ATT welcome: Professional and public challenges

Welcomes



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Hello, and welcome to the Deputy President’s page for February. I hope that you all managed to get a bit of a break ahead of the January onslaught and the 31 January deadline for personal tax returns. By the time you read this, most of the hard work will have been done and so I hope things are beginning to feel a little less fraught.

Talking of filing returns, HMRC seems to relish telling us about the number of people who file their returns on Christmas Day. This time, according to GOV.UK, 3,275 'customers' filed their online returns on 25 December, compared with 2,828 the year before, and 2,700 in December 2021. That's a 21% increase since 2021! I'm sure there is a hardcore of people for whom filing on Christmas Day is now a well ingrained ritual – and looking at the increase over the last couple of years that club is growing. Apparently, the hour up to 1pm was the most popular time with 319 returns being filed – no doubt being used as an excuse not to have to peel the Brussels sprouts.

One group who hopefully had a well-deserved rest were those who sat one or more of the ATT and CIOT examination papers in November. I remember the time after the exams as a time of mixed feelings. On the one hand, it's a huge relief not to have to get the study materials out and burn the midnight oil; on the other, there is the uncertainty of waiting for results.

The results from the November exams were released on 25 January and I would like to offer my congratulations to those who were successful. These challenging exams require a lot of work and dedication, whilst, for most people, juggling a full time job and family life at the same time. The fact that the preparation is hard makes the achievement of passing all the more worthwhile. You can now move on to the next paper, or – if you are lucky enough to have completed all of the CBEs and written papers necessary for membership – you can think about submitting an application for ATT membership.

As well as the examination requirements, you also need a minimum of two years' experience, either part-time or full-time, working in taxation or in any other occupation which entails an element of UK taxation, and be a fit and suitable person for admission. If you have satisfied the requirements, you can apply for membership even if you are going on to study for another qualification, such as CTA.

Changing tack completely, it has struck me over the last few months how the press has woken up to the oddities and anomalies (or whatever term you choose to describe them) of the UK tax system. Whilst we all have our favourites, it is the stories around marginal tax rates that are currently breaking into mainstream media. There is nothing new here but in very particular circumstances – where income tax, NIC and entitlement to benefits interact – anomalies in marginal tax rates can result.

At the end of November, the *Daily Telegraph* was headlined ‘Why some workers will pay 93% tax’. I even saw another headline, again in the *Daily Telegraph*, that read ‘How earning £1 extra could cost you £14,000’, as it considered the impact of a pay increase on entitlement to free childcare.

Whilst these are extreme cases and will affect very few people at these levels, it is the high income child benefit charge that has justifiably attracted a lot of attention. It is affecting an ever increasing number of people (see page 28 for an illustration of how it works in practice) – not only due to the very high marginal tax rates, in some cases almost 75% (when including the effect of National Insurance), but also the fact that it applies where the individual or their partner has income over £50,000. Where one individual has income of £60,000 or more, all the child benefit will be lost; yet a couple who each have income of £50,000 will have no high income child benefit charge to pay.

I remember someone once saying during a debate on tax simplification that the price of simplification was fairness. It seems that also gets sacrificed with complication.

Whatever your views, I find it refreshing when tax reaches the front pages of the newspapers. It will hopefully make people think more about how their tax is calculated and that can only be a good thing.