

Office of Tax Simplification

OTS simplification recommendations: summary at March 2015

Since it was set up in July 2010 the OTS has completed nine simplification reviews: **tax reliefs, small business tax, employee share schemes, pensioner taxation, partnership taxation, employee benefits and expenses, UK competitiveness, tax penalties and employment status**. These reviews are underpinned by a tenth project looking into the causes of **tax complexity**. The OTS has published 31 reports and papers:

- Tax reliefs: list of 1042 tax reliefs (Nov 2010), interim report (Dec 2010), final report (March 2011), updated list of 1140 reliefs (Aug 2014)
- Small business: interim report, including a report on IR 35 (March 2011), discussion paper on a simpler income tax for the smallest businesses (July 2011), discussion paper on disincorporation for small companies (July 2011), final report (Feb 2012, 3 parts: HMRC Administration; A simpler basis of taxation; Disincorporation relief)
- Employee share schemes: approved schemes: final report (March 2012); unapproved schemes: interim report (July 2012), final report (Jan 2013)
- Pensioner taxation: interim report (March 2012), final report (Jan 2013)
- Employee benefits and expenses: interim report (Aug 2013), second report (Jan 2014), final report (Aug 2014)
- Partnerships: interim report (Jan 2014), update and call for evidence (July 2014), final report (Jan 2015)
- UK Competitiveness: call for evidence (March 2014), final report (Oct 2014)
- Tax penalties: final report (Nov 2014)
- Employment status: final report (March 2015)
- Tax complexity project: length of tax legislation (Apr 2012), tax thresholds (Dec 2012), tax definitions (Oct 2013), complexity index (Jan 2013), version 2 (Oct 2013), version 3 (Jan 2014).

As the OTS's mandate expires with the coming election, the aim of this report is to collate a 'state of play' on our work to date. In listing all 402 recommendations to date and the Government's responses, the paper will also give stakeholders a reference tool. For those being taken forward there is a progress update from HMRC, some with comments from the OTS; for those not being taken forward there are explanations from HMRC.

The list is in two sections: "big picture" simplification recommendations and other formal recommendations made in reports. The reports also contain a number of more general suggestions but these have not been included in this compilation. Trying to summarise all the responses to date into a numerical 'score' is difficult in view of the various gradations of responses and so this table should not be taken as a precise result. It is also inevitable that many of the recommendations in our most recent reports are 'under review'.

	Total made	Accepted	Partly accepted	Under review¹	No response or rejected	Implemented	Partly implemented
Big picture recommendations	60	16	9	22	13	9	7
Other formal recommendations	342	150	24	96	72	109	65

The OTS is grateful to a wide range of HMRC colleagues, coordinated by Ajit Philipose, who have provided the various HMRC update comments included in this report.

Office of Tax Simplification
26 March 2015

HMRC general comment:

The government, at Budget 2015, made a major announcement on its plans to modernise tax administration. It set out its intention to transform how individuals and small businesses engage with the tax system over the next parliament, with every taxpayer able to manage their tax affairs through their digital account.

It will mean the end of the tax return for millions of individuals (including many pensioners). Small businesses will only have to provide information once, be able to link their accounting software to their digital account, and if they wish they will be able to pay as they go so that it will feel like paying one tax. It also means that those who use the cash basis introduced following the OTS small business review will not have to do an end-of-year tax return at all (around a million small businesses used the cash basis in its first year of operation in 2013-14). This will have a positive impact on a number of the OTS recommendations listed in this document.

¹ This category includes items (a) being considered by HMRC (b) being formally consulted on (c) recommended by the OTS in recent reports where we await a response and (d) items that the OTS has returned to in a current review.

Part 1: “Big picture” recommendations

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
1	Tax Reliefs – final report, page 12	Merge tax and NIC. (See also pages 5 and 13-18 of small business tax interim report, page 65 of employee benefits report, pages 55-56 of the UK competitiveness report and pages 99-109 of the employment status report).	Consider	No	HMRC update: “Autumn Statement 2012 announced that the Government will wait for further progress on planned operational changes to the tax system before formally consulting on integrating the operation of income tax and National Insurance contributions (NICs). The detailed and extensive work the Government has done shows that this is a large and complex reform and it appreciates that employers continue to adjust to a number of tax reforms that have already been set out. However, in line with the OTS recommendation, the Government has announced at Budget 2015 the abolition of class 2 NICs over the next parliament, bringing the NICs and income tax treatment of the self-employed closer together.”
2	Tax Reliefs – final report, page 13, Small business tax review – interim report, page 34	Introduce a de minimis benefit limit of £100 or £500 (see also page 34 of the interim small business report).	Yes	No	HMRC Update: “An announcement was made at AS14 to introduce a statutory trivial benefits exemption of up to £50 for non-work benefits in kind from 6 April 2015”. However, the measure was dropped from the 2015 Finance Act.
3	Tax Reliefs – final report, page 14	Update or abolish the £8,500 benefits threshold.	Yes	Yes	HMRC Update: “Legislation was included in Finance Act 2015 to abolish the £8,500 threshold for benefits in kind and expenses with effect for the 2016/17 and subsequent tax years.”
4	Tax Reliefs – final report, page 15	Review inheritance tax and trusts as complete areas.	No formal response	No	The OTS recommendation was that reviewing the reliefs in these areas would be unproductive as there were so many: better to do an overall review.

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					Trusts is a possible candidate for a future OTS review.
5	Small business tax review – interim report, page 6	IR 35 – either suspend IR35 and review whether to abolish it (the OTS’s preference), or retain it and reform HMRC administration (seen as a valid alternative).	Yes (the OTS’s second option)	Yes	HMRC update: “IR 35 forum set up by HMRC in 2011; HMRC has introduced a number of changes including centralisation of IR35 work in specialist units and development of ‘Business Asset Tests’, building on the OTS’s third suggestion.” OTS note: the Business Asset Tests have now been discontinued
6	Small business tax review – interim report, page 19	Consider a review of employment/self-employment boundary	Yes	Yes	The OTS has completed a review into employment status.
7	Small business tax review – interim report, page 30	Introduce a simpler PAYE payroll process for small businesses.	No	No	OTS - Not accepted. HMRC update: “The RTI programme will simplify the PAYE process for all employers. A pilot began in April 2012, with all employers moving across to the new system in a controlled migration by October 2013.” HMRC update: “In response to the OTS recommendation in its review of the Competitiveness of UK tax administration where the OTS recommended that HMRC should conduct a post-implementation review into Real Time Information, and whether full ‘on or before’ reporting is necessary and what further scope there is to extend / harmonise easements for small

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					<p>employers, the Government said at AS14 that it would accept the recommendation.”</p> <p>OTS - However, the OTS recommendation was about a simplified payroll process – possibly run by HMRC. RTI is about reporting the results of the payroll and does nothing to help the SME actually to do its payroll.</p>
8	Small business tax review – interim report, page 37, Small business tax final report, HMRC administration, page 36	Consider a study into aligning the tax year with 31 March or 31 December. HMRC to make this the default choice for new businesses.	No	No	
9	Small business tax - final report, a simpler income tax, pages 6, 23-32	Businesses with a turnover up to £30,000 should calculate their profits using receipts and payments accounts, but with the option to use GAAP.	Partly	Partly	<p>The OTS recommendation was for a simple system that would apply as a default, i.e. eligible businesses would automatically use it unless they opted to use full GAAP. The OTS recommendation was for as simple as possible a system; the actual rules have been made more complex by HMRC’s need to police the higher £79,000 turnover limit introduced with anti-avoidance measures (e.g. cap on interest).</p> <p>HMRC update: “Following a consultation in 2012, FA13 introduced legislation for a new cash basis for calculating tax for businesses with receipts not exceeding the VAT Registration threshold, at that time £79,000. Businesses must leave the cash</p>

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					<p>basis when their receipts exceed twice the VAT registration threshold.</p> <p>Whilst the OTS recommended a default system with opt-out, following extensive consultation, the cash basis is optional for all eligible businesses. It is anticipated to be the most appropriate basis for the majority of new small businesses. Clear guidance will be provided to help eligible businesses decide whether the cash basis is appropriate for operating their business.</p> <p>HMRC has consulted extensively to develop the policy and legislation, including discussions with OTS committee members.</p> <p>The option to use GAAP is retained for all businesses.”</p>
10	Small business tax - final report, a simpler income tax, pages 6, 35-36	Introduce the option to use two flat amounts for use of home - £5 or £15 per week.	Partly	Partly	<p>OTS recommended a range of flat rate allowances (see also the next item and entries in Part 2). This particular one was aimed at the general running costs of the home office. Flat rate allowances were introduced in FA13 but the amounts are well below what the OTS felt was appropriate and also include broadband/phone costs which OTS felt should be a separate flat rate.</p> <p>HMRC update: “FA13 introduced legislation providing an option, for all unincorporated businesses, to use a three-tier banded rate based on</p>

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					the number of hours worked. The rates have been set initially at £10, £18 and £26 per month, depending on the number of hours spent working at home, and broadly align with those currently in place for employees.”
11	Small business tax - final report, a simpler income tax, pages 6, 36	Introduce a default option to use approved mileage payments for cars and vans, with no turnover limit.	Yes	Yes	No separate rate for vans, as recommended by OTS. HMRC update: “FA13 introduced legislation providing for the optional use of mileage rates for cars and motorcycles for all unincorporated businesses.”
12	Small business tax - final report, a simpler income tax, page 6, 36-37	Allow items of capital expenditure of under £3,000 to be expensed rather than capitalised in accounts. (Except vehicles and property)	Partly	Partly	HMRC update: “Expenditure on assets used in a business is an allowable deduction in the cash basis provided the purchase or improvement of such assets would have been qualifying expenditure within Part 2 of CAA 2001 (Plant and machinery allowances). Expenditure on cars – either Capital Allowances can be claimed together with actual running costs or, alternatively, the mileage rate can be used.”
13	Small business tax - final report, a simpler income tax, page 6, 37-38	Disregard limited private and business use of assets used for both business and private purposes. Allow 50% private use if there is significant private and business use (more than 10%).	No	No	The OTS recommendation paralleled our flat rate allowances suggestions. HMRC update: “Businesses still have to adjust expenditure to disallow any element relating to private use. Where there is a significant reduction in the business use of an asset whose purchase costs have previously been relieved (e.g. a switch

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					to partial private use) then a reasonable amount representing the appropriate proportion of the value of the asset at the time would need to be added to income.”
14	Small business tax - final report, a simpler income tax, page 6, 38	Introduce a standard allowance or disallowance for business/private use of mobile telephones and internet.	No	No	See also 10 above. HMRC update: “The full cost of expenditure will be allowed as a component of the ‘home as office’ simplified expense. For Businesses that choose not to use the simplified expense the full cost of expenditure will be allowed unless private use is a significant or material proportion. HMRC has undertaken to review and update its guidance for businesses.”
15	Small business tax - final report, a simpler income tax, page 6, 39	Simplified expenses should be the default option, with businesses able to choose to use GAAP and strict apportionment.	No	No	The OTS view was that the default route was simpler for the very smallest businesses. Here (and with cash basis) it should not be a system that required the very smallest businesses – OTS had turnover under £30,000 in mind – to have to turn to a professional adviser for guidance on which to use. HMRC update: “All simplified expenses are entirely optional for those using the cash basis and for those outside the cash basis.”
16	Small business tax - final report, a simpler income tax, page 6, 41	Government should examine further the case for turnover based small business taxes, possibly with the facility to make a	No	No	HMRC update: “The Government considered other options, including turnover based taxes, but has discounted them in favour of a cash basis approach.”

