



National Audit Office

The UK's independent public spending  
watchdog

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Reference FOI-1544  
Date 16 September 2022

## A REVIEW OF THE PRINCIPLE OF SOVEREIGN TAXATION (FROM 1995)

Thank you for your request of 23 August 2022 in relation to the National Audit Office's (NAO)'s review of the principle of sovereign taxation. Your request was considered in accordance with the terms of the Freedom of Information Act 2000 (FOIA).

### The specific information you requested states:

*"1. I am a reporter at The Guardian newspaper. I would like to request information under the Freedom of Information Act 2000.*

*2. We are currently making enquiries about the principle of "sovereign immunity from taxation", whereby heads of state and branches of foreign governments can claim immunity to paying tax in the UK on the basis of their status in their home country.*

*3. We have obtained from HMRC a 2005 practice memorandum, which in part reads as follows:*

*"This regime was adopted in light of the recommendations of the 1995 review by the NAO. Resource constraints and competing pressures made it difficult to follow, and it has a lower priority as a result of the 1999 abolition of payable dividend tax credits."*

*We are concluding from this that in 1995 the NAO conducted, in some capacity, a review of the principle of sovereign taxation.*

*4. Please can we request a copy of this 1995 review from the NAO under the Freedom of Information Act 2000."*

Based on the information you provided we have conducted a thorough search of our audit records and archives. Unfortunately we have been unable to identify information within the scope of your request.

The National Audit Office originally retained many of its records on its internal website or in its local offices. However, a records management improvement plan was undertaken to simplify and reduce the amount of data stored, and as a result a lot of information was either destroyed or transferred to other online sites. Many NAO reports are now available to purchase. Some NAO reports prior to 2014 can be found on the [TSO Shop](#) whilst those published thereafter can be obtained on [Amazon](#).

A comprehensive search of our files relating to 1995 for the information that may be in scope of your request did not identify any items we may have in that category. We have checked the TSO shop and we also



examined our archived spreadsheets to see if we could locate the author of the document or team involved that prepared the report. In addition to this, we also checked the National Archives. Unfortunately, we were unable to obtain any details.

We are not clear based on the information you provided how the recommendation was framed, or whether it was made under our routine financial audit work or as part of a published report. Any recorded information or documents, electronic or physical copies we use to manage our business and carry out our audits must be managed in accordance with our Management of information and records policy. The policy outlines our retention schedules which govern how long we need to keep different types of records. Certified annual reports and accounts, supporting working papers, files, evidence, journals and certification documents are only retained for 6 years.

If you can share any further details regarding the information you are seeking to give us a clearer understanding of the nature of your request, we may be able to identify if the details are available in a published report.

I am sorry that we are unable to help you with your request on this occasion.

Annex B sets out the steps you may wish to take if you are not satisfied with the way we have handled your request for information under the FOIA.

Yours sincerely,

**NAO FOI Team**

## **Annex B**

### **Statement of Policy**

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at [FOI.requests@nao.org.uk](mailto:FOI.requests@nao.org.uk) or by post to:

FOI Team, Red 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP

The Manager of FOI will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

<https://ico.org.uk/> or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF