Spotlight on the Low Incomes Tax Reform Group

Briefings

24 May 2022

The Low Incomes Tax Reform Group (LITRG) is an initiative of the CIOT to give a voice to low income, unrepresented taxpayers. LITRG contributes to the CIOT's public benefit role by helping those unable to afford tax advice.

Set up 24 years ago by the then CIOT President John Andrews, in the early years LITRG's work was led by John and a core group of volunteers (many of whom are still volunteers). Today, thanks to the solid foundations laid by our volunteers and the support of CIOT Council, LITRG comprises a staff team of eight CTAs, a HMRC secondee, an administrator, a part-time web manager and 21 volunteers who make up the LITRG advisory panel. The panel supports LITRG's work through different activities, including giving feedback at meetings and providing comments for inclusion in consultation responses. Some volunteers work with members of the staff team on specific strands of work – for example via our pensions sub-group.

Although LITRG does not offer advice directly to members of the public, we work closely with TaxAid and Tax Help for Older People, who do offer direct support. Each year, however, we receive around 2,000 website enquiries from members of the public, which we use to help shape our guidance and representations.

LITRG's mission is fulfilled through two strands of work. The first is the provision of comprehensive information, guidance and support to taxpayers, tax credit claimants and their advisers. We do this mainly via the LITRG website (see www.litrg.org.uk). Although the website is primarily aimed at members of the public, we know that many CIOT and ATT members also find the guidance helpful, especially in areas that they do not deal with on a regular basis.

With funding from HMRC, we also have a niche website for advisers (see www.revenuebenefits.org.uk), which provides detailed information about tax credits,

child benefit and the transition to universal credit. In 2021, our websites had just over 6 million visitors who viewed nearly 9.8 million pages.

Our second strand of work is trying to make the tax and associated welfare systems work better for unrepresented taxpayers. In December 2020, we published a paper 'A better deal for the low-income taxpayer' (see tinyurl.com/2p9yfb9b). The recommendations in the paper provide examples of changes that could be made to improve the experience of low-income taxpayers with the tax system.

In 2021, LITRG responded to 44 consultations and attended 388 meetings with HMRC, government departments and third-sector organisations – all focused on the low-income, unrepresented taxpayer perspective. Over the years, we have had a number of notable successes, including securing legislative changes, changes to guidance, changes to processes and raising awareness of issues amongst the wider public. In 2021, one particular success by our pensions sub-group was securing a solution to address the inequality of some low earners not receiving tax relief on their pension contributions, an issue that LITRG has been campaigning on since 2018.

2021 also saw us publish a 150 page report into labour market intermediaries, with a large focus on umbrella companies, commissioned by the TUC. The report explored the complexities of umbrella companies, as well as looking at other types of labour market intermediary and the use of disguised remuneration schemes. The report received widespread praise and was referenced in the government's recent call for evidence on the umbrella company market.

2022 is shaping up to be a busy year. There are major changes coming; for example, Making Tax Digital for Income Tax Self Assessment, a new penalty regime, changes to basis periods, and the transition of tax credit claimants to universal credit. All of these could impact on unrepresented taxpayers. We will continue to raise issues on behalf of those unable to pay for advice, as well as publishing information to support them on these and other issues.

You can read more about LITRG successes on our website (tinyurl.com/2f2kmfnb). We are always keen to hear from members if they come across any issues that affect unrepresented taxpayers. Contact us via www.litrg.org.uk/contact-us