



Chartered
Institute of
Taxation.

Annual Report 2021

Published April 2022



THE CIOT IN 2021

764

new members welcomed,
taking us to a record 19,311

4,056

students sat
4,970 CTA tax exams

2,350

ADIT exams sat in 71
countries

31,000+

registrations for our online
debates and webinars



Met with HMRC and other
policymakers

600
TIMES



177

consultation responses



SUCCESSES WE CONTRIBUTED TO

Pension tax relief equality for low earners

Extended loss-relief carry-back to help businesses recover

Easements around late filing and late payment penalties

Longer timetable for roll out of MTD for Income Tax

SEISS and furlough schemes – on which we worked closely with HMRC

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The Members of Council (the Trustees) present their Annual Report and audited Financial Statements of the Chartered Institute of Taxation for the year ended 31 December 2021. The Financial Statements comply with the Charities Act 2011, the governing documents and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) (effective 1 January 2019).

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Promoting debate on tax

Congratulations to our new Associates, new Fellows and Prizewinners Admission Ceremony 27 May 2021



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Supporting our members

Vision and values



Our vision

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

Our mission

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

Our purpose

The advancement of public education in taxation.

Our objects

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

(1) to advance public education in and the promotion of the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation;

(2) (i) to prevent crime and

(ii) to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in the provision of advice and services in relation to taxation and monitoring and supervising their compliance with money laundering legislation.

Our activities

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

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

Our objectives for the tax system

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

Our objectives for the tax system include:

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

Our members

Membership of the CIOT is by examination, nationally recognised as the gold standard of UK taxation education. Our members are at the heart of the CIOT and we are proud to celebrate a diverse membership and volunteer community. We work with tax Institutes across the world in their domestic territories to grow the CTA family through the licensing of our Charter. We support our more than 19,000 members and 7,500 students throughout their tax careers, providing assistance through our London-based head office and our regional network operating across the UK and partnering with the growing CTA family worldwide.

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



President and Chief Executive's report



2021 was another really productive year for CIOT and for the wider tax profession. Thanks to new variants of the coronavirus, most of us continued working from home and conducting most of our meetings and other activity online. It was also unusual in that, exceptionally, the Institute had a single President for the whole of the calendar year, part of an extended 18-month term.

Towards a hybrid Institute

If there is a dominant theme to this report it is the way the Institute adapted to the online world. What was a novelty in 2020 has become our 'new normal'. Exams, continuous professional development (CPD), debates, anti-money laundering (AML) compliance visits, committee meetings – all taking place over Zoom, Teams or other platforms. Set-piece events like the President's Luncheon, the CTA Address, annual general meeting and admission ceremonies – all online too. Our hard-working staff – some working from back bedrooms and kitchen tables – deserve huge credit for continuing to manage this, as do our members and volunteers.

A key question we grappled with during 2021 was the extent to which this should continue once the virus has receded and the need for social distancing removed. Moving online has benefited many of our members who may have previously been unable to play an active role. The numbers attending our events, from CPD seminars to topical debates, also continue to be far higher than for face-to-face events.

It has also helped increase the representativeness of some of our committees and other meetings, which might otherwise have been perceived as being a little London-centric.

That said, there are also many, like ourselves, who cannot wait for face-to-face events to resume, especially for gatherings with a social aspect. Sitting by yourself staring at a screen is a poor substitute for being together in person.

The future, therefore, needs to be hybrid, with the return of physical events combined with the continuation of online options.

We are conscious of the need to ensure the experience of remote attendees is as rewarding and valuable as attendance in person. At the time of writing, we are planning for face-to-face events to resume shortly after Easter, around the time this report is published. Let us hope that nothing happens to disrupt these plans!

People

We are extremely grateful to the Institute's staff for their indefatigable work over the year. The content of this report is testament to their hard work, commitment and dedication. Each team has faced and overcome various challenges by supporting one another. Recognition should be given to our small Facilities team who have been onsite throughout the year, undertaking archiving activities and preparing for our return to the office.

We have monitored the views of staff on a return to the office through surveys, line managers and HR consultation at team meetings. While there are a range of views, significant numbers have expressed an interest in continuing to work from home on a permanent basis at least some of the time. We will be as flexible as we can, consistent with the need to deliver services to members and students and maintaining the important work of the Institute.

The CIOT continues to work so that we represent all our members. To ensure our technical representations take appropriate account of equality, diversity and inclusion (EDI) issues, we appointed a CIOT Council member, Nik Mehta, to lead on this area. We have also taken action to improve the diversity of thought and experience on our panels and in our communications. 2021 was the first full year for our new EDI Committee (joint with the ATT). You will find its report on page 42. We were delighted to appoint Olayinka Iwu as the new, independent chair of this committee.

CIOT Council also introduced a new, independent nominations process for new members. We welcomed Joanna Bello, Sarah Hewson, Mobeen Ismail, Ashley Makoni and Chris Shrubsole as Council members during 2021. John Preston and Mary Monfries left Council during the year. Moira Kelly left in February 2022. Past President Ray McCann and Daniel Lyons, who has chaired both the Education and Examinations committees, will leave at the 2022 AGM. We thank them all for their contributions and service and express our gratitude to continuing Council members and other volunteers for their expertise, enthusiasm and support.

Education and technology

Having successfully transitioned to online exams in 2020, we have been considering our plans for after the pandemic. We definitely plan to keep computer-based exams with access to permitted material such as online legislation. However, we are anticipating bringing people back to exam

centres, where the relevant technology is provided, ensuring all candidates are treated equally. Technology is at the heart of a lot of our thinking around education, not just for exams but also for CPD. To ensure our CPD programme remains member-led, our Joint Branches Sub-Committee set up an online working group tasked with increasing the amount of online content offered. Our thanks to the chairs, Dan Ellerton and Patricia Caputo, for their ideas and leadership. We've also set up a working party to consider the growing influence of technology, so that our educational offering reflects this.

2021 was a year of significant growth for the Institute. We welcomed 764 new members (taking our total membership to 19,311) and saw a record-breaking 4,056 students sit 4,970 CTA exams. The same was true for our ADIT qualification, with 780 students across 71 countries sitting a total of 2,350 exams. Congratulations to all!

Leading the policy agenda

As well as coronavirus, 2021 will be remembered for the landmark COP26 conference on climate change. As an Institute, we take our environmental responsibilities seriously. In 2021 we began working with a sustainability consultancy to measure and reduce our own carbon footprint. Some of the actions we are taking are set out on pages 14-15.

More broadly, as a convenor of the tax community, we are interested in the role that tax can play in helping the UK and other countries achieve net zero emissions. In May, we invited eminent environmental economist Sir Dieter Helm to give the CTA Address on this topic, with nearly 500 people watching this.

In October, we launched our Climate Change Tax Policy Road Map and brought together a panel of experts for a further green taxes debate, co-sponsored by the Institute for Fiscal Studies (IFS). This was one of five debates held with IFS over the course of the year, three of which were held entirely online.

We did venture back to in-person gatherings for our events at the Labour and Conservative conferences in early autumn (these were also available online). These were held on the topic of taxing wealth, giving a platform to the work of the Wealth Tax Commission, which published a detailed report in December 2020.

We don't take a position for or against a 'wealth tax' but this is a live debate and we think it is in the public interest for the arguments to be debated.

We welcomed members of the Treasury Committee to our panel at both events, alongside members of the Wealth Tax Commission and other experts.

We also worked with the Treasury Committee on their 'Tax after Coronavirus' report, the most far-reaching report on tax ever produced by a UK parliamentary committee, giving evidence, suggesting lines of enquiry and hosting the online launch in March, watched live by around 500 people. Our evidence was cited in the final report in relation to 12 aspects of tax reform.

The government are not showing much appetite for structural tax reform, but the year did see two Finance Bills, where the impact of our technical representations was evident. We were particularly pleased by the decision to temporarily extend the availability of loss relief carry back. The CIOT made the case for extended carry back rules directly with the Financial Secretary. Allowing businesses to benefit from a three-year carry back of trading losses arising during the pandemic gives financially viable businesses with a track record of making profits and paying tax a much-needed cash injection.

It is clear our voice is listened to by policymakers. During debate on this year's Finance Bills, ministers and shadow ministers alike cited CIOT views. September's decision to delay Making Tax Digital (MTD) for Income Tax Self-Assessment and basis period reform followed representations by ourselves and other bodies. The decision to waive late-filing and late-payment self-assessment penalties for a month in 2021, given the difficulties incurred by the pandemic, was also something we had pressed for. We were pleased this pragmatic decision was repeated in 2022.

Speaking up for unrepresented taxpayers

The Institute's Low Incomes Tax Reform Group (LITRG) was among those arguing for an MTD delay. This was one of a long list of achievements for LITRG in 2021, highlighting the value of its work in speaking up for unrepresented taxpayers.

A particular success was the government's decision to introduce a top-up for low income workers in net pay pension schemes. LITRG has been campaigning on this since 2018 and built an effective coalition with the pensions industry, politicians and others. They first obtained a commitment to act in the 2019 Conservative election manifesto and maintained pressure to see it delivered. An achievement to be proud of!

LITRG also made an impact with their work on labour market intermediaries, with their authoritative research report gaining widespread interest from the media and policymakers, and prompting a call for evidence later in the year.

Another immense achievement was reaching even more people through LITRG's online guidance, hitting a high of over six million website visitors. Over a million of these were for the group's superb COVID-19 guidance pages.

Working internationally

2021 was the UK's first year outside the European single market and customs union. In March, we held an online debate with the Irish Tax Institute (ITI) and the Association of Taxation Technicians (ATT) on the impact of trade across and between the Irish border and Britain.

The ITI is one of three bodies we licence to award Chartered Tax Adviser status, alongside the Australian and Hong Kong tax institutes. In a new venture, we initiated joint online events for members of all four. Our 'Global CTA Webinars' have been a real hit, with more than 1800 members across the bodies watching the first.

We may have left the EU, but we continue to play a leading role in CFE Tax Advisers Europe. Gary Ashford continues as a Vice President of CFE, Ian Hayes chairs the Tax Technology Committee and Jeremy Woolf the Indirect Taxes Sub-Committee.

High professional standards

Maintaining high professional standards is a key priority for the Institute. In 2021, a member took us to judicial review over a decision to refer them to the Taxation Disciplinary Board (TDB). We are pleased the High Court agreed we had acted appropriately. We will continue to refer members to the TDB whenever we become aware of evidence that our professional rules and conduct regulations may have been breached. Membership of CIOT is a marker of the highest ethical standards and we must always protect our valuable reputation.

In 2021 we were subject to a periodic inspection by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), who confirmed we are fulfilling our responsibilities as an AML supervisor. One development in this area is a new 'Economic Crime Levy' on firms subject to AML supervision. We argued that smaller firms are already disproportionately affected by AML regulation and should not have to pay the levy. We were pleased the government agrees.

Finances

The CIOT's senior management and finance teams continued their important work to ensure the Institute's finances are robust and sustainable. As in 2020, we continued to reforecast throughout the year to reflect the changing nature of the internal and external environment. Whilst the end of the year started to show signs of a wider economic climate that could pose challenges to some of our future revenue streams, we closed the year with an operating surplus of £1,535,000. Our costs were broadly in line with our budget but income from membership subscriptions and exams performed better than anticipated. After a surplus in 2020 and two prior years of deficits, we will continue to invest in the services we provide to the public, students, volunteers and members as part of our charitable objects.

We could not have achieved any of this without the hard work and dedication of our people, or the commitment of our members – many of whom support us as volunteers. We recognise and thank each and every one and wish you a healthy and prosperous year ahead.

Peter Rayney

CIOT President, November 2020 – May 2022

Helen Whiteman

CIOT Chief Executive



Public Benefit report

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

Since 2010, the Institute has had a Lay Public Interest Council Observer, whose role is to advise the Institute's Council on the public interest regarding its activities.

Report from the CIOT's Lay Public Interest Council Observers

This is our third Public Interest report since we were appointed as Lay Observers to CIOT Council in March 2019.

Like most organisations in the UK, CIOT has continued to be affected operationally by COVID but it has coped well with the challenge. The executive has maximised the opportunity to use technology for examinations, allowing greater flexibility for applicants and having a positive environmental impact. Remote working has become the norm for staff and for Council and Committee meetings. It would be good practice to formally review this new custom in order to assess any impact on efficiency, including the use of resources.

Climate change

It is good to see that as a diligent employer, professional body and charity, CIOT recognises the need to address the challenge of climate change. CIOT has recently established a Working Group to consider the impact of climate change on UK tax policy and has committed resources to receive consultancy advice to calculate and find ways to reduce its carbon footprint, supported by a sustainability strategy. This is consistent with Principle 1 of the Charities Governance Code, which covers areas such as leadership, integrity and sustainability: "the board recognises its broader responsibilities towards communities, stakeholders and the environment".

Equality and Diversity

Past Public Benefit reports submitted by ourselves and our predecessors have recommended that CIOT gives more attention to equality, diversity and inclusion (EDI) issues. We are therefore pleased that the work of the EDI Committee has ensured that these questions have assumed a higher profile in Council deliberations.

Proposals from the committee for CIOT to conduct an EDI survey and become supporters of the Charter for Black Talent generated an interesting debate in Council which revealed some differing perspectives.

We believe the recent appointment of the first independent CIOT/ATT EDI Committee chair represents further evidence of progress. We recommend the committee focus on the outcomes required to ensure the opportunities of EDI, in the broader sense, are understood and realised across the organisation, addressing potential risks relating to organisational culture. This may also include considering the diversity of taxpayers and the valuable role of the Low Incomes Tax Reform Group (LITRG).

The recruitment of new Trustees has served as an effective example of the way CIOT is embracing EDI principles in the mainstream of its work. For the first time, CIOT recruited trustees through an open competition, rather than nomination. The exercise showed the value of the newly-formed Nomination Committee, has improved the diversity of Council and injected new ideas and perspectives to proceedings. We were pleased the induction process gave us the opportunity to brief new Trustees on CIOT's charitable objects, including the need for CIOT to work for the public benefit.

Council members

We have previously provided feedback on governance, particularly, the size of Council and the value of clarifying the roles and responsibilities of Council, Trustees and sub-committees. We are glad to note that progress has been made on improving the efficiency of Council meetings by streamlining agendas, clarifying the purpose of papers and allowing discussion to focus on fewer key issues requiring decisions.

Bridge the Gap

The tax profession's safety net



This would be further assisted by more focused and concise Council papers.

We were impressed by the work which went into preparing a recent successful Strategy Day and the outcomes should support a greater focus in Council on strategic, rather than operational issues.

We recommend further work is undertaken to review the size of Council and clarify the role and remit of Council and individual Trustees to improve its effectiveness and resource use.

Council has fulfilled the remit in the Charity Code of Governance, Principle 5 (Board Effectiveness) to review its own performance by carrying out a survey of its own effectiveness. This produced some useful learning points and should be followed up by a review of the performance of individual Trustees and the Chair (Charity Governance Code 5.8.2).

Evidence from Council meetings indicates that clarification of roles and responsibilities of other functions within the broader CIOT organisation would be helpful. The report by former President Glyn Fullelove gave a useful framework for much-needed reform. It is good to see that activities have started following the appointment of a Governance Officer and the development of a high-level roadmap. However, progress to date has only been gradual.

We recommend a detailed plan is created to ensure a systemic approach to this work and to create greater momentum. Addressing issues in a more systematic order would help ensure that opportunities for organisational and cultural change and greater efficiency are achieved. This approach may also help to ensure that Council, staff, Branch Network, Officers and members all understand the organisation's processes for decision-making and appreciate the need for CIOT to adhere fully to the Charity Governance Code objectives.



Quinton Quayle



Jane Brothwood

The two UK tax advice charities - Tax Help for Older People and TaxAid - provide free tax help and advice to vulnerable, low-income taxpayers.

The need for access to free and trusted tax advice by low income, vulnerable people has never been higher. Between them, the two tax charities currently help around 20,000 people a year, but demand continues to rise.

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

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

www.bridge-the-gap.org.uk

2021 - The Year in Tax

JANUARY



HMRC announces that late-filing penalties for self-assessment will be waived for returns filed before 1 March 2021.

FEBRUARY



The National Audit Office says "too little is known" by government about the environmental impact of tax policies.

MARCH



Spring Budget - Chancellor announces Corporation Tax increase and new 'super deduction', along with personal allowance freeze.

APRIL



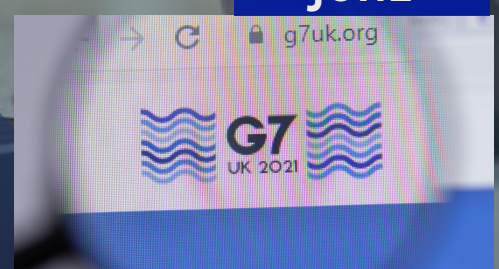
CIOT and ICAS publish their tax manifesto ahead of the Scottish Parliament election.

