Welcome to the February 2020 Technical Newsdesk

Welcomes

01 February 2020

For many members, February arrives along with a huge sigh of relief following the end of the Self Assessment peak. I know that many such members take the opportunity to get a bit of well deserved winter sun, so you'll be forgiven for not reading this article until later in February (unless you're reading it on the beach, of course!).

We were extremely mindful of the pressures of the 31 January Self Assessment deadline when we launched our Making Tax Digital (MTD) survey in December. In an ideal world, we would have waited until February (or later) in order to do this. However, even before our interaction with HMRC was curtailed in the autumn due to the general election, we increasingly got the sense that there is an eagerness within HMRC and government to make announcements about the next steps for MTD, in the absence of there being a comprehensive review of MTD for VAT. Faced with an expected Budget in February, we felt it necessary to undertake a detailed survey and feed those results back to HMRC. As it transpired, the Budget date was set for 11 March, but we will still be reporting the results of the survey to HMRC, and making a Budget representation based on those results. So, we would like to say a huge thank you to those who completed the survey, and/or passed the survey onto their clients. We received a fantastic 1,091 responses, which provides a substantial body of evidence and feedback in relation to how MTD for VAT went, and where MTD should go in future. An initial analysis of the survey results is in the first article of the Technical Newsdesk.

Whilst on the subject, in January we have a number of meetings with HMRC about MTD. We will be asking HMRC about the downtime experienced on some of its digital services, which is obviously problematic in January, but was acutely felt when the MTD for VAT service was unavailable for a large part of the 7 January deadline day.

In January, the CIOT also wrote to Jim Harra, HMRC's Chief Executive, to express our concerns around HMRC's approach in First-tier Tribunal cases; in particular, that the performance of HMRC's representatives has been below the standard expected from a public body. We have been disappointed to note how often the presiding judge has had to reprimand HMRC recently; for example, for failing to draw the tribunal's attention to relevant cases, relying on unpublished cases, acting unreasonably in alleging fraud, and advancing unconvincing arguments. The CIOT President, Glyn Fullelove, will be discussing these and other issues in a meeting with Mr Harra.

The Budget date of 11 March, with the publication of the Finance Bill a week or so later, is likely to create a number of difficulties. The off-payroll working rules are due to take effect in the private sector from 6 April 2020, but with no final legislation it is difficult to make accurate preparations – so much so that the ATT has called for its implementation to be delayed by 12 months. The digital services tax is also due to take effect in April 2020, but again with only draft legislation available at the moment, it is not possible to be certain of its precise scope and application. The same can also be said for the changes to private residence relief. And its impact on Scotland is even more acute, significantly curtailing its own Budget timetable.

Finally, it would probably be odd for me to not mention Brexit. You may be reading this with a slightly odd feeling, assuming the UK has left the EU as planned on 31 January. Whilst tax is only one piece of the Brexit 'jigsaw', the CIOT will be writing to the Chancellor to encourage him to resist the temptation to produce Budget 'rabbits from hats', Brexit motivated or otherwise, and have regard to the recommendations of the 'Better Budgets' report, in order to reduce complexity, cut down costly errors and create a more stable, predictable environment for taxpayers.