

**Manchester City Council  
Report for Resolution**

**Report to:** Economy Scrutiny Committee – 14 January 2015  
**Subject:** Tax Avoidance  
**Report of:** Eddie Smith, Strategic Director (Strategic Development)

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**Summary**

This paper provides an update on ActionAid's Towns Against Tax Dodging campaign which seeks to create a fairer tax system which prevents multinational companies from avoiding paying tax which could be used to promote social justice.

**Recommendations**

To note the content of the report and discuss the merits of this initiative within a Manchester context.

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**Wards Affected:**

All

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**Contact Officers:**

Name: Angela Harrington  
Position: Head of Regeneration  
Telephone: 0161 234 1501  
E-mail: a.harrington@manchester.gov.uk

Name: Jessica Bowles  
Position: Head of Policy, Partnerships and Research  
Telephone: 0161 234 4412  
E-mail: j.bowles@manchester.gov.uk

## 1.0 Introduction

- 1.1 ActionAid's Towns Against Tax Dodging campaign has been established to raise the profile of corporate tax avoidance within the UK and Internationally. The broad stated aim of the campaign is for the UK government to play a lead role in creating a fairer tax system.

## 2.0 Background

- 2.1 The Towns Against Tax Dodging campaign is asking UK residents to write to their local council to ask them to sign a motion which challenges the UK government to act on this issue. The campaign highlights the tax avoidance activities of large multinational companies which it claims deprive the UK Treasury of £12 billion per annum, part of which could be used to fund local authority spending. The campaign website (<http://www.townsagainsttaxdodging.org.uk/>) displays a map of local authorities, businesses and individuals who have agreed to support the campaign.
- 2.2 Some of the key points raised by the campaign are as follows:
- It has been estimated that the UK Treasury loses as much as £12 billion to tax dodging by multinational companies every year.
  - Developing countries lose three times more to tax dodging than they receive in aid each year – enough to give a basic education to the 57 million children currently missing out.
  - The UK has a particular responsibility to end tax dodging, as it is responsible for 1 in 5 of the world's tax havens in the British Overseas Territories and Crown Dependencies.
  - The use of tax havens by UK companies is rife, with 98 of the FTSE 100 companies routinely using tax havens.
  - Large multinational companies pay as little as 5% in corporate taxes globally, while smaller businesses pay up to 30%.
- 2.3 At present, Stockport MBC and Rochdale MBC are the only Greater Manchester authorities to have considered this issue at Full Council. Rochdale MBC carried a Motion to Full Council in October 2014 which used the wording contained within the Towns Against Tax Dodging Model Council Motion. Stockport MBC also considered this issue in October 2014, carried a more general motion which noted the work of the Coalition Government to tackle tax avoidance via investment in HMRC and the work of the Public Accounts Committee. The Council resolved to "invite all political Groups to lobby their respective local Members of Parliament to continue this focus on tackling tax avoidance and evasion and to support such measures in the future."

## 3.0 Conclusion

- 3.1 The Towns Against Tax Dodging campaign is well established and offers the opportunity for businesses, residents and local authorities to voice their concerns about the tax avoidance activities of multinational companies. As the

tax collection system is nationally administered, local authorities have limited opportunities to directly influence the behaviour of multinational companies. As a result, some authorities have decided to pass a Full Council Motion which offers their support to the Towns Against Tax Dodging campaign in the hope that this will help to influence future government policy.