcome and are already contributing to the life of the Institute, for example through the CIOT Council, its Technical Committee and its Education Committee.

Student registrations for the CTA, ADIT and the Institute's connected Charity, the Association of Taxation Technicians (ATT), in 2012 exceed those for 2011. This is especially pleasing because student registrations are a lead indicator of future exam candidates and therefore membership.

Also the Institute takes great comfort from any increase in ATT student registrations and membership as the ATT is the largest single source of CTA student registrations. The ATT registered over 100 students in 2012 from each of PwC, Ernst & Young and Deloitte. For Deloitte and PwC this is a big increase on last year. The PwC students are a result of the Apprenticeship mentioned below.

Following the example of the ATT, the CIOT have joined with PwC and others to develop a level 6/7 Higher Apprenticeship in tax, this is expected to launch in 2013. The apprenticeship will bring apprentices up to the CTA professional standard and equip them to pass the CTA exams. The programme is the second part of the government's £25m Higher Apprenticeship Fund to support the development of 4,230 new Higher Apprenticeships across business and industry announced on 22 June. PwC will lead the development of a new Higher Apprenticeship framework, focusing on tax, audit and accounting as a route to chartered qualification status.

Following discussions throughout 2012, we and the ICAEW launched a joint programme which enables students to achieve two prestigious qualifications – the ACA and CTA.

This new ACA CTA Joint Programme enables students to become an ICAEW Chartered

# Chief Executive's Report

Accountant and Chartered Tax Adviser in three to four years providing they have undertaken relevant professional work experience. It has been designed specifically for students who want to specialise in tax. The programme offers two routes through which students can specialise from the start of their training, either in indirect tax or the tax affairs of FTSE 350 companies or their equivalent.

The joint programme could only have been developed with the active support of others. Members of the Institute and friends of the Institute generously donated their time and expertise. They debated what should and should not be included in a syllabus, they contributed to discussions regarding the wording of marketing material and the arrangements for examinations. Sometimes they contributed as members of the Institute; sometimes they contributed as 'buyers' from the Institute – employers or consumers of tax services. This passion and collective endeavour has produced something for young aspiring tax professionals that we and our friends and colleagues in the ICAEW can be proud of.

In response to the new demands on Education, CIOT Council approved a development plan for our Educational activities. In summary, its key features are:

- The importance of examinations is

recognised by making the former Examination Sub-Committee a full standing committee of Council. The new Examination Committee will focus on delivery of the examinations working with the Education Committee which will take a more forward looking and strategic role.

- John Preston will chair the new Examination Committee and Kenneth Crofton Martin stood down as chair of the former Examination Sub-Committee after nearly eight years' sterling and exemplary service.
- Creation of the Office of the Chief Examiner with new appointments of assistants to the Chief Examiner and strengthening of the staff team including the appointment of a CTA to the Education Team at 11-19 Artillery Row.

The joint venture with the ICAEW is part of a strategy of working with other tax institutes and professional bodies. Early in 2012 we announced that we had licensed the Irish Tax Institute to use the designations 'Chartered Tax Adviser' and 'CTA' as the first step in developing the CTA brand as an international 'gold standard' in tax. In May we also announced that a similar licence would be granted to The Tax Institute of Australia. Both licences were signed by Anthony Thomas on behalf of the Officers and Council of the CIOT.

# Chief Executive's Report

Members of CIOT's Council and Professional Standards Committee met with colleagues in the Republic of Ireland and Anthony Thomas travelled to Australia to support The Tax Institute of Australia at their launch at the Sydney Opera House of the designations 'Chartered Tax Adviser' and 'CTA' by The Tax Institute of Australia. Our designations are enhanced by this international cooperation but sharing experiences and views demonstrates that although tax rules vary between each jurisdiction, the role of a tax professional and the problems they face vary much less. We have much to learn and share with each other.

During the year, Patrick Stevens joined Anthony Thomas and me with the ATT and other professional bodies on the Joint Tax Agent Strategy Steering (JTASS) Group which is evolving into a board which oversees the development and delivery of HMRC's Tax Agents Strategy. CIOT continues to work closely on this issue with the ATT, ICAEW, ACCA, ICAS and the AAT and continual vigilance will be needed to ensure that the voice of the practitioners and taxpayers is both heard and listened to as the programme evolves.

During the year, John Andrews stepped down from the Chair of CIOT's LITRG which he founded and led for over a decade. CIOT Council celebrated John's contribution to the Institute and to the

cause of those on low incomes by awarding him the Council Award. John is one of only three holders of the Council Award, the others being John Avery Jones and Ian Luder.

John is succeeded as Chair of LITRG by Anthony Thomas, following his handover of the CIOT Presidency to Patrick Stevens in May.

Stephen Coleclough completed his Presidency of the CFE at the end of 2012 after serving an eventful two terms as its President. The 'seat' of the CFE has now moved from France to Belgium to bring it into line with other pan-EU bodies that work with the EU Commission. The CFE is now an "International Non-Profit Organisation" (INPO) according to the Belgian law. The UK's influence at the CFE has grown and Ian Hayes, one of our new CTAs from the IIT, is now a Vice-President of the CFE.

The Institute is strong – 2012 delivered a healthy financial surplus, our investments continue to respond to the rises in markets.

We pay tribute to John Andrews, Paul Connolly, Paul Morton and Philip Ridgway who all retired from Council at the AGM in May 2012. Their contribution has been immense. In October 2012 Francesca Lagerberg also stood down from Council as her career took on a greater

# Chief Executive's Report

overseas dimension, making attendance at Council meetings difficult.

We were saddened by the sudden death of Raymond Kelly, long standing CTA and ADIT examiner, Education Committee member, long serving member of the Scotland Branch and its Chairman for four years. An ADIT examination medal has been named in his memory.

Finally, my sincere thanks to the Institute's Presidents, Anthony Thomas and Patrick Stevens, the Institute's Council and the Institute's staff for their support during the year.

**Peter Fanning**

Chief Executive

# Annual Report of the Council

The Members of the Council present their Annual Report and Audited Financial Statements of The Chartered Institute of Taxation for the year ended 31 December 2012.

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

The names of all the Members of Council (who are the Trustees of the Charity), Chief Executive, Management Team and relevant organisations and their addresses are listed on pages 2 and 3 and form part of this report.

## Structure, Governance and Management

The Institute of Taxation was founded in 1930 initially as an unincorporated association before registration as a company limited by guarantee. It was registered as a charity in 1982 (registered charity number 1037771).

In 1994 it transferred all its net assets by way of donation to the Institute of Taxation, a company incorporated by Royal Charter and in the same year it changed its name to The Chartered Institute of Taxation.

The governing instruments of the Institute are its Royal Charter granted in 1994, and Byelaws as amended from time to time.

A Governance Statement which includes details of compliance, organisation structure, Trustee elections and training, Audit Committee, internal controls and risk assessment is set out on pages 53 to 57 and forms part of this report.

## Objectives and Activities

The charitable aims of the Institute are:

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

To achieve these aims it:

- makes recommendations to improve or simplify tax law and practice;
- maintains standards of professional conduct for Chartered Tax Advisers;
- runs residential conferences and one-day courses;

# Annual Report of the Council

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

## Staff and Volunteers

It is the Institute's policy to train, develop and motivate staff and volunteers, ensuring equal opportunities for all. A regularly updated Employee Handbook is accessible to all staff online and is intended to give all employees a better understanding of the Institute's policies and procedures.

The Institute employees are responsible for providing efficient and effective support to all Committees and the commitment and positive

support of volunteers is crucial to the Institute's success. All staff, except the Chief Executive, who is employed by the Institute, are jointly employed by the Institute and its connected charity, the Association of Taxation Technicians (registered charity number 802480), and the average number of employees in the year was 60 (2011 - 15).

Institute members are encouraged to become involved in Institute activities and there are approximately 600 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 33,000 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations. Staff seconded to the Institute from HMRC contributed an estimated 3,575 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.

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. Risks are

# Annual Report of the Council

regularly assessed and include independent checks on electrical and mechanical equipment, display screen risk assessment and fire risk assessment.

## Public Benefit

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

The activities described in the committee reports on pages 22 to 52 which form part of this report illustrate how the Institute acts solely in the furtherance of its charitable objects for the benefit of the public and aims to deliver excellence in taxation by advancing or enhancing knowledge and understanding in tax education and other core functions of professional regulation.

## Diversity and Equal Opportunities

The Institute is committed to providing equal opportunities to actual and potential staff members 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.

## Data Protection Policy

The Institute complies with the Data Protection Act 1998. It 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, unauthorised disclosure or access.

## Officers and Council Members

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

Patrick Stevens was elected President, Stephen Coleclough was elected Deputy President and Anne Fairpo elected Vice-President. All held office from the Annual General Meeting on 15 May 2012.

The following elected members of the Council retire by rotation under Members' Regulation 30



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and offer themselves for re-election at the AGM on 14 May 2013: Chris Brydone, Emma Chamberlain, Bill Dodwell, Anne Fairpo, Andrew Hubbard, Ian Menzies-Conacher, Natalie Miller, Jenny Nelder and Yvette Nunn.

At the Council meeting in October Francesca Lagerberg retired after dedicated service.

At the 2013 AGM, Rob Ellerby is retiring from Council after 12 years of service and having made enormous contributions to the Institute as President, Chairman of the Education Committee and the Members Conferences Working Party, and serving on numerous education working parties.

There have been three co-options to the Council, Ian Hayes, Moira Kelly and John Voyez, since the last Annual General Meeting.

## Vision

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

## Mission Statement

The Chartered Institute of Taxation's mission is the advancement of public education in taxation and it

aims to achieve this by:

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

## Achievements and Performance

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

# Annual Report of the Council

President's Statement	(page 6)	original tax research projects.
Chief Executive's Report	(page 10)	
Technical	(page 22)	<a href="#">Reserves Policy</a>
CFE	(page 26)	
Membership	(page 27)	The Trustees regularly review the charity's needs
Branches	(page 30)	for reserves in line with the guidance issued by the
Education	(page 34)	Charity Commission and assess the risks involved in
Low Incomes Tax Reform Group	(page 40)	the activities of the Institute. They agreed that the
Professional Standards	(page 44)	purpose of its reserves policy should be to:
Finance & General Purposes	(page 50)	<ul style="list-style-type: none"><li>• provide financial stability and the means for the development of the Institute's principal activity; and</li><li>• retain a sufficient level of net current assets or other readily realisable fixed asset investments.</li></ul>

## Financial Review

Net increase in funds was £627,000 compared with an increase of £137,000 in 2011. A detailed review of the Institute's financial position is given on pages 50 to 52.

## Donations, Legacies and other Incoming Resources

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

## Grant Making Policy

The Institute does not make donations to funds of political parties. Grants are made only to organisations with common, parallel or related objectives and activities and to individuals for

The Trustees also agreed that the target for reserves shall be composed as follows:

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

# Annual Report of the Council

## *Disciplinary Procedures Fund*

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

## *Property Fund*

- ii. a sum to be set aside each year up to 2024 to build up a property fund on expiry of the current lease and to cover the depreciation charge arising in future years on the capitalised expenditure incurred on the move to Artillery House. Further details are given on page 77.

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

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

The amount of reserves is recalculated each year

and published with updated figures in the financial statements of the Annual Report. The amount of free reserves is £5,041,000 being the actual reserves, £5,299,000 less stock and fixed assets of £258,000.

## *Risk Policy*

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

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

## *Investment policy*

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

The Institute's powers of investment are set out in the Royal Charter which states that: monies of the Institute not immediately required for any of its objects may be invested in such manner as may

# Annual Report of the Council

be prescribed by the Byelaws. The Byelaws state that the Council may invest any monies belonging to or held by the Institute in such stocks, funds or securities as the Council shall from time to time think fit anywhere in the world, subject to the provisions of the law relating to investment by Trustees. The Council has assessed the risks involved in the activities of the Institute and has adopted a low risk policy for its shorter term investments and low/medium risk for its longer term investments with independent professional advice being taken and regular review of the invested funds to ensure they are adequate to meet the obligations identified in the Institute's strategic development plan.

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

## *Payment of Suppliers*

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

## *Medium to long-term Strategy.*

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

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

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

# Annual Report of the Council

## Auditor

Baker Tilly UK Audit LLP were re-appointed as auditor during the year and have expressed willingness to continue in office. A resolution for their reappointment as auditor to the Institute will be proposed at the Annual General Meeting on 14 May 2013.

## Statement of Disclosure of Information to the Auditor

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

## Annual General Meeting

A separate notice at the end of the Annual Report and Financial Statements explains the business to be considered at the Annual General Meeting on 14 May 2013.

This Report was approved by the Council on 19 March 2013.

By order of the Council

**Rosalind Baxter**

Secretary

19 March 2013

# Technical

## Public benefit

The Institute's technical work is driven by our public benefit objectives. These include:

- A simpler, more workable tax system with more certainty as a result
- The interests of both the represented and unrepresented taxpayer considered
- Lower administrative burdens for both individuals and businesses
- UK taxpayer interests represented at both UK and EU level.

## Aims

The CIOT Charter requires us to develop well-informed public opinions on tax. These are developed by the Technical Committee and its sub-committees, together with the technical staff, inviting contributions from our volunteers and other members. Whilst we naturally aim to represent our members' views and protect their interests, our Charter and our charitable status means that the wider public interest must be paramount.

