

UK agrees transition toward new global tax system

News story

The UK has today (21 October 2021) agreed a route forward to transition away from its Digital Services Tax (DST) towards a new global tax system that will ensure multinationals pay their fair share in the countries where they do business.



- UK agrees deal on how to transition from its Digital Services Tax (DST) to new global tax system
- New DST-credit system will be used for transition
- Historic tax reforms agreed by 136 countries earlier this month ensure multinationals pay their fair share in the countries where they do business

The deal struck by the UK, US and other European countries outlines a DST-credit system which will bridge the gap between the UK's DST and the start of the new system – which is due to be implemented in 2023.

On 8 October 2021, OECD-led discussions resulted in 136 countries agreeing a plan for a new system where multinationals pay their fair share of tax in the countries they do business (known as Pillar One), whilst countries operate a minimum 15% corporation tax rate (known as Pillar Two).

Chancellor Rishi Sunak said:

Following the landmark deal achieved earlier this month, I am delighted we have agreed a way forward on how we transition from our Digital Services Tax to the newly agreed global tax system.

This agreement means that our Digital Services Tax is protected as we move to 2023, so its revenue can continue to fund vital public services.

As part of today's deal the US will not levy tariffs in response to the UK's DST, which was introduced in April 2020. The UK will also keep the revenue raised from the DST until the Pillar One reforms become operational. The DST credit agreement outlines that once Pillar One is in effect, firms will be able use the difference between what they have paid in DST from January 2022, and what they would have paid if Pillar One had been in effect instead, as credit against their future corporation tax bill.

This means that the UK will not lose out on tax revenue in the transition period, as for each business, the UK either retains the amount raised that Pillar One would have delivered if it had been in place originally, or the total revenue from our DST.

The DST will then be removed in favour of the global solution, which was always the UK's intention.

The UK has been spearheading the push for an international solution to the challenge of taxing technology multi-nationals for nearly a decade, with the Chancellor making securing a global agreement a key priority of the UK's G7 Presidency. The credit system provides a fair and sustainable solution.

The UK will continue discussions with our global partners over the coming months as we look towards beginning the implementation process in due course.

Further information

- The UK introduced a temporary Digital Services Tax (DST) in April 2020 to ensure that multinationals paid tax on the sales they make in the UK.
- It has always been the intention of the UK to remove its Digital Services Tax once a global agreement is in place. As acknowledged in 8 October's OECD agreement, the UK, and some of the other countries with DSTs, have been discussing with the US how to coordinate our transition from nationally levied DSTs to the new Pillar 1 system.
- The agreement signed is between the US, UK, France, Italy, Austria and Spain
- Under Pillar One of the historic OECD agreement, the largest and most profitable multinationals will be required to pay tax in the countries where they operate – and not just where they have their headquarters.
- The rules would apply to global firms with at least a 10% profit margin – and would see 25% of any profit above the 10% margin reallocated and

then subjected to tax in the countries they operate. Pillar 1 will be implemented through a Multilateral Convention (MLC) with this aiming to come into effect in 2023.

- Under Pillar Two, the G7 also agreed to implement a 15% global minimum corporation tax, aiming to become effective from 2023. This will be operated on a country by country basis, creating a more level playing field for UK firms and cracking down on tax avoidance.
- View the joint press release [here](#)
- View the joint written statement [here](#)

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[International Trade Week launched to support new exporters](#)

- Businesses encouraged to sign up to attend week of UK-wide events, activities and announcements hosted by trade experts
- Week will give businesses the advice they need to begin, or further, their exporting journey, and showcase available support
- Part of Government push to encourage more businesses to start exporting so they can benefit from global trade

Today, the Department for International Trade (DIT) announces the first International Trade Week. It will include business and sector led activities, showcasing events and workshops available to businesses of all sizes, all sectors and across the UK hosted by expert trade advisors, Parliamentarians and Ministers.

Businesses across the country who are considering exporting for the first time are being encouraged to join the ambitious, new week-long event to get the advice they need to take the plunge.

The event will take place from 15th – 19th November across the UK, aiming to encourage UK businesses to export and sell to the world, and showcase the

long-term support that is available to help them do so.

