President's page, June 2015

Welcomes

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So where will this all end up?

The announcement by George Osborne in his Budget speech on 18 March on the introduction of the new digital tax account has certainly set some hares running. Some commentators have gone almost as far as saying that this is the end of civilisation as we know it, whereas others have taken a more measured view.

At this point we do not have all the details, but what we do know is that by next year the government wants 15 million taxpayers on the new system, with this rising to 50 million by 2020. It is easy to imagine in the not-too-distant future that banks, letting agents, charities and the like will need to collect National Insurance numbers or unique taxpayer references in order to provide usable data. In addition, the way that small and large businesses file information with HMRC will need to change to allow online processing and assimilation.

The fundamental question for tax agents concerns the level of access they will have to their clients' digital accounts. We will need to gain visibility as to what has been pre-populated and uploaded. This is something that is yet to be fully clarified, but one thing that is clear, when you look closely at the general direction of government digital services, is that the focus is very much on enabling citizens to interact directly with the state. The needs of what they term 'specialist users', such as tax agents, are not currently part of the thinking, as is witnessed by the way in which HMRC manuals and other content are being migrated from hmrc.gov.uk to the new service.

Now, it would be wrong for me to sit here and say that this is a travesty. Much of what is being proposed makes sense. I have remained perplexed for years that when I file my own tax return I have to re-key information that HMRC have already received electronically from my employer. I also know from personal experience that it is nigh-on impossible to build a new IT system from scratch that will, on day one,

meet the needs of the full range of general and expert users alike. I therefore applaud the government's proposal to adopt the agile method of development, whereby new functionality will be continuously added to the system in real time, as opposed to launching everything in one go, where bug-fixing can take an age and launch dates are invariably delayed. I do advocate evolution over revolution, but that itself creates challenges, as agents and taxpayers continually adapt what they do to keep up with an ever-changing world.

I feel it right to say at this critical point that it would be wrong for the tax agent to be cut out of this new digital world. It is no accident that more than 90% of UK taxes seamlessly appear in Treasury coffers – it is because of the vast amount of work that tax professionals do to get things right.

A study that my employer, LexisNexis, carried out about three years ago identified that nearly 90% of the time that tax professionals spend on their clients' affairs involves helping them to comply with an increasing burden of complex laws and ensuring the information they file is complete and correct.

The role of the tax profession in making the system work is crucial, and the CIOT will give HMRC as much help and support as they need to deliver a cutting-edge solution in this new world. After all, tax advisers have a long history of not only adapting to, but leading, new technology. In the early days of computer-generated tax returns, advisers were printing and posting the output to HMRC because, at that stage, HMRC could accept data in hard copy format only. We have been there and have bought the T-shirt that covers the bruises we are hiding as a result of it!

In my year as President I want to build on the tremendous work we have already put into building the right relationship with HMRC. There are fundamental points of principle that we must stand up for, especially those relating to disenfranchising a part of the taxpayer community because they are unable or unwilling to go anywhere near a computer.

I am here to serve, and willing and open to listen to as many diverse views as possible. If you have something to say, please do drop me a line.

Until next month, dear friends.