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		single payment to cover all taxes.			
17	Small business tax - final report, a simpler income tax, page 6, 42	The definition of profit for income tax purposes should be aligned as far as possible with the definition of profit for Universal Credit.	Yes (in principle – progress still in hand)	Partly	<p>HMRC update: “The calculations for Income Tax cash basis and Universal Credit have been aligned as much as possible. However there are inevitably some differences between the calculations as they are for different purposes. For example, payment of Income Tax and NICs is a deduction for UC purposes, but not for Income Tax calculations.”</p> <p>OTS update: we note that differences remain and we are aware of concerns expressed about this by bodies such as LITRG.</p>
18	Small business tax – final report, disincorporation relief, pages 19-20	Introduce a new relief to allow companies to disincorporate without tax barriers. They should be able to pass their business to an unincorporated business without an immediate tax charge. The relief should only be available to trading companies and should expire after 5 years. Trading losses should not be carried forward when the company ceases.	Partly	Partly	<p>The OTS recommendation was for a relief that was tax-free for both the business disincorporating and the shareholders who would be disposing of their shares in the company. The relief in FA 13 ignores the second half of this package. Note also the smaller recommendation (see 101) for joint HMRC/Companies House procedures to enable a ‘one stop shop’ approach.</p> <p>HMRC update: “Legislation introduced in FB13 for a disincorporation relief that will run for 5 years from April 2013.” The relief does not give relief to the shareholder, only to the company. It is limited to companies with assets under £100,000.</p>

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19	Approved share schemes final report, pages 9-11	Introduce a self-certification process to replace the current approval process for the SIP, SAYE and CSOP schemes.	Yes	Yes	HMRC update: "Legislated and implemented in 2014".
20	Approved share schemes final report, page 12-15	Merge CSOP and EMI to create one set of tax rules governing all tax advantaged discretionary option grants.	No	No	HMRC update: "The Government decided not to merge CSOP and EMI, but to retain as separate schemes".
21	Unapproved share schemes final report, page 13	Introduce a "marketable" security test to tax only when the shares are genuinely marketable, to avoid the 'dry' tax charge.	No	No	HMRC update: "Following consultation in the summer of 2014, Government has decided not to proceed with this recommendation".
22	Unapproved share schemes final report, page 13	Introduce an employee shareholding vehicle which avoids tax pitfalls.	No	No	HMRC update: "Following consultation in the summer of 2014, Government has decided not to proceed with this recommendation".
23	Unapproved share schemes final report, page 13	Online filing of Form 42.	Yes	Yes	HMRC update: "Legislated and implemented in 2014".
24	Pensioner taxation final report, page 6	That every April the DWP issues a P60 type form (DWP60) stating the amount of taxable income (from the State Pension and other taxable state benefits) which a	Under review	Partly	It seems very unlikely that DWP will take this forward as they are totally focussed on Universal Credit. However, current HMRC plans for taxpayer statements are likely to deliver the information. HMRC update: "The OTS acknowledged that this would be a significant and costly undertaking and

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		pensioner was entitled to in the previous tax year.			<p>not something to implement quickly. The government agreed that more could be done and considered ways to provide this information to pensioners through tax statements.</p> <p>Annual Tax Summaries are now being issued to 24 million taxpayers, including pensioners. Where relevant, summaries include income under state pension, taxable state benefits and other pension income. The paper summaries are being issued between November and December 2014 and apply to the 2013/14 tax year. Online summaries are available to view by the 8 million taxpayers in self-assessment who file online. These customers will have access to their Tax Summary shortly after they submit their return.</p> <p>Looking further ahead, DWP's digital approach for the single tier pension should provide customers with more information. Customers will be able to view their state pension entitlement online for each tax year to help them complete their tax returns".</p>
25	Pensioner taxation final report, page 6	That HMRC introduces a single composite PAYE coding notice (Form P2C) which would aggregate the various individual codes for each source of income in PAYE and provide	Under review	No	HMRC update: "HMRC reviewed how composite PAYE coding notices could be delivered, assessing the costs, benefits and risks of this proposal in light of the wider shift to digital services. HMRC plan to invest in providing this better, aggregate information about tax codes through new digital services.

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		reconciliation to the personal allowance.			<p>HMRC want to provide easy to use, convenient digital services for the majority of our customers, whilst supporting those who can't use digital tools to make sure that no one is excluded. In 2013, we focused on four digital exemplar services – including an early PAYE online service and Digital Self-Assessment.</p> <p>We do recognise there will always be customers who will need support to use digital services and are working to ensure appropriate Assisted Digital services are in place for those who either need help or really cannot get online”.</p>
26	Pensioner taxation final report, page 7	That the 10% savings rate is removed, as awareness and claim levels are so low that it is ineffective in incentivising savings. It is little understood and administratively complex. We recommended a pragmatic increase in ISA allowances to provide savings incentives instead of policies which involve reclaiming savings tax.	Partly	Partly	<p>HMRC update: “From 6 April 2015 the 10% rate will be reduced to 0% and the band to which it applies will increase to £5,000. This will increase the number of pensioners who are eligible to receive their savings interest tax free. In addition, the ISA allowance was increased significantly from 1 July 2014.</p> <p>HMRC is working closely with OTS, VCS and the banking industry to encourage registration to receive interest gross (where appropriate) to avoid the need to make a repayment claim.</p> <p>Further changes to the taxation of savings were announced in Budget 2015 and HMRC will be working to introduce these.”</p>

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27	Pensioner taxation final report, page 8	If married couples' allowance is to remain, we recommend that it is drastically simplified with a removal of the current system of income abatements and instead a flat-rate payment.	No	No	HMRC update: "The Government has decided to retain the married couples' allowance. It has also introduced a transferable tax allowance for married couples and civil partners to recognise the marriages and civil partnerships of people born after 5 April 1935".
28	Partnerships Taxation interim report, page 19	Is there a way of reducing the administrative burdens faced by small partnerships? The aim would be to eliminate what can be double reporting of the same income figures. One possible route would be to remove the partnership return.	Under Review	Partly	<p>HMRC update: "HMRC is committed to reducing the administrative burden for all our customers, including partnerships.</p> <p>Filing partnership profits and allocation of partnership profits on the individual partners' returns would involve duplication of effort and add to the administrative burdens, especially for partnerships with large numbers of partners. In addition, removing the partnership return could potentially impact on HMRC compliance activities and the information contained within the partnership tax return would still need to be reported to HMRC.</p> <p>Our future strategy is to make the fullest use of data from partnerships and collect less data from individual partners, and we believe that this offers greater potential to reduce the administrative burdens faced by small partnerships than abolishing the partnership return."</p>

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29	Partnerships Taxation interim report, page 39	Allowing partners to claim business expenses on their personal returns would be a substantial simplification.	No	No	<p>HMRC update: “Allowing individual partners to claim expenses on their personal returns would be likely to add further significant burdens to the administration of partnerships and partners, and not reflect the true profit or loss of the partnership business or the profit share of the individual partners. This may also have significant Exchequer costs and raise compliance issues. The issue is also currently being litigated. Given this, it is unlikely that this proposal will be taken forward.”</p> <p>OTS update: we do not accept the HMRC response which contradicts the evidence we have gathered. We did further work on this issue for our final partnerships report and reiterate that the evidence we have accumulated continues to support our recommendation.</p>
30	Partnerships Taxation interim report, page 35	There is a need to review the complexities caused in opening years by basis periods and overlap relief to assess whether a simpler method of giving overlap relief would be sensible, fairer and appropriate.	Under Review	No	<p>OTS noted that this is not just a partnership point.</p> <p>HMRC Update: “This issue is not specific to partnerships. However, HMRC is considering this point as part of a more general review into the way the rules around basis periods and overlap relief operate.”</p>
31	Employee Benefits and Expenses second report, page 17	There should be a legislative framework for employers to payroll some or all of their benefits and	Yes	Yes	HMRC update; “Legislation was included in Finance Act 2015 to give HMRC the power to introduce a system of voluntary payrolling of BiKs from 6 April 2016. Initially this will cover Car

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		expenses on a voluntary basis.			and Car Fuel, benefits, private medical insurance and subscriptions (like gym membership). Regulations governing voluntary payrolling will be consulted on during Summer 2015.”
32	Employee Benefits and Expenses second report, page 27	The scope of PSAs should be widened, ideally to permit employers to settle any tax liability on benefits and expenses but in any case to allow more things to be settled via PSAs and eliminate the need for prior approval of what can be included.	No	No	<p>HMRC response: “While HMRC does not agree that the OTS's recommendations are consistent with the purpose of PSAs, we are undertaking work to explore ways in which we could simplify the current system while retaining the purpose of a PSA. Before taking forward any changes, HMRC would also need to ensure that other knock on implications (for example the impact on entitlement to tax credits, etc.) are fully considered, we are considering how to take this work forward”.</p> <p>The OTS does not accept the HMRC response which seems to ignore or misunderstand the weight of evidence and volume of demand for the changes. The OTS will continue to discuss the issue with HMRC, mainly once the current range of consultations have completed.</p>
33	Employee Benefits and Expenses second report, page 33	There should be an exemption for qualifying business expenses paid for or reimbursed by an employer.	Yes	Yes	HMRC update: “Legislation was included in Finance Bill 2015 to introduce an exemption for qualifying business expenses paid for or reimbursed by an employer, replacing Dispensations from 6 April 2016.”

