Welcome to the SeptemberTechnical Newsdesk

Welcomes

28 August 2020

21 July was what many people refer to as ‘L-Day’. This is the day on which the government published draft legislation for the next Finance Bill, along with explanatory notes, tax information and impact notes, responses to consultations, etc.

For me, the most important document published on that day was entitled ‘Building a trusted, modern tax administration system’ (https://tinyurl.com/yye9hb2q). This is an ambitious and aspirational document, which aspires to:

- A trusted, modern tax administration system, where HMRC are central to our UK national resilience and crisis response, as well as discharging their traditional role as a tax authority, and where there is trust and consent both of taxpayers and of the wider public.
- An effective and modern tax system, with real-time information and timely payment of tax, facilitated by a modern digital structure to enable ease of use, transparency and adaptability. It aspires to HMRC having software and hardware technologies fit for the 21 st century, eliminating the frustration from the current fragmented systems, and where third party software providers are able to align their systems more closely with those of HMRC, so that taxpayers are proactively offered new and innovative services – allowing better data analysis of company performance and greater opportunities to improve productivity and profitability.
- Systems focused on helping people to get their tax right first time, making rule bending and breaking harder, with real-time risk assessment by HMRC leading to earlier interventions to prevent revenue loss, making it much harder for people to avoid paying the tax they owe.
- A consultative process, where HMRC involve taxpayers, agents and software providers, work closely with representative bodies, and recognise the need for

proper constraints and safeguards over HMRC powers.
- A single digital account for all taxpayers that is easily accessible and secure, and brings together data across different taxes and different data sources in order to provide personalised services for taxpayers, whilst also improving parallel services for their agents or representatives.
- A system where agents can see and do what their clients can, and agent access is designed in from the outset.
- An updated tax administration legislative framework, recognising the development of new digital systems and the importance of how taxpayers experience the system.

HMRC will be discussing these plans and proposals with stakeholders over the summer months, but three key elements have already been outlined:

1. Making Tax Digital (MTD): From April 2022, MTD will apply to all VAT-registered businesses for their VAT obligations; and from April 2023, businesses and landlords with business income over £10,000 per annum which are liable for income tax will need to keep digital records and use software to update HMRC quarterly through MTD. The government will be consulting later this year on the design of what MTD should look like for corporation tax.
2. Timely tax payment: In order to open up a wider conversation on the appropriate timings and frequency for the payment of different taxes, the government intends to publish a call for evidence, including ideas on how to make it easier for those who wish to pay their tax bill more regularly to do so on a voluntary basis.
3. Reform of the tax administration framework: In order to facilitate a 21 st century tax system, the current patchwork of rules needs an overhaul and updating. The government intends to publish a call for evidence later in the year to help identify the range of reforms that could be required.

Also on 21 July, the chancellor launched the 2020 Comprehensive Spending Review (https://tinyurl.com/y4bjjtxu). HMRC will surely require significant funding to be able to deliver all this, and we sincerely hope that is forthcoming, so that these ambitions may become a reality.

By the time you read this some of the discussions may have commenced, and we will report back when we can in future editions of Technical Newsdesk.