Tax simplification

General Features



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CIOT, ATT and LITRG, along with ICAEW and ICAS, have jointly written to the Financial Secretary to the Treasury, proposing a series of actions that ministers and officials should take if they are serious about delivering a simpler tax system.

During his ‘Growth Plan’ statement on 23 September 2022, the then Chancellor of the Exchequer Kwasi Kwarteng announced the abolition of the Office of Tax Simplification (OTS), with the intention instead to ‘embed tax simplification into the heart of government’. This decision is one of the few announcements made by Kwasi Kwarteng that has not subsequently been reversed.

The reaction to the OTS’s abolition appears to indicate that Kwasi Kwarteng and the current Chancellor Jeremy Hunt are in a significant minority of people who think this is a good idea. Even the cross-party House of Commons Treasury Committee has proposed amendments to the Finance Bill which include the removal of the clause that abolishes the OTS.

In correspondence between the Treasury Committee and the Chancellor, Jeremy Hunt gave his assurance that the closure of the OTS does not mean that simplifying tax is no longer a priority, and confirmed that officials in the Treasury and HMRC have been given a clear mandate to focus on simplicity in tax policy and administrative design.

In our letter to the Financial Secretary, we offered our continued support to Treasury and HMRC officials in this regard. But the main purpose of the letter was to set out several processes which the government should introduce to deliver on its promises, and demonstrate its commitment to tax simplification. These are:

1. identify the characteristics of tax simplification;
2. ensure that someone is accountable for delivery of tax simplification;
3. include simplification declarations in tax information and impact notes;
4. gain external input to policy design and implementation;
5. seek feedback from a broad range of stakeholders;
6. ensure that HMRC and Treasury engagement groups include tax simplification as a standing objective;
7. increase awareness and improve guidance;
8. allow time for the development and integration of systems; and
9. adopt a consistent approach across tax regimes.

The joint letter can be found on the CIOT website at www.tax.org.uk/ref1098 and on the ATT website at www.att.org.uk/ref423. We will publish the Minister's response once received, and will continue to work with Treasury and HMRC to achieve these simplification objectives.

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