MAY



CIOT President Peter Rayney speaks of his pride in the tax profession's pandemic response at Scottish virtual Joint Presidents' Lunch.

JUNE



G7 leaders reach historic deal to ensure multinationals pay more tax where they do business. They agree in principle to a global minimum corporate tax rate of 15%.

JULY



Over 300 years of tax history comes to an end as HMRC retires its Stamp Duty press machines.

AUGUST



MPs call for rules around taxpayer confidentiality to be relaxed to improve corporate tax scrutiny.

SEPTEMBER



Lucy Frazer appointed Financial Secretary to the Treasury. Government announces new Health and Social Care Levy.

OCTOBER



Autumn Budget proposes simpler alcohol duties and a new Residential Property Developer Tax.

NOVEMBER



National Audit Office

National Audit Office report says tax revenues fell by 4.4% (£27.9 billion) in 2020-21 due to the pandemic.

DECEMBER



Scottish and Welsh budgets propose no changes to income tax rates. Both nations consult on changes to devolved property tax on second homes.

Building our climate credentials

The CIOT recognises the importance of protecting the environment and the role we can play as a membership organisation to encourage members, volunteers and staff to consider the impact of their actions on the environment.

Our obligation to work for the public benefit and to create a well-informed debate on taxation gives us a platform to explore the implications of environmental change for the development of tax policy in the UK and abroad.

2021 saw the Institute embark on a series of initiatives aimed at responding to the climate challenge. The development of CIOT's sustainability agenda, endorsed by Council, seeks to embed climate change into our organisational culture and practices.

Becoming a sustainable organisation

A notable development in 2021 came with the appointment of a consultancy to work with us to develop a strategy aimed at embedding sustainability into our business practices.



Achill Management were appointed following a competitive tendering process. They bring extensive experience supporting businesses and professional bodies to adapt to the climate challenge. From late-2021 onwards, they have been working with us to identify and benchmark our carbon usage so that we are able to develop a measurable carbon reduction strategy for the coming years.

The tendering process for the newly designed Tax Adviser resulted in our new publisher committing to providing a more environmentally-friendly product for our members.

Supporting our staff

Our internal staff climate change group met six times over the course of 2021 to consider a range of ideas to improve the sustainability of our working practices and support staff in thinking about their own climate impact at home and in the office.

The gradual reopening of our Monck Street office from the second half of 2021 resulted in a number of changes to our office environment in preparation for a post-pandemic workspace. Our facilities team oversaw a major project to digitise our paper records, which had the added benefit of providing more space for social distancing.

We have also started the process of reducing our reliance on single-use cups and plastics within the office. These are initial, but important steps.

Building our climate voice

Our Climate Change Working Group spent much of 2021 building relationships with political and academic stakeholders and inputting to a range of government consultations and calls for evidence.

These included responses to consultations on aviation tax, plastic packaging tax and aggregates levy. The group provided feedback to the John Muir Trust on plans for a carbon land tax in Scotland, and to Brunel University's green taxation project. In October, we published our Climate Change Tax Policy Roadmap. Recognising that climate change is an issue of concern for both organisations, the group became a joint CIOT/ATT group from the start of 2022.

The group has also engaged government officials, seeking to ensure climate impacts are given clearer consideration when changes to tax policy are proposed. This would help ensure taxpayers can understand the impact of tax measures on the environment.

Promoting climate tax debate

As part of our efforts to create a well-informed debate on tax (see pages 16-17), the Institute held two climate change-focused events in 2021.



2021 CTA Address

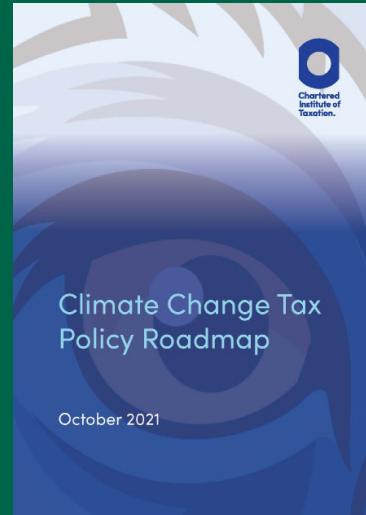
In May, we welcomed Sir Dieter Helm, a leading expert in energy economics, to deliver the Chartered Tax Advisers' Address, in which he focused on the role of taxation and carbon pricing in helping nations to realise their net zero ambitions.

Sir Dieter set out the rationale for carbon taxes, urged nations to be "roughly right rather than perfectly wrong" when deciding on levels of carbon taxation and argued that the monies raised had the potential to constitute a considerable portion of the economy's total tax burden.

Sir Dieter was joined by Jill Rutter from the Institute for Government, who reflected on her experiences as a civil servant developing some of the UK's earliest carbon taxes and by Jason Collins, Chair of the CIOT's Climate Change Working Group.

Climate Change Tax Policy Roadmap

On the eve of COP26, the CIOT's Climate Change Working Group published its Climate Change Tax Policy Roadmap, with a call to government to set out how it plans to use the UK tax system to help the country meet its ambitious net zero goals.



The Coalition government's 2010 Corporate Tax Roadmap was cited by the group as a good example of how government can provide businesses with a clear direction of travel to help them plan for the future.

A similar approach could be adopted when thinking about the role of taxation in tackling climate change. In setting out its principles for such a roadmap, the group said that government should ensure that climate tax policy:

- Positions the UK as a global leader in the climate agenda
- Ensures tax policy is aligned with wider climate objectives
- Is upfront about the threats to the tax base from decarbonisation
- Allows for early and wide consultation with stakeholders, so they understand the rationale for climate taxes

CIOT/IFS Online debate

Chartered Institute of Taxation | IFS Institute for Fiscal Studies

What is the role of tax in getting to Net Zero?

Femke Groothuis (Ex'tax) | Chris Morgan (KPMG) | Peter Levell (IFS) | Alex Bowen (Grantham Research Institute) | Paul Johnson (IFS Chair)

The role of tax in getting to Net Zero

The net zero agenda was expanded upon further at an October event, held jointly with the Institute for Fiscal Studies (IFS), where a panel of experts debated the rationale for and opportunities of climate levies and the UK's 'stop-start' approach to the green tax agenda.

Chaired by Paul Johnson of the IFS, the event featured contributions from Alex Bowen (London School of Economics), Femke Groothuis (Ex'tax Project), Chris Morgan (KPMG) and Peter Levell (IFS).

Promoting debate on tax

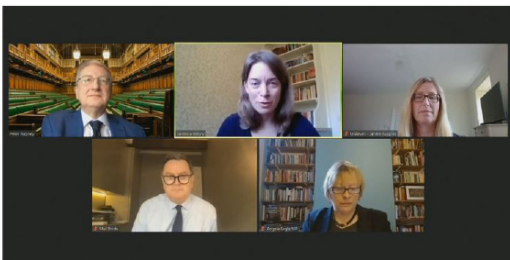
The Institute holds regular public debates in support of our objective of creating a well-informed debate on tax policy. Often organised jointly with the Institute for Fiscal Studies (IFS), they bring together those with an interest in tax policy from fields including taxation, politics, policy making and academia.

In 2021, topics debated ranged from pandemic recovery and changes to corporation tax, through to the gig economy and the case for wealth taxes. We also held two public debates on tax and climate change (see page 15).

Although the majority of our events remained online, autumn saw a return to face-to-face engagement with our events at the Labour and Conservative Party conferences in Brighton and Manchester respectively.

You can watch our debates, or read a summary, at tax.org.uk/videos-and-audio.

Tax after Coronavirus



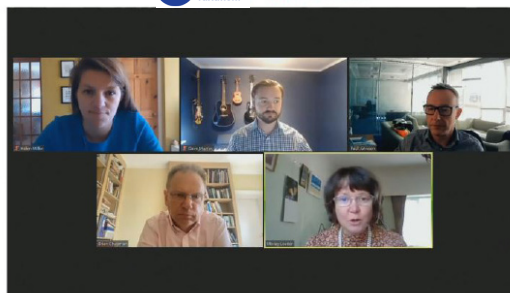
The CIOT hosted the launch of the House of Commons Treasury Select Committee's Tax after Coronavirus report in March, described by CIOT President and event chair Peter Rayney as the most ambitious report on tax reform ever published by a UK parliamentary committee.

Mel Stride MP, the chair of the committee, said that immediate tax rises would be detrimental to recovery and emphasised the need for long-term reforms to the UK tax system as the country recovers from the pandemic and adapts to wider challenges, including demographic and climate change, and the rise of the gig economy.

Fellow committee member Dame Angela Eagle said this would need to include the development of a long-term strategy to maintain the sustainability and integrity of the UK tax system.

Additional contributions came from Janine Juggins (Unilever), Gemma Tetlow (Institute for Government) and Victoria Todd (LITRG).

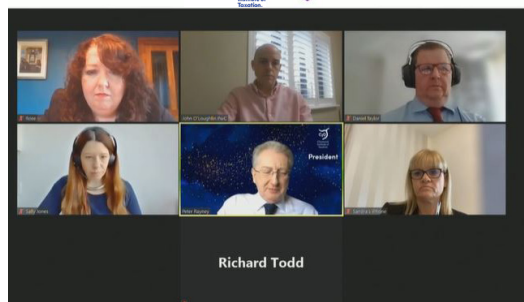
How high should the corporation tax rate be?



With Corporation Tax due to increase in 2023, our panelists argued that the UK should have a system designed to encourage investment, deter avoidance and evasion, and show that the country is open for business.

The event was chaired by IFS Director Paul Johnson, with contributions from Brian Chapman (ex-BAE Systems), project finance tax specialist Morag Loader, Helen Miller (IFS) and David Murray (Anglo American).

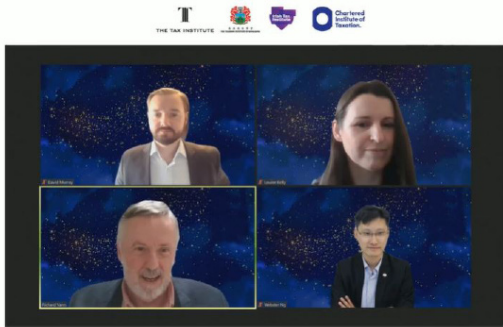
UK and Ireland: doing business post-Brexit



The CIOT, ATT and Irish Tax Institute brought together a panel of tax, trade and business experts to explore the challenges with trade and customs arrangements following Brexit.

Contributions came from Sally Jones (EY), Rose Tierney (Tierney Tax Consultancy), John O'Loughlin (PwC) and Daniel Taylor (HMRC), with opening and closing remarks from Richard Todd (ATT Deputy President) and Sandra Clarke (Irish Tax Institute).

Global CTA tax webinars

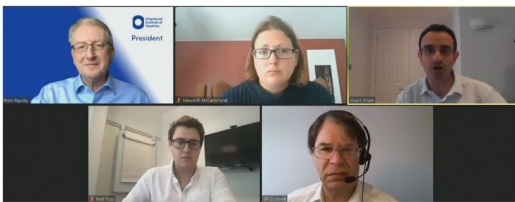


May’s inaugural CTA Global Webinar brought together representatives of the 4 CTA awarding institutes of UK, Ireland, Australia and Hong Kong to debate international taxation developments.

Chaired by the President of the Taxation Institute of Hong Kong, Webster Ng, the panel considered the impact of the Base Erosion and Profit Shifting project and plans for a global minimum tax on the corporate tax landscape.

Contributions came from Louise Kelly (Deloitte Ireland), Richard Vann (Sydney University) and David Murray (Anglo American). A second debate in September looked at the digitalisation agenda.

How should platforms and gig economy workers be taxed?



A June debate concluded that innovation and action can help gig economy workers to get their tax right.

But problems are driven not just by tax, but by wider government policy, adding to perceptions that the gig economy is unfair and exploitative.

Aligning employment and business tax rates, introducing a levy on engagers, increases in self-employed National Insurance and a withholding tax on platforms were all suggested as options for giving workers greater certainty in their tax affairs.

Speakers at the event were Meredith McCammond (LITRG), Stuart Adam (IFS), Neil Ross (techUK) and Bill Dodwell (Office for Tax Simplification).

Can a wealth tax cure our COVID fiscal ills?



At the Labour Party conference in Brighton, our speakers agreed that reforms to existing taxes could help reduce inequalities as the UK emerges from the pandemic.

Treasury Committee member Dame Angela Eagle MP said wealth taxes could offer a solution, but ‘obvious’ reforms to existing taxes provided significant room for manoeuvre, a view shared by fellow panelists Helen Miller (IFS) and Arun Advani (University of Warwick).



At the Conservative conference, Felicity Buchan MP, also of the Treasury Committee, argued the UK might be at the limit of what it can sensibly tax and that global experiences suggested “wealth taxes are not the way to go”.

Stuart Adam of IFS saw merits in the “very different beast” of a one-off levy, but said “a lot of very good things” could be done with existing taxes.

Emma Chamberlain, who served as a member of the Wealth Tax Commission alongside Arun Advani, said a future wealth tax could be designed to prevent capital flight but would require political consensus to provide stability and predictability.

Working for a better tax system

Report from the CIOT Technical Committees

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

Like 2020, much of our work continued to relate to the government's COVID-19 support schemes, but a significant amount of 'business as usual' activity resumed.

2021 was a record year for engagement with HMRC and other policymakers, with 364 meetings (2020: 268) and 130 submissions (2020: 90). We engaged on a range of measures including Making Tax Digital, basis period reform, notification of uncertain tax treatments and IR35. We firmly believe our relationships are stronger than ever.

Our committee chairs and vice-chairs are listed on page 45. We are grateful to them and the many volunteers who give up their time to lead and participate in our technical activities.

Technical Policy and Oversight Committee

Some of the CIOT's technical work is driven by the Technical Policy and Oversight Committee (TPOC), either because it is of strategic importance or because it spans several committees. Through TPOC we engage with senior HMRC staff at the Representative Bodies Steering Group, and are represented on the Charter Stakeholder Group, where we discuss matters such as HMRC's service standards. We also work with HMRC and the Government Digital Service to secure improvements to guidance.

At the start of 2021, we continued discussions with HMRC about the Self-Assessment filing deadline, joining other professional bodies in requesting easements around late filing and late payment penalties that were eventually granted. We were pleased that HMRC made a similar (but much earlier) announcement in relation to the 2022 deadline.

Alongside other professional bodies we wrote to the Financial Secretary to the Treasury expressing concern about the tight timescales for basis period and Making Tax Digital reforms, leading to their deferral by a year.

Together with Professional Standards colleagues, we prepared guidance for members with clients who had received help through the Self-Employment Income Support Scheme and the Coronavirus Job Retention Scheme grants.

We continued to provide evidence to parliamentary inquiries, including the Treasury Committee's Spring Budget 2021 and 'An Equal Recovery' inquiries and the House of Lords Finance Bill Sub-Committee inquiry into Finance Bill 2021-22. We also responded to the Treasury's review of the Office of Tax Simplification (OTS).

We set up a working group to discuss the issues facing Employee Ownership Trusts, leading to the submission of a Budget Representation.

Private Client (UK)

The committee engaged extensively with the OTS review of capital gains tax (CGT) through written submissions and informal consultation. We are in ongoing discussion with HMRC on the implementation of aspects of the review, including reform of the CGT treatment of divorce.

The Finance Bill reflected our suggestions for technical changes to the legislation governing CGT returns for disposals of UK land, the extended timescale for reporting these, for related payments on account to 60 days (from 30 days) and the CGT treatment of assets applied to the Dormant Assets Scheme.

We have also assisted in the formulation of workable regulations to relax Inheritance Tax (IHT) reporting requirements for estates. We continue to work on extending the limited concession for small amounts of estate income.

We continued engagement with HMRC and members on implementing the Fifth Anti-Money Laundering Directive, ensuring the accuracy and practicality of the guidance in the Trust Registration Service manual.

We provided evidence to the All-Party Parliamentary Group on Rural Productivity, showing how capital tax considerations may act as a disincentive to the elderly farmer handing the business over to a more entrepreneurial younger generation.

Private Client (International)

Following a change in approach by HMRC, and along with other bodies, the committee published a detailed technical note to assist members and advisers considering the tax treatment of loan collateral for remittance basis users and related compliance issues.

An exercise was undertaken to identify areas of uncertainty in the application of business investment relief, with the aim of seeking clarification of HMRC's views in published guidance.

Our engagement with HMRC around difficulties relating to changes to IHT excluded property trusts in Finance Act 2020 resulted in our analysis being accepted concerning the spouse exemption being applicable to gifts with a reservation of benefit. IHT manual guidance has been revised accordingly. We continue to press for resolution of other areas of difficulty.

The committee led the preparation of our Budget representation 'Exchequer implications for the UK of a sustained behavioural shift to remote working abroad'.