The Technical Committee aims for the CIOT to be the consultee of choice on tax. The quality of our work has meant the Government is always keen to have input. We liaise constantly with HM Treasury (HMT) and HM Revenue & Customs (HMRC), working

with them on a host of consultations, formal and informal, with the aims above always in mind.

The international front, involving representations to and meeting with the European Commission in relation to both new proposals and the interaction of UK and EU law, continues to be a growing focus of attention. The CIOT makes a strong contribution to the work of the Confédération Fiscale Européenne, with Stephen Coleclough as the chairman until he completed his term of office at the end of 2012.

## Activities: the torrent of consultation continues

A constant campaign of the CIOT over many years has been to argue for proper, full consultation at the right time on tax changes. The noticeable increase in recent years has continued; this year's record-breaking Finance Act contained some 70 measures or so, most of which had been consulted on. In many of these cases, we were asked – as we should be – about the policy, then the direction, then the detail.

All that is good but it puts considerable strain on our resources, as we strive to make a meaningful contribution to all relevant debates. In many ways, the formal HMT/HMRC consultations are the tip (admittedly a big one!) of the iceberg. Each new significant measure seems to need guidance, which

we are usually shown in draft (and can usually help make somewhat better!). Then there are the meetings before, during and after the changes...and plenty of meetings on practical issues.

One lesson – or moral – of this tsunami of consultations is undoubtedly that it helps to get one's blow in first. Thus it is critical to respond fully to those early stages when we can help shape the debate – and indeed make sure we are firmly on the register as having meaningful and constructive things to add. Unfortunately comments are not always invited before policy decisions are taken, making it more difficult to get change to iron out practical problems.

It isn't all HMRC & HMT, either. Real Time Information (RTI) and universal credit in particular has drawn us into dialogue with the Department of Work & Pensions (DWP) and Department of Business Innovation & Skills (BIS). We also have regular discussions with the National Audit Office (NAO) and input into many Parliamentary Committees, including north of the Border.

### Some highlights (and lowlights)

We take care to publish what we can of the Technical Committee's work and our submissions in Tax Adviser journal and on the Technical & Policy section of the CIOT website.

HMRC's Tax Agent Strategy has continued to be a major focus, though progress has been slower in some areas than might have been expected. The various projects spinning out of the 'Clasper initiative' have made good progress, with one interesting output being statistics on HMRC call centre performance – something that we have been pressing for a long time (next stop the equivalent for post...).

Controlled Foreign Companies (CFC) reform and the new Patent Box have come to fruition; the marathon that is Statutory Residence Test is in sight of the final stretch. Our contributions to Scottish tax proposals continue and have been a great example of how marshalling the views of members can ensure our comments make a real impact.

Sadly it seems that some highlights are in terms of our efforts to stop a bad policy or at least mitigate its effects. The misguided HMRC Business Record Checks proposals seem finally to have got to a better place, as do the Agent View ideas coming out of Tax Agent Strategy. A huge amount of effort this year has gone into Real Time Information, trying to get HMRC to see the problems that the 'on or before' rule will bring. RTI is largely driven by the needs of Universal Credit and there we continue to persuade the DWP of the potentially hugely burdensome (and impractical) nature of their demands of the self employed in particular.

# Technical

The High Income Child Benefit Charge looks likely to be an object lesson in the value of consultation... unfortunately in terms of the risks of not consulting early in the process and therefore deciding on a route without proper evaluation of all the implications. Equally, the design of the cash basis, which we feel is flawed, continues to test us.

In areas such as the inheritance tax 10% charge and the annual property charge our contributions have helped smooth some of the rough edges.

## Increasing indirect tax coverage

The amalgamation of the CIOT with the Institute of Indirect Taxation has added to our capacity to contribute to the debate on indirect taxes. One immediate result was our being appointed to the EU VAT Expert Group. We will be increasing the work we do in this area in 2013.

## Generating the CIOT views

Technical Committee and Sub-Committee meetings remain an important part of our work, allowing useful debate and exchange of views. However, most work takes place outside formal committee meetings, with a huge volume of documents of all sizes circulated for comment/input, issues raised by committee volunteers and members are tested and taken up, plus ideas and problems identified by the

technical team debated.

We seem to have a meeting of one sort or another with HMRC or HMT almost every day. This demonstrates the way that the Technical work has changed from a plain diet of formal consultations to a richer mix of formal and informal consultations, meetings and soundings. This is undoubtedly welcome and we are regularly drawn into high level or confidential discussions. We are happy to participate in such exercises and are pleased that the CIOT's standing means that we are so involved, though at times the nature of such debates does mean we can't report back to members as ideally we would like to.

Over the year we have submitted some 171 formal responses or other papers, plus countless informal contributions via email, phone or in meetings. Our opinions and responses are the result of collaborating with our near 300 'core' and 'virtual' Sub-Committee members. Technical Committee and sometimes Council discussions ensure our stance on major issues is well managed. We continue with periodic surveys of members: as well as Scottish tax, surveys have helped significantly with papers on iXBRL, VAT lower rate and HMRC toolkits.

More members seek to join our Technical Sub-Committees as they see the impact they can



have and the benefits membership can bring to their firms. Any member interested in becoming involved should first try contributing their views on some of the public consultations to [technical@tax.org.uk](mailto:technical@tax.org.uk). If that seems to appeal, contact us with a view to becoming a virtual member of one of the sub-committees.

## The public face

The CIOT's technical work and our views have been well represented in the print and broadcast media. We are regularly asked for our comments; we do take care to avoid getting drawn into political arguments, concentrating on the practical issues around tax proposals.

During the year, we have issued 93 press releases in all, including LITRG and non-technical ones. We have run a series of webinars for members on issues ranging from the Single Compliance Process to RTI. Our voice has been heard on programmes ranging from Today to Newsnight and in print from the Financial Times through the Scotsman to Accountancy Age's now virtual pages. It all demonstrates the CIOT's ability to lead the debate on key tax issues.

## Thanks to....

My thanks – on behalf of the membership of the

CIOT – must go to the team of able sub-committee chairmen (Andrew Gotch, Colin Ben-Nathan, John Barnett, Martyn Gower, Chris Lallemand, John Lindsay, Jeremy Woolf, Douglas Gordon, Ian Menzies-Conacher and Chris Sanger). For Douglas Gordon this is a valedictory thanks as he has just stepped down from chairing our VAT & Indirect Taxes committee, to be succeeded by Simon Newark. I must also include my two vice-chairmen – Adrian Rudd and Peter Dylewski, the latter appointed following the amalgamation with the IIT to boost our coverage of indirect taxes. Mark Delaney continues to steer a very active Environmental Taxes working group and Graham Batty has done sterling work with our Charities Working Party.

But none of this would be possible without the huge efforts of the CIOT's technical team, led by John Whiting and Tina Riches. Together with all of our Sub-Committee volunteers and the wider membership who have contributed to our work, they all ensure we can cover the full spectrum of taxes and really make a difference.

## Bill Dodwell

Chairman, Technical Committee

# The Chartered Institute of Taxation is a member of the Confédération Fiscale Européenne (CFE)

The CFE was founded in 1959 and now embraces 32 professional bodies from 24 European countries and more than 180,000 tax professionals. There used to be 33 professional bodies but the Institute of Indirect Taxation, being one of them, amalgamated with this Institute in 2012. The key objectives of the CFE are to promote the interests of tax professionals, to exchange information about national tax laws and to contribute to the development of tax law in Europe and to maintain relations with authorities at national and international levels. Together with the Tax Faculty of the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Taxation represents the UK at the CFE.

The CFE is supported by a very strong team from the CIOT. Stephen Coleclough, CIOT Deputy President, was Chairman of the CFE Fiscal Committee from 2005 to 2008 and was President of the CFE from 2009 to 2012. On 1 January 2012, under Stephen's leadership, the CFE was re-established as an International Non-Profit Organisation under Belgian law, based in Brussels.

The Institute representative on the CFE General Assembly and Council is Gary Ashford supported by Anthony Thomas and Peter Fanning. Jason Short represents the Institute on direct tax matters and Jeremy Woolf on indirect tax at the Fiscal Committee. John Roberts, Heather Brechist and Terry Davies are the CIOT representatives on the Professional Affairs Committee.

Technical meetings of the CFE are held two or three times each year and in April there is an annual Forum in Brussels and in the Autumn a conference on Professional Affairs, both of which all Institute members may attend.

The CFE continues to play an important and prominent role in European tax matters with very close relations with the European Commission.

Further information may be found on the CFE website.

Website: [www.cfe-eutax.org](http://www.cfe-eutax.org)

# Membership

Membership & Branches Committee is responsible for ensuring that all Members comply with their obligations to keep themselves technically skilled for the public benefit of guaranteeing the delivery of the highest possible standards of professional competence and conduct. This is achieved primarily by making the undertaking of appropriate Continuing Professional Development (CPD) a requirement of membership. Membership & Branches Committee is also responsible for putting in place adequate systems to ensure that members are regulated for Anti-Money Laundering (AML) Compliance with an appropriate supervisory body.

## Terms of Reference

The Institute's Council and Officers' Group has responsibility for strategic issues. It is the responsibility of the various Committees to formulate the policy required to implement the strategy and as a result, the Committee reviewed its terms of reference at its first meeting of the year to ensure that our meetings remain focussed and productive.

## Annual Return

The compulsory Annual Return was introduced in June 2012. Members can complete this online and are required to self-certify that they have met the

Institute's CPD requirements, to provide details of their supervisory authority under the Money Laundering Regulations 2007 (MLR 2007) and of their Professional Indemnity Insurance (PII), if applicable. Members in Practice also have the opportunity to purchase a certificate indicating that they are a Member in Practice. During 2012 approximately 300 certificates were issued.

## Anti-Money Laundering

The CIOT supervises 681 members in practice and their firms for Anti-Money Laundering Compliance. In accordance with the Money Laundering Regulations all members in practice must be supervised by a Supervisory Authority.

## Member Publications

Members continue to receive the Annotated Finance Act 2012 and Tax Adviser. The latter is now also available online at [www.taxadvisermagazine.com](http://www.taxadvisermagazine.com) or via the CIOT website [www.tax.org.uk](http://www.tax.org.uk) where members have the opportunity to comment on articles.

## Membership Data

We continue to work to capture the e-mail addresses and mobile telephone numbers for members – by the end of 2012 we had 90% of

# Membership

member e-mail addresses and 33% of member mobile telephone numbers. We are increasingly using technology to communicate with our members but of course those of you who prefer to receive hard copy communications from the Institute will still be able to indicate your preference to do so.

Diversity information, collected at the student registration stage, enables us to monitor the constituency of the Institute and identify specific interest groups.

## Conferences

The Spring and Autumn Residential Conferences were held in Cambridge (13-15 April 2012) and Warwick (7-9 September 2012). Both conferences continue to be well attended with over 300 delegates attending the two events.

The Swiss Agreement Conference planned for January 2012 proved so popular that it was repeated twice during the year with a total of over 150 delegates attending. Thanks are due to the speakers for tripling their efforts, enabling us to ensure that all members who wished to attend this event were able to do so.

## Joint Presidents' Luncheon

The CIOT and ATT's Joint Presidents' Luncheon took place on Friday 9 March 2012 at the Signet Library, Edinburgh. This event was hosted by the then CIOT and ATT Presidents, Anthony Thomas and Stuart McKinnon. 150 guests attended, including Lord Steel, first presiding officer of the Scottish Parliament, current MPs and MSPs, senior members of the judiciary, the legal and accountancy professions, the accountancy bodies and tax advisers as well as members of HMRC. Jeremy Peat, head of the David Hulme Institute, gave a very thought-provoking speech on the prospects for the economy in general and the Scottish economy in particular.

## Fellows' Dinner

This biennial event was held in the magnificent surroundings of Vintners' Hall in June 2012, attended by 87 Fellows. Professor John Tiley was the guest of honour and he delivered a thought-provoking speech on the General Anti Abuse Rule.

## Admission Ceremonies

Two admission ceremonies were held at Drapers' Hall during 2012, on 30 March and 20 November. These continue to be very popular events, attracting new associates and Fellows,

# Membership

examination prizewinners and ADIT graduates, giving everyone an opportunity to meet with other members, CIOT Officers and members of Council and Head Office Staff. The November ceremony also attracted those members who were celebrating 50 years of membership with the Institute and associates who qualified with the former Institute of Indirect Taxation.

## Finally

My report would not be complete without a huge thank you to my committee members for their continued enthusiasm and support. We sadly said goodbye to John Preston, who stepped down from the Committee due to his new role as Chairman of the Examination Committee, and Yvette Nunn, who is taking a 15-month sabbatical during her term as President of the Association of Taxation Technicians - the Committee

offers its congratulations to Yvette on her new appointment. We were delighted to welcome David Treitel as a new member of the Committee.

I would also like to thank Mary Foley, Director of Member Services and Operations, and the Events and Membership teams for their hard work to ensure the smooth running of all the activities mentioned above and Sue Fraser who took over as Secretary to the Committee at the beginning of 2012.

## Jenny Nelder

Chairman, Membership & Branches Committee

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

	* 2012	2011	2010	2009	2008
Fellows	457	460	467	472	486
Associates	16,240	15,355	14,933	14,517	14,179
Total	16,697	15,815	15,400	14,989	14,665
Increase	5.58%	2.69%	2.74%	2.21%	2.73%

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

# Branches

## Public Benefit of the Branches

One of the Institute's primary objectives is to provide Chartered Tax Advisers with the technical skills and support they require to do their job, thereby ensuring that the public benefits from tax advice of a high quality. The Branch network has a responsibility at a local level to meet that objective and to raise public awareness of the workings of the tax system. Any member of the public with an interest in tax matters is very welcome to attend a meeting of the Institute's Branch Network.

