



Chartered
Institute of
Taxation
Excellence in Taxation

Annual Report and Financial Statements

2013

The Chartered Institute of Taxation

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

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Council Members

2013-2014

President, Stephen Coleclough LLB (Hons) CTA (Fellow) FIIT FInstCPD FRSA Solicitor ATT TEP (2000)

Deputy President, Anne Fairpo MA (Oxon) CTA (Fellow) Barrister (2008)

Vice-President, Chris Jones BA (Hons) CTA (Fellow) ATT (2004)

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)

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

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

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

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

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

Chris Lallemand BSc CTA (Fellow) FCA (2011)

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

Ray McCann CTA (Fellow) ATT (2012)

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

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

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

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

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

John Preston BSc FCA CTA (Fellow) (2012)

Patrick Stevens* CTA (Fellow) FCA (2003) (resigned 26 November 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

Council Members 2013-2014

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** FCCA MAAT

Tax Policy Director, **Patrick Stevens** CTA (Fellow) FCA (appointed 2 December 2013)

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

Consultant, **Jonathan Crump** FCA

Registered office

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

Auditor

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

Solicitors

Maurice Turnor Gardner
201 Bishopsgate
London EC2M 3AB

Connected Charity

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

Investment Advisers

Cornelian Asset Managers Ltd
21 Charlotte Square
Edinburgh EH2 4DF

Bankers

HSBC
333 Vauxhall Bridge Road
London SW1V 1EJ

President's Statement

Education

Education is our core business and 2013 was another successful year with 514 passing all the examinations required to become a Chartered Tax Adviser. We reached a milestone in welcoming our 17,000th member, plans progressed for the joint ACA CTA programme with ICAEW (first examination in 2014) and for the first time candidates were given the opportunity to complete the Advanced Diploma in Taxation (ADIT) examination via their laptops.

Public voice

We have a mission to educate the public too. Everyone has a view on how much tax everyone else should pay (always more) and why they themselves pay too much. However these views are rarely well informed and the CIOT has a key role in providing that public education. We have been busier than ever in this part of our role over the past year. Some may feel that we should have done more but it will not surprise you that the media is not always after education when sensation sells better.

Unfortunately for the Institute, but great news for the profession, our tax policy director, Mr Tax, John Whiting resigned on 31 March to take up his post as a non-executive director for HMRC. In the interim his role was filled by my predecessor as President, Patrick Stevens, who subsequently stepped in to the post full-time in December. Both have been active in talking to the media, to enlighten them on many topics and I believe that the popular trick of comparing corporation tax paid to turnover is now widely seen for what

it is – a nonsense. That is not to say that there are not questions to be answered about our tax system of course. To explore these in a serious and considered way we have been working with the Institute of Fiscal Studies (IFS), holding debates at the main party conferences and a series of lectures and panel discussions in London where the current and alternative methods of taxing are being aired – not just with regard to corporates, but across the whole range of tax issues. These began in 2013 but will be continuing in 2014.

We have also been working with the City of London and our livery company, the Worshipful Company of Tax Advisers, to brief the new Lord Mayor, Fiona Woolf, on tax issues.

Technical

Our technical team has also been busy. Notwithstanding the Government's commitment to tax simplification, the volume of new provisions continues to grow. Tina Riches, our technical director, has left us to take up the prestigious post of national tax partner at Smith & Williamson and we wish her every success in that role, replacing CIOT Past President Richard Mannion.

It has not just been our usual diet of consultations which has arisen in 2013. HMRC's consultation on open data was unexpected and a new, and, I believe, worrying, development in government's desire to monetise the commercial value of every taxpayer's personal data versus HMRC's quite proper position of protecting personal data. HMRC, at the Government's behest, are looking at new and untested ways of managing

tax collection. These include dealing with what HMRC call “high risk promoters” of tax schemes and adding sanctions to the Code of Conduct for banks.

Tax Agent Strategy

This project has been running for some time now, but at its heart it is driven by HMRC's need to meet its digital targets, and, as part of that, the realisation that it does not actually have an overall picture of who the people are who submit tax returns to them. There have been various projects designed either to make tax advisers file returns as HMRC would wish to see them, or to give HMRC the comfort that this is happening anyway (the toolkits, disclosure regime, business record checks etc). Of course this will never be effective until HMRC interpret the law in the way tax advisers do, which in an adversarial legal system such as the one we have in the UK, is unlikely to arise.

Having said all that, HMRC's leadership recognise that tax advisers actually make sure taxes are returned more accurately and encourage good compliance. What has not yet dawned on HMRC is that without colossal simplification of the rules, ordinary taxpayers are not going to be in a position to put some numbers on an app and file, without a great deal of help from a tax adviser as to what those numbers actually are (our tax system becomes increasingly counterintuitive).

However, tax advisers need to be ready for the changes ahead. Competition could come from all sorts of areas, one only has to look to other professions to see how things can change.

LITRG

Following on from that I must mention our Low Incomes Tax Reform Group and its support and sponsorship of the case of *Bishop Electrical* and others v HMRC. The report from LITRG Chairman Anthony Thomas is on page 38, but in this case the First-tier Tribunal held that HMRC cannot mandate e-filing for those who cannot do it. I précis 157 pages of Judge Barbara Mosedale's judgment but why HMRC thought otherwise, having agreed to accommodate the disadvantaged and then having failed to adequately deliver, is remarkable. Our congratulations go to all concerned at LITRG.

Not all good news

Notwithstanding everyone's hard work, sometimes things go wrong. In the Institute's experience, chartered tax advisers are extremely rarely bad, but they can and do suffer from life's disasters - illness, bereavement, incapacity - and these things can affect them and their clients. If you are a CTA and you are struggling, please seek help either from the Institute or elsewhere. However, sometimes matters end up in the hands of the Taxation Disciplinary Board, an independent body which deals with such matters and which does an excellent job.

I have certainly valued having an independent body to adjudicate on an arm's length basis on what are often difficult and complex matters.

President's Statement

Lay Observer

In a dissimilar but related vein, we have on our Council a lay observer who this year (2014) comes to the end of his term. Sir Alistair Graham has been the voice of the non-tax adviser, making sure Council keeps its public benefit remit in mind at all times, and has been a very useful independent thinker and resource. My thanks go to him too.

Annual return

One “could do better” area is members’ ability to send in their annual return. This informs the Institute which of its members are in practice - i.e. principals - and which members are no longer working at all. Why is this important? It is something the Institute should know anyway, but with HMRC building its ‘agent view’ as part of its tax agent strategy, it is essential. Please help the Institute by completing your return promptly, and as is now the case with many things, online is easier.

Professor John Tiley CBE, MA, CTA (Fellow), Hon. FTII

It was with great sadness that we learnt in June 2013 that John Tiley, an Honorary Fellow of the Institute, had died. The first person to be awarded an honour (a CBE in John’s case) for services to the tax profession, John was a strong supporter of the Institute, and of course the reason our Spring Residential Conferences are held at his college, Queens’ College, Cambridge.

John was influential in putting in place strong links between the Institute and tax academia. Further strengthening of these links will be a theme of our next President Anne Fairpo.

Finally I must thank Peter Fanning and his team at Artillery House for their support and keeping the show on the road, and thanks also to my wife Sarah for her understanding and support.

Stephen Coleclough
President

Chief Executive's Report

CIOT admitted its 17,000th member in October and we ended the year with a membership of 17,027, an increase of 1.97% on 2012. In addition over 97% of those who were members in 2012 and could renew their membership did so in 2013.

Student registrations for the CTA, ADIT and ATT in 2013 are broadly in line with those for the previous year. 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.

Registrations of ADIT students continue to grow and at the close of 2013 there were 1,600 ADIT students registered in 99 countries. In addition to record numbers of students sitting and passing the ADIT exams this year the most material development has been the successful testing in live examinations of the on-screen examinations where students bring their own laptop, and the secure delivery of exam papers to exam centres using PDF documents rather than posting hard copies. This will reduce CIOT's delivery costs and increase the resilience of our exam operations and hopefully improve students' experience. It will be essential to the further growth of ADIT which has in 2013 been marketed at the IFA's annual conference in Copenhagen and at a conference of international tax specialists in Mumbai.

Throughout 2013 CIOT worked to produce training materials to help students prepare for the Taxation of Major Corporates Paper which is the linchpin of the joint programme

leading to the ACA and CTA, launched by the CIOT and ICAEW during 2012. These materials could only have been developed with the active support of members and friends of the Institute who generously donated their time and expertise.

The 2013 examinations were governed for the first time by the new Examination Committee which is now a principal committee of CIOT Council which focuses on the delivery of the Institute's examinations. The Education Committee is now increasingly freer to take a more forward looking and strategic role. In particular it is developing stronger links with academic work in tax in preparation for Anne Fairpo's presidential year.

Stephen Coleclough and Anne Fairpo travelled to Hong Kong to meet with members of the Institute's Hong Kong Branch and develop our relationship with the Taxation Institute of Hong Kong. Over the same period, Bill Dodwell, Chairman of Technical Committee, and John Whiting contributed to a conference titled 'Shaping Tax Policy – The Global Landscape' in Dublin which was hosted by our friends at the Irish Tax Institute and jointly promoted with the Harvard Business School.

Closer to home, CIOT and the IFS jointly hosted events at the autumn conferences of each the Conservative, Liberal Democrat and Labour Parties. In November, the CIOT and IFS jointly hosted an open lecture by Professor Michael Devereux at the RSA, followed by a discussion between a panel consisting of Professor Devereux, Bill Dodwell CTA, Paul Johnson, Director of the IFS, and Sir Nicholas Macpherson, Permanent Secretary HM Treasury.

Chief Executive's Report

As in previous years the CIOT supported The Worshipful Company of Tax Advisers to provide a briefing for the Lord Mayor of the City of London. Fiona Woolf, who was installed in October, has particularly close links with the tax profession and we wish her well during the rest of her mayoralty.

The Joint Presidents' Lunch hosted by Stephen Coleclough and Yvette Nunn of the ATT took place on 15 March, at the Signet Library in Edinburgh which is becoming an annual event. Stephen Coleclough and John Whiting have been particularly busy contributing to the work of Revenue Scotland and both appeared before the Finance Committee of the Scottish Parliament. Their contribution and that of CIOT generally was acknowledged by John Swinney MSP, the Finance Secretary in the Scottish Government. The Minister was our principal guest at the formal dinner on the Friday of our Scottish Conference which is now organised as a national conference in a similar fashion to our traditional Spring and Autumn residential conferences. This reflects our growing activity in Scotland which saw new branches created to cover Edinburgh, Glasgow, Aberdeen and the Scottish Borders. They are coordinated by the former Scotland Branch which will oversee the Scottish Conference and our Technical work in Scotland.

The Institute is strong – 2013 delivered a healthy financial surplus, our investments continue to respond to the rises in markets.

John Whiting resigned from his role as the Institute's first tax policy director following his appointment as a non-executive member of the Board of HMRC. John's contribution to

tax and to the Institute has been enormous, which CIOT Council has recognised by deciding to award him its Council Award. Following in the footsteps of Ian Luder, John Avery Jones and John Andrews. John Whiting became the fourth holder of the CIOT Council Award which was formally presented at Stephen Coleclough's Presidential Lunch in January 2014.

Tina Riches resigned as CIOT's technical director to take up the role of national tax partner at Smith & Williamson. She has done many wonderful things for the Institute and tax profession over nearly nine years on the staff. Her appointment to such a senior role at Smith & Williamson demonstrates that working for the Institute enhances the career of a tax professional.

I am pleased to report that Patrick Stevens has been appointed as our tax policy director following his resignation from Council and retirement as a partner at EY. I am also very pleased to report that both John Whiting and Tina Riches have already demonstrated their appetite to contribute to the Institute's Technical work as volunteers.

Retirees from Council at the May AGM are Vincent Oratore (Past President), Colin Ben-Nathan and David Collison. Their contribution has been immense.

We were saddened by the sudden death of Professor John Tiley, an Honorary Fellow of the Institute and long term member of our Education Committee. Queens' College, Cambridge held a Memorial Service for him in November at which David Collison, a family friend and CIOT Council member gave

Chief Executive's Report

a reading. The Institute was also represented by leading members and staff.