Indirect Taxes

Brexit meant another year of increased engagement with HMRC's Joint Customs Consultative Committee (JCCC) on issues related to cross-border movement of goods. This is largely through the EU Transition and JCCC Guidance sub-groups. The committee has raised queries on post-Brexit matters such as postponed VAT accounting.

We have been in regular contact with HMRC in respect of pandemic-related simplifications and process changes. We have also spoken with HMRC about internal delays, specifically highlighting issues for single and group VAT registrations.

In conjunction with our events team, we organised our annual (virtual) VAT conference, attracting over 150 delegates. This took place over two half-days with leading speakers from industry, the legal sector and tax practice.

The committee led responses to consultations including 'VAT & the Sharing Economy', 'VAT & Value Shifting' and 'Simplifying the VAT Land Exemption'. We also contributed to the notification of uncertain tax treatment response.

Employment Taxes

Off-Payroll Working rules continue to be at the forefront of our work. We provided evidence to the National Audit Office IR35 review and Colin Ben-Nathan gave evidence to the House of Lords Finance Bill Sub-Committee as part of their follow-up inquiry into the implementation of the rules in the private sector.

We continue to raise with HMRC the issue of tax offsets when a worker's status is recategorised and taxes are due for previous years. We also made representations to the Supreme Court to hear an appeal in the Professional Game Match Officials Limited case, arguing that certainty is needed in the proper approach to applying the concept of Mutuality of Obligation.

We responded to several consultations and calls for evidence including Enterprise Management Incentives, a Scottish Government review of Scottish income tax, and draft Finance Bill legislation relating to two pensions tax clauses. We submitted Budget representations covering several expenses, benefits and pensions matters, and corresponded with HMRC on a variety of issues including the new Health and Social Care Levy, misidentification of Scottish taxpayers, electric vehicles and employer reimbursement of the cost of electricity.

Corporate Tax

Work continued in relation to the proposed new compliance obligation requiring large businesses to notify uncertain tax treatments to HMRC.

Our engagement with HMRC has led to improvements during the consultation period, however we remain concerned the measure will not be effective, proportionate or necessary. This work also fed into the March 2021 Review of Large Business Administration.

A further area of work related to R&D tax relief. We responded to the government's March 2021 review and identified concerns related to the rules for R&D tax relief for small and medium sized enterprises (SMEs) and what is considered subsidised expenditure or contracted out R&D.

We do not agree with HMRC's position and believe it to be inconsistent with the purpose of the reliefs. This work continues following a November 2021 First-tier Tribunal decision in favour of the taxpayer.

Digitalisation and Agent Services

The committee began the year by responding to HMRC's consultation on Making Tax Digital for Corporation Tax.

We were pleased our recommendation to defer MTD for Income Tax Self-Assessment (ITSA) for at least a year was accepted. Following publication of updated regulations, we met with HMRC to consider the detailed rules. This will continue in 2022, with a focus on the pilot and ensuring agents can fully support their clients in the transition to MTD and beyond. We are keen for HMRC to produce a roadmap of their plans for MTD for ITSA and are working on our own version to show what a successful launch in April 2024 can look like.

We continue to engage on MTD for VAT, in particular communications to businesses (and their agents) with turnover below the VAT threshold, ahead of mandation in April 2022.

We remain active participants in HMRC's Agent Digital Design Advisory Group, seeking to ensure provision is made for agents in the design and implementation phases of new digital services.

International tax

We responded to a consultation on changes to the transfer pricing documentation for large businesses. The March and October budgets included measures to make changes to the hybrids and other mismatches regime as well as rules for the diverted profits tax. We broadly welcomed these changes, which should ensure rules better reflect policy objectives.

We monitored the OECD/G20 Inclusive Framework's work developing Pillar One, which reallocates some taxing rights in relation to multinationals, and Pillar Two, which introduces a global minimum corporate tax rate.

Although there has been plenty of activity within the Inclusive Framework, the Model Rules for Pillar Two were only published in December 2021. We recognise the considerable political and time pressures but were disappointed at the lack of consultation from the OECD around the development of the final model rules. We consider this a missed opportunity to get valuable input from stakeholders and businesses. We will be involved in the consultations around the framework over the course of 2022.

Property taxes

The committee engaged extensively with proposals for the Residential Property Developer Tax and our recommendations to align the new tax with corporation tax mechanisms and use existing statutory tax definitions were reflected in its final design.

We provided input on land and property related aspects of the OTS review of CGT and contributed to HMRC's informal consultation on the development of Stamp Duty Land Tax relief for freeports, identifying the need to address alternative finance in draft legislation. An amendment reflecting this was introduced to the Finance Bill.

The committee reviewed HMRC's manuals to address uncertainties and anomalies, including on land remediation relief and non-resident CGT. With our Private Client committees, we contributed to HMRC's consultation on its internal manuals for the 60-day CGT on UK property reporting regime.

Our Business Rates Working Group responded to the Treasury consultation on more frequent valuations, identified as a priority in the original Fundamental Review of Business Rates.

Owner Managed Businesses

We met the Head of HMRC's Clearance Unit to discuss issues around consistency, legislative interpretation and the quantity and relevance of questions and response times. HMRC provided a checklist on what to include in a statutory clearance application. This has been published on our website. We continue to discuss potential clearance issues and raise these with HMRC where appropriate.

We started regular engagement with HMRC's Mid-Sized Business team on topics including support offered to businesses through HMRC's Customer Engagement and Support Team (CEST) and issues related to disclosures and technical discussions about transactions.

We responded to the consultation on Basis Period Reform and had several meetings to discuss HMRC's proposals. We were pleased our recommendation that changes be deferred by at least a year was accepted. We continue engagement as HMRC consult on whether to introduce administrative or policy easements to minimise burdens related to the submission of tax returns with provisional figures.

Management of taxes

In early 2021 the committee responded to HMRC calls for evidence on the Tax Administration Framework Review and Timely Payment. We held several meetings with HMRC to discuss these.

Following publication of HMRC's Powers and Safeguards Evaluation (PSE) Forum report, we contributed to follow up work on several of the 21 commitments including reasonable excuse guidance, statutory review and the worldwide disclosure facility. We play an active role in the PSE Forum.

We attended HMRC's new One to Many (OTM) Compliance Advisory Board, established to consider their planned OTM activities, and meetings of HMRC's new Tax Crime Alliance.

We continued regular engagement on offshore matters, including responding to discussion documents on 'Helping Taxpayers get Offshore Tax Right' and 'Preventing and Collecting International Tax Debt'. We attended the inaugural meeting of HMRC's new Offshore Forum in November.

We have been contributing to HMRC's Penalty Forum, discussing communications and guidance ahead of the introduction of the new VAT penalty regime. We took part in regular meetings of other HMRC forums, including the Compliance Reform Forum, Customer Experience Stakeholder Advisory Group and Dispute Resolution Group. We also responded to an informal consultation expressing concerns about potential changes to HMRC's Alternative Dispute Resolution process.

Scotland

Ahead of the Scottish Parliament election, we published "Building a Better Tax System", setting out our tax priorities for the new parliament. Our third poll of adults in Scotland since 2018 shows a continuing lack of awareness of Holyrood's tax powers. These pieces of work have informed our engagement with the new parliament.

In December, we attended a pre-budget roundtable hosted by the Minister for Public Finance before the Scottish Budget and a roundtable chaired by the Finance Secretary on the Fiscal Framework Review, expected in 2022.

We maintain close working relationships with the Scottish Government and Revenue Scotland, discussing policy and operational issues. We provided feedback on the government's review of Scottish income tax and draft Framework for Tax.

Wales

Together with the Low Incomes Tax Reform Group (LITRG), the committee provided observations on the development of the devolved taxes since 2016.

The committee continued its close engagement with the Senedd following the May election. We are represented on the Welsh Government's Tax Engagement Group, chaired by the Welsh finance minister, which aims to ensure tax policy and administration is developed in the best interests of Wales.

We responded to the Welsh Government's consultation on enabling changes to the Welsh Tax Acts and provided feedback on aspects of the devolved Land Transaction Tax regime and the Welsh Revenue Authority's Charter and communications.

Climate Change Working Group

The group spent much of 2021 building relationships with stakeholders and providing input to consultations and calls for evidence.

We responded to government consultations on aviation tax and plastic packaging tax, provided feedback to the John Muir Trust on their proposal for a carbon land tax in Scotland, and engaged with Brunel University's green taxation project.

In October, the group published its Climate Change Tax Policy Roadmap (see page 15).

EU & Human Rights Working Group

The working group did not meet in 2021 because the issues within its remit cut across the work of our other committees. The group's expertise in areas related to EU and human rights matters was fed into this wider work.

Chair of Technical Policy and Oversight Committee

John Barnett

Director of Public Policy

John Cullinane

Head of Tax Technical

Richard Wild

A voice for the unrepresented

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

The Low Incomes Tax Reform Group contributes to the CIOT's public benefit role by helping those unable to afford tax advice. This is fulfilled by providing free, comprehensive online guidance, and by working to make the tax and associated welfare systems more equitable and accessible.

LITRG advisory panel

During 2021, the LITRG Committee was reconstituted as an advisory panel, reflecting the fact that the technical skills required for its work inevitably came from the staff team, and different contributions are sought from volunteers. The panel met in December 2021 to review its work and look ahead to 2022. Panel volunteers continue to support our work by providing feedback at meetings and comments for inclusion in consultation responses. We have two sub-groups (bereavement and pensions), comprising staff and volunteers.

In 2021, LITRG responded to 44 consultations and attended 388 meetings with HMRC, government departments and third-sector organisations. LITRG also engages regularly with the Scottish and Welsh governments, parliaments and devolved tax authorities.

Tackling pensions inequality

The pensions sub-group had a notable success after many years of campaigning for a solution to address the inequality of some low earners not receiving tax relief on their pension contributions, an issue LITRG has been campaigning on since 2018.

At the Autumn Budget, the government announced that it would introduce a 'top-up' scheme so that all low-income workers can get the equivalent relief on their contributions.

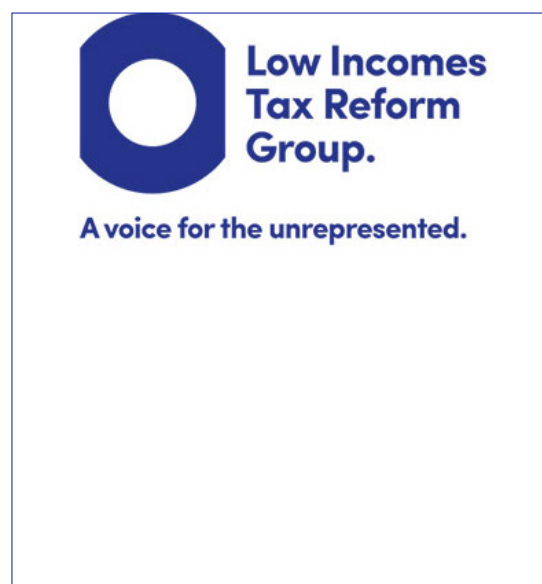
This means that from 2024/25 onwards, over a million low-income workers (mostly women) paying into a net-pay arrangement scheme will be able to claim a rebate worth up to £63 a year. The announcement was welcome, although we were disappointed with the delay in its implementation and the fact that payments will not be backdated.

Bereavement benefits

The bereavement sub-group prepared a briefing on the tax and benefit interactions of government proposals to make backdated payments of certain bereavement benefits. This was sent to the Department for Work and Pensions and the Joint Committee on Human Rights. LITRG was quoted in the committee's report, which recommended the

government consider and make clear the tax and benefit implications of the backdated payments.

Labour Market Intermediaries report



In March, we published a 150-page report into labour market intermediaries, with a large focus on umbrella companies, commissioned by the TUC.

LITRG's research included talking with sector experts, reviewing umbrella company offerings and mining our own query database for evidence. The report explored the benefits and complexities of umbrella companies, as well as exploring other types of labour market intermediaries and the use of disguised remuneration schemes.

The report received widespread praise and we have discussed the findings with HMRC. In December 2021, HMRC, the Department for Business, Energy and Industrial Strategy (BEIS) and the Treasury published a call for evidence on the umbrella company market referring to the report. The report's findings formed the basis of other consultation responses throughout 2021 and has led to numerous media mentions.

LITRG achievements in 2021

Continuing COVID-19 response

Although 2021 did not require the same level of resource as 2020, we continued to produce COVID-specific tax and tax credit guidance through the year, with our dedicated COVID-19 material on the LITRG website receiving over 1 million page views.

We continued to work closely with HMRC on COVID support schemes and tax credit easements, focusing on unrepresented taxpayers. This work was acknowledged in HMRC's annual report for 2020 to 2021 and meant:

- We had an impact on the final turnover test rules for the fifth SEISS grant for those trading in partnership
- HMRC's guidance was improved
- Changes were made to tax credit regulations relating to coronavirus easements after LITRG identified issues in the original regulations
- Along with CIOT and ATT colleagues, we obtained agreement from HMRC that CJRS overclaims could be offset against underclaims within a given claim period
- We published detailed guidance that is not otherwise available in one place

LITRG websites

LITRG's guidance is primarily delivered via our website, www.litrg.org.uk. Although aimed at those unable to pay for advice, our materials are widely used by members, other professionals and advisers. In 2021, there were just over 6 million visitors to our website and 9.8 million page views.

The main LITRG website was previously supplemented by three niche websites: Tax Guide for Students (TGFS), Disability Tax Guide (DTG) and Revenuebenefits. In 2021, the TGFS and DTG websites were closed down and the material moved to the main LITRG website as part of wider website improvement work. The DTG material was transformed into new 'taking on an employee' guidance, providing an important resource for small employers unable to afford advice. Revenuebenefits, a website for advisers funded by HMRC, remains in existence.

Head of LITRG

Victoria Todd

Senior Technical Manager

Kelly Sizer

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

- We met the new Financial Secretary to the Treasury and raised issues around tax refund companies and the standard of guidance. As a result of our work, HMRC have committed to consult further in 2022
- Our written evidence was quoted in the All Party Parliamentary Group (APPG) for Entrepreneurship's report on the sharing economy
- Our longstanding call to delay the roll-out of Making Tax Digital for Income Tax for Self-Assessment was answered with a one year delay
- Changes to capital gains tax that we recommended – including the doubling of the reporting time on UK residential property, filing extensions for paper returns and extension of 'no-gain, no-loss' transfers when couples separate – have been acted on
- Our oral and written evidence on basis period reform was quoted several times in the House of Lords Economic Affairs Committee's report and influenced its final recommendations
- Our high income child benefit charge briefings and guidance were referenced multiple times in a House of Commons Library report and the LITRG website was suggested as a useful source of detailed guidance in their 'Key Documents: Taxation' publication
- The Scottish Government praised our factsheet on employment status for personal assistants, which is now being used by officials
- We were the only organisation to publish information about loan recall issues relating to the loan charge. It was welcomed by experts in the area as 'a fantastic briefing'
- HMRC updated their 'where's my reply' tool following LITRG feedback that it was displaying incorrect metrics
- HMRC published dedicated guidance on GOV.UK for umbrella company workers, after LITRG highlighted a scarcity of information
- HMRC set up an advisory group to provide advance feedback on One to Many campaigns
- We raised issues with HMRC's 'suspected repayment fraud' letters resulting in improvements and HMRC agreeing to look further at the process
- HMRC updated and extended guidance on reasonable excuse following LITRG feedback
- HMRC confirmed they will provide guidance on tax checks as part of licence renewals for taxi drivers and scrap merchants in five languages
- HMRC updated their staff guidance to ensure tax credits claimants are aware of notional offsetting rules when they phone HMRC. HMRC also amended their letters to claimants about changes to their payments to reflect feedback we provided

Promoting excellence in tax education

Report from the Education Committee

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

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

By the end of 2021, there were 5,117 students registered for the CTA qualification – which includes those on the ACA CTA and the CA CTA Joint Programmes. We have been pleased to see continuing numbers of students achieve membership via the ACA-CTA programme. There were a further 2,398 students registered for the Tax Pathway, the joint ATT CTA route to qualification.

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

CIOT as an Endpoint Assessment Organisation (EPAO)

Following a government decision, there was a change to the external quality auditor for the Level 7 Accountancy/Taxation Professional Apprenticeship Standard meaning that from mid-December 2021, all organisations offering End Point Assessments had to be Ofqual recognised. CIOT has been offering an apprenticeship under this Standard. Education Committee and then Council considered in detail the practicalities of Ofqual recognition and the resources required to be Ofqual regulated. Given the modest numbers of Level 7 apprentices registered with CIOT compared to the number of students who are not, it was concluded that it would not be the best use of our charitable resources to apply for Ofqual recognition. Therefore, from 16 December 2021, CIOT ceased to be an EPAO.