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34	Employee Benefits and Expenses second report, page 43	There should be a short, easy to understand 'principles based' definition of a trivial benefit, incorporating a per item cap, probably at £50.	Yes	No	HMRC update: "An announcement was made at AS14 to introduce a statutory trivial benefits exemption of up to £50 for non-work benefits in kind from 6 April 2015". The measure was not in Finance Act 2015.
35	Employee Benefits and Expenses second report, page 75	There should be a fundamental review of government policy on benefits. This should look at whether the government wants to tax cash or cash equivalents differently, whether the way a benefit is provided should determine how much tax is paid on it, and the question of what is a benefit and what is not.	Yes	Yes	HMRC update: "The government will issue a call for evidence on remuneration and benefit provision in the 21 st century to inform future work H M Treasury ran a consultation and call for evidence between 18 June and 9 September 2014. HMT and HMRC are currently considering the responses that were provided and will publish a response document setting out its findings."
36	Employee Benefits and Expenses second report, page 51	There should be legislation stating an employee can have only one permanent workplace, being the place where they spend the greatest part of their working time. However, if costings show that this route would be too expensive for the Exchequer, we recommend	Under review	No	HMRC update: "The government will undertake a review of the principles and rules underlying the tax treatment of travel and subsistence expenses. The review will consider how the tax treatment of these expenses can be simplified to best address the challenges of the changes to modern working and travel patterns. H M Treasury have started work on a review of the Travel & Subsistence rules. HMT have spoken to a range of stakeholders and undertaken the initial

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		amending Section 339 ITEPA 2003 to redefine 'permanent' and 'temporary' workplace by introducing a statutory percentage test, probably at 30%.			stages of the review and work continues towards a full public consultation on the framework for a new set of rules.”
37	Employee Benefits and Expenses second report, page 65	Alignment of the underlying definitions of income and expenses for income tax and NICs. This means aligning the bases on which income tax and NICs are calculated, such that the basis for charging NICs should replicate as far as possible that for income tax.	Partly	No	HMRC Update: “In 2011 and 2012 the Government conducted detailed and extensive work with stakeholders regarding the operational integration of income tax and NICs. The outcome of this engagement was to wait until further progress with existing, planned changes to PAYE were made before proceeding with this work.” “Autumn Statement 2012 announced that the Government will wait for further progress on planned operational changes to the tax system before formally consulting on integrating the operation of income tax and National Insurance contributions”
38	Employee Benefits and Expenses second report, page 65	The process should also look properly at the arguments for moving NICs onto an annual, cumulative basis.		No	HMRC Update: “In response to the OTS recommendation in its review of the Competitiveness of UK tax administration where the OTS recommended that Income Tax and National Insurance should be harmonised and integrated as far as possible, the Government said at AS14 that it would consider the recommendation.”
39	Employee Benefits and Expenses second report, page 65	Explore further the case for applying Class 1 NICs to all employee remuneration (whether cash or benefits in kind).		No	

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					HMRC Update: “The detailed and extensive work the Government has done shows that this is a large and complex reform and it appreciates that employers continue to adjust to a number of tax reforms that have already been set out. However, in line with the OTS recommendation, the Government has announced at Budget 2015 the abolition of Class 2 NICs over the next parliament, bringing the NICs and income tax treatment of the self-employed closer together.”
40	Employee Benefits and Expenses final report, page 9	The most basic accommodation should be taken out of a tax charge entirely.	Under review	No	HMRC update: “HMRC are grateful for the OTS review of and recommendations relating to the area of accommodation benefits. HMRC are actively considering the options for possible reform of this area of tax policy.”
41	Employee Benefits and Expenses final report, page 29	The existing accommodation exemptions should be reformulated to distinguish between what is a ‘perk’ and what is needed to get the job done.	Under review	No	
42	Employee Benefits and Expenses final report, page 32	Introduce the use of open market rental value to tax all non-exempt accommodation, and apply an index to the value for say 5 years or (preferably)	Under review	No	

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		say the valuation is only required every 5 years.			
43	Employee Benefits and Expenses final report, page 21	Abolish the “customary test” for accommodation benefits.	Under Review	No	
44	Employee Benefits and Expenses final report, page 42	A new income tax relief should be available instead of the £30,000 exemption under s 403 ITEPA 2003. This relief should only be available in cases of statutory redundancy. Under this new relief, the level of the exemption should be a multiple of the statutory redundancy payment that the individual is entitled to (or alternately a flat amount).	Under review	No	HMRC update: “HMRC are grateful for the OTS review of and recommendations relating to termination payments. HMRC will carefully consider the recommendations for the possible reform of this area of tax policy and will announce and consult on how we intend to take this work forward in due course.”
45	Employee Benefits and Expenses final report, page 52	A review of whether there should be a reform to the NICs treatment, so that the treatment of income tax and NICs are better aligned.	Under review	No	HMRC update: “HMRC are grateful for the OTS review of and recommendations relating to termination payments. HMRC will carefully consider the recommendations for the possible reform of this area of tax policy and will announce and consult on how we intend to take this work forward in due course.”
46	Penalties report, page 14	Where people are consistently below the tax threshold, over retirement age and can confirm that	Under Review	No	HMRC update: “The government, at Budget 2015, made a major announcement on its plans to modernise tax administration. It set out its

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		their circumstances will not change, they are removed from the SA register.			intention to transform how individuals and small businesses engage with the tax system over the next parliament, with every taxpayer able to manage their tax affairs through their digital account. It will mean the end of the tax return for millions of individuals (including many pensioners). Small businesses will only have to provide information once, be able to link their accounting software to their digital account, and if they wish they will be able to pay as they go so that it will feel like paying one tax. It also means that those who use the cash basis introduced following the OTS small business review will not have to do an end-of year tax return at all (around a million small businesses used the cash basis in its first year of operation in 2013-14).”
47	Penalties report, page 25	Harmonise VAT penalties for late filing/payment with other taxes by extending Sch 55 and 56 FA09 to VAT.	Under Review	No	HMRC update: “Future VAT late filing/payment penalties will be developed through the new HMRC penalty consultation.”
48	Competitiveness report, pages 28-35, 38	Carry out a review of CT and IT profit calculations to: a) align tax profits with accounting profits,	Consider	No	HMRC update: “As set out in a letter from the FST to the OTS at Autumn Statement 2014, these proposals would be major undertakings with wide-ranging impacts on businesses and Exchequer revenue. The Government has carried out an initial

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		b) replace capital allowances with depreciation c) reform corporate Chargeable Gains	Consider Consider		assessment of the recommendations, and established areas to be considered in the next parliament, subject to Ministers' priorities: <ul style="list-style-type: none"> the impact of proposals on the Exchequer, and the impact on business in terms of administrative and fiscal burdens; whether reforms improve or weaken the system's resilience to, and deterrence of, tax avoidance. how proposals accord with changes arising from the OECD Base Erosion and Profit Shifting project, which is due to conclude in December 2015; the timing of potential reforms. For example in his Budget speech the Chancellor said in reference to the long-term future of the AIA, 'a better time to address this issue is in the Autumn Statement.' what kind of transition period, transitional arrangements and support mechanisms would be required for each proposal."
49	Competitiveness report, page 28	Remove trading/investment distinction and tax businesses on overall business profits. Review case for removing loss streaming rules.	Consider	No	
50	Competitiveness report, pages 39,40	Review debt cap and UK-UK transfer pricing rules and simplify, especially for mid-sized businesses.	Consider	No	
51	Competitiveness report, pages 44-46	Give greater certainty over categorisation of supplies through rulings and clearer boundaries.	Yes	No	HMRC update "Pilot project to test proof of concept on use of IT tool to develop improved interactive guidance for customers in targeted areas

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					of Indirect Tax. Project to report internally by 30/6/15.”
52	Competitiveness report, page 54	Conduct a post-implementation review of RTI, and simplify for small employers. This should have particular regard to ‘on or before’.	Yes	No	HMRC update: “HMRC is in the process of formulating the terms of reference for the RTI Post Implementation Review (PIR). PIR's usually take place 6-18 months after Programme closure. However, given the current 'on or before' relaxation for existing micro employers is due to end on 5 April 2016 we will be reviewing this aspect on a shorter timescale and have already commenced further qualitative customer research with micro employers who currently use the temporary easement.”
53	Competitiveness report, page 57	Short-term business visitors to the UK: Extend PAYE easement to all visitors and improve admin processes.	Consider	No	<p>HMRC update: “HMRC met with CIOT on 26 January 2015 to discuss the STBV issue. A proposal is being formalised for Solicitors’ legal opinion and then for subsequent consideration by the PAYE Management Board.</p> <p>DWP Jobcentre Plus are responsible for allocating NINOs to adults coming to the UK to work. Third Country Nationals (i.e. non EEA nationals who have a valid right to work visa) are already able to apply for a NINo by post, with no requirement for a face to face interview providing their identity and right to work in the UK can be assured by DWP checks against Home Office visa data. HMRC</p>

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					officials are working with DWP officials to develop a process for qualifying Senior Executive EEA national incoming staff. We have jointly agreed broad policy principles and DWP NINo Policy colleagues are, with our assistance, working up a suitable process with their delivery arm. They aim to have this functioning within six months.”
54	Competitiveness report, pages 62-65	Provide greater certainty to businesses by better customer service, specifically: <ul style="list-style-type: none"> a) Extend CRM model to more businesses b) Continue to develop mid-sized business service c) Increase certainty for small businesses, especially around VAT. 	No Consider Yes	No	HMRC update: “a) HMRC do not consider the CRM model to be appropriate to all customer groups. As announced in Autumn Statement 2014, HMRC is testing a new approach to supporting mid-size businesses for formal launch in 2015. b) HMRC is currently running a series of test and learn pilots looking at how to better serve mid-size businesses. This includes an email contact route to tax specialist support and an offer to 100 of the fastest growing businesses within Mid-size, announced in AS14 and started on 10 March. The outcomes of these pilot and other work/workshops will be used to continue to develop our support for mid-size business. Our developments will be based on customer insight and needs and we will expand the support we offer ensuring a sustainable service that we and the tax payer can afford.