Figures show that businesses who export are more productive and pay their staff more. But only one in ten British businesses currently export, with DIT Ministers keen to boost this figure through a broad package of tailored support.

Minister for Exports, Mike Freer MP, said:

We want to help more businesses across the UK start exporting so they can seize the wins on offer in the world's fastest growing markets.

I'm delighted to announce DIT's first International Trade Week. Exporting is crucial to the government's plans to level up and build back better, and this week of events is a great opportunity for businesses to get involved, share advice and learn from the experts.

Andy Burwell, Confederation of British Industry (CBI) International Director, said:

There has never been a more important time to talk trade, for businesses to embrace it and for all to realise the prizes exporting brings – increased revenue, jobs, innovation and productivity. The International Trade Week must be a launchpad to get our nation exporting.

It will require a renewed partnership between business and government, not just at a national level but at a local level as well. Government ambition, the practical tools, information and advice, matched with business action is the recipe for success.

Shevaun Haviland, Director General of the British Chambers of Commerce (BCC), said:

When the BCC was set up in the 19th Century its aim was to help businesses grow by trading internationally, and that hasn't changed. More than 60% of Chamber members export overseas compared to just 10% of all businesses UK-wide.

We agree wholeheartedly with the government that to turn the UK into the global economic powerhouse it deserves to be, then we need

to get our businesses exporting. Taking that first step may seem daunting but the BCC, and its network of Accredited Chambers of Commerce in the UK and British International Chambers across the world, are here to help you.

Once you open the door to international trade the possibilities for expansion are endless.

Federation of Small Businesses (FSB) Head of International Affairs James Sibley said:

Small businesses are constantly on the lookout for new opportunities to grow and thrive, and for many of them exporting is the way forward. Currently more than 25 per cent of FSB members export, and this has the potential to grow further with the right support in place.

Small firms are the backbone of our economy, and as we sign new trade deals around the world, it's vital that these businesses have the support and information they need to become successful small exporters as part of the government's global Britain and levelling up ambitions.

We look forward to engaging with Government to unlock the vast export potential of the UK's SME community.

DIT is committed to helping UK businesses seize international trade opportunities.

Exports are central to the government's ambition to level up every part of the UK and help businesses build back better; government commissioned research estimated that exports supported 6.5 million jobs across the UK in 2016, 74% of which were outside London.

International Trade Week will launch on the 15th November, and businesses can sign up [here](#) for virtual/physical events in their local area.

UK reaffirms the importance of the OSCE's Women, Peace and Security agenda

Thank you Chair, and thank you to Chairperson-in-Office, Foreign Minister Anne Linde for her message this afternoon.

Full implementation of UNSCR 1325 and the subsequent resolutions pertaining to Women, Peace and Security (WPS) remain high on the UK's agenda.

The reasons for this are clear. Diversity, including diversity of leadership, leads to more informed decision making and better policies. As I have said previously in this Council, when women participate meaningfully in peace processes, the resulting agreement is 64% less likely to fail and 35% more likely to last for at least 15 years. On the 21st anniversary of UNSCR 1325, we recall that every country at the UN pledged to increase women's participation in peace processes. The OSCE has a leading role to play, both within its conflict cycle toolkit and its concept of comprehensive security, and as a regional security organisation under Chapter VIII of the UN Charter.

In December last year, [52 states signed up to the joint UNSCR1325 statement at the Tirana Ministerial Council](#), with its menu of actions for implementation in the OSCE region. In support of this, we were pleased to host a side event with Belgium yesterday with the aim of "facilitating and advancing meaningful reporting on WPS in the framework of the Code of Conduct on Politico-Military Aspects of Security". We believe this initiative will help to enhance the quality of responses and lead to more states providing voluntary reports.

We thank Sweden for the attention they have given to WPS during their Chairpersonship. There is still much to do. We need to ensure that women are fully represented in all OSCE peace processes and that gender considerations are an integral part of solutions. We must also ensure the safety of women peacebuilders, and we must continue to step up efforts to prevent sexual violence in conflict and ensure that perpetrators are brought to justice. The tools are there. We need to use them.

The UK looks forward to tangible progress in the coming year, and to the OSCE and its participating States playing a leading role in making full implementation of the WPS agenda a reality.

