Institute’s tax messages for new ministers

Briefings

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CIOT President Susan Ball has written to the new Chancellor and tax minister congratulating them on their appointments and identifying three key areas of tax policy and administration where the Institute is urging the new government to take action: improving HMRC performance, reviewing Making Tax Digital and simplifying the tax system.

In her letter, the President writes that unless these issues are addressed, the tax system will become ‘less efficient, harder to comply with and less effective in both raising revenue and supporting taxpayers’.

Alongside new Chancellor Kwasi Kwarteng, the letter is addressed to Economic Secretary Richard Fuller, who is the new minister responsible for overseeing the tax system and HMRC.

In the letter, Susan Ball states that HMRC’s performance standards ‘are falling badly short and must be improved if HMRC is to play its essential role in supporting taxpayers and businesses’. She gives examples of tax advisers and their clients waiting lengthy periods – in one example for more than a year – for responses and action from the tax authority.

She urges the government to ‘undertake to maintain HMRC’s existing resources and capabilities, coupled with a more ambitious mandate to improve standards of basic performance across the full range of HMRC activities, including answering telephone queries, dealing promptly with correspondence, investigation and compliance activity and timely processing of new tax registrations and agent authorisations, as well as ensuring that these improvements are sustained for the remainder of the life of this Parliament’.

Turning to Making Tax Digital (MTD), Susan Ball tells the new ministers that while digitalisation can improve the efficiency and effectiveness of the tax system, there are ‘serious concerns’ that the current timetable is becoming unrealistic, because the obligations that taxpayers will have under MTD are not yet clear and there remain significant technical challenges to overcome. She calls on the government to undertake an early review of the MTD programme and its implementation timetable in the light of the lessons learned since its announcement in 2015, adding that: ‘The government should work with stakeholders to identify areas of risk with the current strategy and whether changes … can be made to ensure that MTD can be launched successfully and be built on as experience develops.’

The third issue raised by the Institute is simplification. ‘The UK tax system has become far too complicated for taxpayers to understand and comply with,’ writes Susan Ball.

CIOT encourages the new administration to ‘undertake a more ambitious tax simplification programme and resist the temptation to make major structural changes to the tax system until this is done’. The Institute adds that priority should be given to the development and roll-out of the single customer account.

The letter concludes with an offer to work with the new government, HMRC and other professional bodies to effect improvements in the UK tax system, with the Institute requesting a meeting to discuss the issues raised.