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					c) HMRC understands the importance of helping small businesses get their tax affairs right first time, across all taxes not just VAT. Our investment into digital services such as Your Tax Account and the Agent Online Self Service will help to increase certainty by providing small businesses with a more personalised service and support. Pilot project to test proof of concept on use of IT tool to develop improved interactive guidance for customers in targeted areas of Indirect Tax. Project to report internally by 30/6/15.”
55	Competitiveness report, pages 63-65	Provide more assistance to businesses by: <ul style="list-style-type: none"> a) Reducing telephone waiting times b) Better training for contact centre staff c) Greater use of email. 	Yes Yes Yes	No	HMRC update: “a) HMRC handles around 50 million calls a year and we know that some of our customers struggle to get through on our helplines at very busy time. We are working very hard to improve the service we provide. This work includes reducing demand, opening new channels for customers, introducing new technology and making changes to the way we work. We have introduced major changes to the way we handle calls including introducing a new cloud-based telephony system which improves how we route calls to our Contact Centre Advisers. We regularly move extra people on to the phones when more customers are calling us and are also recruiting more people from next month, in locations where we have the right technology and on shift patterns where they will be available

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					<p>when many of our customers choose to call us - evenings and on Saturdays. We have also increased the range of queries that can be handled by our Contact Centre Advisers without reference to our back office (Once and Done). For example, amongst other changes, Contact Centre staff can now; handle in-year unemployment repayment claims including issuing the repayment; set non-business customers up in SA; handle many appeals and carry out "in-date" SA Return amendments, all from information provided over the telephone This saves customers time and money as they should only have to contact us once. We estimate this will resolve approximately 1 million Taxes calls per year. The Once and Done approach has been applied to a wide range of business areas, including Personal Taxes, Employers (via the Employer Helpline), National Insurance and the Construction Industry Scheme, with plans to extend it to our VAT, Excise and Corporation Tax customers soon. We are also improving the digital services we offer so that more customers can find all they need online, publishing answers to many of the questions that customers telephone us about on our Gov.UK pages.</p> <p>b) We have trained 6,500 staff to use the new telephony platform and some staff are now undertaking wider training to further enhance their ability to cover other Helplines, increasing their wider knowledge of HMRC. This will improve the</p>

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					<p>service capability in the medium term. Additionally the "Intelligent Telephony Automation" (ITA) within our telephony platform directs customers to the correct advisers when they dial in and tell us what they want to talk about. We are planning to train up to an additional 2,000 people from across HMRC to enable us to deal quickly with Tax Credits renewals this summer.</p> <p>c) Secure email - The ambition is that within 15/16 we will extend the existing Digital SA messaging service across all BT regimes, this will enable us to notify customers that a message is waiting for them in their mailbox to read, and in some cases take further action. This is a first step towards secure two way email. This work and user need research balanced against our delivery priorities and business readiness will help inform our decisions on where and when we should commence secure two way email. As part of this we will also be considering how best to offer this service to the Agent community.”</p>
56	Competitiveness report, page 72	Consider creating a single tax account so smaller businesses can make regular payments of all taxes.	Yes	No	HMRC update: “This recommendation has been incorporated into the Government's vision to modernise the tax system. As announced at Budget, small businesses will have the option to pay as they go, to help them manage their tax flow.”
57	Employment status report, page 46	There should be a joint review between HMRC,	Consider	No	HMRC update: “The Government welcomes the OTS review on Employment Status published on 3

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		HM Treasury, DWP and BIS into an agreed code of principles on employment status and better guidance for individuals.			March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
58	Employment status report, page 96	Government should consider a statutory employment test.	Consider	No	
59	Employment status report, page 105	There should be a study into the alignment of tax and NICs payments and benefits across the employed and self-employed.	Consider	No	
60	Employment status report, page 119	A wider withholding tax for payments to the non-employed should be explored.	Consider	No	

Part 2: Other formal recommendations

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
61	Tax Reliefs – interim report, page 18	Tax relief for players in the 2011 UEFA Champions League Final – abolish relief once event is past, and evaluate success.	No	No	HMRC update: “FA 2012 introduced a similar relief for the 2013 Champions League Final without a sunset clause.”
62	Tax Reliefs – interim report, page 19	Income tax relief for repair and maintenance of work equipment – introduce a single flat rate instead of 34 different rates, and extend to other industries.	No	No	HMRC update: “Aspects covered by the OTS Employee Benefits & Expenses review which will cover Flat Rate Expenses.”
63	Tax Reliefs – interim report, page 20	VAT and charities – revise and clarify HMRC guidance.	No	No	HMRC update: “In response to the OTS VAT recommendation in its review of the Competitiveness of UK tax administration where the OTS recommended that HMRC should look for ways of giving greater certainty over the categorisation of supplies both in terms of rulings and boundary issues, and that there needed to be better guidance around property transactions, particularly aimed at smaller businesses, the Government said at AS14 that it would accept the recommendations.”
64	Tax Reliefs – interim report, page 22	Gift aid – simplify claims process for charities.	Yes	Yes	HMRC update: “Budget 2011 introduced a simplification package, including an extension of Gift aid to small cash donations.”
65	Tax Reliefs - interim report, page 23	Lease premium relief – review the tax regime	No	No	

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		covering leases, simplify to follow accounting treatment for lessors and lessees. (Also see page 23 of final report)			
66	Tax Reliefs – interim report, page 26	Capital allowances for energy and water efficient technologies – review relief and simplify list of qualifying assets. (Also see page 20 of final report)	Yes	Partly	HMRC update: “List of technologies covered by the scheme was amended and updated following DECC’s annual review in 2011.”
67	Tax Reliefs – interim report, page 29	Research and development relief – simplify rules and administration.	Yes	Yes	HMRC update: “Following the June 2010 Budget announcement, a Government consultation was launched in November 2010, resulting in a Budget 2011 announcement that introduced a simplification package. FA13 introduced a further simplification of an “above the line” R&D credit.”
68	Tax Reliefs – interim report, page 31	Late night taxis - abolish income tax exemption from employee benefit charge. (see also page 25 of final report)	No	No	HMRC update: “Rejected by Government following consultation in 2011.”
69	Tax Reliefs – interim report, page 33	Vaccine research relief – abolish.	Partly	Partly	HMRC update: “Abolished for SMEs in FA 2012.”
70	Tax Reliefs – interim report, page 34	Millennium Gift Aid – abolish. (see also page 30 of final report)	Yes	Yes	HMRC update: “Abolished in Finance Act 2011.”
71	Tax Reliefs – interim report, page 34	NSB ordinary account interest - abolish income tax exemption for first £70. (see also page 30 of final report)	Yes	Yes	HMRC update: “Abolished in Finance Act 2011.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
72	Tax Reliefs – interim report, page 36	Luncheon vouchers - abolish income tax relief for 15p daily vouchers. (see also page 25 of final report)	Yes	Yes	HMRC update: “In FA 2012. Corresponding NICs exemption removed by regulations.”
73	Tax Reliefs – final report, page 19	Enterprise investment scheme – HMRC to clarify qualifying conditions and introduce electronic certification.	Yes	Partly	HMRC update: “Budget 2011 announced a consultation on simplifying the EIS rules.”
74	Tax Reliefs – final report, page 20	Venture capital trusts – simplify guidance on qualifying conditions, using flowcharts or checklists.	No	No	
75	Tax Reliefs – final report, page 20	Venture capital trusts – align time limits and conditions of EIS and VCT schemes.	No	No	
76	Tax Reliefs – final report, page 20	Capital gains tax, entrepreneurs’ relief – simplify guidance on qualifying conditions, using flowcharts or checklists.	No	No	
77	Tax Reliefs – final report, page 20	Capital gains tax, entrepreneurs’ relief – align conditions for shares and other assets.	Partly	Partly	HMRC update: “Autumn Statement 2012 announced that entrepreneurs’ relief would be extended to EMI shares.”
78	Tax Reliefs – final report, page 20	Capital allowances – leave the annual investment allowance (AIA) limit unchanged for a number of years, then possibly increase with inflation.	No	No	HMRC update: “From April 2014, AIA for Corporation Tax and Income Tax has been set at £500,000 per year up to 31 December 2015. It will return to £25,000 from 1 January 2016.”

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79	Tax Reliefs – final report, page 21	Corporation tax – abolish shadow advance corporation tax and surplus ACT.	No	No	
80	Tax Reliefs – final report, page 21	Corporation tax – simplify relief for company purchase of own shares, for example by using a simple online questionnaire or by publishing case studies.	No	No	
81	Tax Reliefs – final report, page 21	Corporation tax relief for demergers – simplify guidance by using a checklist or flowchart, and case studies.	No	No	
82	Tax Reliefs – final report, page 22	Capital gains tax – simplify principal private residence relief, especially the qualifying conditions.	No	No	
83	Tax Reliefs – final report, page 22	Capital gains tax – increase chattels exemption from £6,000 to £12,000.	No	No	
84	Tax Reliefs – final report, page 22	Seafarers’ earnings deduction – make dependent on work performed and clarify types of qualifying vessel.	No	No	
85	Tax Reliefs – final report, page 22	Real estate investment trusts – simplify legislation and guidance.	Partly	Partly	HMRC update: “FA 2013 introduced legislation to allow a REIT to treat income from another UK REIT as tax exempt, and the Government is considering including REITs in the definition of “institutional investor”.”

