President's page, February 2020

Welcomes

01 February 2020

Moving into a new era

Well, a great deal has happened since I wrote my President's Page for January. The general election produced a decisive result, and the Treasury ministers have been re-appointed. From our perspective, this means that various initiatives that were stalled during the election period have been restarted. These include the review into HMRC powers announced in July 2019, and during February a significant data gathering exercise for this is expected. HMRC are only gathering data through representative bodies, such as CIOT and ATT, but we are working with the other bodies to ensure the widest possible collection of views is taken, and that you, our members, can therefore take part.

In what will be a brief window between election 'purdah' being lifted and its Budget counterpart, the CIOT is resuming discussions with HMRC at the most senior level on matters of concern to members. During 2019 we made some progress, with HMRC acknowledging concerns that there were issues with how enquiries in general were being conducted, and we look forward to further work in helping HMRC develop a model for best practice in enquiries. I have also recently written to Jim Harra asking to discuss HMRC's approach to First-tier Tribunal cases, following a number of criticisms made by FTT judges of HMRC's conduct in such hearings, and concerns from members being raised and reviewed by our technical committees.

In late December, the Independent Loan Charge Review Report was published. I was pleased to see that Sir Amyas Morse recognised what the CIOT and a number of other contributors to his review had argued; that whilst payment through loan schemes was tax avoidance, the loan charge was a disproportionate response to such avoidance. I was also pleased that the government accepted almost all of the recommendations made by Sir Amyas.

I do know that advisers working with the low paid are concerned about the government's decision not to accept the recommendation that for those on lower incomes, any amounts remaining after ten years of paying amounts under instalment arrangements should be waived. However, it may well be that in due course and in practice, HMRC will find this is the most expedient way to act in many cases, notwithstanding the objections in principle currently stated.

Another aspect of Sir Amyas' report was the call for a review of the tax services market, which the government has confirmed will take place. CIOT will, of course, provide formal evidence to that review. However, I am convinced that any reform of the market must use Professional Conduct in Relation to Taxation (PCRT) as the cornerstone; and bringing all involved in providing tax advice into its ambit in full should be the direction of travel.

It is my personal view that the days are surely numbered of someone being able to set themselves up on the high street – or more likely these days online from their living room – as a 'tax adviser' with no tax qualifications and no affiliation to a serious professional body.

I am also sure that PCRT will continue to develop, and its focus on the public interest and maintaining the integrity of the tax system is likely to increase. As a professional body, we may have to become more willing to question some aspects of the tax system which do not encourage trust in the system as a whole. For example, up till now we have been cautious in criticising specific tax reliefs, on the basis that these are the result of tax policy which is outside our remit. However, is this still the correct stance if a relief is benefiting a small number of taxpayers only, and the economic benefit of the relief is highly questionable? Equally, absurdities around high marginal rates can threaten 'tax morale'. Whilst we should never become politically aligned, we may sometimes need to be more robust in our approach.

By the time you read this, we will have left the EU. It really does feel that as the 2020s begin we are moving into a new era that will provide many challenges for us all. However, I am sure tax will remain an exciting and rewarding profession for those pursuing it, from whatever angle.

Glyn Fullelove
President, CIOT