

Office of Tax Simplification Board Meeting

12 July 2012

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Edward Troup – HM Treasury
Dave Hartnett – HM Revenue & Customs
Teresa Graham
Adam Broke

Secretary

Jeremy Sherwood

The Chairman welcomed Dave Hartnett to his last meeting before his retirement from HMRC and thanked him for his practical and candid advice over the past two years. The Chairman and the Board congratulated Edward Troup on his recently announced move to HMRC to be their new Assurance Commissioner and Second Permanent Secretary.

1. Minutes of the last meeting

The minutes of the 21 May 2012 meeting were formally agreed.

2. Action points from previous meeting

The secretary had circulated a short paper explaining the government's plans for a single government website, and the impact this would have on the OTS website. The Board welcomed the development as it would allow the OTS to have its own homepage, independent of HM Treasury, at no extra cost. The OTS would continue to have editorial control over the content of its site, subject to the overall style guidelines being drawn up by the Cabinet Office. The Board agreed that the OTS secretariat should monitor the project's progress and aim to establish an OTS website as soon as practicable.

3. Update on projects

Complexity project

Michael Jack reported back from an informal workshop that the OTS had held earlier in the week with a wide-ranging group of tax experts. The workshop had discussed the reasons for tax complexity and the OTS approach to identifying and measuring complexity based on the concept of "usability". There had been a general enthusiasm for identifying the most complex areas of the tax code, but the workshop felt that it was better to draw on the experience and judgment of experts and users of the tax system rather than devise a rigorous arithmetical model of tax complexity. They supported the idea of identifying a number of factors that contributed to complexity.

The OTS proposed to follow up the workshop with further discussions with a wider group of experts, including HMRC frontline staff, and to continue to develop their own thinking with the help of the group who had attended the first workshop.

Share schemes project

HMRC had recently published a consultation document taking forward many of the OTS proposals for tax-advantaged ('approved') share schemes. The Consultative Committee for the project looking at unapproved employee share schemes had met earlier in the day and had discussed an early draft of an interim report the OTS planned to publish shortly. The OTS team was also analysing the results of an online survey they had conducted of advisers and companies using share schemes. The team had also held many meetings to gather evidence of what arrangements were being used and the complexities users encountered. One group that was proving hard to reach was smaller companies that used share schemes or indeed had tried and rejected using such arrangements.

Pensioner project

The OTS team had set up three sub-groups of the Consultative Committee for the pensioner taxation project to look at specific areas in more detail over the summer, and report back to the whole Committee in September. The three areas being looked at were HMRC administration, PAYE and the state pension, and tax policy issues. The OTS was also working with HMRC to commission a research project to help gather evidence of tax complexity from hard to reach groups of pensioners, and to explore possible simplification options.

4. Evaluation of OTS Board

There was a short discussion about the OTS Board membership and meetings. Generally members felt that things were going well, and the discussions were a useful source of support and advice for the Chairman and Tax Director. It was agreed that the Board should continue to have very senior HMT & HMRC representatives; with both Dave Hartnett & Edward Troup stepping down from their current roles, discussions would be held over the summer about their replacements, which Edward Troup undertook to progress. For future meetings, one suggestion was to invite OTS team members and other experts in particular subjects to give short presentations to the Board.

5. AOB

- OTS staffing update: Anish Mehta had left the office in July; his replacement, Mark Thompson, was already in place. Martin Gunson, a tax practitioner from Lytham St Annes had been recruited to help on the pensioner tax review on a part-time basis.
- HMRC/HM Treasury resource plans: The secretary had circulated a paper setting out the number of people HMRC and HM Treasury expected to be involved in directly responding to the OTS reviews. He confirmed that there was adequate support for the current projects.
- The next meeting was planned for 13 September at 9:30am.

Jeremy Sherwood
OTS Secretariat