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86	Tax Reliefs – final report, page 25	Cycle to work days – abolish relief for provision of meals.	Yes	Yes	HMRC update: “Consultation in 2011, abolished in FA 2012.”
87	Tax Reliefs – final report, page 25	Trade union subscriptions – abolish relief for life assurance element of subscriptions.	No	No	HMRC update: “Chancellor decided not to accept recommendation.”
88	Tax Reliefs – final report, page 25	Police organisations - abolish relief for life assurance element of subscriptions.	No	No	HMRC update: “Chancellor decided not to accept recommendation.”
89	Tax Reliefs – final report, page 25	Miners’ coal and allowances in lieu of coal – abolish relief.	No	No	HMRC update: “Chancellor decided not to accept recommendation.”
90	Tax Reliefs – final report, page 25	Divers and diving supervisors – abolish special tax regime.	No	No	HMRC update: “Chancellor decided not to accept recommendation.”
91	Tax Reliefs – final report, page 26	NIC exemption for rewards for assistance with lost credit cards – abolish.	No	No	HMRC update: “Retained after 2011 consultation.”
92	Tax Reliefs – final report, page 26	NIC exemption for welfare counselling – abolish.	No	No	HMRC update: “Chancellor decided not to accept recommendation.”
93	Tax Reliefs – final report, page 26	NIC exemption for students and apprentices coming to the UK – abolish.	Yes	Yes	HMRC update: “Regulations in 2012.”
94	Tax Reliefs – final report, page 26	NIC relief for contracted out occupational pension schemes – abolish.	Partly (overtaken by wider changes)	Partly	HMRC update: “Pension reform withdrew this relief from 2012 for all but defined benefit schemes.”
95	Tax Reliefs – final report, page 26	Capital allowances – abolish 100% relief for renovation of business premises.	No	No	
96	Tax Reliefs – final report, page 26	Capital allowances – abolish flat conversion allowances.	Yes	Yes	HMRC update: “In FA 2012.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
97	Tax Reliefs – final report, page 26	Contaminated land relief – abolish.	No	No	HMRC update: “Retained after 2011 consultation though subsequently being tightened following cases of apparent abuse of the relief.”
98	Tax Reliefs – final report, page 26	Tax reserve certificates – abolish scheme.	Yes	Yes	HMRC update: “In FA 2012.”
99	Tax Reliefs – final report, page 27	Blind person’s allowance – abolish and replace with a grant scheme.	No	No	OTS - Raised again in pensioner taxation review. Chancellor decided not to accept the recommendation.
100	Tax Reliefs – final report, page 27	Capital gains tax – abolish exemption for compensation for mis-sold pensions.	No	No	HMRC update: “Retained following Government consultation in 2011.”
101	Tax Reliefs – final report, page 27	Stamp duty – abolish reduced rate for company acquisitions.	Yes	Yes	HMRC update: “In FA 2012.”
102	Tax Reliefs – final report, page 27	Stamp duty – abolish relief for leases granted by social landlords.	Yes	Yes	HMRC update: “In FA 2012.”
103	Tax Reliefs – final report, page 27	Stamp duty – abolish relief for transfers to social landlords.	Yes	Yes	HMRC update: “In FA 2012.”
104	Tax Reliefs – final report, page 27	Stamp duty disadvantaged area relief – abolish.	Partly	Partly	HMRC update: “FA 2012 abolished for residential properties. Relief continues for non-residential properties in relation to contracts entered into before 17 March 2005.”
105	Tax Reliefs – final report, page 28	Stamp duty - abolish relief for shared ownership schemes.	Yes	Yes	HMRC update: “In FA 2012.”
106	Tax Reliefs – final report, page 28	Stamp duty – abolish relief for visiting forces and Allied HQs.	Yes	Yes	HMRC update: “In FA 2012.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
107	Tax Reliefs – final report, page 28	Stamp duty – abolish £5 fixed duty exemption for certain instruments.	Yes	Yes	HMRC update: “In FA 2012.”
108	Tax Reliefs – final report, page 28	Stamp duty – abolish relief for instruments relating to National Savings.	Yes	Yes	HMRC update: “Abolished in Finance Act 2011.”
109	Tax Reliefs – final report, page 28	NIC – abolish special relief for mariners who are sick overseas.	Yes	Yes	HMRC update: “Repealed by regulations with effect from 6 April 2012.”
110	Tax Reliefs – final report, page 28	Stamp duty – abolish exemption for certain assignments by seamen.	Yes	Yes	HMRC update: “Abolished in Finance Act 2011.”
111	Tax Reliefs – final report, page 28	Stamp duty – abolish exemption for transfers in relation to ships.	Yes	Yes	HMRC update: “Abolished in Finance Act 2011.”
112	Tax Reliefs – final report, page 28	Capital allowances – abolish special allowances for safety at sports grounds.	Yes	Yes	HMRC update: “In FA 2012.”
113	Tax Reliefs – final report, page 29	Life assurance premium relief – abolish.	Yes	Yes	HMRC update: “In FA 2012 with effect from 6 April 2015.”
114	Tax Reliefs – final report, page 29	Life assurance premiums paid by employers under E-FRBS. Abolish.	Yes	Yes	HMRC update: “In FA 2012 with effect from 6 April 2015.”
115	Tax Reliefs – final report, page 29	Income tax relief for payments for the benefit of family members – abolish.	Yes	Yes	HMRC update: “Abolished in FA 2012.”
116	Tax Reliefs – final report, page 29	Income tax relief to allow spreading of income of creative artists – abolish	No	No	Chancellor decided not to accept the recommendation.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
117	Tax Reliefs – final report, page 29	Excise duty exemption for Angostura bitters – abolish.	Yes	Yes	HMRC update: “Abolished in FA 2012 after consultation in 2011.”
118	Tax Reliefs – final report, page 29	Excise duty exemption for black beer – abolish.	Yes	Yes	HMRC update: “Abolished in FA 2012 after consultation in 2011.”
119	Tax Reliefs – final report, page 29	Community investment tax relief – abolish.	No	No	HMRC update: “Retained after consultation in 2011.”
120	Tax Reliefs – final report, page 29	Charities – abolish transitional relief on distributions.	Yes	Yes	HMRC update: “Abolished in FA 2011.”
121	Tax Reliefs – final report, page 30	Payroll giving – abolish 10% supplement.	Yes	Yes	HMRC update: “Abolished in FA 2011.”
122	Tax Reliefs – final report, page 30	NIC – abolish class 1A exemption for employee relocations before 6 April 1998.	Yes	Yes	HMRC update: “Repealed by regulations with effect from 6 April 2012.”
123	Tax Reliefs – final report, page 30	NIC – abolish loss relief for losses incurred before 1990/91.	Yes	Yes	HMRC update: “Repealed by 2013 NICs Act.”
124	Small business tax review – interim report, page 28	Explore potential for HMRC to offer a rulings service in complex areas, such as employment status.	Partly	Partly	HMRC update: “A rulings system is already in place where the tax treatment is uncertain, but this is not widely known and not promulgated by HMRC. See OTS small business tax review – final report on HMRC administration, page 32. HMRC offers an online employment status indicator tool but the recommendation stemmed from businesses finding this did not deliver answers in all cases.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
125	Small business tax review – interim report, page 28	HMRC to improve standard and consistency of advice to small businesses.	Yes	Yes	HMRC update: “HMRC ² has improved quality of advice and guidance to small businesses and the range of channels by which it is made available (e.g., introduction of webinars, facilitating customers self-identification of areas of interest). HMRC is training staff dealing with SMEs to understand small businesses, particularly in terms of the commercial challenges they face in running a business. That helps HMRC better understand where tax sits in terms of relative priorities for many SMEs – dealing with it is a necessity, but one that competes with other demands. HMRC’s externally accredited tax training includes built-in scenarios that look at business decisions from the business’s perspective, which help staff to better understand issues from the business’s point of view. HMRC also continues to invest in staff professional and technical training.”
126	Small business tax review – interim report, page 28	HMRC to publicise areas of compliance risk they focus on with small businesses.	Yes	Yes	HMRC update: “HMRC considers how best to maximise the deterrent effect of compliance activity through appropriate publicity. Local taskforces are a particularly effective way of doing this, and HMRC has increased the

² Many of the recommendations in the Small Business tax reports – or in some cases, alternative measures based on the same underlying principles – have been progressed by HMRC in our Easier, Quicker and Simpler programme for supporting small business. The main elements of EQS include: improving our support offering (for example, with an email service, webinars and integrated business tax account – YTA), implementing simpler tax rules, reducing tax compliance cost and improving the quality of HMRC services. We have referenced in the text where a recommendation or principle was progressed through the medium of the EQS programme.

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					number of local taskforces aimed at high risk sectors. By working more closely with trade associations, agents and other tax professionals, we have further increased the visibility of both our approach to compliance and specific high-risk activity”.
127	Small business tax review – interim report, page 28	HMRC to place more reliance on agents.	Partly	Partly	<p>HMRC update: “HMRC has introduced a new Agent Strategy which explicitly recognises the key role agents play in supporting a high level of compliance among business customers. We work closely with agents and their representative bodies to identify practical ways to improve our joint work. HMRC will explore the potential to take the quality of agent work into consideration in risk assessment.”</p> <p>OTS - The OTS recommendation was in terms of HMRC actually relying more on the work already done by agents rather than redoing or ignoring it in risk-assessments. The Tax Agent Strategy may get there but so far has taken quite a while to make minimal progress in this direction.</p>
128	Small business tax review – interim report, page 28	HMRC to be more accountable where it has behaved unreasonably.	Yes	Yes	HMRC update: “HMRC has modernised and enhanced its internal complaints handling procedures. Advice to customers on how to complain has been given more prominence. A concerted effort has been made to reduce the frequency of justified complaints, to improve

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					<p>the speed, quality and responsiveness of complaints handling (including consideration of more ways of providing redress), and to institutionalise a lessons learned process through the entire department. This work is in progress and further improvements are expected over time.”</p> <p>OTS - The OTS acknowledges all of the above but our point was that HMRC should be readier to acknowledge its fault and have a better way of giving redress. There is more prominence given to ‘How to Complain’ and Charter behaviours are making progress.</p>
129	Small business tax review – interim report, page 28	Examine scope for faster working of enquiries within a set timescale.	Yes	Yes	HMRC update: “HMRC has introduced standard working processes to provide a clearer and more transparent and consistent approach to customers on enquiries, and in particular to ensure a clearer understanding of the basis of any enquiry. These give a clearer view of how long the compliance check will take to complete.”
130	Small business tax review – interim report, page 29	Class 2 NIC – assess and collect class 2 NIC through the self-assessment return.	Yes	Partly	HMRC update: “In line with the OTS recommendation, the Government has announced at Budget 2015 the abolition of class 2 NICs over the next parliament, bringing the NICs and income tax treatment of the self-employed closer together.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
131	Small business tax review – interim report, page 35	Capital allowances - consider allowing a small business to split a purchase over 2 years to take advantage of the annual investment allowance (AIA).	No	No	HMRC update: “From April 2014, AIA for Corporation Tax and Income Tax has been set at £500,000 per year up to 31 December 2015. It will return to £25,000 from 1 January 2016.”
132	Small business tax - final report, a simpler income tax, page 6, 38	Consider introducing flat rates for meals and subsistence, and improve guidance.	No	No	OTS - Flat rates idea not accepted. HMRC update: “HMRC will review current guidance to give more certainty to business.”
133	Small business tax - final report, a simpler income tax, page 6, 38	Introduce flat rate allowances for laundry costs – as for employees.	No	No	HMRC update: “The ‘use of home as office’ flat rate includes laundry costs and will provide greater certainty for some businesses.” As noted above (see 10) the ‘use of home’ has been expanded by HMRC to incorporate things that the OTS saw as separate or additional. The result is a flat allowance that is too low in the view of commentators.
134	Small business tax - final report, a simpler income tax, page 6, 38	Allow estimates or flat rates for small amounts of postage or stationery.	Yes	Yes	HMRC update: “Where used for business and personal use, HMRC will accept alternative apportioning methods and provide guidance to give more certainty to business.”
135	Small business tax – final report, disincorporation relief, page 20	HMRC should actively market the new relief to eligible companies.	No	No	HMRC update: “Technical guidance has been issued in HMRC’s manuals for those claiming disincorporation relief.”

