Spotlight on the Owner Managed Business technical committee

Briefings



24 January 2024

The Owner Managed Business (OMB) Committee was formed in May 2007 to provide a voice for CIOT members involved in advising small businesses and their owners – a significant proportion of our membership.

Committee members come predominantly from small and medium sized accountancy and tax advisory firms located around the UK.

The Committee has a wide-ranging remit, which includes all aspects of small business taxation, whether that business is a sole trade, a partnership or a limited company. Further details can be found at: www.tax.org.uk/our_tcs.

We devote substantial time to responding to public consultations and commenting on draft legislation; for example, the recent measures to remove the turnover, interest and loss relief restrictions in the cash basis and to make it the default basis for unincorporated businesses to calculate their taxable profits. We also considered

the proposals to enable HMRC to collect additional information from taxpayers about employee hours, dividend income and shareholdings, and self-employment start and end dates. All our submissions can be found at: www.tax.org.uk/submissions/1.

Last year, our work included submitting two representations ahead of the March Budget on legislative issues we identified on capital gains tax relief for gifts of business assets, and on company purchase of own shares involving multiple completion contracts. We have also been discussing HMRC's simplification objectives and have suggested that there should be a mechanism to identify and correct defective legislation more easily; for example, through post-implementation reviews and a dedicated 'corrections' section in each Finance Bill.

On basis period reform, we have met with HMRC to discuss implementation and communication of the changes. Committee members were involved in testing HMRC's overlap relief online request form. We also have regular engagement with HMRC's Mid-Sized Business (MSB) team and topics discussed have included the support that HMRC offers MSBs through its Customer Support Team and its temporary Customer Compliance Manager service.

There can be regular overlap with the work of other CIOT technical committees. We liaise closely with the Corporate Taxes Committee on matters such as research and development (R&D) tax relief and capital allowances; the Property Taxes Committee on the taxation of property income within businesses; and the Management of Taxes Committee on issues relating to tax administration, particularly those concerning Self Assessment and HMRC processes.

The Committee usually meets quarterly. At our most recent meeting in December 2023, discussions included whether ESC D32 'Transfer of business to a company' is still fit for purpose in light of the recent professional and media interest in property business incorporations, HMRC's volume approach to R&D enquiries, and various measures announced in the Autumn Statement.

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