CIOT President's page: Buckle up!

Welcomes



24 January 2024

I want to begin by wishing you all a happy, healthy and prosperous 2024. New Year is typically a time for optimism and reflection. Those feel appropriate themes for my first President’s column of the year.

I recently wrote to the new Financial Secretary to the Treasury (FST) Nigel Huddleston, welcoming him to the role. I took the opportunity to reflect on our priorities for the tax system and to look ahead at opportunities for continued engagement with government. In the letter, we addressed several issues, principally among them our continued concerns about HMRC service levels.

Sadly, these concerns are likely to persist in the year ahead. In December, HMRC decided to restrict access to both the Self Assessment telephone helpline and the Agent Dedicated Line – seemingly to deal with ‘priority queries’. This is only one of a number of concerning developments over the past year. HMRC has to make the best use of its limited resources and we support its drive to have more customers interact online. But these are big decisions and – as with the temporary closure of the Self Assessment phone line in the summer – they come with big risks, which we can’t see

are fully understood or evaluated by HMRC.

If taxpayers are unable to find the information they need online and are then unable to speak with someone to help them resolve their queries, this runs the risk of increased non-compliance and penalties – which in turn means more work (and costs!) for HMRC further down the line. We want to have confidence that changes like these and the drive to digital are helping, not hindering, taxpayers and agents. Our members have told us they want to go online, but 89% of those who responded to our summer service levels survey said they are phoning HMRC because they couldn't resolve their issue online – a worrying picture. We will continue to press for investment to improve service levels in our discussions with the FST and his team.

I also raised developments in Making Tax Digital, the government's approach to tax simplification following the abolition of the OTS, R&D compliance and regulation of the tax profession, among other matters. You can read the letter on the CIOT website: www.tax.org.uk/ref1283

CIOT is in a very privileged position where we are able to use and share our expertise at the highest levels of government to advocate for a better, more efficient tax system. In return, our comments and concerns are listened to and respected, often leading to better outcomes. I am optimistic that we will continue to bring this influence to bear in what promises to be a busy year ahead.

The prospect of a general election between this spring and next January means it is possible that we will see tax issues take on even greater prominence in the public consciousness in the weeks and months ahead. We are already seeing the main protagonists begin to set out their stalls in anticipation of the vote. Indeed, November's Autumn Statement was regarded by many as the starting gun of the long campaign, with reductions in National Insurance seen as a harbinger of further tax changes to come, perhaps as soon as 6 March, when Chancellor Jeremy Hunt delivers his Budget.

Much mooted income tax cuts are likely to be front and centre in the minds of most voters. Scratch below the surface though and dividing lines are being drawn elsewhere in the tax system. As I saw at first hand during party conference season, our politicians are adept at keeping their cards close to their chest, but it doesn't take a genius to work out that we are going to hear much more as polling day approaches on issues like inheritance tax, VAT on private school fees and 'non-dom'

status as the parties go after votes.

The Autumn Statement saw several other important tax policy announcements, including making full expensing permanent and easements for Making Tax Digital, which CIOT has broadly welcomed. The merger of R&D reliefs was also announced – though due to the haste of its introduction, the much-needed clarification and simplification seems to have been missed.

Attention now turns to the Finance Bill. Our technical teams have been working hard to provide briefings to MPs ahead of their deliberations and in December, met with Shadow Financial Secretary to the Treasury James Murray to discuss these. It might only be February, but already we see the makings of another busy year in tax. Buckle up!