Following active engagement with the Education and Skills Funding Agency, Ofqual and ICAEW, we are in negotiations with ICAEW whereby CIOT will act as a Centre for ICAEW in the context of the Level 7 Tax Apprenticeship (subject to contract with ICAEW and final Ofqual approval). The CIOT's Level 7 End Point Assessment in Tax will be subject to quality assurance by ICAEW who will become the EPAO for CIOT's Apprentices. We are deeply appreciative of ICAEW's assistance in this regard.

ICAS Joint Programme

2021 saw continued growth for the CA CTA Joint Programme, which had been agreed between CIOT and ICAS (Institute of Chartered Accountants of Scotland) in 2019.

One CA CTA student completed their studies in 2021 and the number of students registered with the Institute nearly doubled to 60.

ADIT

More than 3,600 students from around 120 countries are currently pursuing our ADIT qualification. In addition, 1,455 individuals have achieved the qualification, 285 of whom have subscribed as International Tax Affiliates.

2021 saw approximately 750 new students registering onto the ADIT qualification. Exams took place (online) in June and December 2021. Approximately 2,350 exam entries were received over the course of the two exam sessions. Students sat the online exams at their homes and offices, in 71 countries.

ADIT was represented in the joint delivery of two major online CIOT events: the Kings College London/CIOT/ADIT/IFA Joint International Tax Conference, which took place on 30 and 31 March and attracted 130 bookings, and the CIOT/ADIT/IFA Young International Corporate Tax Practitioners Conference, which took place on 23 and 24 September and attracted 103 bookings.

A second series of ADIT webinars took place between April and November 2021. Five ADIT webinars were delivered, attracting a total of 496 bookings. The first four webinars were each priced at £20, with free entry for International Tax Affiliates. The final webinar, aimed at international tax professionals in developing countries, was priced at £10.

The first in a new series of Champion-led ADIT network webinars was delivered in November 2021, focusing on the indirect tax impacts of Brexit in Ireland. The ADIT network webinars have been designed as free events and are intended to help grow the ADIT community in the countries in which ADIT Champions operate.

Student support in 2021

The Institute continues to support its CTA students, with one-day student training days again being held in the spring and autumn. Students are able to access webinars after these sessions, meaning that they are still able to access the content if they were unable to join live.

The feedback from those attending is always positive and the dedication of the tutors at these events should be noted.

Fellowship

In 2021, five individuals successfully presented a body of work or dissertation to the high standard required to achieve Fellowship.

Topics covered in the dissertations were: 'The Practical Implications of the New Residence Nil Rate Band' and 'Four Points on Hive-down and Sales'. Bodies of Work were presented on: 'Tax Losses', 'Inheritance Tax - Lifetime Transfers and the Death Estate' and 'Tax Implications on Family Breakdown'. Another five individuals had their synopses approved.

Employer engagement

Meetings have taken place this year with employers in the accounting, legal and commercial sectors. In 2021, for the first time, the Business Development team arranged a virtual employer event, inviting smaller employers to hear how the remote November 2021 exam session went and also get an insight into the changes/ plans for 2022. This proved an effective way of disseminating information to a wide audience. As a result of its success, plans are underway to roll this out and expand the next event to include larger employers.

With remote exams remaining in place for 2022, increased dialogue with employers is absolutely crucial because remote exams require more set up compared with traditional exams. We would like to thank employers for their continued support of their trainees during these ongoing difficult times. Without their dedicated support, it would be even more difficult to keep the exams running as smoothly as possible.

The majority of the feedback on the remote exams has been positive and it is fantastic to be able to welcome new members who have completed their exams in 2021.

Chair of Education Committee

Ray McCann

Director of Education

Rosalind Baxter

Education Development Manager

Andy Brodrick

ADIT Examinations Manager

Rory Clarke



Examinations report

Report from the Examination Committee

A CTA is regarded as having achieved the premier tax qualification, having passed exams that require candidates to demonstrate a breadth and depth of technical expertise and an ability to apply that to practical situations.

The primary objective of the Examination Committee is the supervision of the administration arrangements for the CTA examinations and the review of the examination format and results in line with the requirements of Council. We are grateful to our examiners, committee members and staff for all of their hard work in what is a huge administrative and intellectual exercise.

2021 saw a healthy crop of exam entrants with 4,056 students sitting 4,970 CTA tax exams across the May and November exam sessions.

Following the 2021 exam results, published in January 2022, 381 students completed the exam requirements for membership of the CIOT. This includes those on the Tax Pathway and ACA CTA Joint Programme routes. The committee hope that some of the successful candidates will go on to play an active role in the future of the CIOT, volunteering for whichever area of the Institute's work interests them most.

How the exams were offered in 2021

Following the successful November 2020 exam session where remote exam software was used, the same software, with increased functionality, was used for the May and November 2021 exams. This gave our students certainty around how they would be sitting their exams and confidence that there would be no disruption as a result of pandemic-related changes.

To ensure the integrity of the remote exams, they remained open book with various security measures in place, including anti-collusion software, recording of exact times candidates started and ended their exams, ID capture processes compared to the candidate register and periodic photos of the candidates taken at random times during the exams and compared to their ID (this later measure was introduced from the November session).

ICAEW/ICAS joint programmes

During the course of 2021, 179 students completed both qualifications and thus successfully completed the ACA CTA Joint Programme. One student completed the CA-CTA Joint Programme.

Computer Based Examinations

In addition to our twice-yearly taxation exam sessions, CTA candidates are also examined via Computer Based Examinations (CBEs) in Principles of Accounting, Law and Professional Responsibilities & Ethics. These are available all year round at test centres across the UK. Most test centres have remained open throughout the pandemic, enabling students to take these exams.

In 2021, CBEs were offered remotely on a six-month trial. Students not wishing to sit in a test centre could choose to sit these exams in a suitable location of their choice using a remote invigilation package with a live invigilator. This has become a permanent offering following the successful trial, giving students choice, increasing accessibility and reducing travel time.

Tax Pathway

In 2021, 147 students on the Tax Pathway successfully completed all the examination papers required of them. The Tax Pathway enables students to study for both the ATT and CTA qualifications and become members of both bodies in less time, without reducing the quality and rigour of the qualifications. Students are able to transfer into the Tax Pathway from the traditional CTA and ATT routes, providing they meet the requirements.

The future

During 2021 the committee received reports and discussed various options for how exams would be offered post-pandemic. The plan at present is to return to exam centres where IT equipment is provided for candidates with access to online legislation and potentially other approved material. There is a dedicated member of the team working on this project and plans will be developed in 2022.

Chair of Examination Committee

Daniel Lyons

Director of Education

Rosalind Baxter

Education and Examinations Manager

Jude Maidment

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

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

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

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

1. Those persons who are members of the Company at the date of this Our Charter and remain members of the Institute in accordance with the Byelaws and all other persons who shall hereafter in accordance with the Byelaws become and remain members of the body hereby constituted shall be members of a Body Corporate and Politic 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 this Our Charter and to the Byelaws, and to the extent only that such powers shall be consistent with its charitable objects, the Institute shall have the following powers:
 - (1) To take over all the assets, undertaking and obligations of the Company and for such purpose to enter into all such contracts (including contracts of indemnity) as may be necessary or desirable.
 - (2) To promote and lay down standards of education, training and experience appropriate for practitioners in taxation, to institute and establish scholarships, grants, awards and prizes, to hold examinations and tests of



Prize winners

Pandemic restrictions meant that the Institute was once again unable to hold face-to-face admission and graduation ceremonies in 2021 for our students. However, we were still able to celebrate the achievements of those who successfully achieved a qualification with us, including our medal and prize winners.

May 2021 CTA examinations medal and prize winners



Hannah Robson
Gilbert Burr Medal



Maximilian Kompart
Victor Durkacz Medal



Thomas Edward Ainge
Spofforth Medal/
Croner-i Prize



David John Hunt
Ronald Ison Medal



Amar Zaman
Wreford Voge Medal



Scott Wallace
Ian Walker Medal



Charles Paul Henry
Richards
Avery Jones Medal

*Not pictured: Autumn Luanna Murphy (John Tiley Medal),
Chelsea Gilchrist (Chris Jones Prize)*

November 2021 CTA examinations medal and prize winners



Emily Mia Brown
Institute Medal



Hannah Robson
John Tiley Medal



Christopher Beattie
Victor Durkacz Medal



Amy Clarke
Avery Jones Medal



Zaghham Azad
Ronald Ison Medal

Not pictured: Autumn Luanna Murphy (Gilbert Burr Medal / Croner-i Prize); Jessica Measham (Spofforth Medal); Daisy Sharpe (Wreford Voge Medal); Harris Bone (Ian Walker Medal); Connor Anthony Sheridan (Chris Jones Prize).

June 2021 ADIT examinations medal and prize winners



Aaron Parks
Heather Self
Medal



Rona McKee
Raymond Kelly
Medal



Sufyan Savage
Tom O'Shea Prize



Ronald Bassett
Worshipful
Company of Tax
Advisers Prize



Sanket Baska
Wood Mackenzie
Prize

Not pictured: Eleftheria Rafaela Dimareli (Croner-i Prize)

December 2021 ADIT examinations medal and prize winners



Helen Baird-Parker
Heather Self Medal



Hugo Holmes
Raymond Kelly Medal



Nicole Kimberly Garcia
Croner-i Prize



Kieran Vassallo
Worshipful Company
of Tax Advisers Prize

CTA medals/awards are awarded for the following: **Institute Medal** for the candidate who has completed the CTA qualification by achieving first time passes in all required tax exams, regardless of route sat, and having achieved the best overall performance (exams could be taken at one or more exam sessions). **Gilbert Burr Medal** for the highest mark in the Taxation of Owner-Managed Businesses ATP. **Victor Durkacz Medal** for the highest mark in the Domestic Indirect Taxation ATP. **Spofforth Medal** for the highest mark in the Inheritance Tax, Trusts & Estates ATP. **Ronald Ison Medal** for the highest mark in the Taxation of Individuals ATP. **John Tiley Medal** for the highest mark in the Taxation of Major Corporates ATP. **Wreford Voge Medal** for the highest mark in the Cross-Border Indirect Taxation ATP. **Ian Walker Medal** for the highest mark in the Awareness Paper. **Avery Jones Medal** for the best performance in the Application and Professional Skills Paper. **Chris Jones Prize** for the highest total marks in two ATPs (taken at the same sitting). **Croner-I Prize** for the candidate with the highest distinction mark in an ATP.

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

Supporting our members

Report from the Membership and Branches Committee and the Branch Network

The aims of the Branch Network align closely with the aims of the Institute as a whole: to deliver affordable, accessible, excellent and inclusive continuous professional development (CPD) to students, members and the wider public and; to provide opportunities for the tax community to come together to share best practice and enhance the profession.

Members

2021 saw the highest number of new CIOT members join the Institute in the last seven years, with 764 students welcomed into Associate Membership of the CIOT. This figure represents a substantial increase on the 532 who joined in 2020 (a year affected by the pandemic) and higher still than the 734 who joined in 2019. Of these new members, 37 came via our partnership with ICAS (Institute of Chartered Accountants of Scotland), which sees those ICAS members holding the ICAS Tax Professional (ITP) qualification invited to join CIOT. This takes the total number of members who have joined CIOT through this partnership to 147. Of our new intake, we were pleased to see a high number of joint members in the cohort, as 220 of our new members maintained their joint membership as they progressed from ATT to CTA.

The Institute's total membership stood at 19,311 at the end of 2021, up from 19,042 at the end of 2020. Our resignations have been at their lowest in the last 3 years and have helped us to maintain a 95% retention rate, of which we are rightly proud.

Despite the closure of our offices for significant periods of 2021, the team have made good progress in issuing new associate membership certificates in hard copy and e-copy to successful students who have applied for membership and been granted admission.

In 2021, 960 certificates were sent to new members. A further 104 certificates were sent to members who have passed the 50-year membership mark.

Admission ceremonies took place online as a result of the closure of our normal venues due to the pandemic. At ceremonies held on 27 May and 25 November, we welcomed 132 associate members, 8 Fellows and 17 prize winners. Our thanks to CIOT President Peter Rayney and to other key volunteers for helping to ensure that these innovative events were engaging and for making our new members feel welcomed.

In anticipation of a return to face-to-face activity, our branch committees surveyed their members and students and the results were sent to regional committees to help inform their plans for 2022.

Engagement

In 2021, 97 webinars were delivered, with more than 26,000 registrations. Over 45% of these were offered free of charge as part of our commitment to ensure the CIOT delivers on its educational aims.

We are pleased to have been able to welcome a number of new speakers to our platforms, building on 2020's 'Are You Thinking of Becoming a Speaker?' initiative. We promoted all-female speaker line-ups for each of our events in September and we continue to encourage members from parts of the tax community historically under-represented among our presenters to put themselves forward. This is part of our commitment to ensure that all members feel welcomed, valued and supported.

Despite the challenges of the pandemic, we have been pleased to maintain a high level of member engagement. We are hoping to capitalise on this success as we continue to develop our offering to members. We are likely to continue to offer online events as face-to-face events resume, as these are able to reach members who would otherwise be unable to attend face-to-face gatherings.

Support

Following changes to our CPD Regulations and Guidance in 2018, the scope of the role played by the network in delivering CPD has expanded.

We moved into previously unknown territory by providing softer/professional skills sessions for our members. The Professional Skills channel was launched in 2021 with 10 sessions delivered to 300 students and members. We are keen to continue to grow this area with our volunteer groups.

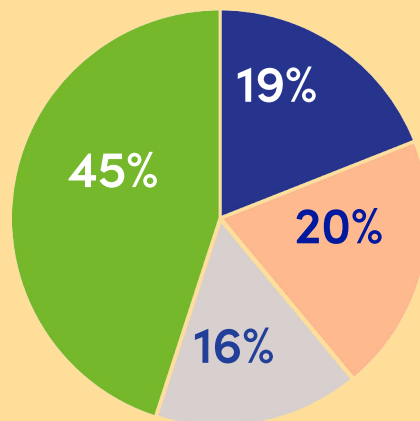
Branch survey results

In anticipation of a return to face-to-face activity, our branch committees undertook a survey of their members - with the support of the Membership and Branches team - to understand their appetite for returning to face-to-face events once pandemic restrictions have been eased.

The aim of this work was to understand more about the conditions under which members might feel comfortable resuming pre-pandemic activity.

The poll was conducted over the course of summer 2021. Over 3,500 responses were received and the results communicated to branches to help inform their plans for 2022.

Overall results were:



Would like to return but cautious

Can't wait to return

Might return for social/networking but not CPD

No intention of returning even if safe

Of the responses received, 80% expressed interest in returning to face-to-face events in some form. Asked why they had no intention of returning to face-to-face events, the three main reasons given by the remaining one in five members who responded were a preference for attending online events, a lack of attendance pre-pandemic and continuing coronavirus concerns.

In summary, members do want to resume face-to-face events but - as of summer 2021 at least - they are cautious about doing so.

Our committees have greatly assisted the Head Office team in adding to our coverage of professional standards by identifying firms and speakers who can provide the right kind of "practice management" content that helps members on a practical level.

We were pleased to begin programmes of work with firms who understand the value proposition of our members' chartered status and the value this creates for their clients.

Examples of the work we have undertaken in this area in 2021 included:

- DAC Beachcroft on PII and related claims
- Karen Eckstein on the risk issues all Tax Advisers should be thinking of
- Professional Standards Team on Anti-Money Laundering (AML) and AML Suspicious Activity Reports (SARs)
- ACAS on mental health and work

Growth

In early-2021, the Joint Branches Sub-Committee agreed to form an online working group of representatives from our regional committees and volunteers with the aim of increasing the volume of online content that we offer.

The group was set up to operate for 12 months. Dan Ellerton chaired the group for the first six months and has now handed over to Patricia Caputo, with Lakshmi Narain as her vice-chair.

Volunteers

The work of the branch network relies on the support of new volunteers. We are always keen to hear from members and students who are interested in volunteering for their local branch committee or who would like to speak at events. If you would like to find out more, then please email branches@tax.org.uk.

Chair of Membership and Branches Committee

Christopher Lallemand

Co-chairs of the Branch Network

Jo Routier (Jersey) and Zoe Roberts (Sheffield)

Head of Member Services

Emma Barklamb

Promoting understanding of tax

External Relations report

The Institute’s objectives include creating “a well informed public opinion on taxation”. To achieve this, we inform public debate via the media, publish information for taxpayers, engage with politicians and policymakers, and provide forums for the discussion of tax policy.

CIOT in the media

CIOT and LITRG featured 131 times in the mainstream media in 2021, as well as hundreds of mentions in the tax and accountancy trade press.

