President's page, August 2018

Welcomes

01 August 2018

Summer of change

Phew! August already, and what a summer it's been! Amazing weather across the whole of the UK, the World Cup, Wimbledon and amidst another Brexit related Ministerial crisis, the Finance Bill 2019! More tinkering but at least it's slim!

This month we say goodbye to Chris Mattos as editor in chief of *Tax Adviser*. During his five years in charge, Chris has overseen a significant development of *Tax Adviser* , including in its accessibility. It now appears in paper and online format and has its own dedicated mobile app. Chris is returning to his tax practice and I am sure we all thank him and wish him the very best. Taking over Chris' role will be Bill Dodwell who has stepped down from Council (subject to charity commission approval). It is going to be an exciting few months as Bill settles and he has ambitious plans to make *Tax Adviser* even more of a 'must read'.

The other really big news this month is that the CIOT and ATT are on the move. With the lease on Artillery House coming to an end the opportunity of a new office space that will provide a larger and more dynamic environment for the CIOT staff and provide better drop in facilities for volunteers was too good to miss. If all goes to plan then we should be in the new office, only a few minutes' walk from our current location, around Christmas.

Last month was also a busy time for me with very enjoyable visits to South London Branch (with Richard Wild to talk about MTD) and to Leeds for the Yorkshire branches tax dinner. These were followed by the bi-annual Fellows dinner in London. In Leeds it was a pleasure to present Rachel O'Connor with her prizewinner's certificate and I wish her all the best in her new role with the University of Leeds. The splendid surroundings of the Innholders Hall in London was the venue for the Fellows dinner. It was great to meet so many long-standing members of the CIOT. Sir

Edward Troup, himself a CTA, gave an entertaining and insightful after dinner talk. Just before the dinner Roz Baxter (our Head of Education) and I had a very enjoyable chat with Norris Gilbert who has been a member of the Institute since 1964! It was humbling to hear what the CIOT still means to him and talk about a fraction of his career in tax going back to the start of the war. We also met with HMRC and the other professional bodies to discuss the Agent Strategy and in particular unaffiliated tax advisers – no doubt there is more to come on that.

Many of us are interested in the Treasury Select sub-committee enquiries on tax avoidance and HMRC's handling of disputes. There remains considerable disquiet at the overwhelming number of open cases so it was disappointing that HMRC's estimate – given in evidence to the Committee – put this at 80,000, up from the previously widely quoted 65,000! Perhaps the most vocal group within this eye watering number of cases are those in the sights of the 2019 EBT loan charge. It is difficult to be sympathetic to those involved but it is equally hard to see how they are being treated consistently with other EBT arrangements, particularly where 'out of time' years are concerned. 'Dextra' style corporate EBT users were treated very favourably under the EBT settlement opportunity and forgiven 'out of time' Tax and NIC liabilities in very many cases whilst nevertheless being fully protected from the disguised remuneration provisions introduced in 2010. In contrast those affected by the 2019 charge have to voluntarily pay all of the tax and NIC for 'out of time' years. The 2019 loan charge applies whether the loan arrangements were disclosed or not!

The use of settlement facilities by HMRC has been controversial since they first appeared almost ten years ago but whether you are in favour of them or not they have provided an effective means of settling open cases involving tens of thousands of taxpayers. However, they must be consistent in their application and the inconsistency in the settlement arrangements offered to those within scope of the loan charge is unfair and simply makes it more difficult for them to settle their liabilities. Many of these schemes were sold by the promoters against whom the 'High Risk Promoter' and GAAR were targeted and whose activities were in the sights of Professional Conduct in a Relation to Tax (PCRT) when it was amended. As they say, 'two wrongs do not make a right', the settlement strategy should facilitate a speedy resolution of these arrangements not just heap punishment on thousands of individuals who already feel angry and anxious at the way they are being treated. Moreover many of them have the impending threat of bankruptcy hanging over them and are no doubt embarrassed by their situation.

Finally it was a real pleasure last month to sit in the exam room in Artillery House signing the letters to those CTA candidates who had been successful in the May exams (hundreds of them!) My congratulations to you all on your brilliant achievement. To those who did not get through this time, please don’t give up – I am really glad I didn’t!

Ray McCann

CIOT President