



HOUSE OF COMMONS

LONDON SW1A 0AA

October 2018

Dear Constituent,

Thank you for contacting me about corporations paying tax.

As I am sure you will appreciate, I cannot comment on an individual company's tax liabilities. I understand the way businesses work is changing, which is why the Government is reviewing the taxation of the digital companies, to make sure all businesses pay their correct amount of tax. However international tax law can be complicated and so the UK government is leading international efforts to reform the international rules around where profit is made and where it should be taxed.

Pending this global reform the Government is exploring potential interim measures, such as a tax on the revenue of certain digital businesses. Additionally, we have led the way through tough new rules to crack down on multinationals shifting their profits to lower tax jurisdictions. Around £8 billion has been returned by cracking down on large multinational enterprises that are avoiding paying the right amount of tax in the UK. The Diverted Profits Tax has been introduced at a rate of 25 per cent on multinationals that artificially divert profits out of the UK.

Also, you may be aware that at the start of 2016 I secured a debate in Westminster Hall on online VAT evasion and the effects this has on UK based internet retailers. Because of this debate and the pressure I put on HMRC, the Rt. Hon George Osborne MP, the then Chancellor, announced a series of measures in the Budget 2016 to try and tackle this issue head on. Whilst his motives were genuine, sadly the legislation did not go far enough and we only saw moderate improvement in this area.

I was not prepared to put this issue to bed and continued to apply pressure on the Chancellor, the Indirect Tax Team at HMRC and Jane Ellison, the Financial Secretary at the Treasury in the hope that the policy framework could be improved.

I was therefore delighted to hear the Chancellor announce a series of tougher measures in the recent Budget 2017. These measures would strengthen existing legislation and transfer responsibility onto the online market place who host these fraudulent sellers, as opposed to the sellers themselves.

I appreciate there is work to be done, but we are making solid steps forward to ensuring businesses pay the correct amount of tax and continue to lead efforts to reform the international rules.



Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Chris". The signature is fluid and cursive.

**CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY**