Technical newsdesk: December 2024

Welcomes



18 November 2024

I have just celebrated nine years as Head of Tax Technical at the CIOT, starting in the role on 16 November 2015. Just four weeks later – and so ‘celebrating’ its own nine-year anniversary on 14 December – making tax digital (MTD) was announced. I remember a room full of professional body representatives and other tax stakeholders at the Government Conference Centre in London, waiting to hear what the fuss was all about – and everyone’s shock when the then Financial Secretary to the Treasury David Gauke MP announced MTD.

I could not find the original ‘road map’ online but I do have my own copy from the launch. In this vision of digitalisation, tax and tax administration would be transformed by 2020 to make it more effective and more efficient for taxpayers. Bureaucratic form-filling would be eradicated (taxpayers would not have to tell HMRC information they already know), unnecessary time delays would be eliminated (the tax system would operate much more closely to real time) and taxpayers would have access to digital accounts (with the information HMRC needs automatically uploaded, bringing an end to the tax return). These reforms would transform the experience of millions of taxpayers by building a transparent and accessible tax

system fit for the digital age.

By 2020 most businesses, self-employed people and landlords would be keeping track of their tax affairs digitally and updating HMRC at least quarterly via their digital tax account. These changes would be introduced for the self-employed and landlords for income tax from April 2018, for VAT from April 2019, and for corporation tax from April 2020.

Nine years later, it would be tempting to say that none of this has been achieved. But millions of individuals and businesses are using personal and business tax accounts, and the HMRC app is increasing in popularity. However, the tax return lives on, delays seem to have increased and the challenges of delivering the business aspects of MTD have been well documented.

The CIOT, ATT and LITRG have been ‘living and breathing’ MTD since its announcement. Many of us at the launch event nine years ago are still part of that engagement process now. Perhaps we are all suffering from the déjà vu of having seen and heard so much of this conversation already.

Coincidentally, I think we are on our ninth minister for tax since MTD’s announcement – an average of one a year. Each of these changes in personnel, whether at the helm of the project within HMRC, or at ministerial level, have offered a glimmer of hope for those who want the project to go away. You would be forgiven for thinking that the project – which has been deferred several times, is already eight years late (assuming income tax goes ahead in April 2026), has had swathes of the population taken out of scope and is well over budget – might finally be put out of its misery. Surely a new government would finally scrap it?

Well, the Budget would have disappointed anyone in that camp. Far from calling it a day, the government has ‘doubled down’ on MTD and has promised to reduce the income tax turnover threshold from £30,000 to £20,000 by the end of the Parliament.

Maybe in another nine years we will look back and wonder what all the fuss was about. But mostly I hope that what we have already learned will not be forgotten, so that future policy development on such a scale is not quite so bumpy.