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					OTS - This does not meet the OTS recommendation for active marketing of the relief.
136	Small business tax – final report, disincorporation relief, page 20	A joint working group should be set up between HMRC and Companies House to introduce a simpler one-stop process to carry out the dissolution and disincorporation of a company.	No	No	OTS - OTS saw this as an important feature of making the process simple.
137	Small business tax – final report, HMRC administration, page 18-19	Provide proactive guidance, tips and tools to new small businesses, including those without internet skills.	Yes	Yes	HMRC update: “HMRC’s digital service platform is being rolled out, comprising an integrated suite of support offerings: guidance, webinars, YouTube videos etc., and providing a more targeted and proactive customer support offering. Targeted messages (outbound e-mails) are sent to newly-registered businesses, to draw their attention to relevant tax issues and also to other avenues of Government support for small business (e.g., broadband vouchers). New businesses can subscribe for advice on specific topics (e.g., tax implications of exporting or employing staff). While the majority of customers can take advantage of the growing variety and depth offered by the digital service, a small minority of customers cannot, and a new Needs Enhanced service has been introduced to provide additional tailored

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					support to customers who meet its criteria. HMRC will continue to improve the quality and targeting of guidance and advice, as an essential part of its customer-facing strategy.”
138	Small business tax – final report, HMRC administration, page 27	Introduce two way email communication between businesses and HMRC, with response times within a set timeframe.	Partly	Partly	HMRC update: “As part of its programme of making tax easier, quicker and simpler for small business, HMRC has expanded the range of contact opportunities, including offering structured enquiry forms submitted by email (e.g., for VAT enquiries) and two way email contact where security issues are not present. Further improvements will be necessary to meet growing customer expectations. HMRC is considering how best to exploit the two way communications potential of our small business digital tax platform, Your Tax Account, including how to manage identity assurance issues and how to apply this thinking in future digital agent offerings.”
139	Small business tax – final report, HMRC administration, page 22-23	Introduce targeted and personalised updates on tax changes and on relevant events in the annual tax calendar, by email or otherwise.	Yes	Yes	HMRC update: “HMRC’s small business digital tax platform, Your Tax Account, is providing customers with personalised and targeted updates. The reach of this service will increase as roll out proceeds. The effectiveness of targeting will improve as more information is gathered on customer preferences and as HMRC improves service functionality”.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
140	Small business tax – final report, HMRC administration, page 24-25	Extend the current initiatives on tailored support through intermediaries and encourage more trade bodies to sign up.	Yes	Yes	HMRC update: “This activity is a key contributor to greater customer awareness and improved compliance. HMRC has extended its offering and increased the number of partnering organisations with which it works, and we are working with 2,000 organisations (1,000 of these on a regular basis)”.
141	Small business tax – final report, HMRC administration, page 33	Facilitate reallocation of tax payments, for example through structured emails.	Partly	Partly	<p>HMRC update: “HMRC’s small business digital tax platform, Your Tax Account, improves the visibility of liabilities and the payment options available to small business customers. The functionality necessary for routine reallocation of tax payments is being explored and work is already underway to develop a single financial account (SFA) as part of HMRC’s digital strategy. SFA will place our digital account service on a par with the service which customers currently get from high street banks.</p> <p>This is a considerable piece of work, requiring a wider look at HMRC back-end systems, procedures and policies to enable a more flexible approach to the way we administer taxes in terms of due dates, payment plans and alignment of penalties and interest. However, the prize is a truly integrated tax account that would eliminate the need for manual set-offs and reallocations of payments across tax accounts”.</p>

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
142	Small business tax – final report, HMRC administration, page 32	Improve awareness of the business clearance facility and clarify when small businesses can use it.	Yes	Yes	<p>HMRC update: “We revamped the HMRC clearance or approval landing page in 2013, which sign posts customers to available clearance and approval routes. We will continue to work with stakeholders on how best to publicise and target these. Now that VAT content has gone live on GOV.UK we will continue to work with stakeholders on signposting/advertising clearance services.”</p>
143	Small business tax – final report, HMRC administration, page 31, 38	Extend business clearances to improve coverage of VAT questions and incorporate written confirmation of rulings. Improve guidance to small business on international VAT issues.	Yes	Yes	<p>HMRC update: “VAT questions are included within the clearance process. There is guidance available that helps businesses to get answers from HMRC: http://www.hmrc.gov.uk/vat/managing/problems/getting-answers.htm and http://www.hmrc.gov.uk/pdfs/info-hmrc.htm. We are working with the Clearances sub-group of the Joint VAT Consultative Committee (JVCC) to improve the checklist (‘Annex A’) that helps businesses to fully and accurately complete a clearance request. A structured email template could work and we will explore this further with the JVCC sub-group.</p> <p>HMRC aim to make our guidance as clear and supportive as practical. We acknowledge that information could be more helpful to SMEs who may be unfamiliar with cross-border</p>

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					<p>VAT matters. In consultation with BIS, we will consider whether any interim improvements can be made, or any other guidance provided.</p> <p>In June 2014, the UK gained the agreement of EU Ministers that the European Commission should develop an EU Web portal to give businesses easy access to key information about VAT requirements in each Member State (e.g. VAT registration thresholds, VAT rates, invoicing rules etc.). The EU Commission is considering how to take this forward and the UK will continue to actively support.</p> <p>In addition, by 1 January 2015 the VAT Mini-One Stop Shop (MOSS) will enable businesses making cross-border Business to Consumer supplies of telecoms, broadcasting and e-services (such as website supplies, computer software, DVDs etc.) to register and account for VAT on all cross-border supplies in just one Member State – greatly simplifying their VAT affairs. HMRC will publish further information about the VAT MOSS and engage with small businesses and their representatives on implementation issues”.</p>

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					This is another issue that the OTS found troubled many small businesses. We acknowledge the progress made but it would be sensible to assess whether it has met businesses' needs post-2015.
144	Small business tax – final report, HMRC administration, page 29	Improve language and tone of forms, letters and statements to make them easier to understand, more taxpayer focussed and less confrontational.	Yes	Yes	HMRC update: “As part of our programme of making tax easier, quicker and simpler for small business, and consistent with our objective of putting the customer at the heart of everything we do, HMRC has taken steps to ensure consistent and more taxpayer-focused language is used in new standard communications. At the same time, a rolling programme based on the same criteria is underway to review and improve the quality of existing standard letters and forms. Behavioural insights have been deployed in some instances, improving outcomes for both customers and HMRC”.
145	Small business tax – final report, HMRC administration, page 34	Change the VAT registration procedure to allow a choice of stagger date and immediate use of the flat rate scheme.	Yes	Yes	HMRC update: “From November 2012, businesses have been able to register for VAT through the Online Tax Registration Service and, as part of this, to request an appropriate staggered accounting period and apply to use the Flat Rate Scheme”.
146	Small business tax – final report, HMRC administration, page 19,20	Improve HMRC website, including search function, better “What’s New” page by subject and better FAQ.	Yes	Partly	HMRC update: “HMRC is completing the transition of its website to the GOV.UK domain. The structure and accessibility of guidance (including more ‘How do I ? guidance), and the functionality of search

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					have been improved as part of this process. We will improve further as we integrate the support offering more closely with our small business digital tax platform, Your Tax Account”.
147	Small business tax – final report, HMRC administration, page 18-19	Introduce better tax training for new businesses including panels, forums, webinars and workshops, and use these to educate people who make errors. Introduce a worksheet to help businesses to claim relevant expenses.	Yes	Yes	HMRC update: “HMRC has introduced better tax training for customers as part of its new help and support offering, and we are using our email service to raise customer awareness of the opportunities available. These include workshops, webinars and YouTube videos”.
148	Small business tax – final report, HMRC administration, page 30	Send email notifications to agents when correspondence is issued to their clients.	Yes	Yes	<p>HMRC update: “HMRC has agreed a Statement of Practice through Joint Initiative on Service Delivery (JISD):</p> <p>HMRC contact with represented customers and their paid agents: guidance. We have always recognised the valuable role that agents perform in the tax system, helping some 8 million individuals and businesses to file returns and pay taxes. This guidance is about contact between HMRC, represented customers and their agents, and sets out high level principles to bear in mind, especially when issuing nudge/campaign type communications.</p> <p>Guiding principles</p>

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					<p>HMRC's primary relationship is with the customer and therefore HMRC will always communicate direct with the customer. Once HMRC is fully digital, all communications to customers will be capable of being copied to both the customer and their agent.</p> <p>In the meantime, those issuing non-routine correspondence to represented customers should consider the following:</p> <ul style="list-style-type: none"> • normally copy the communication to the agent, unless there are good reasons why that would not be appropriate; • consider whether advising the professional bodies/VCS about a campaign/nudge project might help deliver results more effectively (by enabling them to alert their members to be ready to help their clients respond); • let the customer know if you have not advised their agent about the contact (so that they can decide to do so if they wish). <p>This guidance does not change existing ways of working (for example, (i) in enquiry cases where, after the opening letter, further correspondence is usually with the agent, and (ii) correspondence in relation to technical</p>

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					matters where HMRC's practice is usually to correspond with the agent only)".
149	Small business tax – final report, HMRC administration, page 34	Remove the need for businesses to submit nil PAYE returns.	No	No	<p>HMRC update: "It is important for employers who have registered for PAYE to tell us when they don't have a tax liability to report, as the system is largely automated and unless told otherwise we will expect an EPS and payment. Employers who don't pay anyone in a tax month should complete an EPS and submit it before the 19th of the tax month following. Employers can also use this form to tell us about longer periods of inactivity (of up to 12 months) and so avoid having to complete an EPS every month".</p> <p>The matter was considered further by the OTS in its review of employee benefits and expenses. It remains an issue for many small businesses & contributed to our call for a full review of RTI (see 52).</p>
150	Small business tax – final report, HMRC administration, page 30	Improve tracking of correspondence and introduce facilities to view more correspondence online.	Yes	Yes	HMRC update: "HMRC has launched a service to digitally scan incoming post, providing an on-screen view of customer correspondence, and intends to roll this out across business areas".
151	Small business tax – final report, HMRC administration, page 35	Overhaul payment of tax screens to make them easier to understand.	Yes	Yes	HMRC update: "HMRC's small business digital tax platform, Your Tax Account, improves the visibility of liabilities and the payment options available to small business customers".