Finally, my sincere thanks to the Institute's Presidents, Patrick Stevens and Stephen Coleclough, 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 2013.

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

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

Structure, Governance and Management

The Institute of Taxation was founded in 1930, it was registered as a charity in England and Wales in 1982 (registered charity number 1037771). It was incorporated by Royal Charter in 1994. The governing instruments of the Institute are its Royal Charter, and Byelaws as amended from time to time. The latest version is dated August 2012.

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 49 to 53 and forms part of this report.

Public Benefit

The Council has considered the guidance published by the Charity Commission and concluded that the Charity's core activity satisfactorily addresses the principles of identifiable public benefit and demonstrates that the charity has fulfilled the public

benefit requirement under Section 17 of the Charities Act 2011.

The activities described in the committee reports on pages 19 to 48 which form part of this report illustrate how the Institute acts solely in the furtherance of its charitable objects for the benefit of the public and aims to deliver excellence in taxation by advancing or enhancing knowledge and understanding in tax education and other core functions of professional regulation.

Objectives and Activities

The charitable aims of the Institute are:

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

To achieve these aims it:

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

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- 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;
- encourages the preparation of dissertations and research on taxation topics; and
- 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

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

The Institute employees are responsible for providing efficient and effective support to all Committees and the commitment and positive support of volunteers is crucial to the Institute's success. All staff, except the Chief Executive who is employed by the Institute, are jointly employed by the Institute and its connected charity, the Association of Taxation Technicians (registered charity number 803480). The average number of employees in the year was 70 (in a mix of full-time and part-time roles) (2012 - 60).

Institute members and students are encouraged to become involved in Institute activities and there are approximately 750 unpaid volunteers on Council, Committees, Sub-Committees, Branches and Working Parties. The Institute is grateful not only for their generous input but also to their firms who may ultimately bear the financial cost. It is estimated that over 35,000 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations. Staff seconded to the Institute from HMRC contributed an estimated 5,000 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognised in the statement of financial activities.

Health and Safety

The nature of the Institute's activities means that employees and volunteers do not encounter many hazards in the workplace. However, safety receives regular management attention and a general policy statement of health and safety at work is included in the Employee Handbook. Online training was provided for all employees in 2013. The ongoing responsibilities include assessment and management of areas of exposure to organizational and remote workers' risk assessments, first aid provision, issuing statutory information and increasing employee awareness of their role in maintaining a safe environment.

Equality and Diversity

The Institute is committed to providing equal opportunities to job applicants, staff,

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

Data Protection Policy

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

Officers and Council Members

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

The Council elected Stephen Coleclough, President, Anne Fairpo elected Deputy President, and Chris Jones, Vice-President. All held office from the Annual General Meeting on 14 May 2013.

The following elected members of the Council retire by rotation under Members' Regulation 30 and offer themselves for re-election at the AGM on 13 May 2014: Gary Ashford, Roger Barnard, Keith Bell, Keith Gordon, Nick Goulding, Chris Jones, Chris Lallemand, Daniel Lyons, Ray McCann and John Preston.

At the 2014 AGM, Vincent Oratore and Colin Ben-Nathan will be retiring after completing their terms of office and having made an enormous contribution to the Institute. Vincent is a Past President and Past Chairman of Technical Committee and Colin as Chairman of the Employment Taxes Sub-Committee and a member of Technical Committee. David Collison is also retiring after re-joining Council to champion the Working Together project with HMRC since 2011.

Vision

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

Mission Statement

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

- maintaining an educational and ethical framework of the highest standard aiming to produce Chartered Tax Advisers of the best quality for the general public;
- increasing the understanding of tax matters by:

- promoting forums for tax discussion and debate; and
- publishing and distributing information on tax matters.
- setting the ongoing educational and ethical practice requirements for tax advisers and reviewing compliance with those requirements, including anti-money laundering supervision;
- understanding the needs of taxpayers and being able to advocate the simplest and most understandable tax delivery methods for the benefit of all sectors of society; and
- being available for consultation by legislators, regulators and administrators of tax law and others and by producing high quality representations and responses.

Achievements and Performance

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

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Financial Review

Net increase in funds was £617,000 compared with an increase of £627,000 in 2012. A detailed review of the Institute's financial position is given on pages 47 to 48.

Donations, Legacies and other Incoming Resources

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

Grant Making Policy

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

Reserves Policy

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

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

The Trustees also agreed that the target for reserves shall be £6,100,000 (2012

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£5,928,000) and is composed as follows:

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

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 71.

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 £5,746,000 being the actual reserves, £5,957,000 less stock and fixed assets of £211,000.

Risk Policy

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

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

Investment policy

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

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

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

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

Payment of Suppliers

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

Medium to long-term Strategy.

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

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

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

Auditor

Baker Tilly UK Audit LLP were re-appointed as auditor during the year and have expressed willingness to continue in office. A resolution for their reappointment as auditor to the Institute will be proposed at the Annual General Meeting on 13 May 2014.

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

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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 13 May 2014.

This Report was approved by the Council on 18 March 2014.

By order of the Council

Rosalind Baxter
Secretary

18 March 2014

Technical

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

These include:

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

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

Tax avoidance

Tax avoidance was rarely far from the front pages of the newspapers, ironically in a year when the number of schemes reported under the Disclosure of Tax Avoidance Schemes (DOTAS) had fallen significantly. This latter statistic demonstrates that HMRC's strategy in tackling avoidance, particularly at the abusive end, is having an effect. The CIOT has been a key contributor to developments, in particular to the formulation of the General Anti-Abuse Rule (the GAAR), which came into force in July 2013. We have also contributed to other developments in this area stressing the need for certainty, simplicity and the need to follow the rule of law rather than administrative practices.

Tax administration

We continually monitor the use by HMRC of its powers and the impact of those on taxpayers. One area of concern is the increasing use by HMRC of informal approaches to taxpayers and their agents. Since this is outside HMRC's statutory powers for formal enquiries, there can be a corresponding drop in taxpayer safeguard, potentially generating uncertainty. We have therefore been designing a 'Powers' survey due to be launched in early 2014, as a follow up to the first survey we ran in 2010, so we can see how HMRC powers are operating in practice and make recommendations to HMRC.

Succession Taxes

Our efforts achieved improvements in the Finance Act 2013 affecting Inheritance Tax. Removing discrimination by enabling a non-domiciled spouse or civil partner to elect to be treated as UK domiciled, and so benefit from the unlimited spouse exemption is a useful improvement. We also worked to counter ill-considered proposals so that gifts by parents in their wills to their own children are not penalised, despite the Will containing the flexibility of a statutory or extended power to advance capital; and in ensuring that existing borrowings for business purposes remain deductible, and are not caught by measures restricting deductibility where Business Property Relief is claimed.

Statutory Residence test

The enactment of the Statutory Residence Test (SRT) represents the culmination of the

Technical

CIOT's work, together with other professional bodies, in bringing the new residence test to the statute book and thereby providing much greater certainty. Whilst SRT is not ideal it is much better than the previous law. We continued our engagement with HMRC and HMT on the detailed drafting and draft guidance for the new residence test.

Property Taxes

CIOT representatives from the Property taxes Sub-Committee have been working with HMRC and HMT on the Annual Tax on Enveloped Dwellings (the new tax on high value residential property held in companies and other entities), introduced in Finance Act 2013. This work, via working groups and detailed submissions, aimed to ensure that the measures are closely targeted and do not impinge on commercial arrangements. The enactment of fairly extensive reliefs and exemptions from the new charge has largely achieved this objective albeit with some administrative burdens remaining which we continue to address.

Indirect Taxes

Following the merger with the Institute of Indirect Taxation, the CIOT's capabilities in this area have been strengthened. We responded to many HMRC consultations and made a significant number of proactive submissions. We sought a more collaborative engagement with HMRC, dealing with issues such as VAT registration delays, EU refunds and clearances. Our Indirect Tax conference in October involved both sub-committee members and other distinguished indirect tax experts. At a European level, we continued

to engage with the European Commission through the VAT Expert Group, ensuring that UK taxpayer interests are represented not only at UK level but also EU level.

International Taxes

It has been a busy second half of the year as the ambitious timescale set by the OECD in its Base Erosion and Profit Shifting (BEPS) Action Plan published in July 2013 gets underway. The CIOT is becoming involved in the various groups looking at the broad range of issues addressed in the Action Plan. It has joined HMT's Digital Economy Stakeholder Group. We also attended the HMRC/HMT BEPS Stakeholder events in May and November 2013. The CIOT had a speaking slot on transfer pricing aspects of intangible assets at the public meeting held by the OECD in November 2013. Public consultations on discussion drafts for the 2014 actions from the BEPS project emerged in January-April 2014 and early drafts of 2015 actions are expected to come out in Autumn 2014 – so will continue to keep us busy.

Corporate Taxes

Representatives from the Sub-Committee have been on the working groups set up by HMRC to look at various aspects of the Modernisation of Corporate Debt and Derivatives consultation. This is a significant consultation looking at the whole of the taxation of loan relationships and derivative contracts, a key aspect of corporate taxation. Several changes are being introduced in Finance Bill 2014, with more to follow in 2015.

EU and Human Rights

The CIOT continues its work to ensure, so far as possible, that UK law complies with EU law. We made vigorous representations about measures introduced in Finance Act 2013 that did not fully address the EU issues and continue to correspond with the EU Commission to ensure that breaches are brought to its attention so as to improve UK legislation. The UK's failure to comply with EU law is not good for business based in the UK (except for tax litigations).

Employment Taxes

We worked throughout the year with HMRC on the Real Time Information project, aiming to ensure that the burdens for business were minimised and that the system worked efficiently. We persuaded 16 bodies to support us in a successful campaign to ease the burdens for smaller business in the first year. The relaxation achieved is to be extended, though on a smaller scale, into the second year.

Owner Managed Business

Our members in smaller practices contributed to a significant number of consultations, including work on proposed legislation on loans to participators, in which we helped HMRC improve the draft legislation so it better 'did what it said on the tin'. We also contributed to consultations on tax administration as it affects small businesses through to the taxation of partnerships.

Working Together (WT)

WT provides a forum to raise operational issues or problems that have been identified by HMRC and/or the professional bodies. Service improvements gained as a result include:

- All Debt Management and Banking field force officers (the collection arm of HMRC) now have real time access to the IT system reducing unnecessary taxpayer contact;
- Changes to the processing of form 64-8 and the publication of additional agent guidance, reducing the processing time by 2-4 days;
- A review of the dating of time critical taxpayer mail ensuring that SA statements will be received by 23 December; and
- Changes will also be made to the dating of P2 Annual Codes.

Scotland and Wales

Technical Team staff have assisted the Scotland Branch in commenting on Land and Buildings Transfer Tax, Scottish Landfill Tax, the Scottish Rate of Income Tax and the proposed Revenue Scotland and Tax Powers Bill. Volunteers including the CIOT's President were involved in those responses and in attending meetings with Scottish Government representatives. The Scotland Hub has set up a Scotland Technical Committee to assist with further work in the lead up to further devolution. We continue to be engaged in the Devolved Tax Collaborative, a body set up by to consult on tax issues with a view to helping Scotland develop a fair and efficient tax system. We

Technical

are also starting to become involved in the discussions around a Land and Buildings tax in Wales.

And finally...

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

I should also like to recognise the huge contribution of John Whiting and Tina Riches, both of whom have moved from the CIOT staff to volunteers, as they take up new roles elsewhere. I am delighted that our former President, Patrick Stevens, has been appointed as our new Tax Policy Director and look forward to working with him and the team in the coming year.

Bill Dodwell

Chairman, Technical Committee

Statistics

Number of formal responses or other submissions produced in 2013 – down significantly from last year as we move to more swift informal responses and meetings: 147

Number of volunteers who contribute to our work: 358

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

Number of Linked In sites we have set up to gather input: 1

Number of queries from members and the public of problem areas: 225

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

The CFE founded in 1959 now embraces 32 Professional bodies from 25 European countries and more than 180,000 tax professionals.

The key objectives of the CFE are to promote the interests of tax professionals, to exchange information about national tax laws, to contribute to the development of tax law in Europe and to maintain relations with authorities primarily at international level. Together with the Tax Faculty of ICAEW, the Chartered Institute of Taxation represents the UK at the CFE.

