



Chartered
Institute of
Taxation

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Tax Treaties
Transfer Pricing and Financial Transactions Division
OECD/CTPA

via e-mail: taxtreaties@oecd.org

Dear Sir

Chartered Institute of Taxation (CIOT) response to the discussion draft on direct tax treatment of emissions trading

We refer to your revised discussion draft on the direct tax treatment of emissions trading published on 19 October 2013. We apologise for not submitting this by the closing date of 15 January 2013 but in case it is useful, we have nevertheless decided to submit our comments.

We responded to the earlier discussion paper and we note that this has been published on your website. It is additionally available on the CIOT website at:
http://www.tax.org.uk/media_centre/LatestNews-migrated/OECD_dd_ETS_CIOT.

In that submission, we concluded '...if the OECD issues commentary on emissions trading it should recommend that they be taxed under article 7 and that the tax treatment of allowances should follow the accounting treatment. Commentary should also cover transfer pricing issues.'

We have reviewed the current paper and conclude that the revised paper aligns with our initial views on the treatment of emissions. Accordingly we do not need to comment further on the revised paper.

Yours sincerely

Mark Delaney
Chairman, Environmental Taxes Working Group

The Chartered Institute of Taxation

The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 16,500 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.