President's page, March 2019

Welcomes

01 March 2019

Time flies by

Welcome to March; looking at my diary for the coming month fills me with a mix of excitement and trepidation.

Excitement about meeting members of the CIOT and ATT during my visits to Glasgow, for the joint Presidents' lunch with ATT President Tracy Easman, Warwick for the Branches forum, Cardiff to meet with South Wales Branch and the Welsh Government and then on to Newcastle for the North East branch dinner. Later in the month there is the East Midlands branch conference followed by the Spring Conference in Cambridge. The trepidation comes from knowing that the March Council meeting will be my last as your President and the fact that all of this month's travels will be by train – what can go wrong?

And my year as President is rapidly slipping past; last month we announced the new elected Officers from May 2019 and my warm congratulations go to Glyn Fullelove, who will be President from May and to Peter Rayney and Susan Ball, Deputy President and Vice President respectively. They will be a great team. We have also welcomed two new lay observers to the CIOT Council in place of Sam Younger who stepped down at the end of 2018. Having lay observers on Council brings valuable different experience, insights and perspective to the way Council fulfils its charitable and CIOT business responsibilities.

Last month we held another in our series of jointly hosted debates with the Institute for Fiscal studies. The theme was HMRC powers. This is an issue where many of you have real concerns about the substantial increase in powers available to HMRC, how they exercise those powers and how difficult it is for taxpayers, even with agents involved, to effectively resolve issues. It seems to many that HMRC does not fully appreciate how challenging life in general, and the tax system in particular, is for a

great many people. When I joined the Inland Revenue as it then was, the only people I met were ‘taxpayers’ in the sense that the only people I met were liable to pay tax. Today HMRC’s ‘customers’ include almost everyone in the UK whether they pay tax or not and it is questionable whether HMRC should really have some of the responsibilities it has taken on. It was not that long ago that the Revenue was trying to reduce the number of individuals who had to complete tax returns each year. Today millions more people need to complete self-assessment tax returns than in the past and in turn tens of thousands of people fall foul of tax return filing deadlines so incurring penalties hugely increasing HMRC’s workload from thousands of late filing penalty cases. The impact upon thousands of individuals is at times hard to imagine.

Whatever checks and balances exist within HMRC to ensure that its Officers use their statutory powers appropriately do not appear to be working well enough. Last month we saw another scathing attack by a Tribunal Judge on HMRC’s decision to pursue penalties in the case of Mr Pokorowski, a homeless man who had failed to file a self-assessment tax return on time. When a Tribunal judge describes a decision by HMRC as a ‘scandal’ it is clear that urgent action is needed. On a more positive note, though, CIOT and the other professional bodies have discussed these concerns with senior figures in HMRC, and there is a genuine willingness to identify ways the taxpayer experience can be improved, especially where vulnerable people are involved.

Nevertheless, this year the grant funding given by HMRC to assist Tax Aid and Tax Help is being cut, making even more essential the fund raising efforts of Bridge the Gap and the work the CIOT and ATT do through LITRG and in the other ways we assist the two tax charities. Perhaps, though, in the same way that the Government allowed ‘LIBOR’ fines imposed upon banks to be used to fund social spending, the late filing and other penalties collected by HMRC should be used to fund projects intended to help those least able to comply with the complexity of the tax system including proper representation for those who need help.

I am looking forward to next month’s Admissions ceremony: the future of our Institute will be in very good hands judging by the excitement and enthusiasm at these events. Our exams remain extremely popular and the joint pathway with the ATT and joint programme with the ICAEW have encouraged even greater take up of the CTA syllabus. ADIT continues to expand and a number of tax bodies overseas see the CIOT as an example to follow.

Finally, I am sure, like me, membership of the EU has been a fact of your adult life. Staying or leaving are not the business of the CIOT as a professional body but for me it will be a sad day. More importantly I am sure I am not the only person who has seen a client leave the UK or make plans to leave! But there will be significant tax issues from Brexit and that is another source of trepidation about which we should perhaps all be concerned.

I hope to see you on my travels.

Ray McCann
President, CIOT