2013 has been a very active year for CFE with two General Assemblies, the Spring Forum in Brussels and the Autumn PAC Conference in Milan dealing with the changes arising from G8 and G20 initiatives on taxation and their effect on tax advisers.

The two main committees of CFE, Fiscal and Professional, have continued their detailed examination of significant fiscal proposals, participation in ongoing dialogue with the Commission and, through the Court of Justice of the European Union (CJEU) Sub-Committee have issued detailed commentary on significant legal decisions. It is their ongoing intention to be pre-eminent and proactive in their approach.

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

During the year, the CFE in conjunction with the Asia-Oceania Tax Consultants Association (AOTCA) and the Society of Trust and Estate Practitioners (STEP) published the "Taxpayer Charter", copies of this book were sent to Tax Administrations, Economic Ministries and key fiscal commentators throughout the world. Within the EU face-to-face presentations of the book were made with the Cabinet of European Tax Commissioner Semeta and the Taxpayer Code committee.

We had meetings with Pascal Saint Amans and Monica Bhatia to present the Charter to the OECD and, at their request, entered into a dialogue with them as to the importance of taxpayer rights and responsibilities to the BEPS programme. We will be receiving their detailed written comments early in 2014.

In October the book was formally presented to the Fiscal Committee of the United Nations in Geneva.

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. Jeremy is the alternate member of the VAT Expert Group. John Roberts, Heather Brehcist and Terry Davies are the CIOT representatives on the Professional Affairs Committee.

CIOT is one of the key members of CFE as its

"CIOT is one of the key members of CFE as its members have been and are strongly involved in all its activities."

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

members have been and are strongly involved in all its activities. Ian Hayes, a Member of Council who chaired the Professional Affairs Committee when Stephen Coleclough was President of CFE, now sits on the Board as Vice-President, and as one of the authors of the Taxpayer Charter has been actively participating in the discussions noted above.

More detailed information may be found on the CFE website www.cfe-eutax.org

Membership

The Membership & Branches Committee deals primarily with a broad range of matters concerning Members' services. It is also responsible for ensuring that all Members comply with their obligations to undertake appropriate Continuing Professional Development (CPD) and are regulated for Anti-Money Laundering Compliance with an appropriate supervisory body. This monitoring provides the necessary discipline to enable the general public to be assured that by engaging a Chartered Tax Adviser they will be using a professional who is required to ensure that his or her technical skills and legal obligations are kept fully up-to-date.

17,000th Member

Membership of the Institute continues to grow and we were delighted to welcome our 17,000th member, Caroline Hlahla, who was presented with a bottle of champagne by the President at the November Admission Ceremony.

Member Services

We have continued our aim to provide benefits and services appropriate to the working life of a member. The monthly Tax Adviser journal can now be downloaded by members and subscribers as a pdf. Members are warmly welcomed to contribute technical articles to Tax Adviser, so if this is of interest please do contact the editor, Chris Mattos.

The weekly email service, CIOT News Service for CTAs, is delivered to all members for whom we have an email address and now contains news of happenings within the Institute itself, together with the latest technical updates.

Work is also being undertaken to provide enhanced support for members experiencing personal difficulty or for those who have found themselves out of their depth professionally. Look out for articles in Tax Adviser magazine or on the website on these issues.

Member Compliance

The Membership Team surveys a random sample of the membership to ensure CPD and Professional Indemnity Insurance (PII) compliance. The introduction of the self-certified annual return in 2012 enables the Institute to show that all its members are aware of and are complying with their obligations to third parties, such as HM Treasury or HMRC. Members should endeavour to complete their annual return promptly when requested as this is now a regulatory issue.

Conferences and Events

The usual two residential conferences for members in April and September were held at Queens' College, Cambridge and the University of Nottingham with high numbers of attendees. In addition, the European Indirect Tax Conference (formerly the joint CIOT/IIT conference) took place in February and Sir Launcelot Henderson gave the Chartered Tax Advisers' Address in May. I would like to extend my grateful thanks to all the speakers who have appeared at both national and branch conferences, making them a continuing success.

Admission Ceremonies

We continue to hold two successful

Membership

Admission Ceremonies in Drapers' Hall in the City of London per year to welcome new members into the Institute and also to award examination prizes for both CTA and ADIT candidates. In addition the achievements of ADIT graduates and affiliates are also celebrated.

Anti-Money Laundering

704 members in practice and their firms are now supervised by the CIOT for Anti-Money Laundering Compliance. HMRC continue as the default supervisory authority for tax advisers not already supervised by the recognised bodies (such as CIOT and ATT) listed in the Money Laundering Regulations 2007. Members should note that their membership of CIOT precludes them from registering with HMRC for Anti-Money laundering compliance. Please do contact the Membership Team at aml@ciot.org.uk if you have any doubt regarding your status under the regulations as this is an important legal requirement for those offering tax advice in the UK.

Conclusion

I took over as Chairman in May 2013 and I must say a huge thank you to Jenny Nelder, my predecessor for ably steering the work of the Committee for the past two years. My thanks also to my fellow Committee members for their continued enthusiasm and support. This year we sadly said goodbye to Alexandra Galloway and Patrick Stevens who stepped down from the Committee and welcomed Derek Carr, Eile Gibson, Andrew McKenzie-Smart and Helen McGhee who are already bringing thoughtful insight to our

lively debates.

I would also like to say a special thank you to Chris Brydone for his sterling work as Chairman of Branches Forum and the Joint Branches Sub-Committee and extend a warm welcome to his successor, Andrew McKenzie-Smart.

I would welcome any suggestions and comments, favourable or unfavourable, from Members regarding membership matters and potential members' services.

I must especially thank Mary Foley, Helen Burgess, Lisa Drakley, Ann Bailey, Lorraine Blatchford, Hazera Rahman and James Webb for all the hard work they undertake to ensure the smooth running of all the activities mentioned above, and also Sue Fraser who acts as Committee Secretary.

Keith Bell

Chairman, Membership & Branches
Committee

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

	2013	* 2012	2011	2010	2009
Fellows	435	457	460	467	472
Associates	16,592	16,240	15,355	14,933	14,517
Total	17,027	16,697	15,815	15,400	14,989
Increase	1.98%	5.58%	2.69%	2.74%	2.21%

* 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. As joint branches of both the Chartered Institute of Taxation and the Association of Taxation Technicians, we welcome requests from members from both bodies 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 tax payer. Please contact local branch representatives, the details of which can be found on the Institute's website.

The principal responsibility of the branch network is the provision of high-quality technical training at a reasonable cost. The full programme for the 2013-14 season was distributed with the August 2013 issue of Tax Adviser. Detailed information about all branch events, as well as any updates or amendments to individual branch programmes can be

found at www.tax.org.uk/branches We now offer everyone, members and non members alike, the ability to book online for all branch events using a new and interactive event booking system.

Branch committees, comprising members of both the CIOT and ATT, are drawn from a wide spectrum of the tax profession and include accountants, lawyers and lecturers: in practice, in commerce and industry or in government. Serving on a Branch Committee enables members an opportunity to contribute to the dissemination of tax knowledge in their locality. If members are interested in getting involved with their local branch, please contact the relevant Branch Chairman.

Branch Hubs

Branch Hubs provide a means for small groups of branches to work together, inputting into Branches Forum and spreading best practice at local level.

There are now five branch hubs in place:

- North West: Manchester and Merseyside branches
- Offshore Islands: Guernsey, Isle of Man and Jersey
- Scotland: Aberdeen, Edinburgh, Glasgow, Scottish Borders
- South East: Hampshire, Kent, South London & Surrey and Sussex branches
- Yorkshire: Hull, Leeds and Sheffield Branches

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.

In January 2013 Council approved the new Scotland Branch structure which comprises a Scotland Hub and three new full status branches based in Aberdeen, Edinburgh and Glasgow. These were joined by a fourth branch, Scottish Borders, in November 2013.

The hub will concentrate on national members events such as the Scottish Residential Conference and Joint Presidents' lunch in Edinburgh, as well as coordinating the technical work carried out by the new branches. The new branches will concentrate on member services in their respective areas.

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 CPD which meets the requirements of busy professionals and where appropriate, members of the public.

In order to assist the branches in this role, the Institute continues to provide active leadership and support.

Branch Handbook

The online branch handbook, which was launched in October 2012, continues to

be revised and improved. The aim of the handbook is to assist in the running of a successful branch. It provides a ready form of reference in an easy accessible format. Being online, it is easy to update and add to as required.

Branches Sub-Committee

The Sub-Committee, formed in 2012, has met three times during the year. It continues to provide leadership on branch development and develop policy on strategic matters. Issues debated during 2013 have included branch governance, succession planning, special interest branches for members working purely in specific areas of tax and supporting members who may be getting out of their depth.

Induction Session for new Branch Committee members

In October 2013 we held an induction session for new branch committee members. This was the first such training session we had held and it was very well received. It is planned to make this a biannual event. We also hope to extend the idea and hold training sessions for specific branch committee roles such as branch treasurer.

Thank you

I am very grateful to all those who have served the branches on both national and local committees and to everyone who has contributed to the work of the branches during the last year.

The branch network owes a huge debt to

Branches

the generosity of the volunteers on the branch committees and, equally importantly, their employers and I thank you all for your support.

I must say a special thank you to Chris Brydone, who stepped down from his involvement with the branch network in May 2013. Chris has been involved with the branch network since 2003 and has overseen and guided many branch initiatives during that time. I look forward to continuing to develop the branch network.

My thanks are also due to Mary Foley and her team for their support for the branches at Head Office.

Andrew McKenzie-Smart

Chairman, Branches Forum and Branches Sub-Committee

Branches Chairmen 2013 - 14

Aberdeen	Richard Britten	Isle of Man	Amanda Cowley
Asia-Pacific	Chris Evans	Jersey	Garry Bell
Australasia	Gordon Cooper	Kent	Clare Vinson
Birmingham & West Midlands	Richard Freeman	Leeds	Billy Moffat
Bristol	Andy Board	London	Paula Tallon
Commerce & Industry Group	Chris Lallemand	Manchester	Mark Fink
Cumbria & South West Scotland	Victoria Bishop	Merseyside	Ronnie Fell
East Anglia	Felicity Whitley	Mid-Anglia	Rebecca Cave
East Midlands	Ken Curran	North America	Robert Moncrieff
Edinburgh	Fraser Allister	North East England	Jodie Barwick-Bell
Essex	Alastair Godfrey	Northern Ireland	Malachy McLernon
European	Stephen Coleclough	Scottish Borders	Jim Stark
Glasgow	Stewart Merry	Scotland Hub	Alexander Gordon
Guernsey	Anthony Tennant	Severn Valley	Chris Mattos
Hampshire	David Bird	Sheffield	Zoe Roberts
Harrow & North London	Harry Ross	Somerset & Dorset	Stephen Moorse
HMRC	Juliet Roche	South London & Surrey	Mark Baycroft
Hong Kong	David Cheng	South Wales	Ritchie Tout
Hull	Glenn Smith	South West England	Dale Simpson
		Suffolk	Helen Brookson
		Sussex	Tracy Easman
		Thames Valley	Tom Wilde

Education

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

Working with others

During 2013 the joint programme to create a unique and efficient pathway for students specialising in the tax affairs of major corporates has been fully developed. This programme enables students to achieve two prestigious qualifications – the ICAEW chartered accountancy qualification, the ACA, and the Chartered Tax Adviser qualification, the CTA. Those who successfully complete this joint programme 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). The first sitting of the Taxation of Major Corporates paper, which forms part of the overlap of the two routes, is due to take place in July 2014. As part of this structure learning materials are being produced for students studying for the new paper. This is a new and exciting venture for the CIOT.

Committee structure

The Education Committee has responsibility for several Sub-Committees and working parties, namely: ADIT Sub-Committee; PhD Grants Sub-Committee; Recognition of EU Professional Qualifications Sub-Committee; Fellowship working party; Examination

Review Sub-Committee and the Student Training Conferences working party.

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

We are also hugely grateful to the outgoing Education Committee Chairman, Anne Fairpo, for her commitment and dedication to the Education Committee over the past few years (although, happily, she remains a member of the Committee).