## The Work of the Branches

The Branch network developed - and continues to grow - in response to the need of CTAs to meet at a local level for learning and discussion on matters of taxation. The Institute welcomes requests from Members and from the general public for additional activities where these would contribute to a better understanding of taxation and the relationship between the tax authorities and the taxpayer. Please contact local branch representatives, the details of which are on the Institute's website or can be obtained by contacting Head Office.

The principal responsibility of the Branch network is the provision of high-quality technical training at

a reasonable cost. The full programme for 2012-13 was distributed with Tax Adviser in August and is also available on the individual branch pages at [www.tax.org.uk/branches](http://www.tax.org.uk/branches) which should be checked for amendments and additions. We are now pleased to be able to offer online booking for events. Please take time to visit the website to see what is on offer.

In addition to its regional network the Institute has two specialist branches in the UK. These are for Members in Industry and Commerce and for Members who work for HMRC. There are also a number of branches which service the needs of Members working overseas or advising on overseas taxes: these include the Australasia, Asia Pacific, European, Hong Kong and North America branches.

Branch committees, comprising Members of the CIOT and ATT, are drawn from a wide spectrum of tax professionals - accountants, lawyers, and lecturers: in practice, in industry, or in government. Being on the Committee provides Members with an opportunity to contribute to the life of the Institute and make a positive contribution to the dissemination of tax knowledge in their locality. Branch committees are always pleased to hear from Members who wish to contribute in this way.

# Branches

Furthermore an active contribution at the branch provides an excellent introduction to the Institute which is invaluable to those who wish to become involved at a national level.

## Under the spotlight

Much of the work undertaken by branch committees takes place behind the scenes.

January 2012 marked the commencement of a 3 year programme to “spotlight” every branch in Tax Adviser to draw out the identities of individual branches.

In addition to putting on seminars and arranging discussion groups activities include formal dinners to promote the branch in the local community and events for younger members.

## Scotland branch

The devolution of landfill tax, stamp duty land tax and the top 10% of the income tax charge to the Scottish Parliament has required Scotland Branch to rethink the dual responsibilities of providing member services and responding to new legislation.

Council approved a plan in January 2013 to set up a Steering Committee to be the Voice of Scotland

to oversee new branches in Aberdeen, Edinburgh and Glasgow and to coordinate the technical work on the tax changes proposed for Scotland.

## Branch development and governance

The growing complexity of the tax system and changes to the way in which practitioners are fulfilling their training needs challenges branches to provide courses which meet the requirements of busy professionals, and where appropriate the public.

In order to assist branches to carry out their functions the Institute has, in addition to the meetings of Branches at the twice yearly fora and the annual conference, taken the following steps to improve branch governance and provide more active leadership:

## Revised branch handbook

The handbook provides a comprehensive guide to the running of a branch. It is available by a web-link so that it can be accessed easily by branch committees during meetings or at other times to provide up-to-date advice when required.

## Branches Sub-committee

The Branches Sub-committee is a joint committee

# Branches

from Membership and Branches Committee (CIOT) and Member Steering Group (ATT). Its members comprise persons active in the branches all of whom bring with them particular skills, involvement in other CIOT or ATT activities or a relationship with another professional body. It was formed in May 2012.

Its function is to provide leadership on branch development and to form policy on strategic issues such as developments in the examination system, responses to tax policy and consultation, the public interest etc, in order to inform branches on how to prepare programmes for CTAs and ATTs which meets the needs of the practitioner and the user of tax services alike. The group met three times in the year.

members to build national contacts that are to their own and their firm's professional benefit. My grateful thanks go to all of our dedicated volunteers.

I am grateful to Mary Foley and her team for their support for the branches at Head Office.

Branches of the Institute are also branches of the Association of Taxation Technicians.

## **Chris Brydone**

Chairman, Branches Forum and  
Branches Sub-committee

## Members and Branch committees

I am very grateful to all those who have served the branches on Institute committees nationally and on branch committees locally and to everyone who has contributed to the work of the branches in the last year, however small.

The Branch Network owes a huge debt to the generosity of the volunteers on the Branch Committees and equally importantly their employers. Being part of the local Committee and attending the Branches Forum has allowed many



# Branches

## Branches Chairmen 2012 - 13

Asia-Pacific	<b>Chris Evans</b>	Jersey	<b>Garry Bell</b>
Australasia	<b>Gordon Cooper</b>	Kent	<b>Clare Vinson</b>
Birmingham & West Midlands	<b>Richard Freeman</b>	Leeds	<b>Billy Moffat</b>
Bristol	<b>Andy Board</b>	London	<b>Paula Tallon</b>
Commerce & Industry Group	<b>Chris Lallemand</b>	Manchester	<b>Paul Hunt</b>
Cumbria & South West Scotland	<b>Victoria Bishop</b>	Merseyside	<b>Ronnie Fell</b>
East Anglia	<b>Robert Chalmers</b>	Mid-Anglia	<b>Rebecca Cave</b>
East Midlands	<b>Martin Tomes</b>	North America	<b>Robert Moncrieff</b>
Essex	<b>Alastair Godfrey</b>	North East England	<b>Tim Mallon</b>
European	<b>Jonathan Schwarz</b>	Northern Ireland	<b>Malachy McLernon</b>
Guernsey	<b>Anthony Tennant</b>	Scotland	<b>Richard Brunton</b>
Hampshire	<b>David Bird</b>	Severn Valley	<b>Chris Mattos</b>
Harrow & North London	<b>Harry Ross</b>	Sheffield	<b>Matthew Herring</b>
HMRC	<b>Juliet Roche</b>	Somerset & Dorset	<b>Stephen Moorse</b>
Hong Kong	<b>Deborah Annells</b>	South London & Surrey	<b>Mark Baycroft</b>
Hull	<b>Glenn Smith</b>	South Wales	<b>Ritchie Tout</b>
Isle of Man	<b>Amanda Cowley</b>	South West England	<b>Dale Simpson</b>
		Suffolk	<b>Helen Brookson</b>
		Sussex	<b>Robin Stevenson</b>
		Thames Valley	<b>Elizabeth Anfield</b>

# Education

A CTA is recognised as having the premier tax qualification and as such is able to provide advice and expertise that is required by businesses and individuals. CTAs can do this as a consequence of having reached a high standard of technical knowledge and having also been examined in ethics and professional conduct. Candidates are tested in Law and Professional Responsibilities and Ethics via E-Assessments which are available throughout the year at various test centres around the UK. 570 CIOT students completed the exam requirements to become members of the CIOT as a result of the 2012 examinations.

## Working with others

Throughout 2012 the CTA Exam Review Working Party along with Irene Redman (Head of Business Development and Marketing) met with ICAEW to discuss the development of a joint programme to create a unique and efficient programme for students specialising in the tax affairs of major corporates. This programme enables students to achieve two prestigious qualifications – the ICAEW chartered accountancy qualification, the ACA, and the Chartered Tax Adviser qualification, the CTA. The newly created route is expected to be a three to four year programme. Those who successfully complete it will be eligible to apply for membership of both ICAEW and CIOT, provided they have met the criteria for membership (including the relevant

professional work experience).

On 1 August 2012 the CIOT amalgamated with the Institute of Indirect Taxation and as a result of this there is now a revised indirect taxation qualification route, following a prescribed route through the examination.

There are now four examination routes for students to obtain the CTA qualification:

1. CTA Direct Taxation Route
2. CTA Indirect Taxation Route
3. ACA CTA Joint Programme Taxation of Major Corporates Route
4. ACA CTA Joint Programme Indirect Taxation Route

## Committee structure

Historically the work of the Education Team has been overseen by the Education Committee and its various Sub-Committees and Working Parties. During the course of 2012 the Education Committee underwent a restructure which resulted in the Examination Sub-Committee being elevated to a full standing Committee of Council. New Terms of Reference have been created for the Education Committee, the Examination Committee, the Examination Syllabus Sub-Committee (this will be a successor to the CTA Exam Review Working Party) and the new office of the Chief Examiner.

# Education

Membership of all of these comprises of highly committed and enthusiastic members without whom this organisation would not function and to whom I express my sincere thanks. Thanks are also, as ever, due to the large group of examiners ably led by the Chief Examiner, Nick Lloyd and the new Chairman of Examination Committee, John Preston.

We are hugely grateful to the outgoing Examination Sub-Committee Chairman, Kenneth Crofton Martin, for his commitment and dedication to the examination structure and the work of the Education Team over the past few years and we wish him well for the future.

The Education Team continue to cope with the demanding pressures of the examination administration as well as the large numbers who enter for each examination session. The team comprises: Rosalind Baxter, Jude Maidment, Lisa Roberts, Gavin Thai-Low, Laura Hogg, Alastair Hannah and Rory Clarke. I am very grateful to all of them for their extremely hard and dedicated work.

## Online registration

Online student registration (in place for two years) and online examination entry (in place for two examination sessions) have delivered the initial objectives but we are now moving on to further improve and develop the user experience.

## The Advanced Diploma in International Taxation ('ADIT')

ADIT continues to develop into an internationally recognised qualification under the careful guidance of Irene Redman as Head of Business Development and Marketing and Jonathan Kerson as ADIT Business Development Officer. ADIT was promoted at the International Fiscal Association (IFA) Congress in Boston. The visit was deemed a big success with significant interest shown by those attending the Conference as well as repeat delegates remembering and recognising the ADIT qualification from previous years.

Two new papers have been introduced to the suite of Option Papers, India and Ireland, for which two successful launches took place this year. The first session they will be offered is June 2013.

In addition to IFA, ADIT had a marketing presence at several events this year including the AOTCA Conference in Seoul attended by our ADIT Affiliate Sundareswara Sharma, the Irish Tax Institute's Transfer Pricing Global Masterclass and Conference in Dublin, the International Tax Week in London, and the Foundation for International Taxation Conference in Mumbai, India.

Interest in ADIT continues to grow within industry and it was a record-breaking year with over 400

# Education

new students registered. There are now 1,417 registered ADIT students from over 90 different countries. 391 candidates sat 526 papers and 340 papers were passed in the June 2012 examinations making the 2012 ADIT exam diet the most successful to date. 153 individuals have now completed the qualification. My grateful thanks go to the Chairman John Cullinane and the ADIT Sub-Committee, in particular Philip Baker, and members of Council in the UK and overseas for their continuous commitment over the year.

## Support for tax academia

We are always enthusiastic in supporting academia and four grants were awarded to PhD tax students over the course of 2012. All the individuals in receipt of these have confirmed the beneficial difference this makes. We also contributed to the sponsorship of the Tax Research Network conference for tax academics, this year held at the University of Roehampton. Education Committee also approved the funding of £5,000 for the International Tax Week, this year held at the University of Coventry. Due to its international flavour the CIOT exhibited an ADIT stand with ADIT literature available.

## Students' Conferences

2012 saw a change in the format of the student

training conferences. The renamed one-day student training days were held in the spring and autumn in Birmingham, Bristol, Edinburgh, Leeds, London and Manchester and focused on helping students to prepare for the examinations. I thank the Training Conferences Working Party and all the lecturers for their continuing work on these student training days.

## External Relations

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

## Fellowship

In 2012 six individuals successfully presented a body of work or thesis to the high standard required to achieve Fellowship.

The committee has been pleased to note that the introduction of the new self-nomination scheme for direct Fellowship has resulted in an increase in Fellowship candidates.

## Anne Fairpo

Chairman, Education Committee

## Examination Prizes

### The Chartered Tax Adviser Examination – May 2012

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

**Emma Victoria Rawson** (*Deloitte LLP*, London)

*The Gilbert Burr Medal* for the Advisory Paper on Taxation of Owner-Managed Businesses.

**Emma Victoria Rawson** (*Deloitte LLP*, London)

*The Spofforth Medal* for the Advisory Paper on Inheritance Tax, Trusts & Estates.

**Frederick Thomas Carnegy-Arbuthnott** (*Buzzacott LLP*, London)

*The Ronald Ison Medal* for the Advisory Paper on Taxation of Individuals.

**Alice Steidl** (*Rawlinson & Hunter*, London)

*The Victor Durkacz Medal* for the Advisory Paper on VAT on UK Domestic Transactions (including SDLT).

**Paul Henderson** (*John Lewis plc*, London)

*The John Wood Medal* for the Advisory Paper on Advanced Corporation Tax.

**Emma Victoria Rawson** (*Deloitte LLP*, London)

*The Ian Walker Medal* for the Awareness Paper.

**Holly Morris** (*Smith & Williamson*, Salisbury)

**Charlotte Anna Brown** (*PricewaterhouseCoopers LLP*, Plymouth)

*The Avery Jones Medal* for the Application and Interaction Paper.

**Humphrey Henry Marten** (Towcester)

# Education

*The LexisNexis Prize* for the highest total marks in two Advisory Papers (taken at the same sitting).

**Emma Victoria Rawson** (*Deloitte LLP*, London)

*The CCH Prize* for the highest distinction mark.

**Humphrey Henry Marten** (Towcester)

## The Chartered Tax Adviser Examination – November 2012

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

**Rebecca McDermott** (*Ernst & Young LLP*, London)

*The Gilbert Burr Medal* for the Advisory Paper on Taxation of Owner-Managed Businesses.