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
152	Small business tax – final report, HMRC administration, page 35	Introduce an online facility to request personalised bank giro payslips.	No	No	HMRC update: “HMRC’s small business digital tax platform, Your Tax Account, improves the visibility of liabilities and the payment options available to small business customers. Improving bank giro payment options is not a priority given the merits of alternative payment options”.
153	Small business tax – final report, HMRC administration, page 35	Facilitate payment of tax at the point of filing of a self-assessment return. HMRC to give better advice to small businesses on how SA payments on account work.	Yes	Partly	HMRC update: “HMRC’s small business digital tax platform, Your Tax Account, improves the process for filing of an SA return, the visibility of the resulting liability (including payments on account), and the payment options (including encouragement of the use of direct debit payment options) available to small business customers”.
154	Small business tax – final report, HMRC administration, page 35, 36	Introduce email acknowledgement of payments received by HMRC. HMRC to improve guidance on what will be accepted as proof of payment.	Partly	Partly	HMRC update: “HMRC’s small business digital tax platform, Your Tax Account, provides visibility of receipt of payments by HMRC (although not email confirmation). HMRC will continue to explore ways to improve the functionality of payment systems for customers”. The OTS believes this only goes part way to meeting business needs.
155	Small business tax – final report, HMRC administration, page 35	Review the need to re-input user and password when making payment.	Yes	No	HMRC update: “This functionality will be provided by HMRC’s small business digital tax platform, Your Tax Account”. So strictly, it hasn’t been implemented yet.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
156	Small business tax – final report, HMRC administration, page 28	Improve telephone waiting times and introduce a dedicated small business helpline.	Partly	Partly	HMRC update: “HMRC has made a major investment to improve the quality of our telephone service, including new arrangements to mitigate the impact of peak flows. This has resulted in a material reduction in call waiting times. Given these improvements, HMRC believes that a dedicated SME helpline is not the highest priority for use of limited resources”.
157	Small business tax – final report, HMRC administration, page 31, 28	Improve HMRC staff training to achieve better accuracy, consistency and confidence in information provided, and a less confrontational tone.	Yes	Yes	HMRC update: “HMRC is training staff dealing with SMEs to understand small businesses, particularly in terms of the commercial challenges they face in running a business. That helps HMRC better understand where tax sits in terms of relative priorities for many SMEs – dealing with it is a necessity, but one that competes with other demands. HMRC’s externally accredited tax training includes built-in scenarios that look at business decisions from the business’s perspective, which help staff to better understand issues from the business’s point of view. HMRC also continues to invest in staff professional and technical training”.
158	Small business tax – final report, HMRC administration, page 32	Introduce a timetable for enquiry settlements and increase the use of suspended penalties.	Yes	Yes	HMRC update: “HMRC has introduced standard working processes to provide a clearer and more transparent and consistent approach to customers on enquiries, and in particular to ensure a clearer understanding of the basis of any enquiry. These give a clearer

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					view of how long the compliance check will take to complete.”
159	Small business tax – final report, HMRC administration, page 39	Review national insurance processes for the self-employed to remove the requirement for annual class 2 and class 4 NICs deferment applications and small earnings exception applications.	Yes	Partly	HMRC update: “Following Autumn Statement 2012, the Government moved to simplify the collection and deferment processes for the self-employed. In line with the OTS recommendation, the Government has announced at Budget 2015 the abolition of class 2 NICs over the next parliament, bringing the NICs and income tax treatment of the self-employed closer together.”
160	Small business tax – final report, HMRC administration, page 30	Introduce an arrangement for one named person to be the HMRC contact for a business with a complex tax issue.	Partly	Partly	HMRC update: “HMRC is extending single point of contact arrangements from large to mid-sized businesses. However, it would not be proportionate or cost effective to extend this arrangement to the much larger community of small businesses. HMRC is taking other steps to improve the quality of guidance and advice to small businesses and to improve the quality of service to reduce the frequency with which advice is required, for example through the Easier, Quicker and Simpler programme”.
161	Small business tax – final report, HMRC administration, page 36	Review form P11D to consider whether reimbursed expenses could be excluded.	Under review	Yes	HMRC update:” HMRC has carried out a review of the P11D process with employers and payroll providers. A number of improvements were identified, including many of those recommended by the OTS.

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					OTS - The matter was considered further by the OTS in its review of employee benefits and expenses. Legislation was included in Finance Act 2015.
162	Small business tax – final report, HMRC administration, page 37	Review form P11D to consider whether to include employee expenses claims on it.	Under review	No	HMRC update: “See response to 161 above”. OTS - The matter was considered further by the OTS in its review of employee benefits and expenses.
163	Small business tax – final report, HMRC administration, page 36	Improve guidance notes for form P11D, including a list of common errors.	Under review	No	HMRC update: “See response to 161 above”. OTS - The matter was considered further by the OTS in its review of employee benefits and expenses.
164	Small business tax – final report, HMRC administration, page 37	HMRC to encourage wider use of PAYE dispensations and review existing ones every 5 years.	Under review	No	HMRC update: “HMRC continue to look for improvements and simplifications through our digital strategy and in the implementation of RTI. Updating will be provided in light of the Government response to the review by OTS of employee benefits and expenses”. OTS - The matter was considered further by the OTS in its review of employee benefits and expenses and led to the recommendation to abolish dispensations.
165	Small business tax – final report, HMRC administration, page 37	Enable amendments to form P11D to be made online.	Under review	Yes	HMRC update: “See response to 161 above”.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					OTS - The matter was considered further by the OTS in its review of employee benefits and expenses.
166	Small business tax – final report, HMRC administration, page 36	Introduce a simpler form P11D for smaller employers.	Under review	No	HMRC update: “See response to 161 above”. OTS - The matter was considered further by the OTS in its review of employee benefits and expenses.
167	Approved share schemes final report, page 11-12	Further work should be carried out to investigate whether the CSOP scheme is still relevant for UK business.	Yes	Yes	HMRC update: “Following consultation the Government decided to retain CSOP as a tax advantaged employee share option scheme available to a wide range of businesses.”
168	Approved share schemes final report, page 17	Create a single annual return for all option and share grants.	No	No	HMRC update: “Not implemented as part of initial move to online filing. May be considered in longer term when online filing has bedded in”.
169	Approved share schemes final report, page 17	Introduce online filing for share plans.	Yes	Yes	HMRC update: “Legislated and implemented in 2014”.
170	Approved share schemes final report, page 18	Give companies and trustees more flexibility on how schemes operate, for example in communicating information to employees, and dispensing with the need to attach a company’s articles of association to an option agreement.	Yes	Yes	HMRC update: “Implemented in 2013.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
171	Approved share schemes final report, page 19	Have one definition of retirement across all share schemes.	Yes	Yes	HMRC update: "Legislation in FA 2013."
172	Approved share schemes final report, page 20	Set a presumption for all schemes that a leaver is a "good" leaver, except for in certain limited situations.	Partly	Partly	HMRC update: "Legislation in FA 13 to harmonise the good leaver circumstances for SAYE and CSOP with those for SIP as far as possible."
173	Approved share schemes final report, page 21-22	Allow tax free early exercise for cash takeovers so as to protect employees should an option exchange not be feasible.	Yes	Yes	HMRC update: "Legislation in FA 2013."
174	Approved share schemes final report, page 22	Remove the broad prohibition for SIP, SAYE and CSOP for features not reasonable incidental to the scheme, and replace with more targeted rules.	Yes	Yes	HMRC update: "Prohibition removed and replaced with purpose test in FA 2014."
175	Approved share schemes final report, page 23	Remove the material interest rules for SIP and SAYE.	Yes	Yes	HMRC update: "Legislation in FA 2013."
176	Approved share schemes final report, page 24	Remove the restrictions under SIP, SAYE and CSOP for shares only to have permitted restrictions.	Yes	Yes	HMRC update: "Legislation in FA 2013."
177	Approved share schemes final report, page 25	Permit companies with more than one class of shares to operate SAYE and CSOP.	No	No	HMRC update: "Among other factors, the Government is concerned that this may provide scope for manipulation and abuse of the schemes. [HMRC Consultation document, 27/6/12, page 34]"

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
178	Approved share schemes final report, page 26	Permit associated companies to participate in approved schemes provided they are subsidiaries of the company whose shares are being acquired.	No	No	HMRC update: “This recommendation would extend eligibility for the schemes, and the Government is concerned that this could lead to significant Exchequer costs. [HMRC Consultation document, 27/6/12, page 34]”
179	Approved share schemes final report, page 27	For the SIP scheme, delete redundant paragraph 78 of Schedule 2 ITEPA 2003 relating to acquisition of shares from QUEST.	Yes	Yes	HMRC update: “Legislation in FA 2013.”
180	Approved share schemes final report, page 27	For the SIP scheme, allow companies to specify that the number of shares to be awarded can be determined by reference to the share price on the award date or on the start of the accumulation period, or either.	Yes	Yes	HMRC update: “Legislation in FA 2013.”
181	Approved share schemes final report, page 28	Abolish PAYE penalties on the late payment of PAYE for shares leaving a SIP scheme where PAYE is paid within 90 days of the due date.	No	No	HMRC update: “HMRC has published a statement on when they will consider a company operating a share scheme has a reasonable excuse for late payment of tax and NICs – and will therefore not be liable to penalty.
182	Approved share schemes final report, page 30	Reduce the tax free holding period for all SIP shares to a standard 3 years.	No	No	HMRC update: “The Government has not pursued this recommendation because of its likely Exchequer impact. [HMRC Consultation document, 27/6/12, page 34]”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
183	Approved share schemes final report, page 31	Change the basis for calculation of taxable value of SIP shares leaving the scheme.	Yes	No	HMRC update: "This proposal was presented only as a (less far-reaching) alternative to the cash takeovers recommendation above, which the Government has implemented".
184	Approved share schemes final report, page 32	Remove the SIP dividend cap and allow all dividends earned on SIP shares to be reinvested in the scheme.	Yes	Yes	HMRC update: "Legislation in FA 2013."
185	Approved share schemes final report, page 33	Remove the SAYE seven year savings period.	Yes	Yes	HMRC update: "Withdrawn with effect from July 2013."
186	Approved share schemes final report, page 33	Expand the circumstances in which SAYE savings can be made otherwise than from salary.	Yes	Yes	HMRC update: "Implemented in 2013."
187	Approved share schemes final report, page 34	BIS should take into account the issue of approved SAYE savings carriers in their wider review of employee ownership.	No	No	HMRC update: "This was not within scope of BIS review."
188	Approved share schemes final report, page 34	Extend the EMI 40 day exercise period to 6 months.	Partly	Partly	HMRC update: "Legislation in FA 2013 extended it to 90 days."
189	Approved share schemes final report, page 35	Amend the working time requirement in EMI so it only applies to directors.	No	No	HMRC update: "This recommendation is not being pursued given the Government's desire to ensure that EMI generally remains targeted on employees who commit a specified amount of their working time to a qualifying company or group. [HMRC Consultation document, 27/6/12, page 34]"

