

CIOT meeting with the Financial Secretary to the Treasury

1 December 2018

CIOT representatives met with the Financial Secretary to the Treasury, Mel Stride, in October to discuss a number of issues of concern to the Institute, primarily Making Tax Digital (MTD), Working Together and HMRC conduct. On MTD, we again expressed our concerns over the timescales and stated benefits of the project. We told the minister that we are keen to make sure there is a 'soft landing' on penalties and for there to be guidance on how it will be applied. With the minister's encouragement, CIOT and HMRC agreed to liaise over how HMRC's 'soft landing' on penalties can be applied in practice. We also asked for assurance that MTD will not be extended to income tax until it is shown to be working well for VAT, and we probed how HMRC would be evaluating the success (or otherwise) of MTD – including the accuracy of records and returns.

We stressed the importance of effective liaison between HMRC and the tax profession at a number of levels. In light of this we expressed disappointment that the Working Together initiative has declined and is now seemingly limited to a poorly functioning online Agent Forum. We and HMRC agreed to think further about how agent-HMRC engagement can be improved.

In the discussion around HMRC conduct, we emphasised the experiences of our members that suggest HMRC is taking an increasingly confrontational approach, across all areas of tax and with all types of taxpayer. Although we expect HMRC to take a robust approach to avoidance issues, where the issue is one of interpretation or judgement we suggested that a different tack was called for. HMRC suggested that an open discussion is picked up within the Compliance Reform Forum as a good starting point to addressing this. CIOT seeks to promote high standard across its membership, and it is important that we can respond effectively to situations where HMRC standards fall below what we are entitled to expect.

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