The Advanced Diploma in International Taxation ('ADIT')

ADIT continues to develop into an internationally recognised qualification. It was recently promoted at the IFA Annual Congress in Copenhagen and at the Roy Rohatgi International Tax Conference in Mumbai. Both events were a big success with significant interest shown by new students referring to these events when registering as well as repeat delegates remembering and recognising the ADIT qualification.

The new on-screen examination method and electronic delivery system was piloted during the June 2013 examination session. Initial feedback was positive and wider rollout of both systems is planned for the June 2014 sitting.

A new Cyprus Option Paper was launched during the year. It was a record breaking year with nearly 500 new students registered. At the close of 2013 there were 1,582 registered

ADIT students from 99 different countries. 499 candidates sat 636 papers and 420 papers were passed in the June 2013 examinations making the 2013 ADIT exam diet the most successful to date. 248 individuals have now completed the qualification. My grateful thanks go to the Chairman John Cullinane and the members of the ADIT Sub-Committee, in particular Philip Baker, for their continuous commitment over the year.

Support for tax academia

We are always enthusiastic in supporting academia and three grants were awarded to PhD tax students over the course of 2013. 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 Exeter, and approved the funding of £4,000 for the Cambridge Centre for Tax Law.

Student Training Days

One-day student training days were held in the spring and autumn with a slightly different geographic than in previous years. Spring days were held in Bristol, Edinburgh, Leeds and London and Autumn days in London, Glasgow, Manchester and Taunton. The days focused on helping students to prepare for the examinations and I would like to thank the Student Training Conferences working party and all the lecturers for their continuing work.

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 2013 eleven individuals successfully presented a body of work or dissertation to the high standard required to achieve Fellowship.

The Education Committee is very pleased with the increased numbers of Fellowships awarded and is continually looking at ways to attract new members through this route.

Education Team

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

Daniel Lyons

Chairman, Education Committee

Examinations

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 & Ethics via E-Assessments which are available throughout the year at various test centres around the UK. 514 CIOT students completed the exam requirements to become members of the CIOT as a result of the 2013 examinations.

Committee structure

The work of the Education Team is overseen by the Education Committee and the Examination Committee and their various Sub-Committees and Working Parties. In particular the Examination Review Sub-Committee, formerly the Exam Review Working Party, now reports to the Education Committee and is tasked with reviewing all aspects of the CTA examination.

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

The Education Team continue to cope with the demanding pressures of the examination administration as well as the large numbers who enter for each examination session.

The team comprises: Rosalind Baxter, Jude Maidment, Mary Shoemith, Lisa Roberts, Gavin Thai-Low, Laura Hogg, Claire Luckhurst, Rory Clarke and Beth Blake. I am very grateful to all of them for their extremely hard and dedicated work.

Online registration

Online student registration and online examination entry are two key areas due for improvements which should take effect in 2014. Both processes have been in place in their current format since introduction three years ago and the changes should improve the user experience.

E-Assessments

Professional Responsibilities & Ethics

During 2013 work was undertaken to produce a new manual for the E-Assessment on Professional Responsibilities & Ethics and this study manual has been specifically written with the needs of tax students in mind. All the areas of professional responsibilities and ethics in the joint examination syllabus with the Association of Taxation Technicians are covered in this study manual, the content of which defines what is examinable in the E-Assessment. This should bring clarity to students as to the level and depth of knowledge required for the exam. This manual is examinable in the Professional Responsibilities & Ethics E-Assessment from 1 March 2014.

Law

In response to feedback from major

employers and the Tutorial Bodies, students have now been provided with some representative questions to prepare them for the style of questions they will face on the day for the Law E-Assessment. To this end, thirty questions were identified from the live law question bank which have now been removed. The suggestion is that students attempt these thirty questions within thirty

minutes prior to booking their test to give them an indication of whether or not they may be ready. The provision of similar sample questions for the E-Assessment on Professional Responsibilities & Ethics will be kept under review.

John Preston

Chairman, Examination Committee

Examination Prizes

The Chartered Tax Adviser Examination – May 2013

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

Richard Perry (*Grant Thornton (UK) LLP*, London)

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

Rachel Griffin (*Rachel Griffin Accountancy Services Ltd*, Ilkley)

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

Emily Kay Hancock (*BDO LLP*, London)

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

Rajat Nayyar (*RSM Tenon*, Sunderland)

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

Catherine Jane Carlton Roberts (*Ernst & Young LLP*, London)

The Wreford Voge Medal for the Advisory Paper on VAT on Cross-Border Transactions & Customs Duties

Louise-Margaret Hamill (*Ernst & Young LLP*, Glasgow)

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

Richard Perry (*Grant Thornton (UK) LLP*, London)

The Ian Walker Medal for the Awareness Paper.

Richard Perry (*Grant Thornton (UK) LLP*, London)

Examinations

The Avery Jones Medal for the Application and Interaction Paper.

Rachel Caroline Hopkins (*PricewaterhouseCoopers LLP*, Birmingham)

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

Andrew Horder (*Deloitte LLP*, London)

The CCH Prize for the highest distinction mark.

Richard Perry (*Grant Thornton (UK) LLP*, London)

The Chartered Tax Adviser Examination – November 2013

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

Daniel Imray (Sutton)

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

Caroline Ann Arfron McCabe (Durham)

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

Naomi Beth Wells (*Alexander James & Company Ltd*, Thames Ditton)

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

Daniel Imray (Sutton)

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

Graham Partington (*Deloitte LLP*, Manchester)

The Ian Walker Medal for the Awareness Paper.

Caroline Mary Rachael Rutland (*Gabelle LLP*, London)

The Avery Jones Medal for the Application and Interaction Paper.

Andrew David Russell (*Ormerod Rutter Chartered Accountants*, Droitwich)

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

Daniel Imray (Sutton)

The CCH Prize for the highest distinction mark.

Daniel Imray (Sutton)

The Advanced Diploma in International Taxation – June 2013

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

The medal has been jointly awarded to **Ganesh Rajgopalan** of Mumbai, India, and **Swati Gupta** of London, who is employed by *Deloitte LLP* in London.

The Raymond Kelly Medal for the highest marks in Paper II – Advanced International Taxation (United Kingdom Option)

The medal has been awarded to **David Colin Anderson** of London, who is employed by *British American Tobacco Plc* in London.

The International Fiscal Association Prize for the highest marks in Paper II – Advanced International Taxation (Options B – H)

The prize has been jointly awarded to **Fergal David Ryan** of Tralee, Ireland, and **Gavin Moncur** of Zug, Switzerland, who is employed by *KT Trading AG* in Hünenberg, Switzerland.

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

The medal has been awarded to **Dr Renata Ardous** of London.

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

The medal has been awarded to **Elnaz Azough** of Manchester, who is employed by *Solvay* in Warrington.

Low Incomes Tax Reform Group

The work of the Low Incomes Tax Reform Group (LITRG) is based on the premise that the unrepresented taxpayer on a low income is entitled to as good a service from HMRC as large businesses, wealthy individuals and others who contribute more substantial amounts to the Exchequer. An unrepresented taxpayer often has much greater difficulty in navigating a complex tax system than one who can afford to engage professional agents, but needs no less help, support and guidance in meeting their obligations and claiming their entitlements. That is what we, and the two tax charities (TaxAid and Tax Help for Older People), aim to provide.

As befits the role of the CIOT as an educational charity, our main focus is on providing materials to enable individual taxpayers find their own way around the system. It is gratifying that the quality of our website and the commentary it provides is widely recognised time and again by many users. But excellence can be improved upon, and therefore we are planning a number of enhancements early next year.

As well as responding to Government consultations, we sometimes take the initiative and publish our research and recommendations on matters of particular interest to our constituency. This year we have published two original reports. Our call for better information for low-income savers in *Banks, building societies, HMRC and their non-taxpaying customers – a plea for better service* was taken up by the Office of Tax Simplification and the British Bankers Association (BBA) and Building Society Association (BSA) have both responded well to our recommendations, while *The tax repayment system and tax*

refund organisations – a call for action has led to some very constructive discussions with HMRC and in time, we hope, will result in better protection for customers of some of the less reputable non-affiliated agents.

As the countries of the UK move towards greater devolution and Scotland towards possible independence, we have been representing the interests of the low-income taxpayer in forums such as the Devolved Tax Collaborative. In Parliament we have taken part in Finance Bill discussions with some measure of success, particularly when joining forces with other specialists in the field to achieve some welcome improvements to the disabled and vulnerable trust regime, announced in the Autumn Statement.

While we try always to persuade rather than litigate, sometimes a robust response is necessary and when HMRC flatly refused to allow a group of small business owners with disabilities or living in remote parts of the country to continue filing their VAT returns on paper, we took up their cause in the First-tier Tribunal. Thanks to the excellent advocacy of our Counsel, Anne Redston, the case was won and HMRC are now consulting on a range of exemptions from online filing for VAT. The lesson to be learned from this episode is that not everyone is equipped to participate fully in the digital age, and those who are unable to should be allowed to comply with their tax obligations in other ways. I think the message has been heard!

[HMRC customer service](#)

The last two years have seen some recognisable improvements in HMRC's

Low Incomes Tax Reform Group

customer service, not least the substitution of 0845 helpline numbers with 0300 numbers so that they are much cheaper to call from Pay As You Go (PAYG) mobiles; a system of 'deemed consent' under which an informal representative of a vulnerable taxpayer can interact with HMRC to a limited extent; and the institution of a specialist helpline for bereaved taxpayers. All these initiatives have benefited from involvement of LITRG and the other tax charities and are welcome improvements.

A much more radical move has been the re-shaping of HMRC customer service in the North East of England. This pilot project involves the closure of all remaining enquiry centres and their replacement with a specialist telephone and face-to-face service for those who need extra support. If the model proves successful, it will be introduced in the rest of the UK in 2014. We took the view that the gradual closing of enquiry centres was an irresistible trend, and here was an opportunity actually to create a better service for the low-income unrepresented taxpayer. We have therefore been a critical friend of the policy, leading the voluntary sector response to the consultation, taking seats on the working group and Project Board, and participating in discussions with ministers and senior officials to ensure that the voice of the unrepresented is heard where it really matters. Our constructive contribution has been significant and welcomed by those in position of influence at HMRC.

HMRC-funded projects

Some two years ago HMRC awarded grants of £2m to voluntary and community sector

organisations that offer advice on tax, tax credits and benefits; according to HMRC, that seed-corn investment has generated a return of over £30m in extra tax declared, and additional take-up of £29m in tax credits.

LITRG were awarded part of that £2m grant to provide tax and related welfare information to low-income migrants, disabled people and their carers, and students. Early in 2013 we launched a section of our website for migrants, and began a series of workshops training migrants' advisers on tax matters. More recently we have initiated a second-tier advice service. We are also developing similar resources for disabled people who employ a personal assistant to help them with their care needs on the tax consequences of becoming an 'employer', and for their relatives. When PAYE went online we negotiated an exemption for such 'care and support' employers, and another of our tasks is to monitor how that exemption is administered under the RTI regime. Finally, early in the New Year, we launched a separate website for students which has been publicised with the help of the academic institutions who have assisted in its development. www.taxguideforstudents.org.uk

Universal credit and tax credits

A fourth source of HMRC funding has enabled us to develop www.revenuebenefits.org.uk which has been a winner of the technological innovation prize at the LexisNexis Taxation Awards. This year we have added source material and commentary on universal credit, a subject in which tax advisers to small businesses are showing a keen interest and on which we have lectured to CIOT branches

Low Incomes Tax Reform Group

and produced two webinars together with LexisNexis. We remain anxious about the consequences for the self-employed of the move from tax credits to universal credit, but we continue to discuss the detail with Department for Work and Pensions officials and to make strong representations.

Tax credits will be phased out to make way for universal credit, but not as soon as was originally planned. There is much for us still to do in this field trying to minimise the damage caused by compliance teams on the occasions when they deprive claimants of their lawful entitlement under the guise of tackling 'fraud and error', and in trying to correct the more misleading of HMRC's draft leaflets and standard letters to claimants before they leave HMRC's portals. Again in the field of welfare we have advised the Childhood Bereavement Network on the tax and NIC aspects of the new bereavement support payment proposed by the Pensions Bill, and taken a close interest in how RTI will feed through information about claimants' employed earnings for the purposes of universal credit.

