

# Vice President's page

## Welcomes

01 April 2021

It is Sunday afternoon: Spring is in the air, the sun is shining and blossom is in the trees. I am about to do the first cut of the grass for the year. As I jump start my lawnmower (which I will soon make redundant – see later), I reflect on the past year, where I have worked at home for all but two days, and contemplate the year ahead.

Not in my lifetime has anything affected so many lives as much as Covid-19.

I am one of the lucky ones, in that I have not lost anyone dear to me during the pandemic. But I do think about and empathise with people and families who have. I want to thank anyone who works for the NHS or the care system, on behalf of the CIOT. The CIOT represents mere tax advisers, but I am sure all members will agree that we should do what we can to support health and care staff. This is where we can possibly all do more, perhaps providing pro bono support via Tax Aid or Tax Help for Older People.

The government has provided huge financial support for those who have not been able to work in these difficult times. There will be huge pressure on the government finances, certainly until I retire and most likely for generations to come (quite a sobering thought). As someone who handles a lot of contentious tax matters, we have started to see HMRC investigate furlough claims, and I expect this will only increase.

One of the by-products of Covid-19 is the huge increase in homeworking. As we all get vaccinated and the government tries desperately to find ways to open up the economy, it will be interesting to see whether the phenomenon continues. Where would we be without the world wide web and the associated platforms for both working and communicating?

This leads me to principal private residence relief (PPR). If the government believes that it is a relief worth keeping, there must be an argument to relax some of the restrictions around treating rooms or buildings as home offices. But as I say, PPR

may well be on borrowed time given the OTS papers on the benefits and threats linked to CGT rates lower than their income tax counterparts. I hope not, as I think it provides a fair safe harbour for the bulk of the population who seek to amass modest capital for themselves and their families.

The incontrovertible truth is that whether people will be working in offices or at home, digital working is here to stay.

One of the significant challenges presented from the digital economy is the unfair commercial practice offered to those e-commerce businesses operating out of low or zero taxation territories. That is already changing, as a result of the BEPS (base erosion profit shifting) actions. Low and zero taxation territories have now introduced substance requirements to meet with BEPS Action 5. And later this year I would expect OECD member countries to adopt the BEPS Action 1 proposals. The Pillar 1 and 2 proposals will introduce some very significant changes to the long held international taxation principles, particularly the right of countries to tax income linked to resident users of digital services. These rules will not just affect large corporates, or large tech social media or e-marketplaces.

I am also seeing significant developments in the area of e-money and crypto assets. As Bitcoin values soar (whether they can maintain those levels is another question), the arrival of crypto assets and new technology is here to stay.

As someone passionate about the environment (and about to retire their petrol lawnmower), and as an international tax adviser who has spent significant time over pre Covid-19 years regularly travelling overseas, I think that we have a unique opportunity. As we come out of Covid-19, we are faced with huge debt levels across the world. But we are also faced with a planet in dire need of help. I cannot help but think we can already see part of the solution, in the digital working that we have been forced to adopt.

I am also Vice President of CFE Tax Advisers Europe (of which CIOT are a member). CFE is working very closely with fellow bodies in other continents; WAUTI (West African Union of Tax Institutes) and AOTCA (Asia-Oceania Tax Consultants' Association). These organisations and STEP have created the Global Tax Adviser Platform (GTAP), and this collaboration lends itself to international tax voices about the plight of the environment. (See page 44 for further information.)

I would expect to see government policies to kick start the economy – but why can't these include large green capital projects? Such projects will allow us to put people to work again and invest in everyone's future. I am delighted and proud that the CIOT has already taken a lead and introduced its own environmental taxes committee, chaired by Jason Collins. I know all members will agree with me that we should all put our might behind supporting this.

Here is to a better year ahead

If the government believes that private residence relief is worth keeping, there must be an argument to relax some of the restrictions.