ATT welcome, October 2016

Welcomes

01 October 2016

Consultation season

Summer is over, the nights are drawing in and we are already heading towards half term: it must be consultation season! Every year HMRC publishes a raft of formal consultation documents towards the end of the summer inviting comments on draft legislation to go in the following spring's Finance Bill. I used to think that this was because everyone was on holiday and they hoped no one would notice, but in fact it is part of a logical process to fit in with the Parliamentary timetable. The aim is that ideas and plans for future tax changes are announced in the Budget, worked up over the spring/early summer before being put out for comment, usually over a 12 week period, allowing time for draft legislation to be finalised for publication in December. All very logical if you think about it – believe it or not HMRC does actually take notice of the comments it receives!

This means that Artillery House is now a hive of activity as the Technical Steering Group volunteers, and our two technical officers, Will Silsby and Alison Ward, wade through the documents and put together the ATT's submissions. Let me introduce them: both Will and Alison represent the ATT in meetings with HMRC and other bodies, draft press releases, responses to relevant consultations, and liaise with the CIOT and LITRG technical officers. Before joining the ATT Alison spent 17 years as a private client tax manager in practice and focuses on personal tax, trust and estates, tax credit, universal credits and employer issues. Will started out as an Inspector of Taxes but then worked in practice for many years. He has a particular emphasis on business tax and management of taxes issues and is a member of the First-tier Tribunal.

As I write this there are approximately 20 HMRC consultations currently open on topics ranging from the soft drink industry levy to tackling the hidden economy, so you can imagine that Alison and Will are extremely busy. However, the subject that

is exercising everyone the most is the ‘Making Tax Digital’ agenda. This is in fact six consultation documents totalling 243 pages, and that only covers the self-employed and landlords – there will be a separate consultation exercise for companies in due course.

I have to admit that I can see some of the attraction of a digital tax system. It would certainly be useful to have a single source for all of the information on a client with all of the various departments of HMRC and other government computer systems talking to one another. We are currently a long way from that, and experience suggests that the sort of large scale government IT project needed to deliver this will be fraught with difficulty, over budget and late. I can also see how making tax digital is very attractive to government; it promises to be a more efficient way for them to interact with taxpayers – I just cannot bring myself to call us customers!

I do, though, have some serious concerns about HMRC’s vision for making tax digital and not just about their aim to have done away with the tax return all together by 2020; yes, it is a big part of what a lot of us do but clients are going to need help from us to manage their tax affairs in other ways. I am worried about the almost indecent haste with which the project is being pushed through, and the blind faith shown by some of the people involved that the project is achievable in the time available. I am unhappy that small businesses will be forced to use software or apps to keep their business records. This will impose additional costs on them in order to make HMRC’s life easier. I am concerned about mandatory quarterly reporting via this software which could be a real burden for small non VAT registered businesses that just about scrape a living and spend all of their time simply trying to keep on winning new work and delivering what work they have. Finally, I am cynical about ‘voluntary’ quarterly payments on account. I think this is the thin end of the wedge and is unlikely to remain voluntary in the long term. While I support the appropriate use of technology, I have to confess to a slight feeling of ‘Big Brother’ watching us (from George Orwell’s 1984, not the TV show) about the whole thing.

The Making Tax Digital consultation is open until 7 November, and the ATT will be responding to all six of the consultations documents as well as discussing the issues at our regular meetings with HMRC. It is important that we have as much evidence as possible to do this so please let

Alison and Will have your views at atttechnical@att.org.uk.

Until next month,