**Charlotte Anna Brown** (*PricewaterhouseCoopers LLP*, Plymouth)

*The Spofforth Medal* for the Advisory Paper on Inheritance Tax, Trusts & Estates.

**Gemma Haggan** (*Dickinson Dees LLP*, Newcastle upon Tyne)

*The Ronald Ison Medal* for the Advisory Paper on Taxation of Individuals.

**Kristi Middleton** (*Turner Peachey*, Shrewsbury)

*The Victor Durkacz Medal* for the Advisory Paper on VAT on UK Domestic Transactions (including SDLT).

**John Dowd** (*PricewaterhouseCoopers LLP*, London)

*The Wreford Voge Medal* for the Advisory Paper on VAT on Cross-Border Transactions & other Indirect Taxes.

**John Dowd** (*PricewaterhouseCoopers LLP*, London)

*The John Wood Medal* for the Advisory Paper on Advanced Corporation Tax.

**Rebecca McDermott** (*Ernst & Young LLP*, London)

# Education

*The Ian Walker Medal* for the Awareness Paper.

**Rebecca McDermott** (*Ernst & Young LLP*, London)

*The Avery Jones Medal* for the Application and Interaction Paper.

**Steven John Carlson** (*Wealthmasters Financial Management*, Bridgend)

*The LexisNexis Prize* for the highest total marks in two Advisory Papers (taken at the same sitting).

**Rebecca McDermott** (*Ernst & Young LLP*, London)

*The CCH Prize* for the highest distinction mark.

**Rebecca McDermott** (*Ernst & Young LLP*, London)

## The Advanced Diploma in International Tax – June 2012

*The Heather Self Medal* for the highest marks in Paper I – Principles of International Taxation

The medal has been jointly awarded to **Clare Freda Smith** of Weybridge and **Matthew Edward Herrington** of Upminster who is employed by *Freshfields Bruckhaus Deringer LLP* in London.

*The International Fiscal Association Prize* for the highest marks in Paper II – Advanced International Taxation

The prize has been awarded to **Neil Robert Brackstone** of Newbury who is employed by *BDO LLP* in Reading, who sat Paper IIA (United Kingdom option).

*The Worshipful Company of Tax Advisers Medal* for the highest marks in Paper III (Options A - E) – Principles of Corporate and International Taxation

The medal has been awarded to **Amanda Dean** of London who is employed by *Artistes Taxation Services LLP* in London, who sat Paper IIIB (EC option).

*The CCH Prize* for the highest marks in Paper IIIF Transfer Pricing – Principles of Corporate and International Taxation

The prize has been awarded to **Katarina Petovska** of Bratislava, Slovakia who is employed by *Dell s.r.o* in Bratislava, Slovakia.

# Low Incomes Tax Reform Group

One of the Institute's most important tasks as a charity is to represent the interests of the millions of taxpayers – private individuals, small and micro-businesses – who would otherwise be unrepresented. In this respect we try to educate the public so they are equipped to deal with HMRC and a complex tax system.

This is a vital function at a time when taxpayers are increasingly expected to deal unaided with their own tax affairs and face the sometimes serious consequences when anything goes wrong. We do so mainly by responding to consultations – not just by HMRC – which affect the unrepresented taxpayer, and by meeting officials and politicians including ministers to argue the case for the unrepresented. We also produce information about the tax and related welfare systems through websites and printed media.

## [HMRC customer service](#)

During 2012 we saw attempts by HMRC under its new leadership to improve its service to individual taxpayers. LITRG will always support HMRC when it acts in the best interests of taxpayers. Early indications point to progress in telephone call handling and dealing with correspondence and HMRC has worked well with Tax Help for Older People and TaxAid, particularly in setting up a helpline and support services for bereaved taxpayers.

There is though a long way to go before more general improvements to the service are noticed by ordinary taxpayers. Ringing up to query a tax code or chase an overdue repayment can be hugely time consuming and frustrating. We were able to raise some of these matters with the Treasury Sub-Committee when we gave oral evidence to them in October during a resumption of their earlier inquiry into the Administration and Effectiveness of HMRC.

Those who are without access to computers or the internet or who lack technological skills are, worryingly, excluded from information and services which are available to the more computer savvy. We have highlighted their situation many times, particularly in May 2012 in Digital exclusion – a LITRG report which identified the digitally excluded population – comprising mainly pensioners, some disabled people, dwellers in remote regions and those on low incomes. Digital mandation also raises legal issues which are currently being tested in the tax tribunal, with LITRG supporting the appellants.

## [Pensioners and other projects](#)

A long-standing interest for LITRG is how the tax system affects older people on low incomes. Over the last few years, pensioners have borne the brunt of widespread errors and delays in the PAYE system. LITRG were instrumental in 2010 in bringing extra-statutory concession A19 to the notice of the press



# Low Incomes Tax Reform Group

and public, and have since joined others in efforts to bring about an amelioration of HMRC's practice. Endless meetings have brought to light some distinct oddities in HMRC's interpretation of the concession, and inconsistencies in its application, but progress on the substantive issues remains very hard to achieve despite many successes in individual cases taken up by Tax Help and LITRG volunteers. Our regularly updated website guide to checking and challenging a PAYE code or calculation is still used to good effect by many unrepresented taxpayers.

We continue to work on HMRC-funded projects – a tax guide for low-income migrants, taking the form of a booklet and a website for migrants' advisers, combined with forthcoming workshops in London and Belfast; a website for disabled taxpayers, particularly those who (or whose representatives) have to operate payrolls for carers; and a website dealing with tax for students. All these products will replace information sources which HMRC are no longer able to keep up with its straitened resource.

## Tax and welfare changes

Where individuals both pay tax and receive benefits or tax credits, advisers need to have a grasp of both systems if they wish to take full advantage of the opportunities and avoid the pitfalls. Many if not most advisers to small businesses keep an eye

out on tax credits, and will be watching with great concern while DWP's plans for the self-employed under universal credit take away much of that support and impose extra bureaucratic burdens on new and growing businesses.

As Chairman of LITRG I wrote to the Minister for Welfare Reform setting out our worries about the proposals, and was supported by a dozen other representative organisations including charities and professional bodies. Other colleagues have attended numerous meetings and written briefings to MPs and Parliamentary committees, and while I think we are beginning to remove some of the more objectionable aspects, there is still a long way to go.

Allied to this is the reform of PAYE through real-time information (RTI). This is intended to feed accurate and timely information about employees' earnings into the Department for Work and Pensions' systems, so that entitlement to universal credit can be calculated month by month. Like our colleagues in the CIOT's Technical Department who are leading on this, we have serious misgivings about the practical implications of applying HMRC rules. We worry for the small employer without access to a computer or the internet, and for the employee where mistakes creep into their PAYE records through no fault of their own. We suspect that the proposed penalty regimes will catch both, unfairly and pointlessly, for defaults which they are

# Low Incomes Tax Reform Group

powerless to correct and this cannot be right.

In preparation for an increasingly penalty-dominated world, tax credits claimants – particularly self-employed working tax credit claimants – have faced constant bombardment from compliance teams. We try to stop some of the more misconceived mass investigations in their tracks, and bring evidence of particular abuses of power to the attention of those with overall responsibility. The HMRC direction of travel in this area is a matter for concern.

There has, though, also been good news. We were successful in getting HMRC to correct mistakes in their messages to claimants about several Budget changes. We led a consortium of charities in persuading the Government to grant two important concessions for carers: to exempt them from the new requirement that couples with children should work at least 24 hours a week to be entitled to working tax credit; and to add couples where one partner is a full-time carer and the other works full-time to the list of those who can claim childcare credit.

Tax credits are no less important to get right just because they are to be phased out over the next five years, and in August Spiramus Press published the LITRG tax credits handbook 2012/13, a 320-page guide to statute, case law and HMRC practice.

This was written by Victoria Todd and Robin Williamson and anyone in the tax field is advised to secure a copy taking advantage of the discount available to CIOT members. Alongside the handbook members will also find the prizewinning website [www.revenuebenefits.org.uk](http://www.revenuebenefits.org.uk) invaluable. This covers not only tax credits but also child benefit and other benefits administered by HMRC.

LITRG volunteer Jane Moore has for the ninth year running edited the Daily Mail Tax Guide which puts our name and reputation before the widest audience yet, for which I am grateful.

We have also held discussions with HMRC about how the change from disability living allowance to personal independence payment (PIP) should be reflected in the rules about disabled or vulnerable trusts. This is important given that far fewer people will be entitled to the new benefit than to the former. We were pleased that HMRC agreed all recipients of PIP daily living component should qualify as vulnerable beneficiaries, but disappointed that the tax rules themselves are not to be co-ordinated and simplified. This is a missed opportunity.

## Awards

All of this work would not be possible without a small but wonderfully committed team. I have taken

# Low Incomes Tax Reform Group

over the chair from LITRG founder John Andrews who continues to lend support and advice which is welcome. In recognition of his outstanding contribution to tax he was given the Lexis Nexis Taxation Lifetime Achievement Award, an honour which was well deserved. Many congratulations also go to Kelly Sizer who won the Taxation Rising Star accolade and the best Technological Innovation award to our new website [www.revenuebenefits.org.uk](http://www.revenuebenefits.org.uk).

Finally, a big thank you to Robin Williamson, the LITRG technical director and to all our volunteers and staff for their magnificent support and I am grateful to them all.

**Anthony Thomas**

Chairman, Low Incomes Tax Reform Group

# Professional Standards

The CIOT sets high ethical and professional standards which its members are obliged to observe. CTAs who practise tax are expected to keep their technical knowledge up to date, ensure adequate professional indemnity insurance is in place and act competently at all times with integrity, due care and courtesy. Members of the public have a right to expect high calibre service from CTAs.

Professional Standards gives members a voice through making representations to government and relevant organisations. The public interest is taken in to account in these submissions. Topics pursued in 2012 included

- Will writing, probate and estate administration where we sought to limit the proposed reserved activities to the areas of greatest risk ie defective will drafting and misappropriation of estate funds
- Money Laundering Regulations where we put the case for greater freedom to adopt a risk based approach thereby reducing the probability of a tick box approach
- Mortgage Lenders where we have tried to encourage an industry wide recognition of the CTA qualification

Professional Standards is responsible for drafting the professional rules and standards together with the supporting explanatory material. These aim to set clear parameters within which a member should act

and give practical guidance on interpretation and application. These rules and guidance are available to the public. In 2012 we:

- Finalised the new Professional Indemnity Insurance (PII) rules for release in early 2013. No major changes have been made to our PII Regulations but we have devised a significant member benefit by negotiating an arrangement with insurance providers, Hiscox and Alterra, for the provision of a low cost PII policy for those members offering pro bono work and/or with low fee income practices. PII remains a requirement for all members in practice as it provides protection for both them and their clients.
- Issued updated Engagement Letters which covered iXBRL tagging, Services Directive, The Cancellation of Contracts made in a Consumer's Home or Place of Work etc Regulations 2008 and Consumer Protection (Distance Selling) Regulations 2000. An additional Appendix was also inserted setting out a disengagement letter template. Engagement letters play an important role in clarifying the respective responsibilities of member and client and help to minimise the risk of disagreement about the scope of services offered.
- Answered members queries through the Professional Standards and AML helpline

# Professional Standards

Professional Standards has a strategic and oversight role in a number of areas:

- Anti-Money Laundering Supervisory Scheme where we set the policy and monitor compliance by registered firms. We attend the AML Supervisors forum with the other AML Supervisors and provide training, newsletters and seminars for members
- Annual return. Professional Standards developed the scheme and will monitor the results to identify areas where members may benefit from clearer guidance or support

The entry by CIOT in to licensing agreements with the Irish Tax Institute and the Tax Institute of Australia added a new dimension to the Committee's role. Maintaining high professional standards is key to protecting the integrity and good name of the Institute. The public associate CTA with excellence and it is vital to maintain this perception. Professional Standards is building relationships with our licensed partners; this has included a visit to Dublin by the Committee's Chairman, Vice Chairman and the Standards Officers to discuss professional standards issues. We look forward to a reciprocal visit.

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

The Committee is represented on the CFE's PAC

and CIOT staff and volunteers have been active in the updating of the Professional Affairs Handbook which covers the tax profession in the member states. They have also been instrumental in organising the PAC conference entitled 'Amnesty – Privilege – Disclosure: Managing critical issues in client relations' which took place in London and have been closely involved in the global Taxpayers' Charter project.

## Committee organisation

The Professional Standards committee is a joint one with the ATT and we benefit from committed support from members of both bodies, who often put in considerable efforts on our various working parties and projects. We welcomed new members Lisa Macpherson, Gary Ashford and Ian Hayes. Dean Shepherd stepped down from the Committee and we thank him for his contribution.

Much of our work is of course coordinated and carried through by our two Standards Officers, Heather Brehcist and Charlotte Ali who also deserve high praise for all their efforts and for making the Chair's task possible!

## Karen Eckstein

Chairman, Professional Standards Committee

# Enforcing Standards: Complaints and Discipline

In 2001 the CIOT and the ATT established the Taxation Disciplinary Board as an independent body to handle complaints about alleged breaches of professional rules of conduct by members and students of the two bodies. The Institute of Indirect Taxation (IIT) was a member of the Board from February 2011 until its amalgamation with the CIOT on 1 August 2012.

