ATT Welcome

Welcomes

03 November 2021

As I write my Welcome page for this month, people are actively predicting what may appear in the autumn UK Budget at the end of this month, which makes things a bit awkward for me. This means that any predictions that I am tempted to make will be surely discovered as inaccurate even before I have made them. That will be a little bit of a pointless exercise, don't you think? I am, therefore, not going to bother summarising my predictions.

I will simply confirm to you that I was indeed correct on all counts!

As always, the ATT technical team have been furiously busy over the summer dealing with various consultations. A highlight for me was the new Financial Secretary to the Treasury Lucy Frazer MP responding to our letter regarding proposed reform of the basis period rules and their interaction with the introduction of Making Tax Digital for Income Tax Self-Assessment ('MTD for ITSA' for short!).

The ATT, along with other professional bodies including, of course, CIOT and LITRG, originally wrote to the Financial Secretary to the Treasury's predecessor, Jesse Norman MP, setting out concerns over the proposed timetable for these changes, highlighting that a rush to implement them too quickly, especially on the back of Brexit and the pandemic, risked undermining the integrity of the tax system.

In consequence, many of you will no doubt have seen the announcement that MTD for ITSA will be delayed for a further year. The new timeline is that MTD for ITSA will be introduced from April 2024 for sole traders and landlords, with general partnerships not required to join until April 2025. It was also confirmed that any reform of the basis period rules will not take place until April 2024, with a transitional year not coming into effect earlier than April 2023. You can find the Financial Secretary to the Treasury's response to this letter on the ATT and CIOT websites.

Reform of the basis period rules, I hear you exclaim!

Only about 40 years too late for your now Deputy President, as he valiantly tried to explain the opening year rules to mystified clients. If many of us have struggled with the current year basis when it arrived in the 1990s, just think what havoc was reaped using the prior year basis of assessment when I first encountered the world of tax in the 1980s. I tried with pained expression to explain to my clients that my best advice was to have a shockingly poor first year of trading and they could stave off the fateful day of their first tax payment for decades. That first terrible year was taxed over and over again until the system finally caught up with itself. Woe betide any client that suggested that he or she was considering changing their accounting date, or worse still, they were taking on a new partner too! They were marched straight off the premises without further ado.

OK, I exaggerate, but a more complex set of rules to deal with such a simple issue I have never come across. That is not, by the way, an invitation for you all to bombard me with better and more complex examples. At this point, I marched into the boss's office and suggested a career specialising in corporate tax would suit me better.

And now, subject to further delays of course, a hopefully simpler and more logical system is being considered based on actual results – which was indeed an option for those opening years back in the 80s! Who would have thought that it would take Making Tax Digital to finally see HMRC 'grasp that nettle'. I was fascinated to learn also from Office of Tax Simplification Tax Director Bill Dodwell's article in last month's Tax Adviser that the UK tax year end of 5 April dates back to 1758!

The only problem for me is that the new rules will arrive as I hang up my tax tables and head off into the sunset. Nevertheless, as our response to the consultation suggests, the transition is going to take some thinking through. Thank goodness my discipline of corporation tax administration has adopted a simpler approach and I do note that an option on the table is to adopt corporation tax style reporting. I highly recommend the ATT submission to the consultation if you want to immerse yourself in the complications that any of the suggested routes will create in the transition. Kudos as always to the technical team for handling that one.

And finally, as I write this welcome page, news via the grapevine reaches me that a stalwart of the branches network and Chair of the East Midlands Branch, the redoubtable Stephen Foulkes, is returning to the back benches after decades of frontline service as Treasurer and latterly Chair in the East Midlands. A more dedicated servant of the branches network you are unlikely to come across. Stephen

and I have served on many a committee together and have been served at many a bar together at national forums and events. Let’s hope he is not too troublesome a back bencher for Dipti Thakrar, the incoming Chair. Don’t stand for any nonsense from him Dipti!

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