Thank you

It would of course not be possible to do all this valuable work without a hugely committed team of staff and volunteers. I have been well supported by so many during the year and there is a new face on LITRG and one leaving after many years. I welcome Stephen Banyard, a former Director General at HMRC, whose influence has already been felt in a number of ways. Stepping down is William Norris, who was one of the founders of LITRG and Tax Help with my predecessor John Andrews. William

will be missed enormously and I thank him for the significant contribution he has made to helping and supporting over many years those who really do need our help.

Finally, Robin Williamson, the LITRG Technical Director, deserves a big thank you for everything he has done with such enthusiasm. His work, together with the support of all our volunteers and staff, has been quite magnificent. I could not do my job without their committed support and I am indebted to them all.

Anthony Thomas

Chairman, Low Incomes Tax Reform Group

Professional Standards

The public expect and are entitled to expect high ethical and professional standards from CTAs. The Professional Standards Committee aims to help members maintain these standards by drafting rules and providing practical guidance on interpretation and application. The Annual Return which is obligatory for all members is a key element in the CIOT being able to say with confidence that our members observe these standards.

Guidance

Professional Conduct in relation to Taxation (PCRT)

The update of Professional Conduct in relation to Taxation (PCRT) has coincided with an unprecedented level of public interest in and media coverage on tax avoidance. PCRT deals with the relationship between tax adviser, client and HMRC. The underlying message of PCRT remains unchanged but the new version released in early 2014 includes a much expanded chapter entitled 'Tax planning, tax avoidance and tax evasion'. Other new material includes, inter alia, guidance on electronic filing, the GAAR and on dealing with situations where HMRC bypasses the member/agent and goes straight to the client.

Engagement letters

As a result of the introduction in April 2013 of Real Time Information (RTI), the CIOT, together with the main tax and accounting bodies, issued updated guidance on letters of engagement for tax practitioners on 25 February 2013. Amendments were made to the Payroll Services Appendix B6,

incorporating RTI, so that practitioners could update their existing engagement letters as required. The professional bodies will reconvene in 2014 to review the guidance and consider any further updates.

Professional Indemnity Insurance (PII)

The updated compulsory PII Regulations were published on the website on 31 January 2013. There were no major changes to the Regulations, just an update in best practice. Thanks to an agreement reached with brokers and insurers all members should now be able to obtain PII cover which complies with the CIOT's PII rules. The insurers can now also provide a low cost PII policy for those members offering pro bono work and/or with low fee income practices; this represents a significant new benefit for members in these categories.

Anti-Money Laundering (AML)

Professional Standards continues to set the policy and monitor compliance by CIOT supervised firms. CIOT attends AML Supervisors Forum where the Supervisors formulate best practice on enforcement and compliance issues. The Professional Standards team has carried out a number of visits to members to check AML compliance and provided training at numerous CIOT events.

CIOT is leading on the update of the Tax Sector appendix to the Consultancy Committee of Accountancy Bodies' (CCAB) AML guidance. It is hoped that the appendix together with the updated main body of the guidance will be published sometime around the time that

Professional Standards

the 4th Directive is to come into force, now expected to be no earlier than late 2014.

Through the Home Office and HM Treasury, the UK is required to conduct a National Risk Assessment (NRA) in relation to anti-money laundering and CIOT has been represented at NRA meetings. As part of the NRA the CIOT has completed a detailed questionnaire to show how it supervises and enforces compliance with the Money Laundering Regulations 2007. This information will help HM Treasury identify the strengths and weaknesses in the UK's combating anti-money laundering and terrorist finance regime.

Mortgage lenders

The inconsistent approach adopted by mortgage lenders to the CTA qualification has troubled members and their clients alike over the years. Some lenders accept financial statements prepared by members in support of mortgage applications and some do not. To clarify the position this year we wrote to over 70 lenders. Response has been slow but the majority of the larger lenders have confirmed recognition. Chasing replies continues!

Spreading and sharing the Professional Standards message

The Committee uses a number of different ways to spread, share and update members and public about professional standards issues. As well as newsletters and information on the website, Professional Standards staff and volunteers have participated in a webinar and spoken at conferences and branch meetings. We have also welcomed speakers from HMRC, the CIOT Technical

Committee and the Taxation Disciplinary Board to exchange ideas and experiences.

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

The Committee is represented on the CFE's PAC and CIOT staff and volunteers. This is very valuable in keeping the CIOT up to date on the many European Directives which impact on a tax adviser's professional life. The tax avoidance debate was a key feature of the PAC conference held in Milan, entitled 'Change of climate in taxation: are you prepared for extended responsibilities?' Speakers included John Cullinane a former CIOT president.

Committee membership

We are very fortunate in having very committed and active Committee members who enjoy robust and well informed debate. The CIOT is greatly indebted to them. We welcomed new members Richard Todd and Amanda Pearson. Julian Nelberg stepped down from the Committee and we thank him for his contribution.

My thanks also to Heather Brehcist and Charlotte Ali at the Institute for all their hard work on professional standards matters.

Ray McCann

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 merger with the CIOT in 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 to the profession. They are not mutually exclusive. We aim to process cases as efficiently and promptly as possible in a manner that is proportionate, transparent and effective. We are focussed on our public duty to address both the incompetent adviser and the oppressive complainant. Members who conduct themselves in a professional manner are unlikely to face disciplinary proceedings. However, the disciplinary procedures exist to protect the public and members of the participating bodies. By enhancing the standing and reputation of the tax profession, they can only be beneficial to all its members.

Conscious of our duty to serve the public interest and enable the public and others to have confidence in the profession, we have recognised that lengthy and complex investigations may require us to take action 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, the Board has over the past year had in place new arrangements for interim orders. Although it has not proved necessary to use such powers in 2013, they allow the Board to take urgent action in a case where the Investigation Committee has found that there is prima facie evidence and considers that the member poses a risk to the public such that it is in the public interest or necessary for the protection of the public that his/her membership of the ATT or CIOT should be suspended, pending the full hearing of disciplinary charges by a Disciplinary Tribunal. The new powers 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, and his appointment was extended for a further term last year. The other two directors, John Dewhurst and Larry Darby, are individual appointments of the two participating bodies. The committees and tribunals appointed by the Board are drawn from panels of lay persons, including lawyers (who are not tax professionals), and professional members who have no current involvement with the standards setting of the two bodies. All are appointed

Enforcing Standards: Complaints and Discipline

through a process of open recruitment. 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 unbecoming a professional person. The initial handling of complaints is carried out by the Executive Director, who may reject a complaint if it appears frivolous, vexatious, more than a year old or outside the jurisdiction of the Scheme, subject to a right of appeal to an independent assessor. If the complaint involves a breach of the participants' administrative rules, the Board may impose a limited financial penalty, but a member who objects is entitled to request a full hearing by a Disciplinary Tribunal.

The majority of valid complaints are referred to an Investigation Committee to consider whether there is a prima facie case to answer. If the Committee decides that a prima facie case has not been made out or that the matter is too minor to warrant 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.

Recent changes

In the course of 2013, the Board agreed to introduce some refinements to the Regulations. The principal change was to introduce a simplified procedure for presenting cases to the Disciplinary Tribunal where the defendant accepts the charges. This will avoid the need for a barrister in such cases and should reduce the level of costs awarded against such defendants. Another change designed to avoid defendants ending up with heavy costs is to allow the Interim Orders Panel to make an interim costs order in a case where it has already made an interim order. The third change allows the TDB to publish the full written decisions of tribunals, suitably redacted to avoid naming complainants or other third parties. Summaries of decisions will still be published on the TDB website and in Tax Adviser, but the full report will be accessible via a hyperlink. This follows the practice of many other disciplinary bodies and is designed to avoid a situation where the defendant may put out a misleading or untruthful account of

Enforcing Standards: Complaints and Discipline

a tribunal's decisions. These changes came into effect from January 2014.

Cases dealt with in 2013

The Scheme provides for the fair and independent investigation of every complaint referred to the Board and fair treatment for any member against whom a complaint is made. During 2013 the Board received a record number of 47 complaints and dealt with 12 complaints outstanding from 2012. (39 of these cases related to CIOT members.) The Investigation Committee considered 15 complaints (8 involving CIOT members), whilst 7 were dealt with by a financial penalty (6 involving CIOT members). Of the remainder, 3 fell outside the scope of the TDB's regulations, 22 (13 involving CIOT members) were withdrawn by the complainant, whilst 12 cases were still under investigation at the end of the year (9 involving CIOT members).

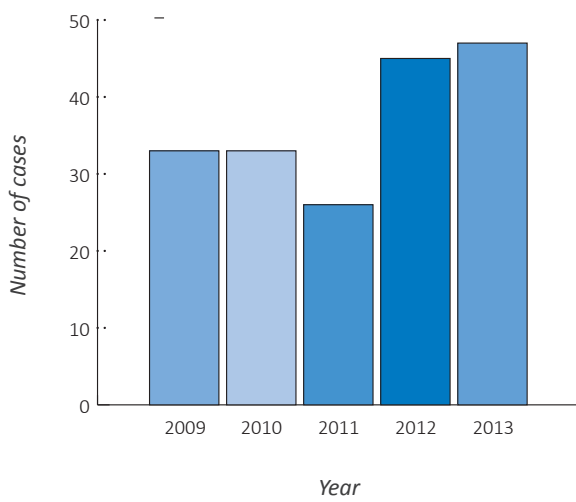
The number of disciplinary cases involving members of the two bodies remains small. During 2013, 12 cases were heard by Disciplinary Tribunals (5 involving CIOT members), whilst a further 3 cases (all involving CIOT members) were outstanding at the end of the year. Findings were made against all the defendants, none of whom sought to appeal.

Neville Nagler

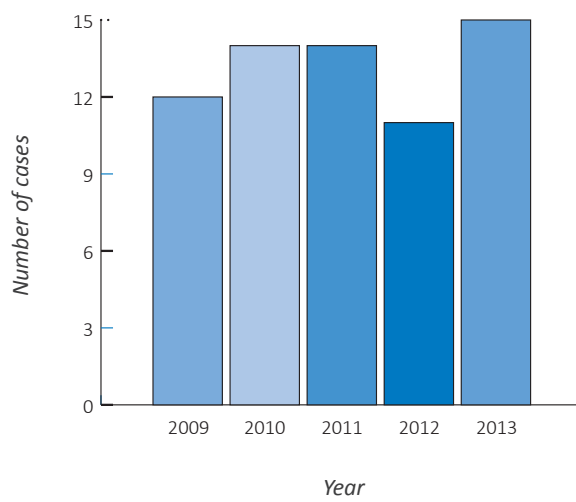
Executive Director, Taxation Disciplinary Board

Enforcing Standards: Complaints and Discipline

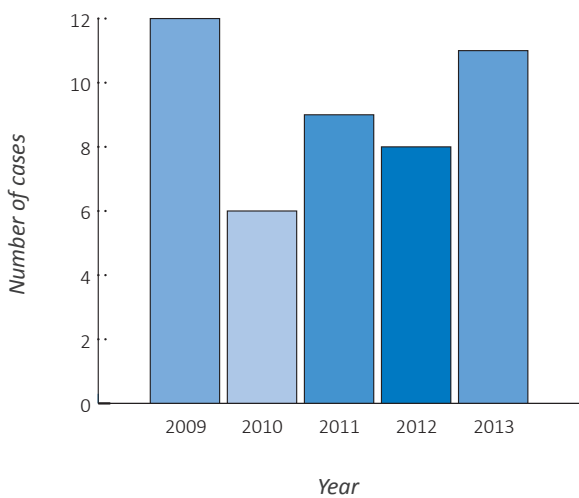
Total number of new complaints received



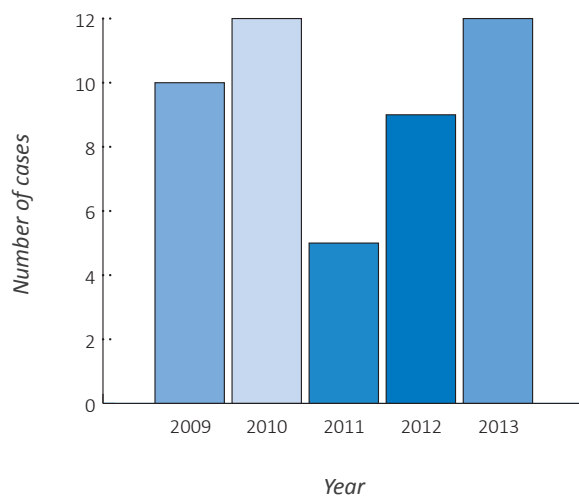
Cases referred to the Investigation Committee



Cases referred to a Disciplinary Tribunal



Disciplinary and Appeal Hearings



Finance & General Purposes

The CIOT, as a charity delivering public benefit and operating as a professional membership body supporting its members, requires well managed resources and systems to deliver these objectives. The Finance & General Purposes Committee (F&GPC) is responsible for overseeing the CIOT's financial and operational performance and systems including IT, HR and property to ensure that suitable budgets and controls are prepared and monitored and that appropriate financial planning is carried out for project based activity.

