CIOT President’s Speech: New CIOT President Charlotte Barbour focuses on technology, responsibility and standards

Briefings



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Charlotte also set out how the Institute aims to inform the tax debate during the general election campaign, in her inaugural speech as President at CIOT’s Annual General Meeting on 30 May 2024.

Thank you, Gary. I very much look forward to being President of the CIOT over the coming year.

First, however, let me thank you for your service to the CIOT over many years, initially as a branch chairman, then on Council and culminating in being our President over the past 12 months. Thank you Gary. Your service is much appreciated.

I should also like to pay tribute to all of those who so actively support the CIOT, our activities and our members. In particular, our branch committees which perform such an important role in organising events, bringing members together for networking and professional development.

Also my fellow Council members. We are most fortunate in having an active 'pull-together' Council to oversee our activities – our debates test the way forward, in a constructive manner, and our decisions are better for it.

One of our challenges is to make sure the CIOT is in the best shape possible as it grows. In my 35 years as a member, we have grown from around 7,000 members to, as Gary said a few moments ago, more than 20,000. A real landmark!

As we have grown, so the role and work of our staff has grown. I take my hat off to Helen Whiteman and her senior team for their leadership in this. I'd also like to thank, and extend warm wishes to, a number of staff who have retired in the last year: John Cullinane and Karl Cerski, and to Roz Baxter who has retired from her role as Director of Education, although I'm delighted that Roz will continue in a part-time capacity as Institute Secretary.

And may I welcome our new members of staff – I hope you find your work with the CIOT rewarding and enjoyable, and I look forward to working with you. And what of that work?

Our qualifications

Central to it are our qualifications, in particular the CTA. Periodically, we review the CTA qualification to ensure it remains fit for purpose and that it examines the key skills needed by tax advisers into the future. We began one such review earlier this year. An Employer Forum was held in February and our Working Party comprises representatives from firms large and small from across the UK, and includes a tutorial body representative and a newly qualified CTA.

Our international qualification, ADIT, marks its 20th birthday this year, and continues to go from strength to strength. Nearly 2,000 students from 92 countries and territories now hold the qualification, and this year we launch another new module – this one on South Africa's tax system. I'd like to thank Jim Robertson and all the other volunteers who have contributed so much to its development.

And then there's the new kid on the block – our Diploma in Tax Technology. It's only 18 months old, but already more than 750 candidates have registered for it. Ian Hayes, Paul Aplin and Shan Sun mapped out the syllabus and it's great to see Shan joining Paul on our Council, even as Ian's term on Council comes to an end.

The issues facing us

Our qualification reviews are indicative of the pace of change affecting the tax profession, and of the issues that face us.

These issues are ongoing and intertwined but they impact on all of us.

- There are issues that affect the operation and processing of tax collection – like the growing role of technology.
- There are issues that affect responsibilities in a changing tax 'eco-system' – the role of HMRC, of taxpayers and of agents.
- There are issues that affect our role and standards as tax advisers – like the current consultation on regulation of the profession.

Let's consider these issues in slightly more detail.

Issue one: technology and tax collection

First, how tax is calculated and collected.

Making Tax Digital seems to have been with us for a long time despite the fact that it is not yet actually in operation beyond VAT.

There remain concerns about the speed and nature of 'going digital'. It's a sensible aim. But the objective should be that taxpayers and agents *choose* the digital option, rather than being forced into it.

Last month CIOT and the ATT published our 'Principles for Digitalisation'. These include:

- A good digitalised tax system should reduce the overall admin burdens on those involved, not simply outsource work from HMRC to taxpayers and agents.

- It should accommodate agents from the start, letting them do everything taxpayers can.
- It should be simple, thoroughly tested and co-created with users and developers.

These, and four other principles, will guide the collaboration our technical officers and volunteers are already engaged in with HMRC, putting their considerable expertise and energies into it – and into providing CPD to help members keep abreast of developments.

Quarterly reporting for income tax will affect our work processes hugely. But it's far from the only change technology is bringing.

From automating compliance processes, to managing and nudging us with our office procedures, to AI that can assist with research and looking for answers, it's all happening.

In this age of transformation, we will need to come back to our training – to understand what we are working with in order to appreciate the tax consequences that arise, and to ensure that proper controls are in place.

This is why our Diploma in Tax Technology is so important.

And if you're as interested as I am in the role AI will play in the future lives of tax advisers, then join me, in person or online, at next week's CTA Address at which we'll be talking about precisely this.

I am firmly in the camp that sees AI and other digital tools as an opportunity – something that should add value and help advisers run efficient, profitable practices. But we must beware the mantra that 'the computer is always right'. Anyone who has been following the Horizon-Post Office scandal will know where that can lead.

Issue two: responsibilities in the tax system

The question of trust in technology leads us to my second issue – the question of who is responsible for what.

Will HMRC simply be a collection agency as it outsources traditional elements of its work to third party population, to agents, to the software providers?

