Welcome to the January 2020 Technical Newsdesk

Welcomes

01 January 2020

In previous introductions to Technical Newsdesk, I have mentioned the difficulties of having to write articles well in advance of their publication. This month is no exception; in fact, it is even more challenging as the Christmas period means that the deadlines for the January edition are even more advanced. I am not going to predict the outcome of the General Election, but I am going to roll the dice and open with a fact that you may find surprising: 2019 will be the first year in over 120 years that there has not been a Budget (provided that there is not a snap Budget in late December). That sounds rather amazing and you can find the details of previous years' Budgets in appendix A. I am sure readers will recognise many of the chancellors' names and remember some of their policies, though I would be amazed if that was the case for Sir Michael Hicks Beach!

Perhaps the lack of a Budget sums up what a tumultuous and frustrating year 2019 has been. Throughout 2019, preparations for Brexit have been HMRC's number one priority and, as they themselves recognise, this has come at the expense of other activities. We had a relatively modest number of measures in the draft Finance Bill published in July, and we finished 2019 with a General Election, which put paid to the 6 November Budget and subsequent publication of the Finance Bill. It also meant that our engagement with HMRC and other policymakers in November and December was reduced because of the limitations of the pre-election period.

These political and resourcing constraints took their toll on the tax policy making process. 2019 has seen a significant reduction in the number of proposals being consulted upon – although the phrase 'be careful what you wish for' springs to mind, when considering the proliferation of tax measures we have had in recent years. This reduction is, to some extent, reflected in the number of submissions that the technical teams of CIOT, ATT and LITRG made in 2019. We made around 120

submissions in 2019 which, whilst being a substantial number, is about two-thirds of those made in 2017 (a year of two Budgets and two Finance Acts). This is largely because most of our submissions are (or were typically) made in response to formal consultations issued by HMRC or other policymakers. As the number of consultations has reduced, so too have our submissions, although we are making an increasing number of proactive submissions in areas which we feel are worthy of attention.

But what does go from strength to strength is the ‘human’ interaction we have with HMRC and other policymakers – face to face meetings or regular skype/conference calls. We held around 430 such meetings in 2019, a significant increase over 2017 numbers, even considering the constraints around the pre-election period. It is this engagement which is particularly valuable, and is a testament not only to the efforts of the technical teams, and especially our volunteers, but also to the government’s willingness to continue to engage. Though there is still plenty of room for improvement.

2020 will undoubtedly bring many changes, and we highlight some of them in this month’s Technical Newsdesk. The OECD’s work on addressing the tax challenges arising from the digitalisation of the economy continues, and we highlight our submission on ‘Pillar One’ and will summarise our submission on ‘Pillar Two’ next month. Of course, subject to Parliamentary approval, the UK’s digital services tax is expected to be introduced in April 2020. The challenges of reporting and paying capital gains tax within 30 days of completion, and registering a significant number of trusts, need to be overcome, and we set out some early steps to help facilitate that. In October 2020, the domestic reverse charge for construction services is due to be introduced, having been deferred from October 2019, and we report on what is being done in the meantime to help businesses prepare. I think our diaries will remain full in 2020.