2013 Outturn

Total incoming resources amounted to £6,811,000, an increase over 2012 of 6%. It is pleasing to report a very satisfactory outturn for the year with an operating surplus of £363,000 which was strongly assisted by healthy new member and student numbers towards the end of the period together with an encouraging performance delivered by Branches. As a result of these factors, the performance exceeded the budget whilst costs continued to be closely controlled throughout the year. Net assets have increased by some £617,000 due to a combination of the operating surplus and the increase in investment values. The consequential improvement in reserves has enabled the deficit computed from the CIOTs Reserves Policy to be reduced by £132,000.

Investments

The CIOT investment portfolio has benefited from the general improvement in stock markets and at the year end had appreciated by some 13% to £2.437m reflecting an

unrealised gain in the year of £256k. The F&GPC considers investment performance at each meeting and holds discussions with the portfolio managers, Cornelian, and the strategic investment advisers, LJ Athene. The F&GPC also considers the CIOT reserve holdings of term deposits and the index linked gilt portfolio intended to provide funds required to cover potential expenditure arising in the future on the expiry of the Artillery House lease in 2024. In line with the Investment Policy, the holdings of index linked gilts have continued to be increased by £150k annually.

Overheads

Overheads are subject to strict control and monitoring against budgets. The F&GPC review management accounts and examine variance analysis at each meeting. As staff costs comprise some 49% of total overheads, control over headcount is a major variable. Total costs for the year amounted to £6,448,000, reflecting an increase of £520,000 or 9% over 2012.

Branches

The CIOT Branches have had a successful year financially with a consolidated net surplus of £85,000 before central costs, a significant improvement over the budgeted outturn. The main reason for the improvement has been increased delegate numbers at branch meetings and conferences reflecting their important post qualification professional development role.

Finance & General Purposes

Controls

The F&GPC review and monitor the programme of work in hand, designed to update major controls and processes. The CIOT has, in recent years, made considerable strides in modernising its processes and in particular the administrative aspects of its interaction with members and students including on-line and telephone based payment systems. To assist in the move towards full self-service, the CIOT has appointed consultants to conduct a full business process review to identify the scope for further developments towards this aim and improve current practices.

IT

The F&GPC has reviewed the CIOT's development programme for IT based systems and will continue to monitor the progress undertaken and costs incurred to update the IT systems, many of which have given good service for many years but are now in need of updating or replacement. F&GPC recognise that the cost of improvements and replacements, whilst significant, is essential for the development of CIOT and is intended to deliver IT which meets members and student expectations and needs.

HR

Although CIOT has appropriate pension arrangements in place for staff, the introduction of legislation requiring AutoEnrolment to membership of occupational pension schemes necessitates some changes in existing arrangements and will be introduced during 2014.

Charity Commission

The F&GPC consider the implications for CIOT of new recommendations and guidance issued by the Charity Commission; an example in 2013 being the finance and controls aspects of the "Big Board Check List" which was reviewed against corresponding CIOT procedures.

The Future

The 2014 budget anticipates an operating deficit of the order of £250k due to the impact of significant "one off" planned expenditure on IT systems and consultancy. The CIOT has adequate reserves and cash resources to cover the deficit. Costs will continue to be tightly monitored as will the new member and student numbers which have a direct effect on annual operating results. It is appropriate to look with confidence and be cautiously optimistic about 2014.

Finally, I should like to record my appreciation to the other members of the F&GPC for their enthusiasm and commitment throughout the year and to thank Mary Foley, Director of Member Services and Operations, and Steve Hines, Head of Finance, together with their staff for their continuing hard work and valued contribution which is much appreciated.

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 Good Governance - Code for the Voluntary and Community Sector. These principles of effective governance and leadership are: understanding the role and responsibilities of Council; ensuring delivery of the Institute's aims; working effectively, both individually and collectively; exercising effective control; acting with integrity; and being open and accountable.

Council

The Council comprised 30 Trustees in 2013 (32 in 2012) 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 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 six 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 89% (2012: 86%) at Council meetings and 93% (2012: 90%) at Officers Group meetings. In compliance with Council Regulation 21, Council members and other Standing Committee Members are required to make declarations of interests at meetings which might give rise to a conflict of interest or influence their vote on a resolution proposed at a Council or other committee meeting. All Members of Council have access to the advice and services of Institute staff and may take independent professional advice on Institute matters. There are a number of Standing Committees of Council to which various matters are delegated and they adopt the same approach as Council to the preparation and distribution of papers for meetings. Membership of the Committees is set out on pages 76 to 80.

Election to Council

Election to Council is by the Members of the Institute at the Annual General Meeting.

Institute Governance

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

To help identify potential candidates with the skills which council needs, prospective new Council members, who must also be Members of the Institute (Byelaw 5), are selected for what they can contribute to the Institute and must sign a declaration that they are not disqualified from acting as a Trustee as detailed in Section 178 of the Charities Act 2011. Trustee training is provided for new and existing Trustees on an annual basis.

Prospective new Council members are now considered at Cross-Cutting Committee which brings together the Chairmen of all the Standing Committees of the Institute.

Lay Public Interest Council Observer

Sir Alistair Graham was appointed the Institute's Lay Public Interest Council Observer in 2010 for a two year term capable of being extended for a further two years only. His role is to advise Council on the public interest regarding the Institute's activities and supports the Institute's adherence to its charitable responsibilities. He attended three 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. His recommendations for a Register of Interests of Council members and senior staff and for a stakeholder perception audit as an aid to assist the Institute in long-term

planning were implemented in the year.

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 2012 and it has a separate budget for expenditure. Its six members (listed on page 76) 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 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. The most significant matter reviewed during the year was the positioning of the Institute and the Association for the future and the risks posed by those strategic issues. Reputational risk is at the forefront of the Committee's mind.

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 £12,579 (VAT inclusive) (£25,404 in 2012).

Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on page 56. The Council statement on going concern is set out below. There were no non-audit services provided by the Auditor during the year.

The Council is responsible for the Institute's system of internal controls and for taking such steps as are reasonably open to it to safeguard the assets of the Institute and to prevent

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

Institute Governance

risk management.

An independent business process review of the Institute's operations commenced in the year and the report will be considered by Council in 2014.

Remuneration and Performance Committee

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 three times in the year to recommend the annual salary review for 2012-2013; to monitor the objectives for 2013 for the Chief Executive and senior staff (which were agreed in conjunction with the Chief Executive and the President); and to progress the revision of the policy on executive remuneration and performance. The Committee reports to the Audit Committee and the Chairman attends Officers Group and Council once per year.

Risk Management

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

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

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

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

The statement was presented to Council during 2013 and sets the framework for the Institute's strategy for the coming period. An analysis of detailed risk flows from this, as does the performance management of senior staff.

Key risks identified are:

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

Governance Working Party

The Working Party met three times in the year to review the governing documents regulating the activities of the Institute and its members and students. Solicitors have been instructed to consider and report on the Working Party's proposed amendments in the interests of a more streamlined, modernised and transparent set of governing documents and, subject to further instruction, to draft amended governing documents for the approval of the Privy Council and the

membership. It is planned to propose a resolution for the revised documents for the approval of members at the AGM in May 2015.

Going Concern

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

Organisations relevant to Chartered Tax Advisers

The Worshipful Company of Tax Advisers

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

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

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

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

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

Website: www.taxadvisers.org.uk

The Tax Advisers Benevolent Fund

The Tax Advisers Benevolent Fund (TABF) has been providing financial assistance

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

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

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

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

Tax Volunteers (Tax Help)

Tax Volunteers, which was conceived by the Institute's Low Incomes Tax Reform Group, operates independently of the Institute and was incorporated on 10 September 2003 as a private company limited by guarantee. It was registered as a charity on 24 February 2004 (registered charity no. 1102276) with the objectives of providing free tax advice and related services to those unable to afford to pay professional fees; to carry out research

Organisations relevant to Chartered Tax Advisers

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

TaxAid UK

TaxAid UK is totally independent of the Institute and was incorporated on 21 May 1997 (registered charity no. 1062852). It aims to resolve tax problems that people on low incomes cannot solve alone through a national helpline and through face to face services in London, Birmingham, Manchester and Newcastle. Advice by teleconference is available in Bristol, Plymouth, Sheffield, Newcastle and Stoke on Trent. The charity's strategic direction remains further outreach advice services in major conurbations of the UK; development of the tax trainer role to the

voluntary sector; advising government and HMRC in cases where the tax system is unfair, inefficient or reduces incentives to work; and the use of technological developments that improve service and access for low income groups.

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

Website: www.taxaid.org.uk

Statement of Council Members' responsibilities

Council members, as trustees of the Institute 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 2013 on pages 59 to 75. 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 56 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK

and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

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 2013 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.

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:

Independent Auditor's Report

- 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

3 April 2014

Financial Statements

Statement of Financial Activities for the year ended 31 December 2013

	Unrestricted Funds 2013 £'000	Restricted Funds 2013 £'000	Total Funds 2013 £'000	Total Funds 2012 £'000
Incoming resources				
Incoming resources from generated funds:				
Voluntary income – net assets transferred from the Institute of Indirect Taxation	-	-	-	56
Activities for generating funds ^{2b}	11	-	11	31
Investment Income ^{2a}	147	-	147	130
Grants receivable	-	224	224	252
Incoming resources from charitable activities: ^{2c}	6,429	-	6,429	5,946
Total incoming resources	6,587	224	6,811	6,415
Resources expended				
Cost of generating funds:				
Investment management costs ^{2d}	15	-	15	17
Charitable activities ^{2d}	5,762	181	5,943	5,409
Governance costs ^{2e}	490	-	490	502
Total resources expended ^{2d}	6,267	181	6,448	5,928
Net incoming resources before other recognised gains and losses	320	43	363	487
Other recognised gains and losses:				
Gains on investment assets ⁴	256	-	256	142
(Loss) on foreign exchange	(2)	-	(2)	(2)
Net movement in funds	574	43	617	627
Reconciliation of funds				
Total funds brought forward at 1 January ¹⁰	5,299	41	5,340	4,713
Total funds carried forward 31 December ¹⁰	5,873	84	5,957	5,340

The above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 62 to 75 form part of these financial statements.

