Welcome to the October Technical Newsdesk

Welcomes

01 October 2019

Well, 1 October is here already.

As with many dates, it has a number of interesting or significant anniversaries, such as the Supreme Court taking over the judicial functions of the House of Lords (2009), Concorde breaking the sound barrier for the first time (1969), Pope Damasus I being elected (366 AD) and, for those with young children, perhaps the most helpful being the launch of Cartoon Network (1992)! For around 35,000 to 40,000 businesses, 1 October 2019 is significant as it is their mandation date for Making Tax Digital (MTD). These are the businesses deferred from the 1 April 2019 start date, and broadly include trusts, unincorporated charities, VAT divisions and VAT groups, overseas traders, those required to make payments on account, and those on annual accounting.

We know from members' feedback that, for some businesses and agents, MTD has been quite an upheaval. Notwithstanding this, initial figures published by HMRC show a fairly high compliance rate and, quite rightly, HMRC has thanked those who have worked to achieve this (see www.tax.org.uk/MTD/VAT190815). We are also pleased to see evidence that HMRC is inhibiting the Default Surcharge where a business has signed up to MTD but did not submit its VAT return on time. We raised this with HMRC a while ago, concerned that there would be lots of unnecessary work for all parties dealing with reviews and appeals relating to Default Surcharges, so it is pleasing that HMRC has taken a pragmatic view.

Of course, VAT is just one piece of the MTD 'jigsaw', and decisions still need to be taken in relation to income tax and corporation tax, as well as the remainder of the VAT registered population. We (and others) are in discussion with HMRC about this. We are also considering undertaking a member survey later this year, asking for

your feedback on the introduction of MTD for VAT, and your thoughts on the wider population. Please look out for it, as our discussions with HMRC are so much more persuasive when supported by evidence.

Having dived straight into MTD, let me now move on to something else which is close to the heart of many members – HMRC's customer service. You may recall that we invited Angela MacDonald, Director General for Customer Services at HMRC, to spend some time with an agent in a small practice. We had arranged this against a backdrop of increasing reports from members of a deterioration in HMRC service levels.

On 30 August, Angela visited the practice of one of our members, Stephen Oliver, in Leeds. After putting the world to rights (as Yorkshire people do so well), we had a useful discussion around matters such as affiliated/unaffiliated agents, Making Tax Digital, HMRC's transformation and HMRC's communications. Even though I have now been in this role for nearly four years (doesn't time fly?!), I am still learning how to see the 'bigger picture' and understand HMRC's perspectives. It was interesting to hear Angela explain this, and I will think about how we can share her message more widely.

We also looked at some of the issues experienced and identified by agents, including the agent services account, accuracy of accounting software, agent access to personal tax accounts, and online forms/data capture – a wide ranging discussion. We are extremely grateful both to Angela, and to Stephen and his colleagues, for taking the time out of their busy diaries. We hope to build on this engagement over the coming weeks and months.

I should finally get round to introducing this month's Technical Newsdesk. As I am now short on space, let me just highlight our submissions on the draft Finance Bill clauses, which were published on 11 July 2019. The technical teams of CIOT, ATT and LITRG made 15 submissions on the draft legislation, and some of our comments are summarised below. Typically, at this stage of the consultation process we focus on whether the legislation 'works' (i.e. that it accurately translates the policy intention), rather than repeating concerns raised at earlier stages of the process. The current political environment makes it difficult to predict the timing of the next Budget, and the publication of the Finance Bill thereafter, but as you will see below there is still a lot going on.