Technical Spotlight: Corporate Tax Committee

Briefings



26 October 2023

The remit of the Corporate Tax Committee is all aspects of UK corporation tax insofar as that tax applies in respect of companies resident in the UK, and the taxation of UK companies generally.

Adrian Rudd, who is a Tax Director at PwC, chairs the committee. Committee members come from accountancy firms and law firms, as well as industry, giving us a broad spectrum of input. Further details can be found at: www.tax.org.uk/our_tcs.

In recent months, we have been largely focused on the HMRC's 'volume approach' to managing research and development (R&D) enquiries. We have been highlighting concerns around the impact on legitimate claims and how this approach is undermining the underlying objectives of investment in innovation and economic growth, as businesses are put off claiming relief to which they are entitled.

We have welcomed the large amount of feedback from our members, which has reinforced our position that the problems we have highlighted are widely experienced and the views we have expressed are widely held. We are engaged in constructive conversation with HMRC but also continue to receive large numbers of reports from our members about the difficulties being encountered (see www.tax.org.uk/ref1166).

Staying in the area of R&D, we have also commented on the draft legislation for the proposal still under consideration by the government for the introduction of a new merged R&D tax relief scheme. We have urged the government, if they decide to merge the R&D schemes, to slow down the timetable. An implementation date of April 2024 is overambitious; it will present practical difficulties for HMRC and taxpayers, and will result in unintended consequences. In our view, the current uncertainty and rushed implementation is undermining the policy intention of supporting and encouraging R&D in the UK (see www.tax.org.uk/ref1187).

In addition, an important opportunity to simplify the UK tax system is being missed because the time is not being taken to incorporate the additional relief for R&D intensive SMEs into the new scheme. As a result, the UK will continue to have two R&D schemes, an outcome inconsistent with the objective of embedding tax simplification within the tax policy making process and the tax system. More generally, simplification remains an important issue for the committee, as it is across all of our technical committees.

A feature of much of the work of the committee is the amount of overlap there is with other CIOT technical committees. As a result, we liaise closely with many of our other committees, including the International Tax Committee, where there is overlap with their work for larger corporates and groups; the Property Taxes Committee in relation to capital allowances; and the Owner Managed Business Committee in respect of smaller companies.

All of our responses and submissions can be found on the usual technical pages of our website (see tax.org.uk/submissions/1).

Sacha Dalton

sdalton@ciot.org.uk