

February 2022

## **OTS review of its approach to simplification and its aims, approach and priorities**

### **Introduction**

The recent 2021 HM Treasury 5-yearly review of the OTS recommended that the OTS “undertake a project to articulate its approach to and interpretation of ‘tax simplification’, including clarifying its aims as an organisation, and the success measures for assessing its progress”.

The Chancellor and Financial Secretary to the Treasury have asked that the OTS carry out this work as a formal OTS review, focusing on conclusions that can inform how the Government should prioritise simplification efforts and how the OTS should prioritise its work over the next five years.

### **Scope of the review**

The review will

- articulate the OTS's interpretation of and approach to 'tax simplification'
- develop a framework of principles and approaches to inform the work of government on tax simplification and to guide the work of the OTS and help set its priorities
- explore the range of ways in which tax complexity is experienced and the impacts it can have on individuals, businesses, agents, HMRC and the economy
- evaluate the benefits of simplification, and ways in which it could practically be achieved and measured, including through changes in policy, legislation, guidance, digital systems or administration

The review will include consideration of the context in which the OTS operates, including

- the present political and economic context
- anticipated or potential changes in the economy, society, business or the labour market
- the tax system, and how it is operated and perceived by different stakeholders
- changes in train or planned by government, including in relation to policy, technical, technological, operational and administrative matters

The review will have regard to

- approaches to tax simplification or complexity used by the OTS or others internationally,
- the OTS's own experience to date (as summarised in its evidence to the review)<sup>1</sup>
- the value of relevant information and insight from HM Treasury and HMRC, including in relation to statistical and operational data about the tax system
- the feasibility, advantages and risks of alternative approaches

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<sup>1</sup> <https://www.gov.uk/government/publications/evidence-for-hm-treasurys-five-yearly-review-of-the-ots>

The OTS will consult with a wide range of stakeholders and publish its report in Spring 2022.

### **Further guidance for the review**

In carrying out its review, the OTS will:

- consider the potential implications for the Exchequer, the tax gap and compliance
- take account of the principles for a good tax system, including its efficiency and the effect of taxpayer trust in the operation of the tax system
- be guided by contemporary research and statistical data
- take account of the Tax Administration Framework Review and Making Tax Digital
- take account of relevant international experience
- liaise with HMRC's Administrative Burdens Advisory Board
- consider the implications of devolution and different legal systems within the UK