Chair's View, Issue 2

Welcomes



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Welcome to this second addition of MoT Voice, our regular update on tax administration and dispute matters

Since publication of our last edition of MoT Voice, we have continued to see significant changes in the tax administration landscape, with a range of proposals becoming or about to become law, ranging from the requirement to publish a UK tax strategy to the introduction of the new strict liability offence for offshore tax errors. The pace of change has not slowed over the Summer, with a raft of additional consultation documents issued, all of which will require careful consideration. It remains the case that government appears keen to legislate to address perceived tax non-compliance, and is showing a high degree of creativity in developing and implementing new proposals.

Reflecting on developments in the past few years, it seems to me that as well as being significant in their own terms, many of the changes proposed over this and the previous few budgets represent significant changes to the fundamentals of how the tax system is administered, and in particular to how HMRC conducts its compliance activity. Clearly, the changes create many new obligations and sanctions for both

advisers and their clients which would not have been contemplated even a few years ago. This basket of obligations and sanctions, when taken together, result in fundamental shifts in the balance of rights and obligations between the taxpayer (and their advisers) and the tax authority. Two of our contributors, Rosemary Blundell and Tony Monger, address proposals which fall into this category;

- Rosemary explains the proposals published in August which will result in sanctions for 'enablers' of tax avoidance and raises some key concerns about the breadth of the proposals and consequent risks for advisers and their clients.
- Tony walks through the proposal that taxpayers will be subject to a statutory duty to correct historic tax errors where these relate to offshore income and gains, and a very significant penalty for failing to do so.

It is clear that there is considerable complexity around how these proposals will operate in practice, and some very real risks that taxpayers and their advisers who are not the intended targets will be adversely affected. Our concerns about the potential scope of the proposals and the risks they create will be reflected in responses to these consultations. However, more broadly, we will also be calling for more clarity from HMRC about how the proposals (assuming they are implemented) will be applied.

Regardless of the outcome of the consultation processes, the direction of travel is unlikely to change. In the circumstances I describe above, where the tax authority is granted much greater powers while the taxpayer and their advisers are subjective to increasingly punitive sanctions, the clarity and openness of communication between tax authorities and professional advisers becomes critical. Our other contributor in this edition addresses issues which touch on concerns about interaction between taxpayers, their advisers, and HMRC. Finally, Chris Davidson reflects on his time at HMRC and makes some telling observations about his experience of moving into the profession.

We hope you enjoy this edition of MoT Voice.