President's page, November 2017

Welcomes

01 November 2017

A possible future

We keep hearing about the pace of change so this month I thought we might take a (slightly) light-hearted look at the possible world of a tax adviser in 2030. I emphasise, I am not endorsing anything that follows…

Joe Taxadviser was in a reflective mood as he walked from his kitchen to his home office one day in January 2030. He'd been in practice and a member of the Chartered Institute of Taxation for more than 30 years and he'd been thinking a lot about how much things had changed. Yesterday had been a typical example!

He'd started by having the first of several scheduled meetings with clients. He was glad no-one had to spend hours every day travelling to and from work or clients anymore. It had been such a waste of time! It was the roll out of the cheap personal holographic device in 2025 coupled with the massive increase in road taxes and rail fares that had finally killed the office concept at last. He was still able to 'see' his staff whenever he wanted but he did miss the social contact. The monthly get together just wasn't the same!

He then logged on to his Adviser's Account with HMRC. As usual, he felt the slight warmth as he waved his wrist with the implanted identity chip over the sensor. It still felt weird but it had been painless and at least he didn't need passwords (or keys or passports) anymore. He looked at the communications from his personal Automated Inspector ('A.I.') which dealt with all his cases and responded as appropriate. HMRC's headcount had just been reduced by another 5% to only 3,200 people and he wasn't sure how they would cope.

He thought about the days when most of his work had involved preparing tax returns. Now, with all information being uploaded directly into the client's personal

tax account (‘PTA’), his role was instead to check the outputs to ensure his clients were not being overcharged and planning opportunities identified. The invention of the hyper-computer capable of handling truly massive amounts of data effortlessly and with better than human intelligence had allowed the government to abolish cash altogether. With all payments made electronically and bank accounts mandatory for everyone, all items in those bank accounts were analysed and tax calculated accordingly. HMRC’s Tax Calculator extracted data directly from every employer’s systems. Employers paid employees gross and the correct tax was taken by direct debit. A similar system applied for the self-employed with tax paid monthly based on actual receipts and expenses. It was clever how the system identified amounts that needed to be spread and adjusted automatically.

Of course, the tax system was completely different now. It was the absurd attempt by all political parties leading up to the 2022 election to ‘out-bribe’ voters that had finally persuaded the public that determining tax policy, just like setting interest rates, was far too important to leave in the hands of politicians. Now, government decided how much money it wanted to raise in taxes and the social aspects it wished to achieve but left it entirely to the independent Office for Tax Policy to decide on the most appropriate policy, taxes and rates to achieve those goals. Despite initial hiccups, the system seemed now to be accepted by all concerned. The merging of NIC and income tax had been one of the early results of this change.

The PTA also allowed timely payments of benefits and had done away with means testing problems as it was the individual’s personal ‘account’ with the State. As the government knew exactly what everyone’s income was on a real-time basis, they could impose charges at the point of sale and credit the PTA of individuals who merited it. For example, although everyone paid their doctor £50 a visit, those deemed to have insufficient income got an immediate credit to their PTA with no-one other than them being aware. It had allowed for comprehensive reform of the VAT system as well.

Joe then completed his annual return to the tax Regulator. Established in 2021, the Regulator had ensured that only those properly qualified and ethically compliant could practice tax. The number of members of the CIOT had increased as a result!

A dream, a nightmare or a curate’s egg? An absurdity or a realistic prospect? I leave it to readers to decide…

All the best,

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