## Public interest

The Board is responsible for administering the Taxation Disciplinary Scheme, which sets out the principles and powers which underlie the participants' complaints and disciplinary procedures. One of the key principles underlying the Scheme is that of fairness – fairness to both the public and the profession. They are not mutually exclusive. We aim to process cases as efficiently and promptly as possible in a manner that is proportionate, transparent and effective. We are focussed on our public duty to address both the incompetent adviser and the oppressive complainant.

We are also conscious of our duty to serve the public interest and the confidence the public and others place in the profession, and recognise that lengthy and complex investigations may require us to act to protect the public. The public may be at risk, particularly where a case alleges improper behaviour, dishonesty or incompetence but where

the complexity of the case requires a full and lengthy investigation of all the issues. In order to reduce that risk to the public, over the past year the Board has, at the request of the CIOT and ATT, been developing new arrangements for interim orders. Although such powers would be used rarely, they would allow the Board to take urgent action in a case where the Investigation Committee has found that there is prima facie evidence and considers that the member poses a risk to the public such that it is in the public interest or necessary for the protection of the public that his membership of the ATT or CIOT should be suspended, pending the full hearing of disciplinary charges by a Disciplinary Tribunal. With effect from January 2013, the TDB has introduced new Regulations which set out the arrangements for interim orders. The new powers will help to ensure that the TDB remains at the forefront of best regulatory practice and therefore better serves the public interest on behalf of an open and aware profession that commands widespread public confidence.

## Structure of TDB

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

# Enforcing Standards: Complaints and Discipline

John Dewhurst and Larry Darby, are individual appointments of the two participating bodies. (Larry Darby was appointed by the ATT in July 2012 to replace Peter Gravestock, who had completed six years as a Director.) The committees and tribunals appointed by the Board are drawn from panels of lay persons, including lawyers (who are not tax professionals), and professional members who have no current involvement with the standards setting of the two bodies. The Board employs a part-time Executive Director, Neville Nagler, who has day-to-day responsibility for the processing of complaints and the smooth running of the Board, assisted by Peter Douglas as the Secretary to the Disciplinary Tribunal.

## Complaints and disciplinary procedures

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

rules, the Board may impose a limited financial penalty, but a member who objects is entitled to request a full hearing by a Disciplinary Tribunal.

The majority of valid complaints are referred to an Investigation Committee to consider whether there is a prima facie case to answer. If the Committee decides that a prima facie case has not been made out or that the matter is too minor to warrant further action, the complainant has a right of appeal to an assessor, who may reject the appeal or require a new Investigation Committee to reconsider it. All other cases are referred to a Disciplinary Tribunal. The Tribunal is composed of three members who include a legally-qualified chairman, a lay member and a professional member. The Tribunal hears the evidence and listens to any witnesses. If the Tribunal finds the case against the member proven, it may impose a relevant sanction. It will normally award costs against a defendant against whom it has made a finding and order that its finding be published. Following a finding by a Disciplinary Tribunal, both the defendant and the Board may seek to appeal. If the appeal meets the specified criteria, the case will go to an Appeal Tribunal, which has a similar composition to a Disciplinary Tribunal.

## Cases dealt with in 2012

The Scheme provides for the fair and independent

# Enforcing Standards: Complaints and Discipline

investigation of every complaint referred to the Board and fair treatment for any member against whom a complaint is made. During 2012 the Board received a record number of 45 complaints and dealt with 12 complaints outstanding from 2011. The Investigation Committee considered 11 complaints, whilst 15 were dealt with by a financial penalty. Of the remainder, 9 fell outside the scope of the TDB's regulations, 10 were withdrawn by the complainant, whilst 12 cases were still under investigation at the end of the year.

The number of disciplinary cases involving members remains small. During 2012, 8 cases were heard by Disciplinary Tribunals, 1 by an Appeal Tribunal, whilst a further 5 cases were outstanding at the end of the year. Members who conduct themselves in a professional manner are unlikely to face disciplinary proceedings. However, the disciplinary procedures exist to protect the public and members of the participating bodies. By enhancing the standing and reputation of the tax profession, they can only be beneficial to all its members.

## **Neville Nagler**

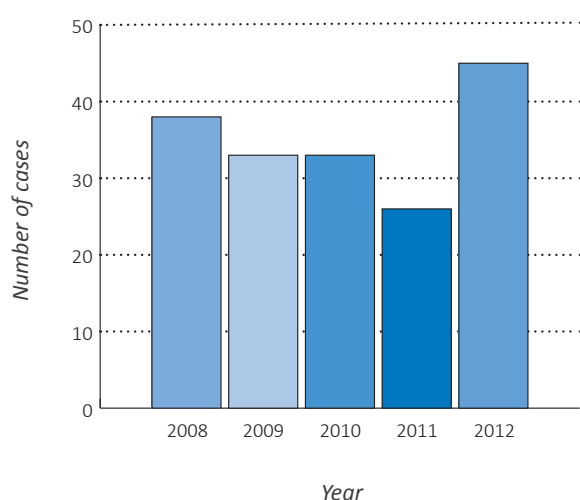
Executive Director

Taxation Disciplinary Board

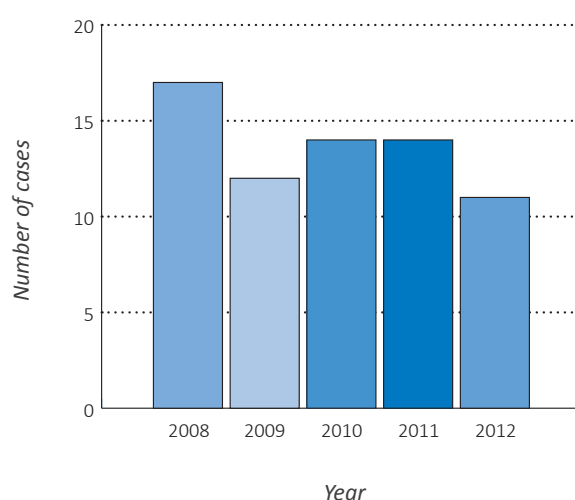


# Enforcing Standards: Complaints and Discipline

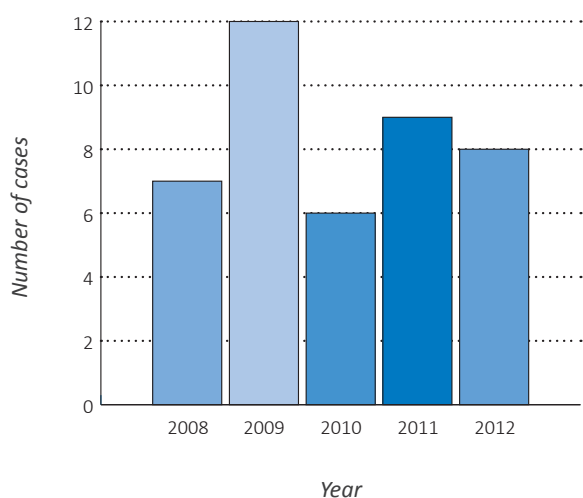
Total number of new complaints received



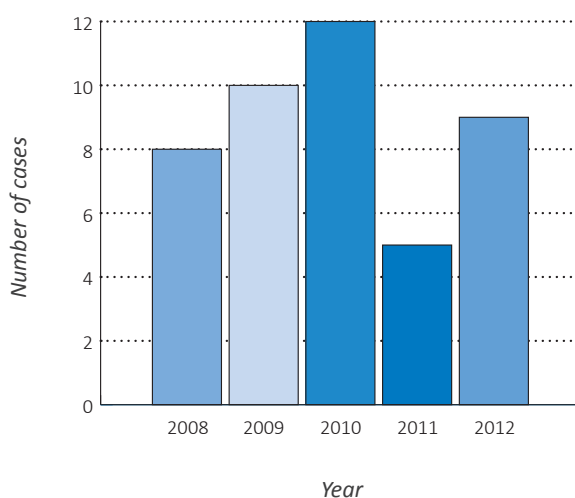
Cases referred to the Investigation Committee



Cases referred to a Disciplinary Tribunal



Disciplinary and Appeal Hearings



# Finance & General Purposes

The Finance & General Purposes Committee is responsible for overseeing the Institute's structure, systems, intellectual capital and financial strength to enable the organisation to fulfil its mission. During 2012 the Committee, originally the Treasurer's Committee, was renamed the Finance and General Purposes Committee (F&GPC) because, as well as considering all financial aspects of the Institute, it now oversees all of the work of the wider Operations Team including IT, HR and property.

A professional membership organisation that has good, well managed resources and systems that are fit for purpose will be well placed to support its members to enable them to be well equipped to deliver public benefit. To ensure that the Institute is in a position to do this, the F&GPC meets at least four times a year to manage the assets, challenge the monetary implications of all activities, assist with the preparation of the budgets and monitor the performance against these budgets.

## 2012

The out-turn for the year has produced an encouraging result with a net operating surplus of £487,000 before gains on investment assets of £142,000 and a foreign exchange loss of £(2,000) giving net incoming resources for the year of £627,000. The 2013 budget anticipates additional

expenditure on education development and accordingly is forecasting a modest surplus.

## Investments

The Committee reviews reports quarterly and meets twice during the year with the Institute's portfolio managers, Cornelian Asset Management Ltd, to review in detail the portfolio performance. The Committee also reviews reports from L J Athene, the Institute's investment strategy advisers, to consider benchmark performance and the wider investment strategy including that of the Institute's liquid reserves. The equity and fixed interest portfolio designed to provide a combination of income and capital growth with low to medium risk has made a strong gain in value of £129,000, 6% over the year and amounted to £2,127,000 at the year end. This has exceeded the relevant benchmarks including the FTSE APCIMS Balanced Fund and the FTSE All Share Index.

In line with its Investment Policy and low risk strategy, the Institute has continued to increase its holdings in index linked gilts by £150,000 annually to provide funds to cover potential expenditure expected to arise following the expiry of the lease at Artillery Row in 2024.

The Institute has also continued to hold a substantial proportion of its reserves in the form

# Finance & General Purposes

of cash, bonds and government stocks with realisation dates designed to meet possible liquidity requirements.

## Overheads

The Committee considers management accounts and variance analyses including detailed quarterly overhead expenditure reviews.

## Controls

In line with existing arrangements, aspects of the Institute's financial procedures continue to be reviewed on a basis agreed with the Audit

Committee. A programme of work is progressing to examine controls in various core areas and to recommend changes where appropriate. The objective is for systems and controls to be reviewed regularly to ensure they are working efficiently and effectively and recommend improvements where appropriate.

## Administration

The payment of subscriptions by card via the automated telephone system and the new website has again been highly successful in 2012 with over 37% of members using these methods to renew. Furthermore, 24% of members are

## Summary of the net assets and income funds for the five years ended 31 December 2012

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
<b>Total Net Assets</b>	5,340	4,713	4,576	4,356	4,354
<b>Income Funds</b>					
General	4,301	3,757	3,761	3,602	2,804
Designated:					
Property	698	600	502	454	1,250
Disciplinary procedures	300	300	300	300	300
	5,299	4,657	4,563	4,536	4,354
Restricted	41	56	13	-	-
	5,340	4,713	4,576	4,356	4,354

# Finance & General Purposes

paying by direct debit. Other systems continue to be developed to cut down on duplication of effort in the back office and to strengthen the internal controls. Opportunities are taken where possible, consistent with value for money, for additional technology and IT solutions to be introduced to enhance systems and procedures.

## Branches

The Institute's branches have once again had a challenging year, but managed to turn a loss in 2011 into a consolidated net incoming surplus in 2012 of £31,000, before central costs. The main reason for this was the increase in delegate numbers at many of the branch meetings and conferences.

## Consolidation

The Chartered Institute of Taxation (CIOT) consolidated with the Institute of Indirect Taxation (IIT) on 1 August 2012. Approximately 500 members were added to the CIOT's membership and are now entitled to use the designation CTA. IIT examinations will continue to be held until January 2014. The Indirect tax conferences will also continue to be run under the stewardship of the CIOT and two former IIT employees were transferred to the CIOT under TUPE rules.

On the date of the amalgamation the net assets of the IIT (£56,000) were transferred to the CIOT. IIT membership subscriptions prior to the amalgamation were lower than the CIOT subscriptions; the differential will be reduced over a three-year period to ensure that subscriptions are uniform by 2015.

## The Future

As a result of the increase in membership and examinations, the operating surplus for 2012 has been encouraging. It is anticipated that additional educational development costs will be incurred during 2013 and as a result it is expected that only a modest operating surplus will be achievable.

Finally, I should like to thank Mary Foley, Director of Member Services and Operations and Steve Hines, Head of Finance together with their staff for their hard work and support during the year.

## Nick Goulding

Chairman, Finance & General Purposes Committee

# Institute Governance

## Compliance Statement

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

## Council

The Council comprises 32 Trustees who provide a wide range of skills and experience. The Officers Group of Council comprises the President (Chairman), Deputy President, Vice-President, the immediate past President and Treasurer. The members of staff who attend all Council meetings are the Chief Executive, Secretary and Head of Education, the Tax Policy Director and the Director of Member Services and Operations. All their roles are separate and clearly defined. Other members

of the Management Team attend as and when required for specific items. The Council considers that its Committee Members are independent and that no individual, or small group of individuals, can dominate Council decisions.

The Council met 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 Royal Charter paragraph 5 (3). Council papers comprising an agenda, formal Council and Standing Committee Minutes together with briefing papers on specific Trustee matters and at least one technical discussion item are sent to all Council members in advance of each meeting. The Officers Group of Council met seven times in the year to deal with day-to-day executive matters which include reports from Institute executives and staff remuneration with reference to annual performance. Council members achieved an overall attendance rate of 86% (2011: 81%) at Council meetings and 90% (2011: 94%) at Officers Group meetings. In compliance with Council Regulation 21, Council members and other Standing Committee Members are required to make declarations of interests at meetings which might give rise to a conflict of interest or influence their vote on a resolution proposed at a Council or other committee meeting. All Members of Council

# Institute Governance

have access to the advice and services of Institute staff and may take independent professional advice on Institute matters. There are a number of Standing Committees of Council to which various matters are delegated and they adopt the same approach as Council to the preparation and distribution of papers for meetings. Membership of the Committees is set out on pages 82 to 88.

## Election to Council

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

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.

## Lay Public Interest Council Observer

Sir Alistair Graham is the Institute's Lay Public

Interest Council Observer and advises Council on the public interest regarding the Institute's activities and supports the Institute's adherence to its charitable responsibilities. He attended two Council meetings in the year, has access to all Institute documents, contributes to the deliberations of Council in all matters but cannot vote and reports annually directly to Council.

## Audit Committee

The Audit Committee is a joint committee of the Institute and the ATT. Its revised terms of reference were approved by Council in the year and it has a separate budget for expenditure. Its six members (listed on page 83) including the Chairman are appointed by Institute and Association Councils from their memberships and comprise: a serving member of each Council, a nominee from each of the Institute and the Association and two other members. The Chief Executive of the Institute and the Executive Director of the Association attend all meetings. Members of the Committee receive no remuneration for their services although travel expenses are reimbursed; are independent of the Council; have both accountancy and taxation qualifications; and recent and relevant experience. The Committee acts as a catalyst in relation to matters affecting the Institute's financial controls, reporting requirements and risk management strategy and is authorised to seek any information

# Institute Governance

it requires from members of the Councils of the Institute or the Association, external auditor and employees. In this role it reviews financial control policies and their practical implementation; the changes in the external environment and the procedures used to respond to them; and the management of any prospective risk. It has specific responsibility for the relationship with the external auditor, and makes a recommendation to the Council on their appointment, reappointment and removal. It met three times during the year and requests and receives reports from management, external professional advisers and also from the external auditor on the audit. The Chairman or his deputy attends the external audit scope and audit closure meetings. The Audit Committee considers annually a wide range of audit related subjects and reports at least annually directly to Council.

## Council Members' Remuneration

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

services rendered to the Institute total £25,404 (VAT inclusive) (£28,143 in 2011). Payments to former Council members for services rendered to the Institute are only made under an order from the Charity Commission.

## Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on page 60. The Council statement on going concern is set out below. There were no non-audit services provided by the Auditor during the year.

The Council is responsible for the Institute's system of internal controls and for taking such steps as are reasonably open to it to safeguard the assets of the Institute and to prevent and detect fraud and other irregularities. The Code for the Voluntary and Community Sector emphasises the importance of maintaining and regularly reviewing the systems of financial controls, performance reporting, policies and procedures with the Council periodically taking steps to assure itself of their effectiveness. As with all such systems, internal control is designed to manage rather than eliminate the risk of failure to achieve strategic objectives and can provide reasonable and not absolute assurance against material misstatement or loss.

# Institute Governance

The day-to-day running of the Institute's business is delegated to the Officers Group and to the Management Team comprising Institute executives (listed on page 5). An annual letter of assurance is signed by Institute executives with responsibility for the preparation of financial statements and the adequacy of systems of internal financial, compliance and non-financial controls. The President, Officers and Committee Members of the Institute visit Head Office and its Branches on a regular basis and meet volunteers, members, students, staff and law-makers and administrators of the tax system. Quarterly financial statements are presented to Council at meetings and are measured against both budget and interim forecasts. A clear organisation structure with defined authority limits has been established. The Council keeps under review the need for internal audit at the Institute. Its current view, which is supported by the Audit Committee, is that a separate function is not required given: the size and nature of the Institute; the close management supervision exercised; and the increased attention paid to the adequacy of financial, operational, organisational and compliance controls and risk management.

The Remuneration and Performance Committee comprises four members of Council and a Past President as Chairman who were appointed by Council on the recommendation of the Officers

Group. The Committee met four times in the year to agree the annual salary review for 2012-2013; the objectives for 2013 for the Chief Executive and senior staff; and to progress the revision of the policy on executive remuneration and performance. The Chairman reports formally to the Officers Group after each meeting.

## Risk Management

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

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

The 'statement of ambition' analyses the Institute's ambitions for membership, for their contribution to the 'national conversation of tax' and for the Institute as an organisation. The statement was presented to Council during 2012 and sets the framework for the Institute's strategy for the coming period. An analysis of detailed risk naturally flows from this, as will the performance management of senior staff.



# Institute Governance

## Governance Working Party

The Working Party met twice in the year to review the governing documents, regulations and other provisions regulating the activities of members and students. The draft revised governing documents and regulations will include updates to incorporate changes and other revisions to improve transparency, accountability, precision and consistency. After member consultation and independent legal review it is anticipated that the revised draft documents will be considered at the AGM in 2015.

## Going Concern

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

# Organisations relevant to Chartered Tax Advisers

## The Worshipful Company of Tax Advisers

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

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

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

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

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

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

## The Tax Advisers Benevolent Fund

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

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

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

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

# Organisations relevant to Chartered Tax Advisers

## Tax Volunteers (Tax Help for Older People)

Tax Volunteers, which was conceived by the Institute's Low Incomes Tax Reform Group, operates independently of the Institute and was incorporated on 10 September 2003 as a private company limited by guarantee. It was registered as a charity on 24 February 2004 (registered charity no. 1102296) with the objectives of providing free tax advice and related services to those unable to afford to pay professional fees; to carry out research into the impact of taxation on the poor; to publish the results of the research; and to educate the public on those related issues. In the year it was awarded an advice quality standard certificate by the Advice Services Alliance.

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

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

Enquires regarding support for the charity should be addressed to The Chief Executive, Tax Volunteers, Pineapple Business Park, Salway Ash, Bridport, Dorset DT1 1UT. Website: [www.taxvol.org.uk](http://www.taxvol.org.uk)

## TaxAid UK

TaxAid UK is totally independent of the Institute and was incorporated on 21 May 1997 (registered charity no. 1062852). It aims to resolve tax problems that people on low incomes cannot solve alone through a national helpline and through face to face services in London, Birmingham, Manchester and Newcastle. Advice by teleconference is available in Bristol, Plymouth and Sheffield and further outreach advice services are planned in major conurbations of the UK as well as tax awareness e-learning programmes free of charge to the money, debt and employment agencies.

Enquiries regarding support for the charity should be addressed to The Secretary and Director, TaxAid, Room 304, Linton House, 164-180 Union Street, London SE1 0LH. Website: [www.taxaid.org.uk](http://www.taxaid.org.uk)

# Statement of Council Members' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

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

# Independent Auditor's Report

We have audited the financial statements of Chartered Institute of Taxation for the year ended 31 December 2012 on pages 63 to 81. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 60 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section

154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2012 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

# Independent Auditor's Report

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

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

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

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Marlborough House  
Victoria Road South  
Chelmsford CM1 1LN

28 March 2013

# Financial statements

## Statement of Financial Activities for the year ended 31 December 2012

	Unrestricted Funds 2012 £'000	Restricted Funds 2012 £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
<b>Incoming resources</b>				
<b>Incoming resources from generated funds:</b>				
Voluntary income – net assets transferred from IIT <sup>2f</sup>	56	-	56	-
Activities for generating funds <sup>2b</sup>	31	-	31	61
Investment Income <sup>2a</sup>	130	-	130	129
Grants receivable	-	252	252	161
<b>Incoming resources from charitable activities: <sup>2c</sup></b>	<b>5,946</b>	<b>-</b>	<b>5,946</b>	<b>5,654</b>
<b>Total incoming resources</b>	<b>6,163</b>	<b>252</b>	<b>6,415</b>	<b>6,005</b>
<b>Resources expended</b>				
<b>Cost of generating funds:</b>				
Investment management costs <sup>2d</sup>	17	-	17	15
<b>Charitable activities <sup>2d</sup></b>	<b>5,142</b>	<b>267</b>	<b>5,409</b>	<b>5,221</b>
<b>Governance costs <sup>2e</sup></b>	<b>502</b>	<b>-</b>	<b>502</b>	<b>534</b>
<b>Total resources expended <sup>2d</sup></b>	<b>5,661</b>	<b>267</b>	<b>5,928</b>	<b>5,770</b>
<b>Net incoming / (outgoing) resources before other recognised gains and losses</b>	<b>502</b>	<b>(15)</b>	<b>487</b>	<b>235</b>
<b>Other recognised gains and losses</b>				
Gains / (loss) on investment assets <sup>4</sup>	142	-	142	(96)
Loss on foreign exchange	(2)	-	(2)	(2)
<b>Net movement in funds</b>	<b>642</b>	<b>(15)</b>	<b>627</b>	<b>137</b>
<b>Reconciliation of funds</b>				
<b>Total funds brought forward at 1 January</b>	<b>4,657</b>	<b>56</b>	<b>4,713</b>	<b>4,576</b>
<b>Total funds carried forward 31 December</b>	<b>5,299</b>	<b>41</b>	<b>5,340</b>	<b>4,713</b>

The above results are derived from continuing activities of the Institute and the acquired activities of the Institute of Indirect Taxation and all gains and losses recognised in the year are included above. The notes on pages 66 to 81 form part of these financial statements.

# Financial Statements

## Balance Sheet as at 31 December 2012

	2012 £'000	2011 £'000
<b>Fixed Assets:</b>		
Tangible assets <sup>3</sup>	226	288
Investments <sup>4</sup>	5,158	4,727
<b>Total Fixed Assets</b>	<b>5,384</b>	<b>5,015</b>
<b>Current Assets</b>		
Stock <sup>5</sup>	32	22
Debtors <sup>6</sup>	420	449
Cash on short-term deposit and at bank <sup>7</sup>	2,042	1,616
<b>Creditors</b>		
Amounts falling due within one year <sup>8</sup>	(2,498)	(2,293)
<b>Net Current Assets</b>	<b>(4)</b>	<b>(206)</b>
<b>Total assets less current liabilities</b>	<b>5,380</b>	<b>4,809</b>
<b>Creditors</b>		
Amounts falling due after more than one year <sup>9</sup>	(40)	(96)
<b>Net Assets</b>	<b>5,340</b>	<b>4,713</b>
<b>Funds:</b>		
Restricted <sup>10</sup>	41	56
Unrestricted <sup>10</sup>	5,299	4,657
<b>Total Funds</b>	<b>5,340</b>	<b>4,713</b>

Approved and authorised for issue by the Council on 19 March 2013 and signed on its behalf by:

P. Stevens      President

N. C. Goulding    Honorary Treasurer

P. Fanning      Chief Executive



# Financial Statements

## Cash flow statement for the year end 31 December 2012

	2012 £'000	2011 £'000
<b>Net cash inflow from operating activities (see below)</b>	617	329
<b>Returns on investments and servicing of finance</b>		
Investment income	74	65
Short-term deposits	56	64
	130	129
<b>Capital expenditure and financial investment</b>		
Acquisitions and disposals		
Purchase of tangible fixed assets	(32)	(30)
Purchase of investments	(289)	(2,042)
<b>Management of liquid resources</b>		
Cash (outflow) / inflow on short term deposit	(155)	1,579
<b>Increase/(Decrease) in cash for the year <sup>7</sup></b>	271	(35)
<b>Reconciliation of net incoming resources to net cash flow from operating activities</b>		
Net incoming resources for the year	487	235
Investment income and interest received	(130)	(129)
	357	106
Depreciation charge for the year	94	105
(Increase) in stock	(10)	(9)
Decrease/(Increase) in debtors	29	(82)
Increase in creditors	147	209
<b>Net cash inflow from operating activities</b>	617	329
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase / (Decrease) in cash in the year	271	(35)
Cash inflow / (outflow) from short term deposits	155	(1,579)
Change in net debt resulting from cash flows	426	(1,614)
Net funds at 1 January 2012	1,616	3,230
Net funds at 31 December 2012	2,042	1,616

# Notes to Financial Statements

## 1. Accounting policies

### *Basis of preparation of accounts*

The financial statements of the Institute for the year ended 31 December 2012 include the results of its Branches, which are not separate legal entities, for the year ended 30 June 2012 and have been prepared under the historical cost convention at market value as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards in the United Kingdom.

The provisions of Accounting and Reporting by Charities, Statement of Recommended Practice 2005 (SORP 2005) issued in March 2005 and the Charities Act 2011 have been adopted in these financial statements. The Association of Taxation Technicians of 1<sup>st</sup> Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT is a connected charity but it is not subordinate to the Institute and therefore consolidated financial statements have not been prepared.

### *Consolidation*

On 1 August 2012 the IIT (Institute of Indirect Taxation) consolidated with the Chartered Institute of Taxation who acquired net assets of the IIT and these have been included in the accounts in accordance with the provisions of SORP 2005 and acquisition accounting. The transfer of net assets has been made on the basis of a gift and no consideration was paid by the Chartered Institute of Taxation. Note 2f sets out the net assets that have been donated and their value at 1 August 2012.