Financial Statements

Balance Sheet as at 31 December 2013

	2013 £'000	2012 £'000
Fixed Assets:		
Tangible assets ³	169	226
Investments ⁴	4,737	5,158
Total Fixed Assets	4,906	5,384
Current Assets		
Stock ⁵	42	32
Debtors ⁶	475	420
Cash on short-term deposit and at bank ⁷	2,753	2,042
Creditors		
Amounts falling due within one year ⁸	(2,173)	(2,498)
Net Current Assets/(Liabilities)	1,097	(4)
Total assets less current liabilities	6,003	5,380
Creditors		
Amounts falling due after more than one year ⁹	(46)	(40)
Net Assets	5,957	5,340
Funds:		
Restricted ¹⁰	84	41
Unrestricted ¹⁰	5,873	5,299
Total Funds	5,957	5,340

Approved and authorised for issue by the Council on 18 March 2014 and signed on its behalf by:

S. Coleclough President

N. C. Goulding Honorary Treasurer

P. Fanning Chief Executive

Financial Statements

Cash flow statement for the year end 31 December 2013

	2013 £'000	2012 £'000
Net cash (outflow)/inflow from operating activities (see below)	(111)	617
Returns on investments and servicing of finance		
Investment income	84	74
Short-term deposits	63	56
	147	130
Capital expenditure and financial investment		
Acquisitions and disposals		
Purchase of tangible fixed assets	-	(32)
Sale/(purchase) of investments	677	(289)
Management of liquid resources		
Cash (outflow) on short term deposit	(964)	(155)
(Decrease)/Increase in cash for the year⁷	(253)	271
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources for the year	363	487
Investment income and interest received	(147)	(130)
	216	357
Depreciation charge for the year	57	94
(Increase) in stock	(10)	(10)
(Increase)/Decrease in debtors	(55)	29
(Decrease)/Increase in creditors	(319)	147
Net cash (outflow)/inflow from operating activities	(111)	617
Reconciliation of net cash flow to movement in net funds		
(Decrease)/Increase in cash in the year	(253)	271
Cash inflow from short term deposits	964	155
Change in net debt resulting from cash flows	711	426
Net funds at 1 January	2,042	1,616
Net funds at 31 December	2,753	2,042

Notes to Financial Statements

1. Accounting policies

Basis of preparation of accounts

The financial statements of the Institute for the year ended 31 December 2013 include the results of its Branches, which are not separate legal entities, for the year ended 30 June 2013 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 1st 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.

Tangible Fixed Assets and Depreciation

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

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

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

Stock

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

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

Notes to Financial Statements

with that portion relating to subsequent years included in creditors. Investment income from the Institute's portfolio of investments is credited on an earnings basis each year.

Expenditure Recognition

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

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

Reserves

In 2013 the target for reserves was composed as follows:

	2013 £'000
12 months running costs to provide financial stability and enable the Institute to meet its commitments for a reasonable period in the event of adverse operating conditions.	5,004
To cover (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.	1,096
	6,100
Actual reserves at 31 December 2013 (excluding restricted funds)	5,873
Shortfall in target level of reserves	227

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.

Notes to Financial Statements

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.

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 2013. Account is therefore taken of both realised and unrealised gains in the Statement of Financial Activities.

Leased Assets and Obligations

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

Fund Accounting

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 2013 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

	2013 £'000	2012 £'000
Dividend income	84	74
Other interest receivable	63	56
	147	130

2b. Activities for generating funds

	2013 £'000	2012 £'000
Sponsorship	11	31

2c. Breakdown of incoming resources from charitable activities

	2013 £'000	2012 £'000
Membership subscriptions	4,465	4,029
Chartered Tax Adviser registration fees and entrance fees	36	36
Student registrations and examination fees	1,125	1,037
Conference and event fees	654	709
Sale of books and journal	46	40
Anti Money Laundering fees	84	80
Other sales	19	15
	6,429	5,946

Notes to Financial Statements

2d. Breakdown of costs of resources expended

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2013 £'000	Total 2012 £'000
Charitable activities					
Grants payable	-	62	-	62	78
Education and student services	1,275	-	718	1,993	1,510
Membership services	1,553	-	874	2,427	2,357
Regulation and compliance	227	-	128	355	238
Consultation and representation	592	-	333	925	959
LITRG restricted funds	163	-	18	181	267
	3,810	62	2,071	5,943	5,409
Investment management costs	15	-	-	15	17
Governance	318	-	172	490	502
	4,143	62	2,243	6,448	5,928

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

	Total 2013 £'000	Total 2012 £'000
Information technology	425	308
Staff costs	931	839
Operating costs	887	777
	2,243	1,924

Notes to Financial Statements

Grants payable in respect of charitable activities

	Total 2013 £'000	Total 2012 £'000
Grants payable to tax and other charities to help meet the core operating costs of providing free tax advice to persons who cannot afford to pay for professional help or training and to promote public understanding of tax matters		
Tax Advisers Benevolent Fund (registered Charity no. 1049658)	10	10
Tax Aid (registered Charity no. 1062852)	19	20
Tax Volunteers (registered Charity no. 1102276)	20	20
Grants payable to three University Students for original tax research (2012: five)	13	28
	62	78

2e. Governance costs

	Total 2013 £'000	Total 2012 £'000
Audit fee	27	24
Legal and professional fees	174	145
Council meetings (inc. Council members' expenses)	101	120
Property	16	15
Governance support	172	198
	490	502

Notes to Financial Statements

3. Tangible Fixed Assets

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost at 1 January	215	404	619
Additions	-	-	-
Cost at 31 December	215	404	619
Depreciation at 1 January	52	341	393
Charge for the year	14	43	57
Depreciation at 31 December	66	384	450
Net book value at 31 December 2013	149	20	169
Net book value at 31 December 2012	163	63	226

All tangible fixed assets are held for charitable purposes.

Notes to Financial Statements

4. Fixed Asset Investments

	2013 £'000	2012 £'000
Market value at 1 January	5,158	4,727
Term (withdrawals)/deposits	(677)	289
Unrealised gains on investment assets	191	78
Unrealised (loss)/gain on gilts	(29)	13
Realised gain on sale of investments	94	51
Market value at 31 December	4,737	5,158
There was no single investment representing more than 5% of the portfolio valuation at 31 December 2013.		
Fixed interest	632	565
UK equities	1,077	980
International equities	437	366
Other assets	248	216
Gilts	746	625
Term deposits and cash	1,597	2,406
	4,737	5,158

5. Stock

	2013 £'000	2012 £'000
Publications and merchandise	42	32

Notes to Financial Statements

6. Debtors

	2013 £'000	2012 £'000
Other debtors	123	84
The Association of Taxation Technicians	147	135
Prepayments and accrued income	205	201
	475	420

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

	At 01.01.13 £'000	Cash flows £'000	At 31.12.13 £'000
Cash at bank	396	(253)	143
Cash on short-term deposit	1,646	964	2,610
	2,042	711	2,753

8. Creditors: Amounts falling due within one year

	2013 £'000	2012 £'000
Taxes and social security	95	176
Accruals	735	149
Deferred income (fees and subscriptions received in advance)	1,343	2,173
	2,173	2,498

Deferred income includes subscriptions, examination fees and conference fees paid in 2013 but relating to income and events in 2014.

Notes to Financial Statements

Deferred Income

	2013 £'000	2012 £'000
Amount brought forward	2,173	1,924
Released in the year	(2,173)	(1,924)
Amounts deferred in the year	1,343	2,173
Amount carried forward	1,343	2,173

9. Creditors: Amounts falling due after one year

	2013 £'000	2012 £'000
Student registration fees:		
At 1 January	40	96
Fees received in advance	156	166
Release of income in year	(150)	(222)
	-	-
	46	40

10. Income Funds: Unrestricted

	Movement in funds			
	At 01.01.13 £'000	Net Income £'000	Transfer £'000	At 31.12.13 £'000
Unrestricted				
General	4,301	574	(92)	4,783
Designated:				
Property	698	-	92	790
Disciplinary procedures	300	-	-	300
	5,299	574	-	5,873

£150,000 has been transferred to the property fund in accordance with the reserve policy. £58,000 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 16.

Notes to Financial Statements

Income Funds: Restricted

	Movement in funds		
	At 01.01.13 £'000	Net income £'000	At 31.12.13 £'000
Restricted (see page 64)	41	43	84

11. Capital Commitments

At 31 December 2013 there were no capital commitments contracted or authorised but not contracted (2012 none).

12. Financial Commitments

The Institute has annual commitments under operating leases as follows:

	2013 £'000	2012 £'000
Property lease expiring in more than 5 years	374	374

The Institute is entering into an agreement with the University of Exeter to produce a Journal of Tax Administration. A company limited by guarantee is being formed and will have two members, the Chartered Institute of Taxation and the University of Exeter. The financial commitment to the Institute will be £33,000 a year over the next three years.

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

Notes to Financial Statements

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

	2013 £'000	2012 £'000
Balance at 1 January	58	115
Reserve released during year	(58)	(57)
Balance at 31 December	-	58
Split of rent reserve and service charge:		
Current obligations: Reserve reversing within one year	-	58
Non current obligations: Reserve reversing within two to five years	-	-
Total	-	58

13. Personnel

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

The Institute has maintained liability insurance throughout the year to pay on behalf of the Institute or its Council, committee members and staff, any claims for wrongful acts arising out of the conduct of the Institute's business, or committed in their capacity as officers. The insurance premium paid by the Institute covering both claims against the Institute and the Trustees personally amounts to £7,300 (2012: £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 £264,000 (2012: £233,000).

There were no outstanding pension contributions at year end for 2012 and 2013.

Notes to Financial Statements

The average number of employees is 70 (2012 - 60) and the number whose salary and benefits in kind, including pension contributions, fell within the following scales is as follows:

	2013	2012
£60,001 - £70,000	4	2
£70,001 - £80,000	2	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	3
£100,001 - £110,000	2	-
£160,001 - £170,000	1	1

Total staff costs:

	2013 £'000	2012 £'000
Salaries	2,702	2,230
National Insurance	290	262
Other pension costs	264	233
Other staff costs	116	74
	3,372	2,799

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 £12,579 (2012: £25,404). 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 expenses incurred on Institute business. In the year ended 31 December 2013, 18 Council members claimed reimbursement of expenses aggregating to £63,000 (2012: 18 claimed a total of £54,000 for the year). Council members pay subscriptions on the same basis as other Members.

Notes to Financial Statements

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 £905,000 (2012: £806,000) and the balance outstanding from the Association at the balance sheet date was £147,000. (2012: £135,000).

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 £92,000 (2012: £29,000).

Post Balance Sheet Events

The Institute entered into an agreement with the University of Exeter on 22 January 2014 to produce a Journal of Tax Administration (see note 12).

Committees of Council Volunteers 2013-2014

Officers Group

Stephen Coleclough (Chairman)
Anne Fairpo (Deputy Chairman)
Chris Jones (Vice-Chairman)
Nick Goulding (Treasurer)
Yvette Nunn (ATT matters only)

Steve Nash [◊]
John Preston
Philip Ridgway
John Tiley (until his untimely death
in June 2013)
Penelope Tuck

Rosemary Blundell
Eloise Brown
Alistair Cliff
Ruth Cook
Matt Coward
Abigail Day
Karen Eckstein

Membership & Branches Committee

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

Low Incomes Tax Reform Group

Anthony Thomas (Chairman)
Barbara Abraham
John Andrews
Jane Ashton
Stephen Banyard
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
Carol Pavely
Philip Ridgway
Graham Sherburn
Clive Tulloch
Sally West
John Whiting

Andrew Evans
Susanna Hanks
Ian Hayes
Lisa Macpherson
Amanda Pearson
Ilana Rinkoff
John Roberts
David Stedman
Richard Todd
Anthony Thomas [◊]
Rosalind Upton
John Whiting

Education Committee

Daniel Lyons (Chairman)
Philip Baker
Emma Bairstow
Roger Barnard
John Beattie
Ross Burgess
Adeline Chan
Kenneth Crofton Martin
Bob Davies
Chris Jones
Michael Murray
Rob Ellerby
Barry Jefferd
Andy Maxfield
Pete Miller

Professional Standards Committee

Ray McCann (Chairman)
Tracy Easman (Vice-Chairman)
Gary Ashford

Examination Committee

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

Audit Committee (Joint CIOT/ATT)

Rakesh Shaunak (Chairman)
Nigel Eastaway
Richard Geldard
Simon Groom
John Roberts
Peter Newsam

[◊] = Ex-Officio

Committees of Council Volunteers 2013-2014

Examination Review Sub-Committee

John Beattie (Chairman)
Sarah Allatt
Nick Comer
Catherine Concannon
Peter Coulthard
Kenneth Crofton Martin
Bob Davies
Rob Ellerby
Natalie Miller
Donald Pearce-Crump
John Preston

Finance & General Purposes Committee

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

Cross-Cutting Committee

Chris Brydone
Stephen Coleclough
Bill Dodwell
Karen Eckstein
Anne Fairpo
Nick Goulding
Peter Gravestock
Jenny Nelder
Yvette Nunn
Patrick Stevens
Anthony Thomas

