President's page, March 2017

Welcomes

01 March 2017

The scale of the challenge

On 16 February, I received an email from Ruth Owen at HMRC, thanking me for completing my Self Assessment tax return. My annual tax summary is now online – just two weeks after the filing deadline. It's easy to login and receive the security code on my phone – and there are the figures! Since I'm a self-employed partner I have a business tax account as well as a personal tax account. The Business account has a 'Manage Account' link where I can change my name, address and contact details – although clicking some of the links takes me back to the rather old-fashioned HMRC site, in place of the modern gov.uk style. There's a very prominent link enabling me to pay tax due.

The Personal account is where any income paid under PAYE goes and no doubt many thousands of self-employed people will have income in both accounts. Weirdly, there's no link yet to fill in a form to notify a change of tax code. My Personal account only offers the option to change my address and changing names and contact details isn't allowed. There's also no obvious online form, either – and my search engine takes me off to TaxAid in preference to anything from HMRC. Other aspects of the Personal Account also look rough around the edges. We're all used to secure sites that don't let the user move back and forward between pages by clicking the browser controls – but that's not a feature of the account. The 'breadcrumbs' – links back to the main page – also don't feature on every page. However, what has worked very well, at least for me, is the record of my national insurance contributions, which goes back to my student days!

The scale of this project is huge and I'm sure we're keen to see more features built into the accounts. Of course, part of the challenge for HMRC is the number of taxpayers involved, with over 25 million of us expected to have access to a personal tax account within a year.

The same scale of challenge is why the CIOT has urged Ministers and HMRC to phase in the introduction of the Making Tax Digital quarterly filing system, combined with the adoption of digital accounting. Allowing individuals to keep records on spreadsheets is a good idea but it sounds that they will need to be uploaded to the HMRC system via yet more software. Keeping the HMRC portal open for a transitional period would surely be sensible, whilst everything is still under development and software starts to become available. Many people expect that Ministers will announce a threshold much higher than £10,000 above which digital records would become compulsory. The logic of using, say, the VAT threshold is that businesses above this size are much more likely to use accounting software currently. This does bring another problem – how many of those software providers will be able to meet MTD deadlines? Just having a handful of types of basic software available at the start won't be any help to businesses which pay for software currently to help manage their businesses. No one will want to be forced to switch software to file quarterly data. Perhaps all will become clearer once Ministers announce their proposals for the introduction of MTD and software providers start to release trial version of their accounting software.

What do former Presidents do?

This is an interesting question that no doubt I shall be contemplating soon. Four became judges and tribunal members – John Avery Jones, Malcolm Gammie, Peter Kempster and John Whiting. One – Ian Luder – has become Lord Mayor of London. Three have become Tax Policy Directors at the CIOT: John Whiting again, Patrick Stevens and John Cullinane. One – John Andrews – set up the Low Income Tax Reform Group and Anthony Thomas, Anne Fairpo and then Chris Jones succeeded (or will succeed) John as chair of the group. One has become Tax Policy Director at the Office of Tax Simplification – Mr Whiting's portfolio career continues. One – Roy Jennings – set up the Association of Taxation Technicians and the Worshipful Company of Tax Advisers. John Beattie still leads exam reviews, as the continual improvement process continues. Six became Masters of the Worshipful Company of Tax Advisers: Roy Jennings, Iain Stitt, Ian Luder, Adam Broke, Nicholas Goulding and Anthony Thomas. And four are learned authors on taxation – John Avery Jones, Malcolm Gammie, Penny Hamilton and Anne Fairpo. Penny and Anne's latest books feature in this issue although I should add, for balance, that other authors are available.

I think we can conclude that almost everyone keeps a strong connection to taxation and to our Institute.