Welcome from the editor, May 2016

Welcomes

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‘Radical Proposals’ for corporate tax

The Treasury Select Committee is conducting a wide-ranging inquiry into UK taxation, with a focus on corporate tax. Bill Dodwell sets out his thesis that none of the four types of so-called ‘radical’ proposals is a theoretical improvement on the current method of taxing corporate profits, allocated internationally where necessary by reference to the substantive activities carried on in each country. The Actions from the G20/OECD BEPS project are not perfect but, if implemented as agreed, will increase the tax base and reduce base erosion.

Getting closer

The OTS has published reports on closer alignment of income tax and NICs, and on small company taxation. Bringing income tax and NICs together has been a constant call from tax advisers for many years. These would affect millions of people and most employers but would bring a simpler, better understood system. Marian Drew and Angela Brown set out the OTS’s road map for bringing income tax and NICs closer together.

Untangling the Gordian Knot

In finding that a carry back claim should be included in the self-assessment return the Court of Appeal created as many problems as it solved in the case of De Silva. Michael Avient and Heather Williams review the decision in De Silva and uncover how this case raises some significant matters regarding finality under self-assessment.

Unwanted publicity

HMRC’s ‘naming and shaming’ powers are well established and more likely to affect taxpayers as the threshold is static and now affects more tax years. Convincing HMRC that errors and omissions were not deliberate or obtaining maximum penalty mitigation is critical to avoiding a client’s details being published. Dawn Register and Helen Adams consider HMRC’s powers to publish details of deliberate tax defaulters.

I’m hungry

The travel and subsistence rules can be unclear and unnecessarily complicated, especially in the face of changing work practices. This is an area that can catch out advisers, particularly where a client’s journey may be caught by the two separate sets of rules for the self-employed and employed. Marion Hodgkiss and Michael Steed ponder what might be done to fix them.

A fine line

A fundamental rule of tax law is that a person carrying on a trade can only claim a deduction for an expense that is incurred ‘wholly and exclusively’ for the purposes of the trade. The recent decision of the Upper Tribunal in HMRC v Vaines once again addresses this issue. Ian Walker and Elyse Waller provide a timely opportunity to review a sample of case law which feature the deductibility of expenses.