



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sir Mark Hendrick MP
House of Commons
London
SW1A 0AA

02 OCT 2018

Your ref: ZA29805

Dear Mark,

Thank you for your email of 14 September to the Chancellor of the Exchequer enclosing correspondence from a number of your constituents, about tax avoidance. I am replying as Minister with strategic oversight of the UK tax system.

As I am sure you will understand, it would not be appropriate for me to comment on the tax affairs of individual companies, but I will respond in general terms to the points your constituents raise. The Government is committed to making sure multinational enterprises pay their fair share of tax in the UK. The UK levies corporation tax on the basis of profits generated through economic activities undertaken in its jurisdiction, as do most of the world's major economies. The objective is for the profits of a multinational to be taxed in the countries in which it generates value through its productive activities, rather than the countries in which its customers are located.

The Government has taken significant steps, domestically and internationally, to ensure that this objective is realised and that multinationals pay the right amount of tax in the UK. The UK has been at the forefront of multilateral action through the G20 and Organisation for Economic Co-operation and Development (OECD) to reform international tax standards. We used our Presidency of the G8 in 2013 to successfully initiate the G20-OECD Base Erosion and Profit Shifting project, to combat tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

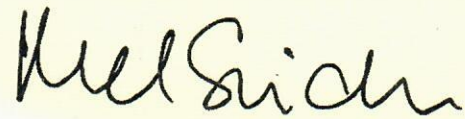
The UK has also led on delivering many of the project's recommendations into domestic legislation. This includes:

- New 'hybrid mismatch' rules to prevent multinationals exploiting differences in how countries tax financial instruments and entities.
- New rules which prevent large multinational companies from avoiding tax by claiming excessive tax deductions for interest expense.
- The requirement for large businesses to provide HM Revenue and Customs with a country-by-country breakdown of their profits, tax and assets.

The Government also introduced the Diverted Profits Tax in April 2015 which seeks to counter contrived arrangements used to divert profits away from the UK.

Please pass on my thanks to your constituents for taking the trouble to make us aware of these concerns.

Yours sincerely,

A handwritten signature in black ink that reads "Mel Stride". The signature is written in a cursive, slightly slanted style.

RT HON MEL STRIDE MP