

BUSINESS UNPREPARED AS FAIR TAX FOLLOWS FAIR TRADE INTO THE SPOTLIGHT

Corporate tax planning must come out of the shadows and be subject to the same standards of transparency and accountability as corporate environmental and social performance.

This is the central finding of SustainAbility's new report, *Taxing Issues – Responsible Business and Tax*, which was launched at the Royal Commonwealth Club this morning. Published with support from tax experts and leaders in corporate responsibility, the new report compiles evidence that pressure is mounting for more transparency over tax in business.

However, the report also finds that most companies are resistant to greater scrutiny of their tax planning, and that there is dramatic polarisation between those who see tax as simply a cost to be avoided, versus those who acknowledge stakeholder interest in the issue and recognise tax as part of their social contract with significant ethical issues.

Seb Beloe, lead author and Director of Research and Advocacy at SustainAbility, said: 'Aggressive tax avoidance increasingly falls short of society's expectations of a responsible company. Instead of focusing on stretching the boundary between legal and illegal approaches to tax avoidance, business must pay attention to whether its practice is responsible or not.'

The report maps the recent rise in media scrutiny of this issue and forecasts that tax will soon prove as challenging for business as the early days of fair-trade campaigning. As well as highlighting the challenge, the report offers constructive guidelines to assist companies wanting to test their own tax policies and practice.

Richard Murphy of Tax Research LLP said "Tax planning is a legitimate and proper business activity, but one of the key issues this report highlights is that legality alone is not enough to make many common practices acceptable. Furthermore, tax planning increasingly crosses international boundaries requiring companies to choose where taxes are paid and a simple legalistic approach is not enough to guide that process. Proper management processes are required to ensure that the highest standards of transparency and accountability apply to the choices they make."

–ENDS–

Notes to Editors

1. The report entitled *Taxing Issues: Responsible Business and Tax* can be downloaded free of charge from www.sustainability.com. Inclusion of our web address would be appreciated.
2. SustainAbility is a strategy consultancy and independent think-tank specialising in the business risks and market opportunities of corporate responsibility and sustainable development.
3. The research that led to the report has been carried out independently by SustainAbility, with sponsorship from tax experts and leaders in corporate responsibility.

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