Chair's view, Issue 3

Indirect Tax

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A warm welcome to this edition of Indirect Tax Voice

It has been a busy and exciting time of course for practitioners of late. The questions thrown up by cases such as Skandia and Crédit Lyonnais mean taxpayers across Europe now urgently need help to navigate a practical way through a labyrinth of indirect tax uncertainty. In the past I have compared some of the debates and battles over the financial services exemptions with the great theological schisms of history. Over the years various heresies have arisen, been challenged and either quelled or adopted. To an extent the interpretation of the exemptions in many areas becomes a matter of personal faith until occasionally the CJEU speaks ex cathedra on the issue.

It occurs to me though that with the level of uncertainty and debate now reaching down to the most basic concepts, such as the nature of a taxable person and the proper determination of use, religion should now give way to science. Borrowing my eldest son's New Scientist, I was interested to read recently about the "new physics" – and various unifying theories which seek to reconcile the competing ideas about the fundamental nature of the universe. As with the European Union's own Court of Justice, any new theory which seems to work will not be creating rules, but simply discovering what has always been the case…

At the same time though, as in the scientific world, it feels as though all stakeholders should join forces and work together to find the right unifying theory – or at least the best solution which seems to work based on the available data. That is taxpayers' best hope for arriving at a more certain position as soon as possible. And I mean taxpayers in the broadest possible sense. Any fiscal surprises which impact the government's finances affect all of us as ordinary taxpayers. To borrow a

phrase from somewhere or other, “we are all in it together”.

The CIOT and you in your capacity as members have a crucial role to play here. The point was brought home to me whilst queuing for the CIOT’s Parliamentary Reception in June. A smartly dressed official was directing the crowds to the various events: “Pensions – to the right”, “Taxes – to the left”. Whilst I waited for him to call out “Death – straight ahead”, I struck up a conversation with the lady next to me. When asked whether she had any role in the Institute she commented that she worked for “the Opposition” (HMRC). Perhaps against the backdrop of the House of Commons, that makes sense - two groups with similar backgrounds working within a common framework and there to challenge one another in the best interests of the country. Sometimes the two sides may even agree on an issue! The comment perhaps accurately reflects the traditional adversarial view of the profession and the tax authority. However itequates the CIOT exclusively with the profession – a misconception which needs to be strongly challenged.

The event programme pointed out that HMRC is the 8th largest UK employer of CTAs and Chris Jones, our President, proudly emphasised that we have maintained our quota of 2 MP CTAs. The Institute is a non-partisan charity with the aim of working towards improving the tax system for all stakeholders. It needs input from members on all sides of “the House” to achieve this – and we need to be speaking to all relevant policymakers. To that end in the last few months alone members of the Sub-Committee have made representations to the Financial Secretary, HM Treasury and the HMRC VAT Directorate on key indirect tax issues. A meeting with the EU Commission is planned for September and I am delighted to confirm that Stéphane Buydens of the OECD will speak on their future indirect tax work plans at the CIOT Indirect Tax Conference on 6 October 2015 at the Park Lane Hilton in London (Early Bird Discount still available!).

We are also in discussion with the Institute’s HMRC Branch and the HMRC Tax Academy to explore opportunities to ensure CTAs of all flavours can collaborate more effectively. We intend to broaden and deepen our engagement with all these key stakeholders in the coming months. I am also very pleased to welcome a number of new core and virtual members to the Sub-Committee including distinguished academics and practitioners from commerce. I hope all members will continue to give as much of their time and insight as they can to help the Institute achieve its very laudable aims.

I wish you all a long hot summer!