In the first half of the year we were covered on topics including:

- Self-assessment deadline and waiving of penalties for late filing (Times, Financial Times, Sky News)
- Freezing of the income tax personal allowance (Sun, Daily Express, Yorkshire Post)
- Other Budget and Tax Day measures (Financial Times, Daily Telegraph, Sunday Telegraph, Scottish Daily Mail)
- High Income Child Benefit Charge (Guardian, Daily Mirror)
- G7 minimum tax rate announcement (Channel 4 News, Sunday Times, TV18 (India))

In the second half of 2021, we featured in articles and reports on:

- Making Tax Digital (Times, Sunday Express, Financial Times, Daily Telegraph)
- Basis period reform (The ‘I’, Daily Mirror, Scottish Sun)
- Health and Social Care Levy (Daily Express, ‘I’, BBC Radio Scotland)
- Tax refund companies (BBC TV, Times, Daily Express)
- Umbrella companies (Financial Times, Guardian, Daily Telegraph)
- Finance Bill measures (The Times, Daily Express)

Informing the political debate

CIOT and LITRG were referenced 129 times in parliamentary debates and reports in 2021 (74 excluding multiple citations in the same report). We also provided oral and written evidence to a number of parliamentary inquiries, including:

- Measures in 2021’s two Finance Bills reflected our representations on the trading loss carry back extension, CGT changes and amendments to hybrid mismatches rules. A number of measures were amended following our representations, including uncertain tax treatment, repayment interest and the Residential Property Developer Tax (see page 20)
- To support debate on these bills, CIOT and LITRG provided 32 briefings for MPs and peers. These were cited 45 times in debate. Amendments we suggested on coronavirus testing, the Construction Industry Scheme, the pension annual allowance charge and recovery of payments to households in receipt of tax credits were discussed
- Our evidence was cited in relation to 12 different aspects of tax reform in the Treasury Committee’s ‘Tax after Coronavirus’ report. We hosted the online launch of the report
- 13 separate citations during the National Insurance Contributions Bill debate following our briefing for MPs and peers
- CIOT Head of Technical Richard Wild gave evidence to the Commons Treasury Committee ‘Economic impact of coronavirus’ inquiry. The final report cited us seven times.
- Richard also gave evidence alongside Sharron West of LITRG to a House of Lords Finance Bill Sub-Committee inquiry into basis period reform and uncertain tax treatment. We were cited 33 times in the final report
- The same committee interviewed Colin Ben-Nathan (Employment Taxes Committee chair) and Meredith McCammond (LITRG) on off-payroll working

“May I take this opportunity... to give special thanks to the Clerks, the Library and the Chartered Institute of Taxation for all their advice during the passage of the Bill”

James Murray MP, Shadow Financial Secretary (Labour), during debate on the Finance Bill (June 2021)

“I want to pay particular thanks to...the Chartered Institute of Taxation, the Association of Taxation Technicians and the Low Incomes Tax Reform Group, for being a continual source of support and advice.”

Alison Thewliss MP, SNP Treasury spokesperson, during debate on the Finance Bill (May 2021)

“the Government take very seriously all the input from our stakeholders, and the Chartered Institute of Taxation is an important stakeholder”

Jesse Norman MP, then Financial Secretary to the Treasury, during debate on the Finance Bill (April 2021)

“I very much valued the opportunity to hear the CIOT’s views. These helped to inform my consideration on a range of issues, particularly in relation to LBTT and on the Scottish Budget more generally.”

Ben Macpherson MSP, former Minister for Public Finance, in correspondence with CIOT (February 2021)

Engaging with policymakers

We continue to work with politicians of all parties in pursuit of better informed tax policymaking. In 2021, we engaged with a total of 68 politicians at Westminster, the Scottish Parliament and Welsh Assembly – 24 Conservatives, 23 Labour, 12 SNP, 5 Lib Dem and 4 others. These included:

- Meetings with MPs and peers from four different parties to discuss proposals in the 2020 LITRG paper ‘A better deal for the low-income taxpayer’, including a presentation to the All Party Parliamentary Group on Taxation
- Meetings with the new Financial Secretary to the Treasury Lucy Frazer (and her predecessor, Jesse Norman)
- Zoom briefings for Labour and SNP shadow ministers and advisers on the year’s two Finance Bills
- Attendance by our external relations team at the in-person Labour and Conservative party conferences and the virtual Lib Dem and SNP events, with reports published on our website
- Treasury Committee members Dame Angela Eagle and Felicity Buchan spoke at our Labour and Conservative conference events (see page 17)
- Engagement with the new Scottish tax minister, Tom Arthur, and opposition finance spokespeople in the Scottish Parliament on our priorities for the devolved taxes

Online Information

The CIOT continues to publish interesting and informative blogs on our website.

In 2021, we published 107 blogs, including 38 opinion articles and 69 covering parliamentary debates and other political developments. Opinion articles included Robin Williamson MBE on the economic impact of the pandemic, Jason Collins, chair of the CIOT’s climate change working group on a Commons committee report on ‘net zero’ and Andrew Dixon, Founder of the Fairer Share campaign, advocating a proportional property tax.

CIOT in Scotland

We continue to play a prominent part in the Scottish tax debate. Ahead of the Scottish Parliament elections in May, we published a joint manifesto with ICAS setting out our priorities for the Scottish tax system in the 2021-26 parliament. ‘Building a Better Tax System’ provided recommendations to strengthen tax decision-making in Holyrood, develop a more strategic approach to the development of new taxes and to improve public understanding of devolved taxes. The need for the latter was shown by the latest round of polling conducted for CIOT in March, which found that low levels of public understanding of the devolved tax regime persist.

The manifesto launch and polling were widely covered in the Scottish media, including BBC News Online. Our analysis of the year’s two Scottish Budgets, and Scottish implications of the two UK Budgets, also featured prominently in the Scottish press, including two articles by Alexander Garden, chair of our Scottish Technical Committee, in the Scottish Sun. An article by our Scottish Technical Officer, Joanne Walker, on council tax reform appeared in the Scottish edition of The Times.

In September, CIOT Director of Public Policy, John Cullinane, gave evidence to the Scottish Parliament’s Finance and Public Administration Committee as part of its inquiry into the impact of coronavirus on the public finances.

CIOT in Wales

CIOT is increasingly building a presence in the debate on the devolved taxes in Wales. In May, the Western Mail published an article by our Welsh Technical Chair, Lakshmi Narain, on the need for the Welsh Government and Senedd to better educate people about taxes in Wales.

We met the Conservative Shadow Finance Minister Mark Isherwood in March and the new chair of the Senedd Finance Committee, Plaid Cymru’s Peredur Owen Griffiths in September. Our press release responding to December’s draft Welsh Budget was quoted in the Senedd by the Labour Finance Minister, Rebecca Evans.

Director of Public Policy

John Cullinane

Head of External Relations

George Crozier

Upholding professional standards

Report from the joint CIOT/ATT Professional Standards Committee

One of the hallmarks of a professional tax adviser is their adherence to high professional standards. The Professional Standards Committee works to ensure that the CIOT continues to meet its charitable objects to (i) prevent crime and (ii) promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct among our members and monitoring and supervising their compliance with money laundering legislation.

Setting up in practice

The guidance on setting up in practice has been updated and forms part of a trio of website sections which includes 'Ongoing practice' and 'Ceasing to be in practice'. These help to ensure that members are aware of their responsibilities and act accordingly.

Member support

We are pleased to support members through our dedicated standards@ciot.org.uk account. In 2021, we responded to a wide range of queries including conflicts of interest, professional clearance and cryptocurrency.

In addition, we have reviewed and updated our rules and guidance for Continuing Professional Development (CPD). These will be available later in 2022. It was pleasing to note that the 2021 audit of selected members' CPD records demonstrated a high level of compliance, both in terms of CPD undertaken and records kept.

Professional Indemnity Insurance (PII)

It continues to be a difficult market for tax advisers. We maintain regular contact with brokers to keep abreast of developments. The PII working party has been reviewing rules and guidance to take account of changes in the PII market. An updated edition should be available in early-mid 2022.

CIOT responded to HMRC's consultation on 'Raising standards in the tax advice market: PII and defining tax advice'. In it, CIOT supported compulsory PII for tax advisers as part of a wider set of measures designed to improve standards.

HMRC concluded that 'compulsory PII on its own would not be an effective mechanism to raise standards'. Instead, they will 'explore options to improve the wider regulatory framework that supports standards in tax advice' and have indicated that they will issue another consultation in 2022.

Compliance

It is not sufficient simply to set standards. CIOT must monitor compliance with those standards and follow up reports on non-compliance, including through referral to the Taxation Disciplinary Board (TDB) where appropriate.

Annual Return

A key element of the compliance programme is the Annual Return. This requires members to self-certify their compliance with CPD, PII and AML obligations and respond to conduct questions covering matters such as criminal convictions and disciplinary action taken by another professional body.

Timely completion of the Annual Return is a member obligation with which most members comply. Those who do not comply risk referral to the TDB. 2021 saw five members referred for failing to complete their return on time.

TDB Referral

The CIOT was subject to a judicial review in respect of a decision to refer a member to the TDB without first hearing the member's representations. The High Court found that the CIOT had acted properly and that there was "no legal justification for imposing a requirement that a member should be able to make representations before the CIOT may refer an external complaint to the TDB."

Chair of CIOT/ATT Professional Standards Committee

Ruth Cook

Director of Public Policy

John Cullinane

Head of Professional Standards

Heather Brehcist

Anti-Money Laundering

All businesses in the UK tax and accounting sector must be supervised for anti-money laundering (AML) purposes by an approved supervisory body.

At the end of 2021, over 850 firms were registered for AML supervision with CIOT.

Office for Professional Body AML Supervision (OPBAS) visit

In July 2021, a team from OPBAS carried out a remote review of the CIOT's effectiveness as an AML supervisor over a three-day period. The review involved interviewing all staff involved in discharging our AML responsibilities and the submission of a significant amount of documentation in advance of the visit. We are pleased to report that OPBAS confirmed we are fulfilling our responsibilities as an AML supervisor.

AML inspection visits and returns

The AML inspection visits programme has continued apace through video conferencing and telephone calls. These visits – together with the AML registration and renewal form (which asks detailed questions about a firm's compliance with money laundering regulations) constitute an important part of the CIOT's role as an AML supervisor.

Communications

In addition to regular AML newsletters, notes in the Friday News email to all members and articles in Tax Adviser, CIOT held two webinars, a general AML update in April and 'SARS – to report or not to report', in November. We also issued a report on our activities as an AML supervisor titled 'Making AML matter'. This report is a new obligation under money laundering regulations and is in addition to the annual report that we provide to HM Treasury.

Economic Crime Levy

We were pleased to see the decision that the Economic Crime Levy will only be imposed on those supervised firms with a turnover of £10.2 million and above and that HMRC, as opposed to CIOT as a professional body AML supervisor, is to act as the collection agent. These were both outcomes that we had argued for during consultation on the levy.

Fraud charter

CIOT has signed up to the Fraud Charter, a Home Office initiative developed in collaboration with Deloitte and the accountancy sector AML supervisors.

Review of the AML regime

The CIOT responded to the call for evidence reviewing the UK regulatory and supervisory regime for AML and Combatting the Financing of Terrorism. Our responses focused on three elements of the regime: its overall effectiveness and extent, whether key elements of the current regulations are operating as intended, and the structure of the supervisory regime, including the work of OPBAS to improve the effectiveness and consistency of Professional Body Supervisors supervision.

Chair of CIOT/ATT Professional Standards Committee

Ruth Cook

Director of Public Policy

John Cullinane

Head of Professional Standards

Heather Brehcist

Enforcement of standards

Taxation Disciplinary Board report

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

It is responsible for administering the Taxation Disciplinary Scheme (TDS), which sets out the principles and powers underlying the participant bodies' complaints and disciplinary procedures. These procedures exist to protect the public.

By maintaining and enhancing professional standards they also strengthen the standing and reputation of the tax profession and so are beneficial to all members. The TDB aims to ensure it is at the forefront of best regulatory practice and is committed to an open and effective system of complaints handling and disciplinary tribunals.

Governance of the TDB

The investigation of complaints and day-to-day administration is undertaken by Atiyah Younis, our legally qualified Investigation and Case Manager. Nigel Bremner is the Clerk to the Disciplinary Tribunal, responsible for the organisation and conduct of disciplinary hearings. Adam Elliott is our General Counsel and Head of Operations with overall responsibility for the smooth running of the TDB and is accountable to the Board of Directors.

The Chair of the Board continues to be Susan Humble, who took on the role in February 2020. Her appointment as Chair has recently been extended until February 2024. The Board has four other directors: two are appointed by the participating bodies (John Whiting by CIOT and Brian Palmer by ATT) and a further two are independent (Colin Wilby and Elizabeth Fullerton-Rome). This ensures the Board is comprised of a majority of independent directors.

The Committees and Tribunals which make decisions on complaints are appointed by the TDB from a panel including tax professionals and lay persons, with some of the latter being lawyers. Panel members do not have any current involvement with the standards setting of the two participant bodies.

Developments in 2021

Following the retirement of our long-serving Executive Director, Peter Douglas, we successfully recruited a new executive team. Remote working and training events, as well as virtual hearings, continued during the year, prompted by the lockdown of early-2021.

In 2022, it is our intention to run our administration largely remotely and to adopt a hybrid approach to training and meetings where appropriate and should circumstances permit.

We will also continue to run our hearings remotely unless there is good reason to proceed in person. A decision on format will be taken on a case-by-case basis as part of the initial listing process. That decision will be informed by representations from the member concerned. Some members will want to have the opportunity to appear in person and to put their case directly whilst others will prefer a remote hearing.

The Indicative Sanctions Guidance (ISG) document underwent a comprehensive rewrite following a major review in 2020. It was reviewed by the Board, under the guidance of John Whiting, in December 2021. Subject to a final review by our General Counsel, the next edition will be published at the end of January 2022.

An annual review of the ISG is now included in our operational programme to ensure we maintain best practice and that any learning, both from the TDB and other regulators, is embedded in our work. The ISG will be updated during the year should changes in legislation, best practice, or caselaw make it necessary to do so. The document is intended to be living rather than written in stone for all time.

Following on from initial groundwork and evidence given by the TDB in 2020, we continue to have useful discussions with HMRC regarding its agenda to raise standards within the tax advice sector. 2022 will see us progress this relationship and look to establish better professional working links with those responsible for regulation within other membership bodies in the tax advice sector and elsewhere, with the intention of understanding the nature of their regulatory work and to review best practice.

However, the TDB manages its independence robustly. Relationships with stakeholders are respectful and considered, the TDB's independence being a key part in the machinery of tribunal service delivery.

I met with OPBAS representatives in July 2021 to explain the TDB's role in the Anti-Money Laundering legislation, where we perform an important function. We were able to exchange views on how we work and hear what is expected from OPBAS from those it supervises.

Complaint cases dealt with in 2021

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

During 2021, the TDB received 45 referrals. 20 of these were made by CIOT or ATT, three by another professional body, one by government and 21 by clients or other members of the public. One of these was withdrawn before an investigation could take place. Of the remaining 44 cases, 28 related to CIOT or joint CIOT/ATT members or students.

16 of the 44 cases had been concluded by mid-April 2022. Five were closed before reaching an Investigation Committee - in three cases because it was determined the TDB had no jurisdiction on the matter complained about, and in a further two because the complaints were not sufficiently serious to merit investigation. Of the 11 cases considered by an Investigation Committee four were determined to require no further action while seven were referred to a Disciplinary Tribunal. In five of the seven cases the Tribunal imposed a sanction against the defendant. In the remaining two cases the Tribunal did not impose a sanction, but the case was appealed and the appeal upheld, with a sanction imposed. Two CIOT members were expelled from the Institute during 2021, with a further expulsion in January 2022.

Of the remaining unconcluded 28 cases, five are awaiting a Disciplinary Tribunal listing. Six are currently under investigation. The remaining 17 are at a pre-Investigation Committee stage.

TDB also issued four fines to CIOT or ATT members in relation to failures relating to annual returns and six in relation to anti-money laundering returns.

Chair, Taxation Disciplinary Board

Susan Humble



Managing our resources

Report of the Finance and Operations Committee

The Finance and Operations Committee (F&OC) is a delegated committee of CIOT Council. Its objectives are: to oversee the financial activities of the Institute and to provide information and advice on financial matters to its Council and committees; oversee the annual financial statements and Chairman's report and their presentation to members and; ensure that the operational systems of the Institute are effective and appropriate and that public benefit issues are adequately reflected in the annual report.

2021 results

The Institute made an operating surplus of £1,535,000 for the year (2020: £638,000).

The Institute benefitted from improved income from membership subscriptions and examinations in the year, and continued to deliver its services and activities by online and virtual means.

The increase in total expenditure for the year of £589,000 was more than matched by the increase in total income of £1,547,000, resulting in the improved operating surplus. Whilst the result for 2021 was a strong operating surplus, we note that the CIOT has incurred two years of operating deficits in the last five years. The Trustees take a long-term view and welcome the surpluses as an opportunity to build the Institute's reserves and its resilience in the face of future uncertainty.