### *Tangible Fixed Assets and Depreciation*

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

# Notes to Financial Statements

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

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

## *Stock*

Stock is valued at the lower of cost and net realisable value.

## *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.

## *Income Recognition*

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

## *Expenditure Recognition*

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

# Notes to Financial Statements

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

## Reserves

In 2012 the target for reserves was composed as follows:

	2012 £'000
12 months running costs to provide financial stability and enable the Institute to meet its commitments for a reasonable period in the event of adverse operating conditions.	4,660
To cover (i) the unpredictable future costs of investigations 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 Artillery House. A further £150,000 per annum is to be set aside for 10 years before the expiry of the current lease.	998
	5,658
Actual reserves at 31 December 2012 (excluding restricted funds)	5,299
The Trustees consider the shortfall does not present an unmanageable risk as Trustees keep the Institute's overall financial position under regular review through Finance & General Purposes Committee and Officers Group.	359

## Foreign Currencies

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

## Taxation

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

# Notes to Financial Statements

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

## *Fixed Asset Investments*

Investments have been valued at market prices at 31 December 2012. Account is therefore taken of both realised and unrealised gains in the Statement of Financial Activities.

## *Leased Assets and Obligations*

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

## *Fund Accounting*

Designated funds are set aside by the trustees for specific purposes. General funds are unrestricted as to their use and are available for application at the discretion of the trustees.

## *Restricted Funds*

The charity’s restricted funds are to be used for specific purposes as laid down by the donor. In 2012 this represents grants received from HMRC less attributable costs for four projects; a joint website benefits/tax credits website, tax help for migrants, tax help for disabled people and tax help for students. These funds will be applied to the projects until the end of the agreement in 2015.

## *Liquid Resources*

Included as liquid resources in the cash flow statement are term deposits of less than one year.

# Notes to Financial Statements

## 2. Analysis of incoming resources and resources expended

### 2a. *Investment income*

	2012 £'000	2011 £'000
Dividend income	74	65
Other interest receivable	56	64
	130	129

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

	2012 £'000	2011 £'000
Sponsorship	31	61

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

	2012 £'000	2011 £'000
Membership subscriptions	4,029	3,726
CTA registration fees and entrance fees	36	23
Student registrations and examination fees	1,037	1,061
Conference and event fees	709	664
Sale of books and journal	40	98
AML fees	80	72
Other sales	15	10
	5,946	5,654

# Notes to Financial Statements

## 2d. Breakdown of costs of resources expended

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2012 £'000	Total 2011 £'000
<b>Charitable activities</b>					
Grants payable	-	78	-	78	80
Education and student services	999	-	511	1,510	1,499
Membership services	1,569	-	788	2,357	2,300
Regulation and compliance	157	-	81	238	336
Consultation and representation	631	-	328	959	888
LITRG restricted funds (see note page 70)	249	-	18	267	118
	3,605	78	1,726	5,409	5,221
Investment management costs	17	-	-	17	15
Governance	304	-	198	502	534
	3,926	78	1,924	5,928	5,770

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

	Total 2012 £'000	Total 2011 £'000
Information technology	308	320
Staff costs	839	758
Operating costs	777	780
	1,924	1,858

# Notes to Financial Statements

## *Grants payable in respect of charitable activities*

	Total 2012 £'000	Total 2011 £'000
Grants payable to tax and other charities to help meet the core operating costs of providing free tax advice to persons who cannot afford to pay for professional help or training and to promote public understanding of tax matters		
TABF (registered Charity no. 1049658)	10	10
Tax Aid (registered Charity no. 1062852)	20	20
Tax Volunteers (registered Charity no. 1102276)	20	20
Grants payable to five University Students for original tax research (2011: six)	28	30
	78	80

## 2e. *Governance costs*

	Total 2012 £'000	Total 2011 £'000
Audit fee	24	23
Legal and professional fees	145	116
Council meetings (inc. Council members' expenses)	120	101
Property	15	32
Governance support	198	262
	502	534



# Notes to Financial Statements

## 2f. *Institute of Indirect Taxation*

During the year the Charity acquired the assets of the Institute of Indirect Taxation (IIT). The value of the assets acquired were as set out below:

	2012 £'000
Net book value of fixed assets	1
Debtors	3
Cash	160
Creditors	(108)
Amount recognised as donation to CIOT	56

Within the Statement of Financial Activities £9,000 of income and £34,000 of expenditure was a direct result of former IIT activities. The cash acquired is included in the cash flow statement on page 65.

# Notes to Financial Statements

## 3. Tangible Fixed Assets

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost at 1 January	215	372	587
Additions	-	32	32
Cost at 31 December	215	404	619
Depreciation at 1 January	38	261	299
Charge for the year	14	80	94
Depreciation at 31 December	52	341	393
Net book value at 31 December 2012	163	63	226
Net book value at 31 December 2011	177	111	288

All tangible fixed assets are held for charitable purposes.

# Notes to Financial Statements

## 4. Fixed Asset Investments

	2012 £'000	2011 £'000
Market value at 1 January	4,727	2,781
Term deposits	289	2,042
Unrealised gains/(losses) on investment assets	78	(109)
Unrealised gain on gilts	13	-
Realised gain/(losses) on sale of investments	51	13
Market value at 31 December	5,158	4,727
There was no single investment representing more than 5% of the portfolio valuation at 31 December 2012.		
Fixed interest	565	496
UK equities	980	942
International equities	366	311
Other assets	216	248
Gilts	625	462
Term deposits and cash	2,406	2,268
	5,158	4,727

## 5. Stock

	2012 £'000	2011 £'000
Publications and merchandise	32	22

# Notes to Financial Statements

## 6. Debtors

	2012 £'000	2011 £'000
Other debtors	84	19
The Association of Taxation Technicians	135	113
Prepayments and accrued income	201	317
	420	449

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

	At 01.01.12 £'000	Cash flows £'000	At 31.12.12 £'000
Cash at bank	125	271	396
Cash on short-term deposit	1,491	155	1,646
	1,616	426	2,042

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

	2012 £'000	2011 £'000
Taxes and social security	176	80
Accruals	149	289
Deferred income (fees and subscriptions received in advance)	2,173	1,924
	2,498	2,293

Deferred income includes subscriptions, examination fees and conference fees paid in 2012 but relating to income and events in 2013.

# Notes to Financial Statements

## Deferred Income

	2012 £'000	2011 £'000
Amount brought forward	1,924	2,015
Released in the year	(1,924)	(2,015)
Amounts deferred in the year	2,173	1,924
Amount carried forward	2,173	1,924

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

	2012 £'000	2011 £'000
Student registration fees:		
At 1 January	96	163
Fees received in advance	166	155
Release of income in year	(222)	(279)
Other creditors	-	57
	40	96

## 10. Income Funds: Unrestricted

	Movement in funds			
	At 01.01.12 £'000	Net Income £'000	Transfer £'000	At 31.12.12 £'000
<b>Unrestricted</b>				
General	3,757	642	(98)	4,301
Designated:				
Property	600	-	98	698
Disciplinary procedures	300	-	-	300
	4,657	642	-	5,299

# Notes to Financial Statements

£150,000 has been transferred to the property fund in accordance with the reserve policy. £52,000 has been transferred out of the property fund as a release of the depreciation charge capitalised expenditure. Further information on the designated funds can be found on page 19.

## Income Funds: Restricted

	Movement in funds			
	At 01.01.12 £'000	Net Income £'000	Transfer £'000	At 31.12.12 £'000
<b>Restricted</b>	56	(15)	-	41

All restricted funds are held within cash. For details see page 69.

## 11. Capital Commitments

At 31 December 2012 there were no capital commitments contracted or authorised but not contracted (2011 none).

## 12. Financial Commitments

The Institute has annual commitments under operating leases as follows:

	2012 £'000	2011 £'000
Property lease expiring in more than 5 years (January 2024)	374	374

# Notes to Financial Statements

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

The cumulative balances for the rent free period are as follows:

	2012 £'000	2011 £'000
Balance at 1 January	115	172
Reserve released during year	(57)	(57)
Balance at 31 December	58	115
Split of rent reserve and service charge:		
Current obligations: Reserve reversing within one year	58	57
Non current obligations: Reserve reversing within two to five years	-	58
Total	58	115

## 13. Personnel

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

The Institute has maintained liability insurance throughout the year to pay on behalf of the Institute or its Council, committee members and staff, any claims for wrongful acts arising out of the conduct of the Institute's business, or committed in their capacity as officers. The insurance premium paid by the Institute covering both claims against the Institute and the Trustees personally amounts to £7,000.

The Institute operates a defined contribution pension scheme whose assets are held separately from those of the Institute in independently administered funds. The pension cost charge represents staff pension contributions. Contributions paid by the Institute amounted to £233,000.

# Notes to Financial Statements

The average number of employees is 60 (2011 - 56) and the number whose salary and benefits in kind, including pension contributions, fell within the following scales is as follows:

	2012	2011
£60,001 - £70,000	2	-
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£90,001 - £100,000	3	3
£160,001 - £170,000	1	1

Total staff costs:

	2012 £'000	2011 £'000
Salaries	2,230	2,206
National Insurance	262	247
Other pension costs	233	216
Other staff costs	74	110
	2,799	2,779

## 14. Council Members

Council members receive no remuneration for their services as Trustees. The Charter of the Institute was amended so that making reasonable payments to members of the Council (or to a firm or company employing a member or in which a member has an interest) in respect of services provided by them to the Institute or on its behalf in delivering lectures or writing articles on taxation matters could occur provided that not more than a minority of the total number of members of the Council for the time being may benefit in any calendar year. Council members' remuneration for the year was £25,000 (2011: £28,000). Details of the individual Council members remuneration can be obtained on written request to the registered office on page 5. Council members' travelling expenses are reimbursed in respect of



# Notes to Financial Statements

expenses incurred on Institute business. In the year ended 31 December 2012, 18 Council members claimed reimbursement of expenses aggregating to £54,000 (2011: 19 claimed a total of £68,000 for the year). Council members pay subscriptions on the same basis as other Members.

## The Association of Taxation Technicians

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

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

The total allocation for the year is £806,000 (2011: £782,000) and the balance outstanding from the Association at the balance sheet date was £135,000. (2011: £113,000).

## The Taxation Disciplinary Board

The Institute and the Association have an agreement with the Taxation Disciplinary Board; a company limited by guarantee managed by an independent board of directors. Neither the Institute nor the Association exercise any significant influence over the operating and financial policy of the Board whose object is to administer the Taxation Disciplinary Scheme. The Institute's contribution to costs in the year was £29,000 (2011: £87,000).

# Committees of Council Volunteers 2012 - 2013

## **Officers Group**

Patrick Stevens (Chairman)  
Stephen Coleclough (Deputy  
Chairman)  
Anne Fairpo (Vice-Chairman)  
Nick Goulding  
Anthony Thomas  
Yvette Nunn (ATT matters only)

## **Membership & Branches**

### **Committee**

Jenny Nelder (Chairman)  
Keith Bell (Vice-Chairman)  
Chris Brydone  
Alexandra Galloway  
Nick Goulding  
Chris Lallemand  
Yvette Nunn  
Clifford Rodgers  
Patrick Stevens <sup>◊</sup>  
David Treitel

### **Education Committee**

Anne Fairpo (Chairman)  
Daniel Lyons (Vice-Chairman)  
Philip Baker  
Roger Barnard  
John Beattie  
Kenneth Crofton Martin  
Bob Davies

Rob Ellerby  
Barry Jefferd  
Catriona Manzi  
David Massey  
Andy Maxfield  
Pete Miller  
Steve Nash <sup>◊</sup>  
Patrick Stevens <sup>◊</sup>  
John Preston  
Philip Ridgway  
John Tiley  
Penelope Tuck

## **Low Incomes Tax Reform Group**

Anthony Thomas (Chairman)  
John Andrews  
Alan Barton  
Leonard Beighton  
Catherine Clayton  
Larry Darby  
Nigel Eastaway  
Andrew Flint  
Eile Gibson  
Martin Hodgson  
Francesca Lagerberg  
Norman Kirby  
Bianca Marsden  
Patrick Millard  
Jane Moore  
William Norris

Philip Ridgway  
Graham Sherburn  
Sally West  
Bernard White

## **Professional Standards**

### **Committee**

Karen Eckstein (Chairman)  
Ray McCann (Vice-Chairman)  
Gary Ashford  
Rosemary Blundell  
Eloise Brown  
Alistair Cliff  
Ruth Cook  
Matt Coward  
Abigail Day  
Tracy Easman  
Andrew Evans  
Susanna Hanks  
Ian Hayes  
Lisa Macpherson  
Julian Nelberg  
Ilana Rinkoff  
John Roberts  
David Stedman  
Anthony Thomas <sup>◊</sup>  
Rosalind Upton

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<sup>◊</sup> = Ex-Officio

# Committees of Council

## Volunteers 2012 - 2013

### Examination Committee

John Preston (Chairman)

Roger Barnard

John Barnes

Jeremy Coker (ATT matters only)

Kenneth Crofton Martin

Anne Fairpo

Kim Harmer

Mike Thexton

Karen Eckstein

Anne Fairpo

Nick Goulding

Peter Gravestock

Jenny Nelder

Yvette Nunn

Patrick Stevens

Anthony Thomas

Mike Thexton

Hugh Love

David Cory

David Coleman

Roger Barnard

### Tax Adviser Sub-Committee

Bill Dodwell (Chairman)

