CIOT and ATT concerns prominent in new Lords report

Briefings



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CIOT and ATT were extensively cited in a new report by the House of Lords Finance Bill Sub-Committee that has called on government to do more to prepare businesses for changes to research and development (R&D) reliefs.

The report, published on 1 February, said that the government should consider the impact of giving HMRC greater powers to gather data on employees and punish promoters of tax avoidance schemes. Both CIOT and ATT raised concerns over the proposed new R&D relief scheme with Ellen Milner, CIOT's director of public policy, agreeing that more discussion is needed over the proposals, including a proposed notification system for subcontractors unable to claim R&D relief. ATT technical officer Emma Rawson said that uncertainty and short timescales mean businesses will find it 'hard to plan'.

The sub-committee also said that measures to gather more data on employees and companies, such as the number of hours worked by salaried employees, should

avoid imposing additional burdens on businesses. ATT told the committee that data on hours worked would be ‘quite difficult to gather’, while there is also the risk that an employer who is purposefully – and shockingly – not paying minimum wage could ‘massage’ their figures. The government has estimated that collating data like this will cost employers £35 million upfront, but that ongoing costs would be ‘negligible’. CIOT has said it expects the real-life costs will be ‘significantly higher’.

The committee welcomed the government’s commitment to cracking down on tax fraud but questioned its effectiveness in tackling offshore promoters of tax avoidance. ATT said that professional regulation of tax services in the UK could enable the promotion and marketing of tax avoidance schemes to be ‘countered more swiftly and effectively’, while CIOT added that disqualification may not always be appropriate, especially in the cases of ‘stooge’ directors.

Read CIOT’s blog is available at: tinyurl.com/2py7mass

The House of Lords report is available at: tinyurl.com/4h5a3ebe