Total income for the year was £9,819,000 (2020: £8,377,000), an increase of £1,442,000. Membership income was £6,087,000 (2020: £5,612,000), and income from student registrations & examination fees was £2,681,000 (2020: £1,765,000).

Expenditure for the year amounted to £8,284,000 (2020: £7,739,000). Due to the uncertainty caused by COVID-19 we took measures to cut costs at an early stage, including moving all events and examinations online and a ban on all travel and face-to-face meetings. This approach continued in 2021. The increase in expenditure in the year of £545,000 includes an increase of £262,000 in amortisation, an increase of £195,000 in staff costs and a reduction of £192,000 in overhead allocation to the Association of Taxation Technicians (ATT).

The value of the investment portfolio at the end of 2021 increased, providing unrealised gains of £143,000 and realised gains of £12,000 (2020: unrealised losses of £74,000 and realised gains of £52,000).

Net income for the year was £1,690,000 (2020: net income of £616,000). General Funds at the end of the year amount to £7,130,000 (2020: £5,066,000).

Total funds at the end of 2021 amount to £8,080,000 (2020: £6,390,000).

The Institute continues to share staff and other administrative resources with the Association of Taxation Technicians, enabling both organisations to benefit from economies of scale.

COVID-19 update

The pandemic and resulting economic impact brought a great deal of uncertainty. The CIOT acted by cancelling all face-to-face meetings, events, and physical examination sittings for the remainder of 2020 and for 2021. We replaced face-to-face meetings and events with a programme of online meetings and webinars, and all our examinations remain online. The ongoing effect of the pandemic on our membership numbers remains uncertain, but the long-term nature of membership provides some reassurance and membership numbers increased in 2021, to 19,311 (2020: 19,042). The Institute will continue the reforecasting exercises that were conducted during 2021 into 2022.

The CIOT has substantial reserves, standing at £8,080,000 at 31 December 2021. These reserves have been built-up over the years to provide financial stability for the Chartered Institute to continue its charitable purposes in circumstances such as the pandemic and the financial assets held by CIOT can be readily converted into cash.

The impact of the pandemic and other geopolitical crises has resulted in increasingly volatile financial markets and the CIOT listed investment portfolio has decreased in value from £2,914,715 at 31 December 2021 to £2,834,729 at 31 March 2022, a decrease of £79,986 or 2.7%. No withdrawals or additions to investments have been made since the balance sheet date.

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

Investments

The CIOT investment portfolio showed an increase over the year with net gains of £155,000 (2020: net losses of £22,000).

The Institute's primary reason for investing is to ensure that sufficient funds are available to meet the required levels of reserves, to seek capital growth in those funds and for those funds to provide a source of income to contribute towards the costs of its charitable activities. The Institute's powers of investment are set out in the Royal Charter which states that 'monies of the Institute not immediately required for any of its objects may be invested in such manner as may be prescribed by the Byelaws.'

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

The Council has assessed the risks involved in the activities of the Institute and has adopted a low risk policy for its shorter-term investments (held in term deposits or gilts) and low-medium risk for its longer-term investments (under independent professional management).

The F&OC carries out regular reviews of its investments and their performance with the portfolio manager and investment adviser. This is to ensure that invested funds are adequate to meet the obligations identified in the Institute's strategic plans. No changes were made to investment strategy during the year.

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

Reserves

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

- provide financial stability and the means for the development of the Institute's principal activity; and
- retain a sufficient level of net current assets or other readily realisable fixed asset investments.
- The Trustees also agreed that the target for reserves at December 31 2021 should be £7,277,000, comprising the following:
 - nine months' budgeted 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, £6,327,000; and
 - three designated funds providing cover over specific projects, as follows:
 - Disciplinary Procedures Fund – a fund to cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board, £300,000.
 - Property Fund – a sum to be set aside to build up a property fund for use on the expiry of the current lease, £500,000.
 - Technology Fund – a fund to provide for investment in new technology, £150,000.

The actual reserves at 31 December 2021 amounted to £8,080,000 which is £803,000 (11%) more than the budgeted target of £7,277,000. The Trustees recognise that these above-target reserves have accumulated during 2020-21, primarily due to the unprecedented restrictions to face-to-face activities, events and meetings implemented by the Institute in response to the pandemic.

These additional reserves will provide further resilience for the Institute in the face of the significant uncertainty arising from the deteriorating inflationary outlook, war in Europe and other unknown economic shocks that may yet arise.

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

During the year, Council reviewed the designated funds and reduced the property fund from £1,024,000 to £500,000; maintained the disciplinary fund at £300,000 and created a new technology fund of £150,000. Total designated funds now stand at £950,000 (2020: £1,324,000). Details of the Institute's funds can be seen in note 15 of the notes to the financial statements (pages 57 – 69).

Branches

The CIOT/ATT branches have provided a consolidated net surplus of £28,000 before central costs. Branches have continued their important role for members and have attracted good delegate numbers at their meetings, assisted by staff at Head Office. We are continually reviewing the logistical support provided to branches and the new CRM and Finance systems (see IT below) provide the platform for this. The Finance team in Head Office has responsibility for each of the branches' accounting functions.

IT

Following the independent review carried out in early 2018, a number of necessary IT infrastructure projects were begun in order to realise the strategic goal of replacing our legacy systems. The new CRM (Customer Relationship Management) system, including integrated Finance and Education systems, has been implemented, and work continues to improve the efficiency and effectiveness of our business processes. The project to replace our websites to provide efficient digital interaction between our members and other stakeholders, and connectivity with the new CRM system, was begun in 2019. The new CIOT website was launched in 2021.

Controls

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

HR

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

Charity Commission

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

Chair of Finance and Operations Committee

Tracy Easman

Chief Finance Officer

Karl Cerski

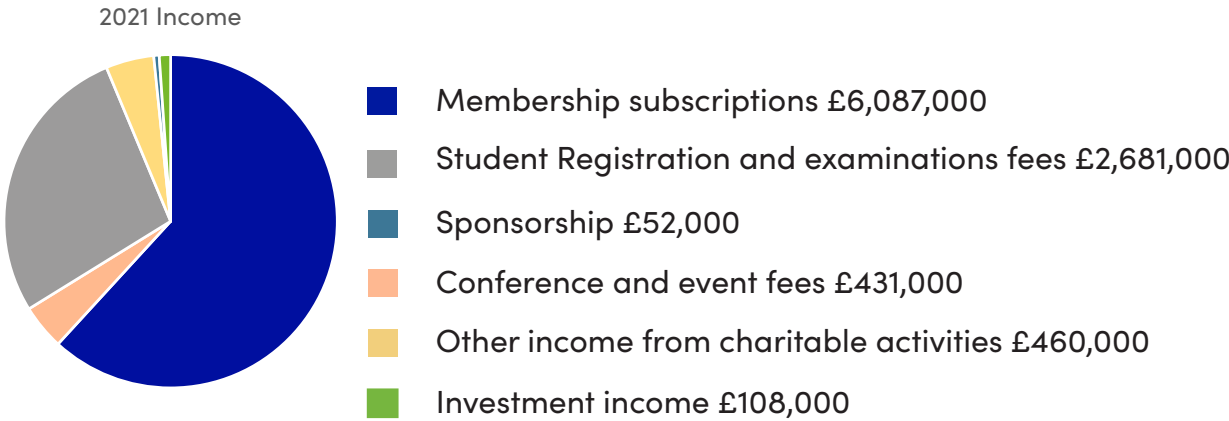
Financial Controller

Linda Mensah

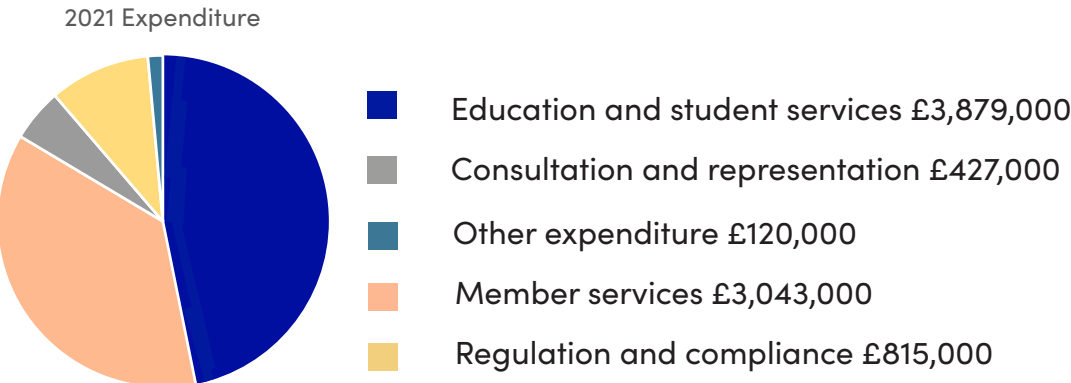
Head of Human Resources

Annette Hutchinson

Income



Expenditure



Equality, diversity and inclusion

Report from the Equality, Diversity and Inclusion (EDI) Committee

The CIOT and ATT established a new joint Equality, Diversity and Inclusion (EDI) committee in October 2020 with the aim of ensuring that EDI values are embedded and demonstrated throughout our organisations.

The new EDI committee replaced the former EDI working group and its terms of reference were approved by both CIOT and ATT councils.

We have developed a programme of work to promote and embed a culture of equality, diversity and inclusion which will benefit both organisations. This work is overseen by the committee and its purpose is to:

- Grow and celebrate a diverse membership and volunteer community, reflecting the UK's cosmopolitan society
- Increase our influence with key stakeholders, including government
- Improve brand awareness of the CIOT and CTA community, and ATT
- Deliver diversity of thought and experience through our national and regional events programme as well as our decision-making and leadership functions

The committee met three times in 2021, reporting progress to each council at their respective meetings. Over the course the year, it undertook a range of initiatives aimed at strengthening the impact of EDI values across our organisations.

Examples included:

- Improving the diversity of our events and speaker panels
- Communicating our activity through channels such as Tax Adviser, which featured articles celebrating International Women's Day and Black History Month
- Reviewing the process through which volunteers engage with us, championing equality of opportunity for all
- Introducing an EDI impact review for CIOT consultation responses through the appointment of a CIOT Council EDI champion, Nik Mehta
- Providing new opportunities for members to engage via our New Speaker Programme

- Ensuring the delivery of our services remained accessible online during the pandemic, increasing and widening engagement and participation
- Becoming supporters of the Charter for Black Talent in Finance and the Professions, which aims to increase career progression opportunities
- Initiating a corporate inclusion calendar, shared across all teams and committees, setting out key dates for holidays and festivals. Meetings of committees and steering groups are timed to avoid these
- Commissioning independent research to learn more about student and member experiences. The survey will help us to benchmark data for future progress

In addition to the work of the EDI committee, the CIOT and ATT councils introduced a new independent nominations process for members seeking to apply to join the respective governing councils. Council members received EDI training as part of their annual trustee programme.

At their December meetings, both councils approved the appointment of an independent chair, Olayinka Iwu, to the EDI committee. She is due to chair her first meeting of the committee in March 2022.

We continually work at being open and welcome to all at head office, our branches and through our volunteers, students and members.

Chair of CIOT/ATT EDI Committee

Tina Riches (to December 2021)

Head of HR & Facilities

Annette Hutchinson

CIOT Chief Executive

Helen Whiteman

ATT Chief Executive

Jane Ashton

Head of LITRG

Victoria Todd

CFE Tax Advisers Europe

Confédération Fiscale Européenne (CFE) Tax Advisers Europe acts as a forum for information exchange and contributes to the development of tax law at a European level.

CIOT represents the UK at the CFE along with the ICAEW Tax Faculty. Our involvement includes a current CFE Vice President, Gary Ashford, chair of the Tax Technology Committee, Ian Hayes, and chair of the Indirect Tax Fiscal Sub-Committee, Jeremy Woolf, who is also one of the CFE's representatives on the European Commission's VAT Expert Group.

CFE in 2021

In 2021, CFE held all meetings and conferences virtually, including the Annual Forum. Spurred on by the limitations on meeting in person due to the pandemic, CFE accelerated the implementation of its Digital Strategy, a key part of which is the creation of digital, online content for members. Following a revamp of the CFE website, attention is now being given to the European Tax Register with a view to making it more accessible and useful to members of CFE member organisations.

Fiscal Committee

The Fiscal Committee remained engaged with the OECD's international tax reform work, publishing opinion statements and setting out its view that a coordinated international policy response is necessary to avoid fragmentation of the EU Single Market and the risk of double taxation. Analysing and commenting on details of the international agreement as they become known will be a priority in 2022. The committee also considered the European Commission's anti-avoidance framework, issuing an opinion statement to the consultation on fighting the use of shell entities for tax avoidance purposes.

The indirect tax sub-committee has been focused on discussing recent and proposed changes to the EU VAT system with the Commission. It drafted observations to the European Court of Human Rights in proceedings between *Italmoda v Netherlands* on the compatibility of the decision of the Court of Justice between those parties (penalising traders connected to fraud) with the European Convention of Human Rights.

The CFE European Court of Justice Task Force made opinion statements on several decisions of the ECJ, including the application of Swedish interest deductibility rules and the calculation of the maximum amount of a foreign direct tax credit.

Professional Affairs Committee

The Professional Affairs Committee's main focus was its discussion paper, 'Professional Judgment in Tax Planning – an ethics quality bar for all tax advisers'. This paper reflects many of the principles in our Professional Conduct in Relation to Taxation rules and has been shared widely, including with the European Commission (EC). It is seen as a positive contribution to the debate on implementation of stronger professional ethical rules throughout Europe. CFE presented it at a meeting of the EU Platform for Tax Good Governance in October and at November's CFE's virtual Conference on Professional Affairs, where the 'ethics quality bar' proposal was examined.

The EC also consulted on a recommendation relating to taxpayers' rights and obligations, aimed at improving tax compliance. The committee argued that double taxation relief should continue to be a priority for the EU and that a project on taxpayers' rights should focus on its promotion.

Tax Technology Committee

CFE's Tax Technology Committee was established in 2018 in response to the growing importance of technology in taxation. In 2021, it continued to consider issues such as blockchain and its uses, taxation of Fintech, crypto assets and the use of Application Programming Interfaces (APIs). A working group on Making Tax Digital is gathering information on developments in different countries and is expected to be published in 2022. CFE's links with the OECD Forum on Tax Administration (FTA) and the Intra-European Organisation of Tax Administrations (IOTA) are being strengthened to support this.

New Tax Professionals

The New Tax Professionals Committee brings together tax advisers within their first 10-15 years of practice or professional body membership). In 2021, it examined international differences in support for new start-ups and compared social security/personal income tax solutions for self-employed people across different states.

The CFE's own annual report can be read at: <https://taxadviserseurope.org/publications/>.

Reference and administrative information

(as at 19 April 2022)

President

Peter Rayney CTA (Fellow) FCA TEP (2016)

Deputy President

Susan Ball CTA (Fellow) ATT (2017)

Vice-President

Gary Ashford CTA (Fellow) ATT (2011)

Other Members of Council

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

Year of appointment to Council shown in brackets.

* indicates Past President

Lay Public Interest Council Observers

(until 2 March 2022)

Jane Brothwood
Quinton Quayle



Peter Rayney



Susan Ball



Gary Ashford

Senior Management Team

Chief Executive

Helen Whiteman BA, MSc, PGDip

Secretary and Director of Education

Rosalind Baxter BA ACIS

Chief Finance Officer

Karl Cerski BA ACMA

Director of Public Policy

John Cullinane MA CTA (Fellow) FCA

Registered office

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

Committees of Council and Sub-Committees

Officers Group

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

Membership & Branches Committee

Chair | Sarah Hewson

Education Committee

Chair | Ray McCann

Low Incomes Tax Reform Group

Head of LITRG | Victoria Todd

Professional Standards Committee (Joint CIOT/ATT)

Chair | Ruth Cook
Vice-Chair | Tracy Easman

Examination Committee

Chair | Daniel Lyons
Vice-Chair | Mike Thexton

Audit & Risk Committee (Joint CIOT/ATT)

Chair | Laura Kaye Tomlinson

Finance & Operations Committee

Chair | Tracy Easman

Joint Branches Sub-Committee

Co-Chairs | Zoe Roberts and Jo Routier

ADIT Sub-Committee

Chair | Jim Robertson

ADIT Examination Sub-Committee

Chair | David Salter

Nominations Committee

Chair | Charlotte Barbour

Equality, Diversity & Inclusion Committee

Chair | Olayinka Iwu

Technical Committees

Technical Policy and Oversight Committee

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

Scottish Technical

Chair | Alexander Garden

Welsh Technical

Chair | Lakshmi Narain
Vice-Chair | Ritchie Tout

Corporate Taxes

Chair | Adrian Rudd
Vice-Chair | Chris Lallemand

Employment Taxes

Chair | Colin Ben-Nathan
Vice-Chair | Simon Adams
Vice-Chair | Eleanor Meredith
Vice-Chair | Paul Tucker

International Taxes

Chair | David Murray
Vice-Chair | Alastair Munro

Management of Taxes

Chair | Helen Adams
Vice-Chair | Andy McKenna
Vice-Chair | Stephen Pinhey

Owner Managed Business

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

Private Client (International)

Joint Chair | Emma Chamberlain
Joint Chair | Giles Clarke
Vice-Chair | Michelle Robinson

Private Client (UK)

Chair | Danny Clifford
Vice-Chair | David Mellor

Property Taxes

Chair | Marc Selby
Vice-Chair | Leigh Sayliss

Indirect Taxes

Chair | Gabby Donald

Digitalisation and Agent Services

Chair | Alison Hobbs
Vice-Chair | Claire Rulten
Vice-Chair | Andrew Jackson

Tax Adviser Committee

Chair | Yvette Nunn

Connected Charity

Association of Taxation Technicians
30 Monck Street
London
SW1P 2AP

Auditor

UHY Kent LLP
t/a UHY Hacker Young
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Investment Advisers

Brewin Dolphin Ltd
12 Smithfield Street
London
EC1A 9LA

Solicitors

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

Structure, governance and management

The original Institute of Taxation was founded in 1930 and was registered as a charity in England and Wales in 1982 (registered charity, England & Wales, 1037771). Following the Royal Charter in 1994, the governing documents of the Institute are the Royal Charter itself and its Byelaws.

