President's page, May 2018

Welcomes

01 May 2018

Hurrah for the single fiscal event!

And then there was ‘the single fiscal event’! Although a great deal has been written about the move to just one fiscal event a year, there is no harm in repeating once again how welcome this is. Our tax system is already absurdly complicated and constant change makes it even worse. At least now, major changes will only occur once a year. If readers get the sense that I still believe that to be far too frequent, then I can only admire their perspicacity. In a previous, deliberately light-hearted edition of this column I flippantly remarked that setting tax policy was far too important a task to be left to politicians. Clearly, I was joking but I do believe the desire to achieve short term political goals and secure headlines has in the past tended to interfere with sound policy making. It was therefore particularly encouraging to see that the Chancellor resisted the temptation to pull any ‘rabbits from hats’. I hope that he, and his successors, adopt a similar approach in future years.

A move to a single fiscal event was one of the key recommendations of the Better Budgets report published in January 2017 by the CIOT, the Institute for Government and the Institute for Fiscal Studies. However, two of the report’s other key recommendations were also picked up by the Chancellor in this Budget. The first was the recommendation for more early stage consultation and so it was with great pleasure we noted the announcement of consultations on plastics, digital taxation (where the consultation was originally announced last Autumn with an update this time), cash and digital payments in the new economy (response to the Taylor Review of the Gig Economy -which we have argued should have had tax included within its scope in the first place), VAT threshold and collection, and tax compliance. In the past, too many consultations have been launched only after key policy decisions have been taken so launching them earlier in the process should lead to

more informed judgments. On the subject matters themselves I would encourage members to contribute their views. Our current Vice-President Glyn Fullelove wrote about the issue of digital taxation only last month.

Another recommendation of Better Budgets was greater interest by the Treasury Select Committee in tax matters and so it was a positive sign that the Committee announced reviews into three areas, namely: VAT in relation to Tax Gap, Brexit, Business and Good Tax Policy; how well HMRC is dealing with tax avoidance and evasion; and The Conduct of Tax Enquiries and the Resolution of Tax Disputes. Any suggestions the Committee might make to simplify policy or practice in these areas would certainly be welcome.

I've written in the past about our Institute's links with similar bodies overseas. Although tax laws are still primarily domestic in nature, the 'internationalisation' of tax policy and administration means we cannot afford to operate alone. Our relationships with the Irish and Australian Tax Institutes are particularly strong but we have good and developing contacts with a number of other leading bodies around the world. To that end, our Chief Executive Peter Fanning and I recently visited China to make initial contact with the CCTAA, the Tax Institute over there. Clearly there are many differences between our two organisations, but the visit was very positive and highlighted areas where we might begin to co-operate to mutual advantage. We also visited a number of major employers in both practice and industry to obtain their views. We are hopeful that China might prove a good market opportunity for our ADIT qualification.

The charity Tax Aid celebrated their 25th anniversary in February and my sincere congratulations to all the fantastic volunteers who do such great work for them and for Tax Help. Tax Aid and Tax Help are now helping more than 21,000 people a year between them and you can contribute to their valuable efforts through Bridge the Gap.

When one becomes President, all one's predecessors say that the year will fly by. I can now confidently assert the truth of that statement. I can't believe that this will be the last time I will pen this column for example. I would like to convey my heartfelt thanks for all their support and efforts to our staff led by Peter Fanning, to my fellow elected Officers, to our Council, to the enormous numbers of volunteers who enable the CIOT to play such a significant role and, crucially, to all of our members. Tax continues to be much more in the headlines than it was a few years

ago and I see little prospect of that changing. The CIOT will continue to be a major player in the debate. I am enormously proud to have served as your President and I have no doubt that in my successor, Ray McCann, together with his fellow Officers Glyn Fullelove and Peter Rayney, I leave matters in extraordinarily capable hands.

With very best wishes,

John Preston
President, CIOT