Joint Branches Sub-Committee

Andrew McKenzie-Smart (Chairman)
Chris Brydone

Rebecca Cave
Sally Cox
Bernard Critchley
Tracy Easman
Ronnie Fell
Andrew McKenzie-Smart
Natalie Miller
Joanne Routier
Jeffrey Smith

Branches Forum

Andrew McKenzie-Smart (Chairman)

Tax Adviser Sub-Committee

Bill Dodwell (Chairman)
Bob Davies
Anne Fairpo
Tanya Hiscock
Jean Jesty

ADIT Sub-Committee

John Cullinane (Chairman)
Philip Baker
Steve Dale
Marissa Hall
Conrad Law
Nisha Modha
Maura Parsons/Dominic Vines
Jim Robertson
Abbas Saddak
Jeff VanderWolk
Bertil Weigend

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
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
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

* = Member of Technical Committee

Committees of Council Volunteers 2013-2014

Hui Ling McCarthy
Alex McDougall *
Simon McKie
Mark McLaughlin
Natalie Miller
Graham Poles
Daniel Sladen
Graeme Stenson
Anne Wright

Corporate Taxes

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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 Messori
Rebecca Murray
Lakshmi Narain
David O'Keeffe
Vincent Oratore *
Philip Ridgway
Jennie Rimmer
Adrian Rudd
Maryanna Sharrock
David Southern
Richard Thomas

Employment Taxes

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Mark Groom (Vice-Chairman)
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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

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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)
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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

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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

Committees of Council Volunteers 2013-2014

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Bob Crawford
Andrew Disley
Arnold Homer
Chris Jones
Jacquelyn Kimber
Richard Mannion
Simon Sweetman
Frank Tett
Peter Upton
Tim Walford-Fitzgerald
John Walsh
Henry Wood

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Mike Arnold
Malcolm Gammie
Eile Gibson
Andrew Levene
Robert Maas
Ian Mackie
Lakshmi Narain
Philip Ridgway
Adrian Rudd *
Marc Selby
Cathryn Vanderspar

Scottish Technical Sub-Committee

Moira Kelly (Chairman)
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Jodie Barwick-Bell
Roger Berl
Eric Brown
Richard Brunton
Christopher Coles
Donald Drysdale
Craig French
Hazel Gough
Alexander Green

Derek Hanlan
Tim Mallon
Alex McDougall
Gavin McEwen
Elaine McInroy
Colin Pearson
David Small
John Todd
John Whiting

Succession Taxes

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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 McLintock
Ron Nattrass
Alan Paterson
Alan Powell
David Ratcliffe
Peter Sheppard
Alan Sinyor
Helen Thompson
John Voyez
Jeremy Woolf *
Laura Wilkinson

Working Together

Nigel Clarke (Chairman)
Chris Brydone
Simon Caplan
David Collison *
Nigel Eastaway *
Jean Jesty
Robert Lillycrop
Richard Mannion
Colm Quinn
Peter Upton

“Virtual” Members of Technical Sub-Committees:

Stuart Adam
Trudie Alder
Zoe Anderson
Gillian Arthur

Committees of Council Volunteers 2013-2014

Stephen Arthur
Peter Ashby
Susan Ball
Charles Barcroft
David Bateman
Fiona Bell
Paul Benney
Alice Bowen
John Brewis
Patrick Cannon
Stephanie Churchill
Giles Clarke
Danny Clifford
Michael Conlon
Margaret Connolly
Dave Cooper
Lisa Cornwell
Amanda Cowley
Bob Crawford
Claire Crawford
Nick Cronkshaw
Fiona Cross
Anthony Davies
Phillip Dearden
John Dewhurst
Andrew Disley
Nigel Doran
Eleanor Dowling
Brian Drummond
Nick Dunnell
Rob Durrant-Walker
Carl Emmerson
Anne Fairpo
Elizabeth Farrington
Hugh Faulkner
Gavin Fernandes
Rachel Finch
Maggie Fleming
Andrew Flint
Stephen Foulkes
William Franklin

David Fraser
Mary Fraser
Jon Fursdon
Alexander Garden
Nicholas Gardiner
James Geary
Timothy Gibbons
Philip Gillett
Maggie Gonzalez
Keith Gordon
Andrew Gotch
Peter Gravestock
Andrew Green
Steve Hall
Fiona Harper
Karen Hayzen-Smith
Matthew Herring
Ashley Hill
James Hill
Lee Holloway
Roger Holman
Anthony Hooper
Andrew Hubbard
Michael Hunter
Stuart Ison
Tony Jackson
Clare Jeffries
Jane Jia
Gary Jones
Patricia Kinahan
David Kitson
Roy Knowles
Chris Lallemand
Peter Landon
Binka Layton
Steve Levine
John Lindsay
Morag Loader
Hugh Love
Daniel Lyons
Valerie Macorison

Lisa Macpherson
Ray Magill
Vincent Maguire
Richard Mannion
Maureen Manson
Nick March
Ian Marshall
Frank Mayes
Dawn Mayo
Hui Ling McCarthy
Kevin McDaid
Rachel McEleney
Andrew McKenzie-Smart
Alexander McKeran
Mark McLaughlin
Kevin Miller
Natalie Miller
Pete Miller
Iain Mills
Billy Moffat
Paul Morton
Tim Murrills
Lakshmi Narain
Peter Nias
Casper Noble
Belema Obuaforibo
Julian Ogden
David O'Keeffe
Alay Patel
Nicola Pitcher
Joanna Reintjes
Stephen Relf
Paul Roberts
Juliet Roche
Laura Rodriguez
Marianne Rogers
Stuart Rogers
Simon Ross
Adrian Rudd
Jonathan Schwarz
David Scott

Committees of Council Volunteers 2013-2014

Maryanna Sharrock
Jonathan Shaw
Stephen Shea
Jason Short
Amanda Simmonds
David Simpson
Naomi Smith
David Southern
Richard Sowler
Paul Spenceley
Graeme Stenson
Iain Stewart
John Stockdale
Bruce Sutherland
Jonathan Sutton
Stephen Taylor
Ben Tennant
Adrian Thomas
Richard Thomas
Julie Ward
Barry Watson
Julia Watterson
Wayne Weaver
Andy Wells
Jeremy White
Chris Williams
Nick Williams
Anne Wright
Jon Zigmond

Notice of Annual General Meeting

Notice is hereby given that the twenty-first Annual General Meeting of Members of The Chartered Institute of Taxation will be held on Tuesday 13 May 2014 at 16.15

Location:

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

1. To receive and adopt the Report of the Council for 2013.
2. To receive and adopt the audited Financial Statements of the Institute for the year ended 31 December 2013.
3. To re-elect as Members of the Council the following, who retire by rotation under Members' Regulation 30:
 - (a) Gary Ashford
 - (b) Roger Barnard
 - (c) Keith Bell
 - (d) Keith Gordon
 - (e) Nick Goulding
 - (f) Chris Jones
 - (g) Christopher Lallemand
 - (h) Daniel Lyons
 - (i) Ray McCann
 - (j) John Preston
4. To re-elect as Members of the Council the following who were co-opted and retire under Members' Regulation 29*:
 - (a) John Barnett
 - (b) Glyn Fullelove
 - (c) Alexandra Galloway
 - (d) Amanda Pearson
5. To re-appoint Baker Tilly UK Audit LLP as auditor to the Institute to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting.

Special Business

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

It is hereby resolved that Members' Regulation 44 shall be replaced by the following:

"MEMBERS' REGULATION 44

44. Use of the description "Chartered Tax Advisers" by firms

44.1 In this regulation, words and expressions are interpreted in accordance with the Bye-laws and

'firm' includes a partnership, a company and a limited liability partnership;

'prescribed form' means the form of application of a firm for approval to use the description "Chartered Tax Advisers" prescribed from time to time by the Council;

'Principal' includes a partner in a firm, a member of a limited liability partnership, and a director of a company;

'public practice' means the provision of tax consultancy and/or tax compliance services; and

'voting rights' means the rights of

Notice of Annual General Meeting

Principals to vote at a meeting of Principals in a firm, and does not refer to the voting rights of shareholders at a meeting of members of a company.

44.2 The firm of a Member who is a sole practitioner engaged in public practice may use the description “Chartered Tax Advisers”.

44.3 A firm where all Principals are Members engaged in public practice may use the description “Chartered Tax Advisers”.

44.4 A firm where not all Principals are Members engaged in public practice may apply to the Institute, in the prescribed form, for approval to use the description “Chartered Tax Advisers” where:

(a) at least 50% of the Principals of the firm who are primarily engaged in public practice are Members; or

(b) at least 50% of the voting rights are held by Members provided that an application under this Regulation 44.4 shall not be entertained from any firm whose business activities or services to the public are, in the opinion of the Institute, incompatible with public practice by Members in such a firm.

44.5 The prescribed form shall include an undertaking by the Principals who are Members in the firm that they will ensure that the firm will comply with the Institute’s professional rules and ethical standards; and where there is a complaint against the firm in respect of its activities as “Chartered Tax Advisers”, the complaint shall be against the Principals in the firm who are Members in their capacity as representatives of the firm

and the Institute shall refer such complaint to the Taxation Disciplinary Board (“TDB”). In any such case the findings of the TDB shall be binding on the Principals who are Members in the firm.

44.6 Firms applying under Regulation 44.4 above shall be required to pay such fees as shall be determined by the Council from time to time.

44.7 The Institute reserves the right to decline an application by a firm to use the description “Chartered Tax Advisers”.

44.8 The Institute reserves the right to withdraw from a firm the right to use the description “Chartered Tax Advisers”.

44.9 The Principals in a firm who are Members, acting unanimously, may at any time and for any reason request the Institute to withdraw the firm’s right to use the description “Chartered Tax Advisers” and the Institute shall accede to that request. Where not all the Principals who are Members support the request, the Institute may nevertheless consider it and may withdraw the right to use the description “Chartered Tax Advisers”.

44.10 The Principals who are Members in a firm using the description “Chartered Tax Advisers” must advise the Institute if the firm ceases to meet the requirements of Regulation 44.4 above and, in this event, subject only to Regulation 44.12, the right to use the description “Chartered Tax Advisers” shall lapse automatically.

44.11 The Principals who are Members in a firm whose right to use the description

Notice of Annual General Meeting

“Chartered Tax Advisers” has lapsed under Regulation 44.10 may apply in the prescribed form to renew its approval by the Institute if the requirements of Regulation 44.4 are once again satisfied.

44.12 A firm which has been using the description “Chartered Tax Advisers” since before 13 May 2014 but does not satisfy the requirements of Regulation 44.4 may continue to use the description “Chartered Tax Advisers” provided and so long as the number and composition of the Principals of the firm remain, in the opinion of the Institute, substantially as they were when that use was originally authorised.”

Explanatory note:

Item 6.

The Institute is replacing the provisions governing access by firms to the Members’ CTA logo and the title “Chartered Tax Advisers”.

Under proposed new Regulation 44

(1) eligibility for a mixed discipline firm to use the logo and chartered title will henceforth derive only from the number of CTAs amongst the principals in the firm (firms with a minimum of 50 percent of the principals engaged in public practice, or firms with at least 50 percent of voting rights held by CTAs), rather than from the number of CTAs aggregated with other specified professionals;

(2) the Institute will be able to decline applications from firms whose services are

considered incompatible with a tax practice;

(3) all CTA principals in a firm will be responsible for compliance (removing the concept of a nominated member); and (4) CTA principals in firms will be able to ask the Institute to withdraw authority to use the logo and title.

The proposed new regulation is broadly in line with the other professional bodies’ approach to the use of logos and designatory titles by firms.

By order of the Council

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

18 March 2014

Notes:

(*) Subject to them having been co-opted by Council on 18 March 2014.

(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 a humble Petition has been presented to Us by The Institute of Taxation (a company limited by guarantee and hereinafter referred to as "the Company") praying that We might be graciously pleased to grant a Royal Charter incorporating the members of the Company as a body corporate for the advancement of public education 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 lawful

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 give a Charter with such provisions as that behalf shall seem to Us right and lawful

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 here by 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 Our Charter and to the Byelaws, and to the extent only that such powers shall be consistent with its charitable objects, the Institute shall have the following powers:

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

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