Governance

The Institute operates within the terms of its Charter, Byelaws and regulations and its management is under the control of the Council of the Institute. Good governance and leadership are essential for the success of the Institute.

Council formally resolved in July 2021 to adopt the Charity Governance Code for Large Charities (the Code) and is committed to the good governance principles and outcomes it promotes. The Institute, under the apply or explain basis of the Code, reports the following deviations to the Code:

- 5.6.2 The current size of Council is 25 members which is in excess of the suggested limit of 12 members recommended in the Code. The size of Council has been highlighted in the 2021 self-assessment as an area to review by Council members.
- 5.7.4 Five Council Members have served a term of over nine years. A succession plan has been approved by Council to assist in the progressive refreshing of the board to ensure that no future Council Member serves a term of more than nine years.

In 2021, Council reviewed and made changes to its committee structure and approved a new Scheme of Delegation and Standing Orders. Council is in the process of reviewing the terms of reference for each committee to ensure consistency with the Scheme of Delegation.

Council evaluates the performance of the board through a self-assessment survey of Council Members which is conducted and evaluated in January each year. In addition, Council has committed to an external board review every three years which is in line with the Code. The first external review is scheduled for 2023.

Increased transparency has been introduced over the reporting of conflicts of interest. The register of interests for Council Members, Lay Public Interest Observers and senior staff are now published on the Institute's website – <https://www.tax.org.uk/about-us/council>.

Council

The Council comprised 25 Trustees at the end of 2021 (22 at the end of 2020) who provide a wide range of skills and experience.

The Officers Group of Council comprises the CIOT President (Chair), CIOT Deputy President, CIOT Vice-President, CIOT Vice-President elect, Immediate Past-President, ATT President, Chief Executive, Secretary and Director of Education, Director of Public Policy and the Chief Finance Officer.

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

The Council considers that its Members are independent and that no individual, or small group of individuals, can dominate Council decisions. The Council met five times during the year to deal with trustee business, review financial performance, strategy and risk and has a formal agenda of matters specifically reserved to it for decision in accordance with article 5(3).

The Officers Group of Council met six times in the year to deal with day-to-day executive matters which include reports from Institute executives. Council members achieved an overall attendance rate of 93% (2020: 85%) at the five Council meetings and overall attendance at the six Officers Group meetings was 91% (2020: 89%).

In compliance with Council Regulation 10.9 Council members and other Standing Committee Members are required to make declarations of interests at meetings which might give rise to a conflict of interest or influence their vote on a resolution. All Members of Council have access to internal advice and can access independent professional advice, such as legal or financial advice, at the Institute's expense if needed for Council, or Council Members, to effectively discharge their duties.

Election to Council

Election to Council is by the Members of the Institute at the Annual General Meeting. The Council is responsible for dealing with nominations under Members Regulation 19 (Nominations for Election to Council). Council is also responsible for the election of its Honorary Officers.

To help identify potential candidates with the skills which Council needs, prospective new Council members, who must also be Members of the Institute (Byelaw 5 (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 and is refreshed every year. New Council members are provided with a particular existing Council member to help and assist them as required.

Council members are recruited via an open process supervised by the Nominations Committee. Vacancies are advertised in Tax Adviser, at CIOT conferences, the weekly members' email and social media in order to attract CTAs with a diverse range of viewpoints and backgrounds. Five new trustees were appointed via this process in 2021 and successfully stood for election at the AGM in May 2021.

Audit & Risk Committee

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

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

Members of the Committee receive no remuneration for their services, operate independently from the Council, have both accountancy and taxation qualifications and recent and relevant experience.

The Committee acts as a catalyst in relation to matters that affect the Institute's financial controls, reporting requirements and risk management and is authorised to seek any information it requires from members of the Council, the external auditor and the staff.

In this role it:

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

It has a specific responsibility for making a recommendation to Council on the appointment and removal of the external auditor, which it did in 2021, overseeing a competitive tender exercise prior to this. It attends the audit planning and closure meetings and has private meetings with the auditors as necessary. The Committee reviews the audit strategy document and ensures that all recommendations made by the auditors by way of their management letter receive attention and action.

It met four times during the year and requested and received reports from management and from the external auditor on the audit. It considers annually a wide range of audit-related subjects and reports directly to the Council and comments on perceived weaknesses. No major weaknesses in internal control systems have been identified.

Council Members' Remuneration

Council members receive no remuneration for their services although necessary travel and subsistence costs are reimbursed when undertaking Institute business. Under article 8(2)(b) of the Charter, a minority of members of Council may receive payment for delivering lectures or writing articles on taxation matters on behalf of the Institute. Any payment must be approved by the non-conflicted trustees agreeing that securing the engagement of services by a trustee represents good value and is in the best interests of the charity. No trustees were paid in 2021 (£1,920 VAT inclusive was paid in 2020).

Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on pages 50–53. The Council Statement on going concern is set out on page 57.

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.

Quarterly management accounts are presented to Council at meetings and are measured against both budget and interim forecasts. A clear organisation structure with defined authority limits has been established. The Council keeps under review the need for internal audit at the Institute.

Data Protection

The Institute complies with the General Data Protection Regulation 2018 and is the data controller and sole owner of personal data collected. The Institute uses up-to-date industry procedures to keep personal data as safe and secure as possible and to protect against loss, unlawful processing, unauthorised disclosure or access. A review of GDPR procedures and documentation was carried out by an independent consultant in 2021. The consultant has been retained to provide updates and advice to the Institute.

Remuneration and Performance Committee

As part of the internal review of Council standing committees, Council disbanded the Remuneration and Performance Committee in 2021. Under the Scheme of Delegation the salary and benefits of the CEO are a reserved matter for Council. Trustees have ensured that appropriate arrangements are in place including for their appointment, performance targets, support, appraisal and remuneration.

Staff and volunteers

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

The CIOT's employees are responsible for operational matters and supporting the CEO in the matters delegated in the Scheme of Delegation. To support this, the Institute relies on the commitment and positive support of volunteers. All staff, except the Chief Executive who is employed by the Institute, are jointly employed by the Institute and the Association of Taxation Technicians (registered charity, England & Wales, 803480) with whom we have a Service Level Agreement.

The average number of employees in a mix of full-time and part-time roles in the year was 81 (a mix of 27 part-time and 54 full-time. (2020, 83 employees). 55 staff members are female and 21 come from an ethnic minority background. We are committed to promoting diversity and inclusiveness within CIOT (see page 42).

Institute members and students are encouraged to become involved in Institute activities, and there are over 700 unpaid volunteers on Council, standing committees, technical 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 18,150 volunteer hours were provided during the year (19,932 in 2020). A member of staff seconded to the Institute from HMRC contributed an estimated 1,610 hours in the year.

Health and Safety

The nature of the Institute's activities means that employees and volunteers do not encounter many hazards in the workplace.

As a responsible employer, the health, safety and wellbeing of our staff receives ongoing management attention to ensure a safe working environment for our staff and volunteers. A general policy statement of health and safety at work is included in the Employee Handbook.

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

During 2021 we continued to support staff while working from home through wellbeing calls, increased online social activities, all employee meetings and continued access to counselling and GP services. Health and safety training specifically for homeworkers was also provided along with access to a wide range of wellbeing online resources and seminars.

Equality, Diversity and Inclusion

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

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

Safeguarding

The Institute approved a new safeguarding policy in late 2019. The policy lays out the commitments made by the CIOT and informs staff, members, volunteers, students, consultants and contractors of their responsibilities in relation to safeguarding.

A risk assessment and action plan has been drawn up and during 2021 workshops were held across all member and student facing teams to refresh the risk assessments and ensure a shared understanding of our responsibilities and roles. As it is a wider reaching policy than previously, where the focus was mainly on safeguarding in relation to career talks, exhibitions and other events where young or vulnerable people might be present, we are developing a technology-enabled approach to data capture, review and use in accordance with GDPR. The Institute is continuing its development of safeguarding practices and enquiry handling is centralised at Head Office.

Risk Management

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

- regularly review areas of uncertainty throughout the Institute
- develop mitigation strategies; and

- take action to mitigate all risks that would otherwise prevent the Institute from achieving its charitable objectives

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

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

Two key risks are:

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

Mitigation includes continued regular meetings with the biggest employers and trainers of students and periodic reviews of the exam structure to ensure the qualification remains fit for purpose and relevant. As part of managing this risk, throughout 2021 a Working Party of Council has been considering the development of a new qualification in Tax Technology. Such a qualification would promote the brand of the CIOT in an increasingly technological environment and help to innovate the way in which our education and learning can be accessed by an increasingly flexible and digitally aware and diverse workforce.

This work will continue into 2022.

- Retention of members

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

Fundraising

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

Statement of Council Members' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement of disclosure of information to the Auditor

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

This report was approved by Council on 19 April 2022.

By order of the Council

Rosalind Baxter
Secretary

Independent Auditor's report to CIOT trustees

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

Opinion

We have audited the accounts of the Chartered Institute of Taxation (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as

the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

How the audit was considered capable of detecting irregularities including fraud

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

- we identified the laws and regulations applicable to the charity through discussions with management, and from our commercial knowledge and experience of the sector;
 - we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the charity, including the Charities Act 2011;
 - we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
 - identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
 - investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and noncompliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
 - reading minutes of meetings of those charged with governance; and
 - enquiring of management as to actual and potential litigation and claims.

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

UHY Kent LLP, Statutory Auditor
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

22 April 2022

Financial statements

Statement of Financial Activities for the year ended 31 December 2021

	Note	Unrestricted Funds 2021 £'000	Total Funds 2021 £'000	Unrestricted Funds 2020 Restated £'000	Total Funds 2020 Restated £'000
Income from:					
Donations and legacies	3a	35	35	84	84
Charitable activities	3b	9,624	9,624	8,141	8,141
Other trading activities	3c	52	52	47	47
Investments	3d	108	108	105	105
Total income		9,819	9,819	8,377	8,377
Expenditure on:					
Raising funds	3e	16	16	15	15
Charitable activities	3e	8,268	8,268	7,724	7,724
Total expenditure		8,284	8,284	7,739	7,739
Operating gain		1,535	1,535	638	638
Net gain/(loss) on investments	7	155	155	(22)	(22)
Net income and net movement in funds		1,690	1,690	616	616
Reconciliation of funds					
Total funds brought forward at 1 January	15	6,390	6,390	5,774	5,774
Total funds carried forward 31 December	15	8,080	8,080	6,390	6,390

The above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 57-70 form part of these financial statements.

Balance Sheet as at 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed Assets			
Tangible assets	5	554	731
Intangible Assets	6	1,801	2,175
Investments	7	3,891	3,774
Total Fixed Assets		6,246	6,680
Current Assets:			
Stock	9	91	14
Debtors	10	1,576	1,314
Cash at bank and in hand	11	4,014	3,422
Total Current Assets		5,681	4,750
Liabilities			
Creditors falling due within one year	12	(3,642)	(4,821)
Net Current Assets /(Liabilities)		2,039	(71)
Total assets less current liabilities		8,285	6,609
Creditors			
Amounts falling due after more than one year	13	(205)	(219)
Net Assets		8,080	6,390
Funds of the charity			
Unrestricted	15	8,080	6,390
Total Funds		8,080	6,390

Approved and authorised for issue by the Council on 21 April 2022 and signed on its behalf by:

Peter Rayney

President

Karl Cerski

Chief Finance Officer

Helen Whiteman

Chief Executive

Financial statements

Statement of Cash Flows for the year ended 31 December 2021

	2021 £'000	Restated 2020 £'000
Net cash provided by operating activities (Table A)	606	2,173
Cashflow from investing activities		
Dividend and interest from investments	108	105
Purchase of tangible fixed assets	(7)	(53)
Purchase of intangible fixed assets	(153)	(507)
Proceeds from sale of investments	596	534
Purchase of investments	(558)	(483)
Movement on term deposits	0	786
Net cash (used in)/provided by investing activities	(14)	382
Increase in cash and cash equivalents in the year	592	2,555
Cash and cash equivalents at 1 January	3,422	867
Cash and cash equivalents at 31 December (Table B)	4,014	3,422
Table A		
Reconciliation of net income to net cashflow from operating activities		
Net income as per Statement of Financial Activities	1,690	616
Adjustments for:		
Depreciation charge for the year	184	191
Amortisation charge for the year	527	326
Dividends and interest from investments	(108)	(105)
(Gain)/loss on investments	(155)	22
(Increase)/decrease in stock	(77)	90
(Increase)/decrease in debtors	(262)	170
(Decrease)/increase in creditors	(1,179)	783
(Decrease)/increase in creditors (long term)	(14)	80
Net cash provided by operating activities	606	2,173
Table B		
Analysis of cash and cash equivalents		
Cash in hand	(14)	98
Notice deposits (less than 3 months)	4,028	3,324
Total cash and cash equivalents	4,014	3,422

Analysis of changes in net debt	At 1 January 2021 £'000	Cash flows £'000	At 31 December 2021 £'000
Cash	3,422	592	4,014
Total	3,422	592	4,014

Notes on financial statements

1. General Information

The Chartered Institute of Taxation (“CIOT” / “the Institute”) is a charity incorporated by Royal Charter, registered with the Charity Commission for England and Wales (registered charity, England and Wales, 1037771). The CIOT’s registered office is 30 Monck Street, London, SW1P 2AP.

The principal activities of the Institute are: a professional membership and awarding body for tax advisers; promoting and enforcing standards of professional conduct; working for greater public understanding of tax matters; and providing guidance on tax matters for those unable to afford tax advice.

2. Accounting policies

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

Basis of preparation of accounts

The financial statements are presented in sterling and rounded to the nearest thousand pounds. The financial statements have been prepared in accordance with the Charities SORP (FRS 102) (second edition – October 2019), “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)”, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Charities Act 2011.

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

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

The financial statements of the Institute for the year ended 31 December 2021 include the results of its Branches, which are not separate legal entities, for the 12 months ended 31 December 2021 (2020: 12 months ended 31 December 2020).

The Association of Taxation Technicians of 30 Monck Street, London SW1P 2AP is a connected charity but it is not subordinate to the Institute and therefore

consolidated financial statements have not been prepared. Further information on the relationship can be found in note 21.

Going Concern

As detailed in the Council Members’ responsibilities statement, the Trustees are required to prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in business. In making this assessment, the Trustees have considered the potential impact and uncertainty of the COVID-19 pandemic on the operations of the charity and prepared financial forecasts to December 2023. The coronavirus pandemic is likely to have an impact on CIOT’s finances in the year to 31 December 2022 and potentially beyond that into the following year. This is likely to be felt in the following areas:

- Income. Examinations will continue to be delivered online, but numbers sitting are not expected to reduce. Membership renewals are also not expected to be lower. Events income is likely to increase as a result of holding both virtual and face-to-face events
- Expenditure. Is expected to increase as a result of a return to some face-to-face events and meetings
- Cash flows. As a result, net cash inflows may be reduced but are expected to remain positive. However, reserves are sufficient to cover the reduction

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

Income Recognition

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

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

Subscriptions, sponsorship, examination fees and registration income are credited to income over the period to which they relate with that portion relating to subsequent years included in creditors. The date to which examination fees relate is deemed to be the date of the examination.

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

Notes on financial statements

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

In 2020, grant income was recognised as part of CIOT's "income from charitable activities". Grants received by CIOT are not performance related grants and so in 2021 have instead been included under the heading "income from donations and legacies" in accordance with the Charities SORP, with the comparative restated accordingly.

