Welcome to January’s Technical Newsdesk

Welcomes

01 January 2017

The Christmas period meant that our deadline for production of Technical Newsdesk was very early in December. So, we will include more comment on the Autumn Statement and the draft Finance Bill clauses in the February edition, but I’d just like to comment on two areas in this edition.

First was the surprise but welcome announcement that the government will be reverting to a single annual fiscal event. This is something that the CIOT, along with the Institute for Government and Institute for Fiscal Studies, had called for in an open letter to the Chancellor in September.

Following the spring 2017 Budget and Finance Bill, Budgets will in future be delivered in the autumn, with the first one taking place in autumn 2017. The Office for Budget Responsibility is required by law to produce two forecasts a year. One of these will remain at Budget time. The other will fall in the spring and the government will respond to it with a Spring Statement.

The last two decades have seen a proliferation of measures in Budgets, and very long finance bills have become the norm. In effect, we currently have a March Budget and a November/December Budget (aka an Autumn Statement). Reducing the frequency of new measures and changes of direction should allow for better consultation, produce higher quality legislation and more effective implementation. This should make life simpler for taxpayers, and potentially increase the impact of measures concluded upon. Although 2017 is likely to be a busy year!

The second welcome announcement, this time in the draft Finance Bill clauses, was the increased focus of the government’s action on ‘enablers’ of tax avoidance.

We had been concerned that the original proposals, consulted on earlier in 2016, were too widely drawn and could have penalised advisers who gave reasonable and

legitimate advice to clients on commercial transactions. The government considers the revised proposals will ‘focus on abusive schemes that no-one could mistake for a reasonable commercial arrangement.’ Bill Dodwell reflects on this in his welcome. In particular, it is reassuring to note that by adhering to and upholding the standards set out in Professional Conduct in Relation to Taxation (PCRT), the government does not expect members to be affected by this measure.