Thank you Chair.

Celebrating 5 years of Unity at DVLA

We are Unity, one of several Staff Network Groups (SNGs) at DVLA that aim to support and connect staff throughout the agency. We celebrate the ethnic and cultural diversity within DVLA, while providing a safe and supportive environment for members to talk about race, religion, and culture.

Unity was founded on 21 March 2016, the International Day for the Elimination of Racial Discrimination, to provide a strong voice for DVLA's minority ethnic staff.

As the co-chairs of Unity, we're both passionate about diversity and inclusion, and we've always been interested in different cultures. To us, Unity provides a space not only to meet new people, but to support them. We are, after all, one community at DVLA.

And it's been a great journey for us so far! We want to share with you some highlights from the past 5 years.

5 years of Unity

Our story began with a staff poll to see how many people would join an SNG to support and encourage inclusivity and diversity at DVLA. The response was incredibly positive and, following discussions with DVLA's Diversity team, Unity was born!

Since then, we've helped make sure DVLA is an inclusive and diverse place to work. From 'Time to Talk' days to coffee-time discussions, we aim to change perceptions around race inequality through conversations. After all, the smallest things can sometimes have the biggest impact.



Unity team in 2016.

With the support of the agency's Diversity team and our Human Resources (HR) colleagues, we've successfully raised awareness of vital issues with senior management. Last year saw the launch of race awareness training for DVLA staff, along with workshops to highlight unconscious biases. To support this, we developed a toolkit and etiquette guide for managers and colleagues, with information about different cultures and religions.

As a group, we've worked with departments across the agency to improve policies and practices. This includes promoting facilities on site to support those who need them, such as a multi-faith prayer room.

We've also tapped into DVLA's strong learning and development culture by signposting staff to mentoring schemes, both within the Civil Service and in the wider community. This includes supporting staff in attending events like the [BAME Into Leadership](#) conference, which is a key event for individuals interested in improving and enhancing leadership opportunities for minority ethnic individuals within the Civil Service.

Building community

At Unity, we build relationships through education and discussion. That's how change happens – by supporting those who wish to become allies. Perhaps one of our most visible advocates is our director champion, Andrew Falvey, DVLA's Commercial Director.

Andrew spoke about the importance of having a diverse workforce at DVLA:

We live in a multicultural society and it's important that our services are built to reflect that. It's also important that we promote DVLA as an employer of choice amongst all communities.

We're proud of the diversity and inclusivity of our workforce, but we're always seeking new ways to provide equal opportunities for all. Drawing from a wider pool of experience and talent benefits our customers and the community at large.

We couldn't agree more. At Unity, we want people to feel included and supported at work. One of the ways we do this is by organising events and activities for staff to get involved in.

Events and activities

Unity is run by a steering group, made up of colleagues from different business areas who are passionate and dedicated to championing our cause. As co-chairs, we oversee the steering group and aim to meet up at least every 6 weeks to plan our events and campaigns.

Over the past year, the pandemic has made it difficult for us to run our usual activities and we've had to adapt. We've used video conferencing to stay in contact with our members and emails to keep them up to date with our activities. Despite working remotely, we've still managed to recruit new members – this was a big achievement for us and shows how valued the group is at DVLA!

Over the years, we've organised a variety of events, from food tasting sessions to dancing classes. One of our proudest achievements was working with the Swansea Humanitarian Aid Response Project (SHARP) for staff to donate items for homeless people and refugees. We managed to collect over 10 cages full of donations!

Another highlight was welcoming Farhana Ali, Swansea's award-winning make-up artist, to DVLA to speak about how she overcame barriers to establish her successful career. Thanks to the success of these events, we now have around 50 members from across the agency actively engaged in the group.



Unity celebrating DVLA's 50th anniversary in 2019.

We run as many diversity and charity events as we can. Our fifth anniversary occurred during lockdown and we held 2 virtual photo competitions for staff to share their favourite cultural experience and recipes. It was heartening to see so many staff members from across the agency get involved and celebrate different cultures.

This month, we're promoting [Black History Month 2021](#) via our staff intranet. In the spirit of this year's '[Proud To Be](#)' theme, we'll be recognising the achievements and contributions that Black communities and individuals make, and have made, to our society.