Expenditure Recognition

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

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

Donated services and facilities

In accordance with Charities SORP (FRS 102) the contribution of unpaid volunteers is not recognised as income in the financial statements given the absence of a reliable measurement basis. More information about the contribution is given on page 69.

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

Significant accounting estimates and judgements

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

- Estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation rate
- Estimating the useful economic life of intangible fixed assets for the purposes of determining an amortisation rate
- Estimating the recoverability of debtors for the purposes of determining the bad debt provision
- In addition to the above, the continued impact of the global COVID-19 pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, members, suppliers and the wider economy. Estimates used in the accounts are therefore subject to a greater degree of uncertainty and volatility
- As set out in these accounting policies under "Going Concern", the Trustees have considered the impact of the pandemic on the charity's financial position and going concern. They have concluded that, although there is uncertainty related to this, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Allocation of support costs

Support costs are central administration costs that assist the work of the charity but do not directly undertake charitable activities and are allocated across the categories of charitable expenditure. The basis of the allocation is given in note 3e to the financial statements.

Intangible and Tangible Fixed Assets and Depreciation and Amortisation

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

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

- Leasehold improvements are written off over the remaining life of the lease (10 years)
- Office equipment 25%
- Intangible assets relating to CRM and accounting system 20%

Fixed Asset Investments

Investments have been valued at fair value at 31 December 2021. The fair value of investments quoted on a recognised stock exchange is the quoted bid price. Account is therefore taken of both realised and unrealised gains/losses in the Statement of Financial Activities.

Stock

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

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

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

Creditors and Provisions

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

Financial instruments

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

Pension Costs

Members of staff are eligible to join the Institute's defined contribution retirement benefit scheme. The scheme provides individual pension plans which are managed by independent pension providers. The amounts charged to the statement of financial activities in respect of pension costs is the actual contribution payable in the year.

Foreign Currencies

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

Taxation

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

Operating Leases

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

Fund Accounting

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

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

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

Notes on financial statements

3. Analysis of income and expenditure

3a. Income from donations and legacies

	2021 £'000	2020 Restated £'000
Grants receivable	49	84
Grants repaid	(14)	0
Total income from donations and legacies	35	84

Government grants received in the year amounted to £49,000 (2020: £84,000). Of the grants received in the year, £14,000 (2020: £44,000) was in respect of grants received under the UK Government's Coronavirus Job Retention Scheme (CJRS). The decision was taken by Council to refund monies received as part of the CJRS before the Balance Sheet date and these amounts were repaid in January 2022. The £44,000 received under the CJRS was repaid in 2021. Other amounts received in respect of government grants relate to the Institute's work in maintaining the content on the website www.revenuebenefits.org.uk. There were no unfulfilled conditions or other contingencies attaching to the grants that were recognised in income. The Institute did not benefit from any other forms of government assistance during the year (2020: nil).

3b. Income from Charitable Activities

	2021 £'000	2020 Restated £'000
Membership Subscriptions	6,087	5,612
Chartered Tax Adviser registration fees and entrance fees	27	15
Student registrations and examination fees	2,681	1,765
Conference and Event fees	431	351
Sale of books and journals	108	93
Anti Money Laundering Fees	290	276
Other income	0	29
Total Income from Charitable Activities	9,624	8,141

3c. Income from Other Trading Activities

	2021 £'000	2020 £'000
Sponsorship	52	47
Total income from other trading activities	52	47

3d. Investment Income

	2021 £'000	2020 £'000
Dividend income	52	51
Other interest receivable	56	54
Investment Income	108	105

3e. Breakdown of expenditure

	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Total 2021 £'000
Charitable activities				
Grants payable	0	0	101	101
Education and student services	1,274	2,605	0	3,879
Members Services	999	2,044	0	3,043
Regulation and Compliance	268	547	0	815
Consultation and representation	140	287	0	427
LITRG costs	1	2	0	3
Total expenditure on charitable activities	2,682	5,485	101	8,268
Raising funds				
Investment management costs	16	0	0	16
2021	2,698	5,485	101	8,284

	Activities undertaken directly £'000	Support costs £'000	Grant funding of activities £'000	Restated Total 2020 £'000
Charitable activities				
Grants payable	0	0	35	35
Education and student services	1,096	2,149	0	3,245
Members Services	1,086	2,129	0	3,215
Regulation and Compliance	247	483	0	730
Consultation and representation	161	316	0	477
LITRG costs	7	15	0	22
Total expenditure on charitable activities	2,597	5,092	35	7,724
Raising funds				
Investment management costs	15	0	0	15
2020	2,612	5,092	35	7,739

Notes on financial statements

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

	Total 2021 £'000	Restated Total 2020 £'000
<u>Support costs:</u>		
Information technology	653	683
Staff costs	2,856	2,685
Operating costs	1,362	1,091
Auditors remuneration	22	20
Property	438	459
Legal and professional fees	153	130
<u>Governance costs:</u>		
Council meetings (inc. Council member's expenses)	1	24
	5,485	5,092

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

	Total 2021 £'000	Total 2020 £'000
Tax Advisers Benevolent Fund (registered Charity no. 1049658)	0	0
Tax Aid (registered Charity no. 10622852)	50	15
Tax Volunteers (registered Charity no. 1102276)	30	20
Grants payable to 1 University Student for original tax research	18	0
Grant for Journal of Tax Administration	3	0
	101	35

4. Net income/(expenditure) for the year

	2021 £'000	2020 £'000
This is stated after charging:		
Depreciation	184	191
Amortisation	527	326
Fair value gains/(losses) on investments	155	(22)
Operating lease rentals	343	343
Auditor's remuneration:		
- Statutory audit	22	20

5. Tangible Fixed Assets

	Leasehold Improvements	Office equipment	Total Tangible Fixed Assets
	£'000	£'000	£'000
Cost at 1 January 2021	528	1,051	1,579
Additions	-	7	7
Cost at 31 December 2021	528	1,058	1,586
Depreciation at 1 January 2021	106	742	848
Change for the year	53	131	184
Depreciation at 31 December 2021	159	873	1,032
Net book value at 31 December 2021	369	185	554
Net book value at 31 December 2020	422	309	731
All tangible fixed assets are held for charitable purposes.			

6. Intangible Assets

	£'000
Cost at 1 January 2021	2,979
Additions	153
Cost at 31 December 2021	3,132
Amortisation at 1 January 2021	804
Charge for the year	527
Amortisation at 31 December 2021	1,331
Net book value at 31 December 2021	1,801
Net book value at 31 December 2020	2,175

Notes on financial statements

7. Fixed Asset Investments

	2021 £'000	2020 £'000
Fair value at 1 January	3,774	4,633
Additions at cost	558	483
Disposal proceeds	(596)	(534)
Net unrealised investment gains/(losses)	144	(59)
Unrealised (loss) on gilts	(1)	(15)
Realised gain on sale of investments	12	52
Movement on cash/deposits	0	(786)
Fair value at 31 December	3,891	3,774
Historical cost	3,652	3,522

Holdings representing more than 5% of the investment portfolio valuation at 31 December 2021 were:		
2.15% and 0.125% index linked Treasury Gilt – 2024	485 (12.5%)	477 (12.6%)
1.78% index linked Treasury Gilt – 2022	335 (8.6%)	344 (9.1%)
Listed investments held at 31 December 2021 comprised of the following:		
Fixed interest	793	702
Listed UK equities	620	699
Listed International equities	688	549
Other Assets	714	746
Gilts	820	821
Term deposits and cash	257	257
	3,891	3,774

All investments are carried at their fair value. Investments in bonds, equities, property, and alternative investments are all traded in quoted public markets, primarily the London Stock Exchange. The basis of fair value for quoted investments is equivalent to the market value, using bid price. Asset sales and purchases are recognised at the date of trade at cost (i.e. their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Institute is considered in the financial review and investment policy and performance sections of Council's Report.

The main risk to the Institute from financial instruments lies in the combination of uncertain investment markets and volatility in yield. The Institute manages these investment risks by retaining expert advisers and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Institute does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer-term yield total return.

8. Interest payable

	2021 £'000	2020 £'000
Other interest payable	4	0

9. Stock

	2021 £'000	2020 £'000
Publications and merchandise	91	14

10. Debtors

	2021 £'000	Restated 2020 £'000
Trade debtors	100	118
Other debtors	114	111
The Association of Taxation Technicians	380	290
Prepayments and accrued income	982	795
	1,576	1,314

11. Cash at bank and in hand

	2021 £'000	2020 £'000
Cash at bank	(14)	98
Cash on short-term deposit	4,028	3,324
	4,014	3,422

12. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	699	832
Other creditors	56	53
Taxes and social security	93	290
Accruals	831	967
Deferred income	1,963	2,679
	3,642	4,821

Deferred income includes subscriptions, examination fees and conference fees paid in 2021 but relating to income and events in 2022.

Deferred Income

	2021 £'000	2020 £'000
Amount brought forward	2,679	2,223
Released in the year	(2,689)	(1,990)
Amounts deferred in the year	1,973	2,446
Amount carried forward	1,963	2,679

Notes on financial statements

13. Creditors: Amounts falling due after one year

	2021 £'000	2020 £'000
Student registration fees:		
At 1 January	219	139
Fees received in advance	326	354
Release of income in year	(340)	(274)
At 31 December	205	219

14. Financial Instruments

The carrying amount of the charity's financial instruments at 31 December were:	2021 £'000	2020 £'000
Financial Assets		
measured at fair value through profit or loss	3,891	3,774
Total	3,891	3,774

Financial instruments measured at fair value through profit or loss comprise listed investments.

15. Statement of Funds

	At 01.01.21 as restated £'000	Income £'000	Expenditure £'000	Gains/ (losses) £'000	Transfer £'000	At 31.12.21
Unrestricted						
General	5,066	9,818	(8,284)	155	374	7,130
Designated:						
Property	1,024	0	0	0	(524)	500
Disciplinary procedures	300	0	0	0	0	300
Information technology	0	0	0	0	150	150
	6,390	9,818	(8,284)	155	0	8,080
	At 01.01.20 £'000	Income as restated £'000	Expenditure as restated £'000	Gains/ (losses) £'000	Transfer £'000	At 31.12.20 as restated
Unrestricted						
General funds as previously reported	4,450	8,300	(7,676)	(22)	0	5,052
Prior year adjustment		77	(63)	0	0	14
General funds as restated		8,377	(7,739)	(22)	0	5,066
Designated:						
Property	1,024	0	0	0	0	1,024
Disciplinary procedures	300	0	0	0	0	300
	5,774	8,377	(7,739)	(22)	0	6,390

The purpose of the charity's funds are as follows:

Unrestricted General fund

The general fund represents the funds of the Institute which are not designated for particular purposes.

Designated funds

Property

To be used at the end of the term of the Monck Street lease, to cover the costs of dilapidations and other property related expenses.

Disciplinary procedures

To be used to cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board.

Information technology

To be used to provide for investment in new technology.

Transfers between funds:

At the year end, £524,000 was transferred from the property fund to the general fund. The remaining £500,000 is sufficient for its intended purpose. £150,000 was transferred from the general fund to create a new Information Technology designated fund.

16. Analysis of net assets between funds

	Unrestricted Fund £'000	Designated Funds £'000	2021 Total £'000
Tangible Fixed Assets	554	0	554
Intangible Fixed Assets	1,801	0	1,801
Investments	3,891	0	3,891
Cash on short-term deposit and at bank	3,064	950	4,014
Other net current (liabilities)	(1,975)	0	(1,975)
Creditors falling due after more than one year	(205)	0	(205)
Total 2021	7,130	950	8,080

	Unrestricted Fund £'000	Designated Funds £'000	Restated 2020 Total £'000
Tangible Fixed Assets	731	0	731
Intangible Fixed Assets	2,175	0	2,175
Investments	3,774	0	3,774
Cash on short-term deposit and at bank	2,098	1,324	3,422
Other net current (liabilities)	(3,493)	0	(3,493)
Creditors falling due after more than one year	(219)	0	(219)
Total 2020	5,066	1,324	6,390

Notes on financial statements

17. Analysis of Unrealised Gains

The total of unrealised gains at 31 December 2021 constitutes movements on revaluation and are as follows:

	2021	2020
Unrealised gains included above:		
On investments	407	252
Total unrealised gains at 31 December	407	252
Reconciliation of movements in unrealised gains/(losses):		
Unrealised gains at 1 January	252	314
Add/(less) in respect to disposals in year	12	12
Add/(less) gains/(losses) arising on revaluations in year	143	(74)
Total unrealised gains at 31 December	407	252

18. Financial Commitments

At 31 December 2021 the Institute had commitments to make future minimum lease payments, in respect of its office lease, under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Amounts due:		
Within one year	471	450
Between one and five years	1,695	1,779
After five years	704	1,091
Total commitment	2,870	3,320

19. Personnel

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

The total average number of employees, including those jointly employed by both charities, was 81 (2020: 83), a mix of 28 (2020: 32) part-time and 53 (2020: 51) full-time employees (excluding exam invigilators who work approximately 4 days per year), and the number whose salary and benefits in kind fell within the following scales is as follows:

	2021	2020
£60,001 - £70,000	4	8
£70,001 - £80,000	5	4
£80,001 - £90,000	9	3
£90,001 - £100,000	3	0
£100,001 - £110,000	2	1
£110,001 - £120,000	2	1
£120,001 - £130,000	0	1
£130,001 - £140,000	1	0
£140,001 - £150,000	0	1
£150,001 - £160,000	1	0
£180,001 - £190,000	1	0
Total staff costs:	2021	2020
	£'000	£'000
Salaries	3,649	3,771
National Insurance	385	366
Pension costs	360	366
	4,395	4,503

Key management personnel are defined as those with the day-to-day control of running the organisation. At the Institute, those people are Chief Executive Officer, Director of Education and Secretary, Director of Public Policy and the Chief Finance Officer. Their aggregated remuneration in 2021 was £554,364 (2020: £515,432).

The Institute has maintained liability insurance throughout the year to pay on behalf of the Institute or its Council, committee members and staff, any claims for wrongful acts arising out of the conduct of the Institute's business, or committed in their capacity as officers. The insurance premium paid by the Institute covering both claims against the Institute and Trustees personally amounted to £16,481 (2020: £13,451).

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 £360,482 (2020: £366,213).

There was an outstanding pension contribution at the year-end for 2021 of £57,868 (2020: £45,248).

20. Donated Services and Facilities

Institute members and students are encouraged to become involved in the Institute activities and there are over 700 unpaid volunteers on Council, Committees, Sub-Committees, Branches and Working Parties. The Institute is grateful, not only for their generous input, but also to their firms who may ultimately bear the financial cost. It is estimated that c20,000 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations, and facilities and administration services have been supplied by the Institute to other tax charities. Staff seconded to the Institute from HMRC contributed an estimated c1,800 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognised in the statement of financial activities.

21. Related Party Transactions

The Trustees of the Institute are members of Council, who are drawn, from time to time, from the membership of the Institute. No members of Council received any remuneration or benefits-in-kind for their duties as Trustees (2020: £Nil).

Members of Council are reimbursed for travelling and other expenses whilst engaged on the activities of the Institute. In the year ended 31 December 2021, 1 Council member reclaimed reimbursement of expenses totalling £14 (2020: 11 Council members: £3,611).

Under the terms of the Royal Charter and Bylaws, the Institute is empowered to make reasonable and proper payments to members of the Council in respect of services provided by such member to the Institute, or on its behalf, in delivering lectures or writing articles on taxation matters. During the year 2 Council members received remuneration of £11,825 (2020: £9,675 to 2 Council members).

Council members are obliged to pay annual subscriptions due to the Institute and are entitled to take advantage of the services offered by the Institute, on the same terms offered to all members, or to the general public.

The Association of Taxation Technicians

The total allocation of costs incurred by the Institute to the Association for the year is £1,345,598 (2020: £1,537,495) and the balance outstanding from the Association at the balance sheet date was £379,720 (2020: £289,551).

The Taxation Disciplinary Board

The Institute's contribution to costs in the year was £202,594 (2020: £177,390). The amount due to the CIOT at the balance sheet date was £129,316 (2020: £129,316).

Notes on financial statements

22. Prior period restatements

In early 2022, Management discovered an error in the new CRM system, resulting in some student registration fees and exam income which was payable by students' sponsoring firms being omitted. This has resulted in the restatement of examination and student registration income, increasing by £58,000 in 2020 and the carrying value of debtors by £14,000. A provision for bad debts was raised in respect of 2020 student registration and exam fee income of £43,000. The 2020 comparative figures have been restated accordingly. The aggregate effect of the above adjustments are as follows:

	Total funds as restated 2020 £'000
Total funds as previously stated	6,376
Increase in carry value of debtors	14
Total funds as restated	6,390
	Net income as reinstated 2020 £'000
Net income as previously stated	602
Add: examination and registration income	58
Less: provision for bad debt	(43)
Net income as restated	616



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