President's page, February 2016

Welcomes

01 February 2016

Be proud, be very proud

In the closing remarks I made in my inaugural speech as CIOT president published in Tax Adviser (June 2015), I stated: ‘I am, and will always remain, proud to call myself a chartered tax adviser.’ This is something that is so ingrained in my psyche that it pops out in conversations in my everyday life and which indeed have nothing to do with tax.

Let me tell you a story. Late one weekend evening I was chatting to a good friend in a hostelry near my home when I must have reaffirmed this statement with, daresay, such passion and enthusiasm that it was overheard by others around us. What followed was one of those rather irritating interruptions when a stranger at the adjoining table took a presumptuous interest in our private conversation.

What appears to have got this gentleman’s dander up was the juxtaposition of the words ‘tax adviser’ and ‘pride’ and he decided to open up the debate. Although significant background noise made it difficult to make out every word he was saying, I did pick out words such as Google, Amazon and Starbucks, and even with the lateness of the hour I was acutely aware that his tone was, let us say, less than friendly. He clearly did not share my admiration for the role of the fine profession I represent.

Having lectured on tax for many years I am fortunate to be able to think quickly on my feet. My initial response was to say, ‘you misheard me, I’m not a tax adviser, I’m a taxi driver’, since that could have diffused the situation instantly. However, that was not my response because that would have been a complete betrayal of my own values and beliefs and so I asked him what he did. He proudly told me he was an honest, hardworking Corgi-registered plumber and a key contributor to society, while also implying that I was not a man of such honour. At this point I told him that the

boiler in my home was banging away like an old tractor and asked how much might he charge to fit a new one, which he answered after some further questioning. I followed that with: ‘Would the price be any different if I paid you in cash?’ The prospect of winning a new customer seemed to have made my new acquaintance somewhat forgetful because he had completely lost track of the reason why we had started chatting in the first place. His reply was instant and unequivocal: ‘Of course, cash payments are exempt from VAT,’ and gave me a look that implied that I ought to know that!

We then entered into a long, constructive conversation and, because I carry my iPad and Tolley log-in everywhere I go, I could show him the CTA training manuals my employer publishes for our VAT students. This led to a healthy discussion about the difference between tax evasion and tax avoidance, in which I clearly and forthrightly extolled the value of the tax profession in society. Not only did we leave that evening on amiable terms, but he even understood the tax treatment of barter transactions as the bill for my new boiler would be reduced by the cost of a one-day VAT training session for him and his staff. I pointed out that a tax adviser could help him with this and more, and that it was the importance of businesses such as his, and the many more tens of thousands of small firms and traders across the country, that underpinned the tax profession.

The moral of this story is that the role and reputation of the tax profession in society are largely borne out of ill-informed and often incorrect media stories or the headline-grabbing references to large corporations and their tax practices presented a skewed view for the public. For example, BBC2’s recent short series, *Britain’s Black Economy*, which focused on so-called creative accountancy practices that help avoidance, merely served to reinforce the imbalance in the perception of the profession’s role in society. I recognise that on the very fringes of our profession there continues to be some undesirable activity, but we must not lose sight of the unquestionable truth that civilised society would be unable to function without tax professionals assisting their clients to comply with ever-increasing complex tax law. Imagine a world where the tax profession did not exist, a world where the only interpretation of the law came from the same authority that assessed and collected taxes. A world devoid of expertise and rigour that enables healthy challenge between citizen and state; a world that does not observe the rule of law.

I hand the president’s page to Michael Steed of the ATT next month, so you will hear from CIOT vice-president John Preston in March.

Until April, friends and colleagues.