ATT welcome, May 2017

Welcomes

01 May 2017

It may be right but is it fair?

You could hear the plaintive cry at the other side of the office: ‘It’s not right and it’s not fair!’ I was reminded of Chris (not their real name) a few weeks ago when reminiscing with a former colleague. Chris had a certain way with words and this was their favourite response when something was not going well, but it set me thinking about the current debate on people and businesses paying their fair share of tax.

Let’s start with right. I remember many years ago being at a conference that sticks in my memory for two reasons, the fact that they served the best crème brulee I have ever eaten at lunch and the conversation I had with an Inspector of Taxes over coffee. His view, which I still agree with, was that an Inspector and an ATT member are both tax professionals and want the same thing, the right amount of tax paid at the right time. The only difference between us should be that he has one client, the Government, and I have many. If we both follow the legislation in a reasonable way we should both come up with the same answer.

Now that is all very well in theory but the legislation is often badly drafted and open to different interpretations. The intellectual debate about how tax law should be interpreted is something that many of us find one of the most interesting aspects of what we do, but we need to be reasonable. As PCRT makes clear this means we must not create, encourage or promote tax planning arrangements or structures that set out to achieve results that are contrary to the clear intention of Parliament in enacting relevant legislation and/or are highly artificial or highly contrived and seek to exploit shortcomings within the relevant legislation. If you have not already done so I urge you to watch the PCRT webinar that is available on the ATT website.

As professionals both sides also need to act with integrity and in a professional way. We do not like feeling that HMRC do not believe a word we or our client says and I am sure HMRC do not like feeling that we are trying to pull the wool over their eyes.

So that is right, now what about fair?

Politicians and users of social media are nowadays very keen at saying that people and businesses should pay their fair share of tax without actually saying what that is.

The UK has a long and complex tax code so it is not surprising that it is poorly understood. This can result in what might be the right amount of tax under the law because legitimate reliefs are claimed being perceived as not fair simply because the business has a large turnover. It is very difficult to get people to say what a fair share of tax is, although they do often think that they pay their fair share, or more, and the problem is with those who have a higher income than they have!

What is apparent, though, is that artificial or contrived arrangements that seemingly create a tax advantage out of thin air (tax avoidance to you and me) is what is really seen as unfair.

I do not disagree with that as it is precisely these types of arrangement that are contrary to the PCRT rules. At the end of the day the right amount of tax has to, and can only be, that which the legislation properly applied demands.

Whether this is perceived by the man on the Clapham omnibus as fair or equitable is largely an issue that can only be addressed by educating the public and, if necessary, by politicians changing the tax system; both areas where the ATT has an important role to play.

On a lighter note, have you seen the new ATT website yet? The Business Development Steering Group and the Artillery House team have put in an enormous amount of work over the last few months to refresh and redesign our website. The new website is intended to be more intuitive and user-friendly so please have a look and let us know what you think via the usual welcome page email address.

Finally, Tracy Easman, Jeremy Coker and I are hugely honoured to have been elected as the new ATT officers and will take office at the AGM in July.
As with a certain other presidential election last year the transition team is being set

up but unlike that president elect I promise I will not be taking to Twitter in the small hours!

Until next month.