Unity outside DVLA

While Unity exists to support staff at DVLA, we also actively support our local community.

We've worked with many local groups to support people with job applications and recruitment advice, including the [Ethnic Minorities & Youth Support Team \(EYST\)](#), [African Community Centre \(ACC\)](#), and [Swansea Council for Voluntary Service \(SCVS\)](#). By supporting our local community, we aim to inspire support from local businesses with our activities.

But learning from others is just as important. We visited the Driver and Vehicle Standards Agency's (DVSA) staff group, Embrace, at their Nottingham branch to share best practice and see how their organisation works. We're always keen to learn – after all, that's how we grow!

Making DVLA a great place to work

It's important that DVLA reflects the society in which we live. Seeing the positive impact Unity has had on DVLA, and [the people who work here](#), makes us incredibly proud to be a part of it. But we're not doing it alone – we're just one of 6 SNGs helping to ensure DVLA is a supportive and inclusive environment.

We've been lucky enough to watch Unity grow and evolve over the past 5 years, thanks to the dedication of our members and the support of our colleagues. But of course, there's always more work to be done!

Our future plans will see us commemorating Holocaust Memorial Day in January 2022, and we're also looking to increase our steering group membership.

Visit [DVLA's 3-year strategic plan](#) to see what the agency is doing to make sure we're a great place to work.

[Adblock test \(Why?\)](#)

[Dominic Raab hosts offender employment summit](#)

Can I just start by thanking each one of you for taking some time out to join us at this virtual summit today.

Because as employers you hold one of the keys to turning offenders lives around.

The work that you can offer them really, really matters.

In fact, we know that if an offender has a job within 6 months of release, they are up to nine percentage points less likely to reoffend.

So, getting a job; getting into employment is absolutely crucial.

I'm not saying it's the only thing that matters – there will be other obstacles they'll need to overcome first. Such as beating any addictions they might have.

Getting the skills to get that job when they're released.

Making sure that they've got a stable home to go to.

And maintaining contact with friends and family, so that they're supported.

So, we understand that it's all part of a broader strategy and there's work

going on right across government to address those other crucial factors.

But what you do – and what we can do together – really matters.

By partnering with you, we can support offenders to find the jobs that are critical to helping offenders go straight.

And that success can obviously benefit all of you because these offenders have a huge amount to offer.

Don't just take it from me.

Take it from Timpson retailers, who for almost twenty years have been giving jobs to ex-offenders.

And would tell you how motivated those offenders are by getting a second chance – it motivates them and that makes them more reliable, and more trustworthy employees.

So much so that around 1 in 10 of Timpson's workforce as a whole is an ex-offender.

That's extraordinary if you think of the scale.

You can also look at Halfords, who find that people recruited from their prison programmes are more likely to stay on with the company for the long-haul.

That makes their training costs more efficient because they're retaining knowledge and skills that are absolutely crucial for any organisation's success.

Then of course, I think a lot of people are familiar with the Clink, which trains offenders working daily in prison kitchens, for their restaurants.

Giving them skills so that they can get catering jobs once they're released.

I remember that the Clink started at just one prison but now operates in eight.

It's so successful that offenders in the scheme are a third less likely to reoffend.

Just think about that for a moment – a third less likely to reoffend... that's huge.

I'm absolutely determined to scale up that work, which is why I'm going to make sure the Clink trains offenders in 70 prisons over the next 3 years.

But do you know what, if we're really going to bear down on crime in our country, when 80% of convicted crime is committed by people who have already had brushes with the law, then I am absolutely convinced that we need to scale up what's already working with even greater ambition.

And we need to replicate the very best practice – that we've seen and some of which I've mentioned – right across the prison estate.

Because right now the truth is that just 14% of offenders in our prisons will get jobs within 6 months of their release.

So, we need to be more ambitious, more innovative and I know that we at the Ministry of Justice need to be more flexible.

So, I'm committed to raising our sights, so that we can get as many offenders into jobs and give them the second chance that they need.

So, what is it that we need to do to get to that vision – to realise it; to make it happen?

Well, I've spent the last few days talking to employers about how we can step things up.

