President's page, July 2018

Welcomes

01 July 2018

Help us break down barriers

Welcome to July. I hope that you are all enjoying a summer break or looking forward to one. The world of tax never seems to stop (or even slow down!) so for most of us there is never an ideal time to take some time out but caring for oneself is an important part of providing great client service!

At the time of writing this (early June) we have just had our annual reception for Parliamentarians. It was clear from the comments of the Financial Secretary, Mel Stride MP, that the government welcomes and listens to what we say on tax matters and the value of our work with the Institutes for Government and Fiscal Studies was highlighted by the Minister. Also that week Paul Aplin became President of the ICAEW. Paul is a Fellow of the CIOT and a member of Council and together with Paul, Peter Fanning and I co-hosted a dinner for the Chief Executives of a number of international tax institutes who had met in London. During their conference they shared news and views from regulated and unregulated tax regimes and were addressed by Jonathan Riley from Grant Thornton and a member of Council. They also met senior officials from HMRC who discussed their plans for Making Tax Digital. The dinner demonstrated the cooperation between CIOT and the ICAEW and I am sure we all wish Paul every success for his year as President.

Also this month Tracy Easman has become President of the ATT. I have worked very closely with Tracy for many years on Standards Committee and I am looking forward to working with her in her role as President.

We will all be impacted in some way by HMRC's Making Tax Digital (MTD) programme and there has been concern at HMRC's ambition to implement major change in a relatively short time frame. Even so, the announcement by HMRC that parts of MTD will enter a slow lane due to the additional workload imposed on HMRC

by Brexit is disappointing. MTD for VAT is apparently continuing with the other elements delivered over an extended period. I hope that this creates some opportunity to ensure that everyone involved in this, HMRC, software providers and the profession, are on the same track, even if it is slower.

When I spoke at the AGM in May I stressed that we needed to ‘play our part’ in relation to a number of key challenges (you can see the full speech on page 47). But we have to understand the rules and those rules have to make sense. I am not sure it’s just me but does anyone outside of HMRC understand how some cases end up before a Tribunal? There is a strong argument that the current approach of HMRC is too rigid and a culture overly averse to being criticised has discouraged what should in many situations be a pragmatic approach to collecting tax and NIC. It is very easy to say (and we all do) that everyone should pay their tax but with around 30 million taxpayers it is inevitable that thousands of individual difficult cases will arise each year. HMRC regularly talk about ‘binary issues’ but real life is rarely binary and even if the answer to a particular tax issue can be said to be binary the facts and circumstances will rarely ever be so. Too often HMRC appear to offer only the choice of capitulation or the Tribunal and I am fairly sure that this approach has resulted in some of the recent critical Tribunal comments. We can all look at egregious tax schemes and say they got what they deserved but away from those examples the position should be of more concern to HMRC. If HMRC really does believe that it has little or no management discretion the Government should take steps to put it back since operating in a way whereby every issue has to be exhaustively pursued unless the taxpayer gives in is more expensive, less effective and in the long term damaging to the credibility of the tax system. It will be interesting to see what the Treasury Select Committee concludes from its current enquiry into the settlement of tax disputes.

For some time Council has been looking at how to make itself more representative. This month we invited a recently qualified member to take part in a meeting of Council and we will be trying other initiatives in the future. Some of you have contacted me asking to get involved so I would like to know what you think. Are there barriers that stop you? What could we do better? How could you get more involved, and what would you do? Pressure of work and family are easy to understand issues, but what else gets in the way?

And finally, I was very touched by two letters I received last month from very longstanding members. They were apologising for being unable to travel or attend

this year’s Fellows dinner due to poor health and family commitments. It brought home to me just how much of a family we are and how much we all care about our Institute. I feel some trips coming on!