Consult before making big changes, CIOT urges new minister

Briefings



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The Institute has written to the new tax minister stressing the need to consult thoroughly before committing to significant tax reforms.

In a letter to the new Exchequer Secretary to the Treasury, Dan Tomlinson, congratulating him on his appointment, CIOT President Nichola Ross Martin expresses concern about ‘an absence of a strategic approach by the government to tax policy-making, and a sense that policy-making is generally being carried out Budget to Budget for fiscal reasons without broad consultation or much focus on the overall design of the system’.

The Institute President gives the example of the proposed changes to inheritance tax as an area where the government might have been able to achieve their aims in a less contentious way if they had consulted at an earlier stage.

Looking ahead to the Budget, Nichola notes the speculation around changes to property taxes in particular: ‘We strongly encourage you to take a strategic, holistic approach, looking at the interaction of different taxes – and non-tax policies – and the market, as well as consulting with stakeholders before policies are set in stone. Wide and early stage consultation is, in our view, key to successful implementation and public acceptance. Unveiling a series of reforms on Budget day which have not been consulted on will make both bad policy and public backlash more likely.’

The CIOT letter also warns about the design of proposals to raise standards in the tax advice market. ‘While the policy objectives are sound, the speed with which the proposals have moved to draft legislation, with little opportunity for early consultation, have left the scope of the proposal problematically wide and poorly targeted.’ They risk creating ‘significant collateral damage to reputable tax advisers seeking to represent their clients’ best interests’.

The letter warns that the proposed mechanism for bringing unused pensions on death within the scope of inheritance tax is ‘impractical’. It also highlights continuing challenges in respect of HMRC customer service and key issues relating to Making Tax Digital for Income Tax that remain unresolved.

Read the full letter at: tinyurl.com/ciot-new-xst