Both in how we train offenders and give them opportunities to work on temporary release while they are in prison, as well as how we make sure they have jobs to go to once they are released.

Yesterday morning I visited Lyons Haulage down near the south coast – they employ inmates and ex-offenders from Ford Prison and we discussed their impressive plans to expand that scheme even further.

But I also know and want to recognise with all of you today that it's not all down to employers – there's work we need to do in the MoJ and in our prisons as well.

According to the New Futures Network, which brokers relationships between prisons and employers, in the first quarter of this year, of all the job vacancies offered to prisoners via prisons just 1 in 5 were accepted by offenders

We've got to change that. It's just not good enough.

We've got to get that number up by making sure that every job is available to every prisoner, at least those who are eligible and meet the security requirements – of course that's important.

I think we can do that by making prison governors lead the charge on the rate of uptake of jobs in their prisons. Giving them the responsibility and ensuring there's the accountability to go with that.

That doesn't mean we want to turn prison governors into some kind of recruitment consultants or head-hunters.

But it does mean that they've got an essential role in facilitating the relationship – by advertising jobs properly, so that every offender knows what is available, and making sure that inmates are equipped with what they need:

A CV that shows their skills.

Some ID to show they have the right to work.

A bank account so that they can get paid.

That will enable you as employers to access the best people, with the skills and talent that you need. And, of course, it will ensure that offenders have every opportunity to get that job that will help them go straight when they are released.

Now, we know just what is possible from the trailblazers already making it happen.

Like Jo Simms, the governor at High Down Prison, which I visited just last week.

They've got a marketing call centre at her prison, which is run by Census Life, giving offenders the chance not just to learn new skills but also to get work experience, so that they can appreciate how it feels to earn a wage – some of them for the first time, and the impact that will have on their relationships with their families and loved ones

What struck me at High Down is how much of the prison's success is down to the leadership and the attitude Jo has imbued in the prison.

She's really gone the extra mile to adapt her prison regime, so that it fits with what Census Life need to make the call centre work in practice.

We know that this works best when the relationship between employers and prisons is strong.

So that's why James Timpson, the pioneer of employing ex-offenders, is now working with us to help prisons understand what businesses need.

James is helping us to set up boards of local employers to come together to link prisons with the business networks in their particular area.

They can also advise and challenge the prison, to make sure its training reflects the skills that those employers are looking for – to make sure the prison is focused on getting people into work.

And we're getting lots of great advice from entrepreneurs and business people.

Like Rosie Brown, at COOK who chairs the Board at HMP Wandsworth.

And John Murphy of Murphy Construction, who chairs the board at HMP Berwyn.

My ambition, my vision is to see a Board at every resettlement prison in the country as a whole, so that every one of them is partnered with businesses and can understand their specific needs and circumstances.

I guess what I'm saying is that making all this work, bringing it all

together, has to be a team effort from all of us.

So, I want to appeal to all of you as employers, if there's anything you need in order to make it easier to use offenders to fill shortages in your business: whether it's to get into prisons – the logistical challenges – whether it's the training, or whether it's just to make sure that you can get them into jobs when they are released.

Whatever it is, I want to hear about it – so please just get in touch.

Write to me, call my department.

I assure you that we mean business.

We really want to scale up, we really want to make this vision a reality.

And I promise you that I – or one of my fantastic ministerial team – will take the time to listen to you and to find out what we can do to improve the relationship between you and the prisons you're looking at or thinking of working with.

And on top of that I want to talk to and reach out to our governors, I want to urge you to look at what governors like Jo Simms at High Down are doing.

Look at what Andrew Davey is doing at Ford Prison – with the Lyons Haulage scheme that I mentioned before.

And really what I want is all governors to look at that best practice already happening in the system and how it could help their prisons and their prisoners – to think again about what might be holding them back from making the right links with employers' needs and they can really help to turn offenders' lives around.

I urge every governor in the prison system to step it up a gear – to get as many offenders into work 6 months after release as possible, to level up by giving each offender the second chance everyone deserves.

So that we can bring down stubbornly high rates of reoffending, beat crime and build back better – both for the sake of a safer country and a stronger economy.

Thank you so much everyone for joining us today.