ATT Welcome, December 2019

Welcomes

01 December 2019

Election Greetings to one and all!

It is coming around to that time of the year when the tax world slows down a pace in preparation for the December break and New Year festivities. This year, of course, will be extra special as we have a general election right in the middle of the month. As usual, tax features heavily in the electioneering campaigns so there could be a lot more work to keep tax professionals busy next year.

I am planning to use the December 'down time' to catch up with articles that have piqued my interest but which I have not yet found the time to read. They should make the long winter nights fly by.

I caught the tail end of a short article in the financial press last month that referred to a recently published report prepared by the Office of Tax Simplification (OTS). The OTS is an independent adviser to government on simplifying the UK tax system, and to improve the administrative processes. That report was entitled T*ax reporting and payment: Simplified tax for self-employed and residential landlords.* The report extends to some 44 pages and makes for some interesting reading.

The report refers to the current Personal Tax Account and Making Tax Digital (MTD) programme. MTD has been rolled out for compulsorily VAT registered businesses, and there is a commitment not to introduce MTD for income tax (or any other tax) before April 2021.

The OTS report explores the role that a more developed version of the Personal Tax Account could play in simplifying the interaction of the tax system between HMRC on one side and self-employed individuals and residential landlords on the other. An idea floated was in relation to the possible calculation of estimated income tax liabilities. Following the upload of quarterly data under MTD for Income Tax, the account owner should be provided with an estimate of the likely liability to income

tax based on that data. It seems like a sensible idea, especially for those members of the public who are not represented by a tax agent.

Once the account owner has been presented with an estimate of the likely income tax liability, there might be an option for the account owner to voluntarily make advance payments against that liability, even though the liability (currently) does not fall strictly due as payments on account until 31 January and 31 July. I wonder if this could lead to a change in the timing of future tax payments to improve HMRC's tax inflow.

Obviously, this is not a simple matter. How does seasonal work affect the estimated liabilities? What happens if business turnover drops significantly? Will there be a facility to obtain a fast repayment of income tax where the estimated in-year liability appears excessive?

And now for something different…

I had to smile when it was reported late in the summer that the largest hoard of coins ever discovered from the post-Norman Conquest period, found by an amateur during a metal detecting lesson, could be an early example of tax avoidance. I understand the hoard of 2,528 coins included rare examples of 'mules', which have the face of one king on the head and another king on the tail to allow coin-makers to avoid paying extra tax.

It makes one wonder if the owner hid the coins in the field for safekeeping, but then either forgot where the coins were buried or was unable to recover them.
And finally, congratulations to David McHugh, the current Chair of the NI Branch Committee, and to the members of that Committee for hosting a wonderful Annual Dinner last month. Special thanks must go to both Bridie and Cathy for all their hard work in booking and managing the event. I am always amazed at the time required to put together an enjoyable and successful event. It was great to see another well attended branch event, which was attended by both Glyn Fullelove (President of the Chartered Institute of Taxation) and Jeremy Coker (President of the Association of Taxation Technicians).

May I wish you a Merry Christmas and a Happy New Year.

Richard Todd
ATT Deputy President