Who is responsible for checking compliance – HMRC or agents?

And how might this impact on the agent/client terms of engagement and relationships?

There is much to think about here. And I firmly believe that in addressing such issues, we will fare better if we pull together collectively through our Institute.

Issue three: standards and regulation

The same applies to the third issue – standards and regulation.

‘Standards’, to my way of thinking, involves two separate elements.

One, are standards around tax planning and where the boundaries sit. The vast majority of clients come to a tax adviser to make sure they pay the right amount of tax at the right time – but what is this when there are legitimate options to choose between?

Our PCRT rules rightly ban members from promoting or creating tax avoidance. We have worked with government on measures that have driven down levels of avoidance to a fraction of what they once were. But that still leaves many areas where there are legitimate choices to be made by taxpayers well within the bounds of acceptable planning.

The other element in standards is competency. In an ever-changing environment there’s a need to renew our skills and stay up to date.

I’m a strong believer that membership of the CIOT provides a great starting point for the skills and knowledge advisers need, with our qualifications and, thereafter, support with ongoing lifelong learning, through branch events, webinars and other activity.

Professional bodies such as CIOT are the best route to maintaining standards in the profession. And that’s why, of the three options set out in the Raising Standards consultation, which closed this week, our preference is option one – that all tax advisers should be members of a recognised professional body.

This would not be simple. It might change the nature of the relationship between the bodies and their members. But compared to the alternatives – government regulation and a hybrid model – it would be less costly, more effective and easier to implement.

Now standards, of course, cut both ways. The CIOT, under the leadership of my predecessors Gary Ashford and Susan Ball, has raised our concerns frequently, and forcefully, about poor – far too poor – service standards at HMRC. Encouraged by us, two parliamentary committees have recognised this problem and called out HMRC for their failure to deliver improvements.

We will continue to press for ways to resolve these problems on my watch.

The general election

There will be a general election soon.

That means the usually shrill, clamorous, yah-boo political debate over tax…

…is set to become *even more so.*

That presents us with a challenge.

Our mission is advancing public education in taxation. Can we really do that in the maelstrom of an election campaign? I believe we can, but we need to carefully focus our efforts.

Tax is central to the political debate, but where we can add value is by informing that debate, bringing light, rather than heat, to the discussions.

For example, an MP is accused of dodging capital gains tax? We can set out how capital gains tax works.

An argument is raging over non-doms? We can help separate truth from myth.

A party wants to scrap national insurance? We can explain how NI and income tax differ and what the change would mean.

That’s why, as well as making our experts available to the media, we’re working on a series of ‘explainers’ to publish on our website and share with journalists and the

wider public, on the tax issues we think will be in the spotlight during the campaign.

Not taking sides, but doing what we always do – informing the political debate, working for greater public understanding.

But what about the issues that *won't* be in the spotlight?

We all know that there are pressing issues around the administration of the tax system which, while mostly lower profile, also deserve to be treated as a priority. Issues that, unless addressed, will leave the tax system less efficient, harder to comply with and less effective in both raising revenue and supporting taxpayers. For example:

- better customer service so businesses get the guidance and prompt payments they need to operate effectively;
- digitalisation genuinely focused on the needs of taxpayers;
- meaningful simplification; and
- an R&D tax credits system that supports genuine innovation – where the unacceptable attempts we've seen to abuse it are tackled without collateral damage to legitimate claims.

The CIOT will be doing what *we* can to get these and other, similar issues heard. I'll be writing to the tax spokespeople of the main political parties encouraging them to give these matters careful consideration as they draw up their manifestos and policy programmes for the next Parliament.

LITRG and the tax charities

Alongside this work, our brilliant Low Incomes Tax Reform Group will be publishing their own set of 'topical papers' over the coming months, bringing their expertise to bear on issues like the gig economy and umbrella companies, identifying ways in which the tax system can be made to work better for vulnerable and unrepresented taxpayers.

LITRG, incidentally, have just relaunched their fantastic website, making it even more user-friendly than before. If you ever need information for taxpayers in a clearly explained manner – look no further.

I'd also like to put in a word of praise at this point for the excellent work the tax advice charities – TaxAid and Tax Help for Older People – do. CIOT supports this, but they always need more funding and volunteers – if you can help, please do.

Concluding remarks

So, as I look to the year ahead, I am looking forward in particular to meeting with as many members as possible, at branch events and elsewhere.

The CIOT is a member body – it's for each and every one of us – and I encourage all of us to be mindful of our wonderful Member Services team mission of 'Making Connections in Tax'. The branch network is at the heart of the Institute's offering to members. Membership benefits are two-way – you get out as much as you put in.

And when you see me, I'd very much like to hear your views on the matters I've touched on – and anything else you think the CIOT should, or shouldn't, be doing.

I look forward to meeting with you and I am much honoured to be the President of our Institute.