Bob Davies

Anne Fairpo

Tanya Hiscock

Jean Jesty

### Audit Committee (Joint CIOT/ATT)

Peter Gravestock (Chairman)

Nigel Eastaway

Simon Groom

John Roberts

Rakesh Shaunak

Richard Geldard

### Joint Branches Sub-Committee

Chris Brydone (Chairman)

Keith Bell

Andy Board

Rebecca Cave

Jeremy Coker

Sally Cox

Tracy Easman

Ronnie Fell

Karen Heywood

Andrew McKenzie-Smart

Natalie Miller

Joanne Routier

Jeffrey Smith

### ADIT Sub-Committee

John Cullinane (Chairman)

Philip Baker

Richard Collier

Steve Dale

John Dewhurst

Marissa Hall

Kim Harmer

Conrad Law

Nisha Modha

Maura Parsons

Jim Robertson

Abbas Saddak

Jeff VanderWolk

### Finance & General Purposes Committee

Nick Goulding (Chairman)

Stephen Coleclough

Stephen Foulkes

Ian Sandles

Anthony Thomas

Philip Waller (ATT representative)

### Branches Forum

Chris Brydone (Chairman)

Andrew McKenzie-Smart

(Vice-Chairman)

Exam Sub-Committee

Kenneth Crofton Martin

Nick Lloyd

### Cross-Cutting Committee

Chris Brydone

Stephen Coleclough

Bill Dodwell

# Committees of Council

## Volunteers 2012 - 2013

### Technical Committee and its Sub-Committees

#### Technical Committee

Bill Dodwell (Chairman)  
 Adrian Rudd (Vice-Chairman)  
 Peter Dylewski (Vice-Chairman)  
 Derek Allen (ICAS)  
 Paul Aplin (ICAEW)  
 John Barnett  
 Colin Ben-Nathan  
 Nigel Clarke  
 Stephen Coleclough  
 David Collison \*  
 John Cullinane  
 Peter Dylewski  
 Nigel Eastaway  
 Anne Fairpo  
 Andrew Gotch  
 Martyn Gowar  
 Paul Hill  
 Andrew Hubbard  
 Chris Lallemand  
 John Lindsay  
 Alex McDougall (ICAS)  
 Ian Menzies-Conacher  
 Vincent Oratore  
 Elspeth Orcharton (ICAS)  
 Chris Sanger  
 Patrick Stevens °

Anthony Thomas °

Jeremy Woolf

#### CGT & Investment Income

John Barnett \* (Chairman)  
 Aparna Nathan (Vice-Chairman)  
 Martin Benson  
 David Bowes  
 Emma Chamberlain  
 Giles Clarke  
 Nick Dunnell  
 Jeremy Franks  
 Martyn Gowar  
 David Hughes  
 Matthew Hutton  
 James Kidgell  
 Frank Mayes  
 Hui Ling McCarthy  
 Alex McDougall \*  
 Simon McKie  
 Mark McLaughlin  
 Natalie Miller  
 Graham Poles  
 Daniel Sladen  
 Graeme Stenson  
 Anne Wright

#### Corporate Taxes

John Lindsay (Chairman)  
 Mohammed Amin  
 Graeme Blair  
 David Boneham  
 Michael Collin  
 John Cullinane \*  
 Victor Dauppe  
 Anthony Davis  
 Bill Dodwell  
 Malcolm Gammie  
 Philip Gillett  
 Bill Ismail  
 Morag Loader  
 John Messoré  
 Rebecca Murray  
 Lakshmi Narain  
 David O'Keeffe  
 Vincent Oratore \*  
 Philip Ridgway  
 Jennie Rimmer  
 Adrian Rudd  
 Maryanna Sharrock  
 David Southern  
 Richard Thomas

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° = Ex-Officio

\* = Member of Technical Committee

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# Committees of Council

## Volunteers 2012 - 2013

### **Employment Taxes**

Colin Ben-Nathan (Chairman)  
 Mark Groom (Vice-Chairman)  
 Peter Ashby  
 Anne Croft  
 Eleanor Dowling  
 Graham Farquhar  
 Lesley Fidler  
 Andrew Gotch  
 Matthew Hunnybun  
 Sue Illingworth  
 Alan Judes  
 Eleanor Meredith  
 Peter Moroz  
 Nicola Pitcher  
 Teresa Preece  
 Paul Tucker  
 Stephen Ward

### **EU & Human Rights**

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

David Ratcliffe

Rupert Shiers

### **International Taxes**

Ian Menzies-Conacher\*  
 (Chairman)  
 Glyn Fullelove (Vice-Chairman)  
 Philip Baker  
 Julie Bryant  
 James Bullock  
 Peter Cussons  
 Bill Dodwell\*  
 Anne Fairpo  
 Reuben Fevrier  
 Malcolm Gammie  
 Paul Morton  
 Peter Nias  
 Gerry O'Brien  
 David Oliver

Jennie Rimmer

Andrew Roycroft

Ian Sandles

Jonathan Schwarz

Arnold Sherman

Jason Short

Joy Svasti-Salee

Eric Tomsett

### **Management of Taxes**

Chris Sanger\* (Chairman)  
 Stephen Barnfield (Vice-Chairman)

Jonathan Preshaw (Vice-Chairman)

Gary Ashford

Martin Benson

Patrick Cannon

John Cassidy

Jason Collins

Bob Crawford

Bill Dodwell\*

Nigel Eastaway\*

Keith Gordon

David Heaton

Andrew Hubbard

Hui Ling McCarthy

Rachel McEleney

Andrew McKenna

Louise Pinfold

Rupert Shiers

Andy Wells

### **Owner Managed Business**

Andrew Gotch (Chairman)

Victor Dauppe (Vice-Chairman)

Annette Morley (Vice-Chairman)

Martin Benson

Rebecca Cave

Jeremy Coker

Bob Crawford

Andrew Disley

Arnold Homer

Chris Jones

Jacquelyn Kimber

# Committees of Council

## Volunteers 2012 - 2013

Richard Mannion

Simon Sweetman

Frank Tett

Peter Upton

Tim Walford-Fitzgerald

John Walsh

Henry Wood

### Property Taxes

Chris Lallemand (Chairman)

Brian Slater (Vice-Chairman)

Mike Arnold

Malcolm Gammie

Eile Gibson

Andrew Levene

Robert Maas

Ian Mackie

Lakshmi Narain

Philip Ridgway

Adrian Rudd

Marc Selby

Cathryn Vanderspar

### Succession Taxes

Martyn Gowar (Chairman)

Keith Gordon (Vice-Chairman)

Nic Arnold

John Barnett

Martin Benson

Emma Chamberlain

Giles Clarke

David Hughes

Matthew Hutton

Alex McDougall \*

Sharon McKie

Simon McKie

Mark McLaughlin

David Mellor

Aparna Nathan

Graham Poles

Geoff Robinson

Graeme Stenson

Carol Wells

Chris Williams

Anne Wright

### VAT & Indirect Taxes

Simon Newark (Chairman)

Peter Dylewski \* (Vice-Chairman)

Mike Arnold

Andrew Bailey

Steve Botham

Phil Challen

Stephen Coleclough \*

David Coleman

Paul Farmer

Hugh Faulkner

Douglas Gordon \*

Philip Griffiths

Tony Jackson

Susan Knight

Tarlochan Lall

Nick March

Peter Mason

Alan McIntock

Ron Nattrass

Alan Paterson

Alan Powell

David Ratcliffe

Peter Sheppard

Alan Sinyor

Helen Thompson

John Voyez

Jeremy Woolf

Laura Wilkinson

### Working Together

David Collison \* (Chairman)

Nigel Clarke (Vice-Chairman)

Chris Brydone

Simon Caplan

Nigel Eastaway \*

Jean Jesty

Robert Lillycrop

Richard Mannion

Colm Quinn

Peter Upton

# Committees of Council

## Volunteers 2012 - 2013

### *"Virtual" Members of Technical Sub-Committees:*

Stuart Adam	Andrew Disley	Steve Hall
Trudie Alder	Nigel Doran	Fiona Harper
Zoe Anderson	Eleanor Dowling	Karen Hayzen-Smith
Gillian Arthur	Brian Drummond	Matthew Herring
Stephen Arthur	Nick Dunnell	Ashley Hill
Peter Ashby	Rob Durrant-Walker	James Hill
Susan Ball	Carl Emmerson	Lee Holloway
Charles Barcroft	Anne Fairpo	Roger Holman
David Bateman	Elizabeth Farrington	Anthony Hooper
Fiona Bell	Hugh Faulkner	Andrew Hubbard
Paul Benney	Gavin Fernandes	Michael Hunter
Alice Bowen	Rachel Finch	Stuart Ison
John Brewis	Maggie Fleming	Tony Jackson
Patrick Cannon	Andrew Flint	Clare Jeffries
Stephanie Churchill	Stephen Foulkes	Jane Jia
Giles Clarke	William Franklin	Gary Jones
Danny Clifford	David Fraser	Patricia Kinahan
Michael Conlon	Mary Fraser	David Kitson
Margaret Connolly	Jon Fursdon	Roy Knowles
Dave Cooper	Alexander Garden	Chris Lallemand
Lisa Cornwell	Nicholas Gardiner	Peter Landon
Amanda Cowley	James Geary	Binka Layton
Bob Crawford	Timothy Gibbons	Steve Levine
Claire Crawford	Philip Gillett	John Lindsay
Nick Cronkshaw	Maggie Gonzalez	Morag Loader
Fiona Cross	Keith Gordon	Hugh Love
Anthony Davies	Andrew Gotch	Daniel Lyons
Phillip Dearden	Peter Gravestock	Valerie Macorison
John Dewhurst	Andrew Green	Lisa Macpherson

# Committees of Council

## Volunteers 2012 - 2013

Ray Magill	Joanna Reintjes	Richard Thomas
Vincent Maguire	Stephen Relf	Julie Ward
Richard Mannion	Paul Roberts	Barry Watson
Maureen Manson	Juliet Roche	Julia Watterson
Nick March	Laura Rodriguez	Wayne Weaver
Ian Marshall	Marianne Rogers	Andy Wells
Frank Mayes	Stuart Rogers	Jeremy White
Dawn Mayo	Simon Ross	Chris Williams
Hui Ling McCarthy	Adrian Rudd	Nick Williams
Kevin McDaid	Jonathan Schwarz	Anne Wright
Rachel McEleney	David Scott	Jon Zigmond
Andrew McKenzie-Smart	Maryanna Sharrock	
Alexander McKeran	Jonathan Shaw	
Mark McLaughlin	Stephen Shea	
Kevin Miller	Jason Short	
Natalie Miller	Amanda Simmonds	
Pete Miller	David Simpson	
Iain Mills	Naomi Smith	
Billy Moffat	David Southern	
Paul Morton	Richard Sowler	
Tim Murrills	Paul Spenceley	
Lakshmi Narain	Graeme Stenson	
Peter Nias	Iain Stewart	
Casper Noble	John Stockdale	
Belema Obuaforibo	Bruce Sutherland	
Julian Ogden	Jonathan Sutton	
David O'Keefe	Stephen Taylor	
Alay Patel	Ben Tennant	
Nicola Pitcher	Adrian Thomas	



# Notice of Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of Members of The Chartered Institute of Taxation will be held at:

The Smeaton Room

One Great George Street, Westminster  
London SW1P 3AA

on Tuesday 14 May 2013 at 16.15

1. To receive and adopt the Report of the Council for 2012.
2. To receive and adopt the audited Financial Statements of the Institute for the year ended 31 December 2012.
3. To re-elect as Members of the Council the following, who retire by rotation under Members' Regulation 30:
  - a. Chris Brydone
  - b. Emma Chamberlain
  - c. Bill Dodwell
  - d. Anne Fairpo
  - e. Andrew Hubbard
  - f. Ian Menzies-Conacher
  - g. Natalie Miller
  - h. Jenny Nelder
  - i. Yvette Nunn
4. To re-elect as Members of the Council the following who were co-opted and retire

under Members' Regulation 29:

- a. Ian Hayes
- b. Moira Kelly
- c. John Voyez

5. To re-appoint Baker Tilly UK Audit LLP as auditor to the Institute to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting.

By order of the Council

Rosalind Baxter

Secretary

The Chartered Institute of Taxation

1<sup>st</sup> Floor, Artillery House

11-19 Artillery Row

London SW1P 1RT

19 March 2013

Notes:

(a) A person entitled to attend and to vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him or her. A proxy must be a Member of the Institute. A form of proxy is enclosed with this notice for use in connection with the meeting. To be valid a form of proxy must reach the Secretary of the Institute at 1st Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT not later than 48 hours before the time of the meeting.

(b) A person who has appointed a proxy may nevertheless attend the meeting and vote, in which case any votes cast by proxy will be superseded.

# ELIZABETH THE SECOND

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

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

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

NOW THEREFORE KNOW YE that We, having taken into Our consideration the said Petition and being minded to accede thereto, have willed and ordained and do by virtue of Our Prerogative Royal and of all other powers enabling Us in that behalf to do so that We do hereby give, certain knowledge and more motion for Us, Our Heirs and Successors will and ordain as follows

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

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

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

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

(1) To take over all the assets, undertaking and obligations of the Company and for such purpose to enter into all such contracts (including contracts of indemnity) as may be necessary or desirable.

(2) To promote and lay down standards of education, training and experience appropriate for practitioners in taxation, to constitute and establish scholarships, grants, awards and prizes, to hold examinations and tests of