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
190	Approved share schemes final report, page 35	Reduce the list of business activities excluded from EMI.	No	No	HMRC update: “This recommendation is not being pursued given the Government’s desire to ensure that EMI tax advantages remain targeted, and in view of its potential Exchequer impact. [HMRC Consultation document, 27/6/12, page 34]”
191	Unapproved share schemes final report, page 13	Align tax treatment for international assignees with general earnings.	Yes	Yes	HMRC update: “Legislated in Finance Act 2014, with effect from 6 April 2015”.
192	Unapproved share schemes final report, page 13	Extend the CT deduction for secondees to the UK on share awards where income tax is paid.	Yes	Yes	HMRC update: “Legislated in Finance Act 2014, with effect from 6 April 2015”.
193	Unapproved share schemes final report, page 13	Intelligent filing of Form 42.	Yes	Yes	HMRC update: “Online filing – which will apply from 2014-15 - to include intelligent filing as far as possible”.
194	Unapproved share schemes final report, page 13	Integration of Form 42 with RTI.	Under review	No	HMRC update: “To be considered in longer term when RTI and online filing have bedded in”.
195	Unapproved share schemes final report, page 13	Extend the PAYE deadline for ERS to 60 days after the tax month.	Under review	No	HMRC update: “To be considered in longer term when RTI fully bedded in”.
196	Unapproved share schemes final report, page 13	Remove ERS from section 222 ITEPA 2003 or extend the time limit to 6 July in the following tax year and replace the Class 1 NIC charge with a Class 1A charge.	Partly	Partly	HMRC update: “Alternative option of extending the time limit, but with no change in NICs status legislated in Finance Act 2014”.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
197	Unapproved share schemes final report, page 14	Change the definition of readily convertible assets and introduce a retrospective number of days test.	No	No	HMRC update: "Government believes it would be open to abuse and create significant Exchequer costs."
198	Unapproved share schemes final report, page 14	Consistency of tax treatment for all securities in share for share exchange or rollover situations.	Yes	Yes	HMRC update: "Legislated in Finance Act 2014".
199	Unapproved share schemes final report, page 14	CT relief when taken over by an unlisted company.	Yes	Yes	HMRC update: "Legislated in Finance Act 2014".
200	Unapproved share schemes final report, page 41	Do not make any further changes to Form 42 before online filing.	Yes	Yes	HMRC update: "Considered as part of design of forms for online system".
201	Unapproved share schemes final report, page 50	Increased pre-transaction valuations for unapproved schemes under certain circumstances.	Under review	No	HMRC update: "Considered further once the impact of the employee shareholder status on HMRC's valuation resources has been assessed".
202	Unapproved share schemes final report, page 51	Provide outline valuation methodologies and checklists.	Under review	Partly	HMRC update: "Ongoing work to improve valuation guidance".
203	Unapproved share schemes final report, page 52	More flexibility for non-recognised stock exchange listed companies.	No	No	HMRC update: "The Government believes that it is beneficial for both businesses and HMRC to have flexibility to be able to adopt a different valuation approach where appropriate."
204	Unapproved share schemes final report, page 53	Use the closing price rather than the "quarter up" methodology for valuation of listed companies.	Yes	Yes	HMRC update: "Legislated with effect from 6 April 2015."

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
205	Pensioner taxation interim report page 53	Age related allowances – HMRC to review their records for cases where allowances might be due but not claimed.	No (but overtaken by other developments)	No	HMRC update: “The March 2012 Budget announced that the age-related allowances would be phased out. From 2015-16, only those born before 6 th April 1938 are now entitled to a higher allowance.”
206	Pensioner taxation interim report page 54	Married couple’s allowance - HMRC to review forms and provide clearer explanations of MCA on the P2 coding notice.	Yes	Yes	HMRC update: “HMRC has created a number of special notes that explain how a customer’s tax code is made up. These special notes are in addition to the standard notes. MCA explanations are included in these special notes”.
207	Pensioner taxation interim report page 54	R85 process after bereavement - HMRC and the DWP should review booklet DWP1027 to include this issue along with other improvements to it on tax-related matters.	Yes	Yes	HMRC update: “Leaflet DWP0 11 has replaced booklet DWP1027 and contains updates on the R85 procedure. There has been considerable progress on the service made to the bereaved by HMRC as a result of the Joint Initiative on Service Delivery (JISD)”.
208	Pensioner taxation interim report page 55	HMRC should undertake to review all records where a basic amount of state pension has been coded out in the absence of a final figure, and ensure that those cases are reconciled after the year end using final, accurate figures from the DWP or contact the pensioner if there is any doubt.	Yes	Yes	HMRC update: “DWP and HMRC introduced a data feed process which electronically transfers details of all new State pension claims and updates the record automatically with the amount in payment. This reduces the number of requests for information issued to customers and allows updates to tax codes to be made more quickly and accurately. The data feed also provides details of any amendments to the amount of State pension a

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					customer receives and the uprated amounts each year”.
209	Pensioner taxation interim report page 55	Raising awareness of how the state pension is taxed – HMRC and the DWP should review current information about how the state pension is taxed.	Yes	Yes	<p>HMRC update: “HMRC continues to review the way in which it communicates with those approaching retirement age. HMRC has simplified guidance and liaises with DWP to identify the most appropriate channels for delivering this guidance.</p> <p>HMRC and DWP are continuing to review a range of pensioner communications on a rolling basis.</p> <p>Gov.uk now contains clearer references to the taxation of State Pension”.</p>
210	Pensioner taxation interim report page 55	HMRC should review form R43 and remove obsolete references e.g. the first £70 of interest on an NS&I Ordinary Account being tax exempt (which was abolished in response to the OTS reliefs review).	Yes	Yes	<p>HMRC update: “HMRC updated the R43 form and guidance in April 2013.</p> <p>HMRC also reviewed the P53 form and produced an update in June 2013, which customers use to claim a tax repayment following trivial commutation”.</p>
211	Pensioner taxation interim report page 55	Consider annual uprating for inflation of the fixed trivial commutation limits of £18,000 and £2,000 and removing the 12 month.	Yes (effected by other changes)	Yes	<p>HMRC update: “This recommendation was not taken to the final report.</p> <p>Legislative changes to the tax code to be applied to “trivial commutation” and similar one-off lump sum pension payments from</p>

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					<p>registered pension schemes was introduced in April 2013.</p> <p>From 27 March 2014 the trivial commutation limit was raised to £30,000 and the small pots limit to £10,000 (and the number of personal pension small pots that can be taken was increased from two to three). From April 2015 trivial commutation will only apply to defined benefits pensions. Small pots will continue to apply to all private pensions”.</p>
212	Pensioner taxation interim report page 56	Overseas pensions paid to UK resident pensioners. HMRC should review its guidance, particularly to help those with cross-border issues between Northern Ireland and the Republic.	Partly	Partly	<p>HMRC update: “HMRC guidance on overseas pensions is currently under review as part of the transition of web content to gov.uk”.</p> <p>OTS - The OTS does not, of course, expect HMRC to give information on the exchange rates themselves: our recommendation was about helping those affected by fluctuations, often resulting in very small actual differences, to deal with the tax consequences. Ideally a de minimis figure for an ignorable amount should be considered.</p>
213	Pensioner taxation interim report page 56	HMRC could consider reviewing existing guidance on complex areas (K codes, for example) as a first step towards simplification.	Partly	Partly	HMRC update: “HMRC is working towards providing a digital account for customers and K codes will form part of this consideration”.
214	Pensioner taxation interim report page 56	Starting to receive a pension - HMRC should consider the	Yes	Yes	HMRC update: “The DWP State pension data feed and the information supplied from

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		operation of the PAYE Regulations together with RTI.			<p>employers and pension providers means that we get more timely and accurate data on which to base tax codes.</p> <p>The automated state pension data feed includes a daily update to HMRC of amounts paid to new state pension recipients and changes to amounts in payment by DWP. DWP also send an annual file of the following year's amount for each recipient of state pension to enable an accurate tax code to be calculated for the next tax year. Both the daily and annual updates trigger automated tax code calculations.</p> <p>The PAYE Regulations have been amended to provide for RTI, and occupational pension payers have to deduct PAYE under RTI in the same way that they do now."</p>
215	Pensioner taxation interim report page 56	Annual reconciliation and tax calculation forms P800. HMRC should look at how soon essential changes could be made, such as flagging estimated figures and providing breakdowns of 'PAYE income'.	Yes	Yes	HMRC update:" HMRC are aware of concerns with the P800 and are working towards producing revisions to address the issues raised. Consideration is also being given as to whether the digital account will be able to assist".
216	Pensioner taxation interim report page 56	Ceasing work in the tax year and claiming a repayment – HMRC should review the	No	No	HMRC update: "HMRC does not have the data necessary to carry out this review."

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		extent to which form P50 is used by pensioners and its practicality in such cases.			
217	Pensioner taxation interim report page 57	National insurance contributions – The government should look carefully at the situation for those reaching retirement, particularly with further changes to the state retirement age in progress, and ensure that complexities are minimised so far as possible.	Partly	No	HMRC update: “HMRC and DWP are working closely with customers to provide access to simplified personalised pension information”. OTS - The OTS recommendation was addressed to ‘government ‘simply because this issue crosses departmental boundaries. There are implications for HMRC and DWP in particular.
218	Pensioner taxation interim report page 57	Pensioners retiring abroad - Overseas communications and repayments.	No	No	HMRC update: “HMRC is aware of a problem relating to automatic communication with some customers who have an overseas address. Funding is not currently available to rectify this issue. The most common HMRC method of making repayments abroad is to post a payable order (cheque) to the taxpayer at their foreign address”
219	Pensioner taxation interim report page 57	Pensioners retiring abroad - Navigation and simplification of guidance	Yes	Yes	HMRC update: “Guidance was reviewed as part of the transition of information to gov.uk”
220	Pensioner taxation final report, page 13	That the HMRC/DWP communications review (see Annex A) includes a review	Yes	Yes	HMRC update: “HMRC continues to review the way in which it communicates with those approaching retirement age. HMRC has

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		of communications about how the State Pension is taxed, clearer information about how personal allowances, and tax codes operate and which documents and figures pensioners need to be aware of.			simplified guidance and liaises with DWP to identify the most appropriate channels for delivering this guidance including gov.uk. HMRC and DWP are continuing to review a range of pensioner communications on a rolling basis”.
221	Pensioner taxation final report, page 13	That HMRC redesigns Form R85 and helpsheet to make them more usable for taxpayers.	Yes	Yes	HMRC update: “HMRC works with the OTS, VCS, British Banking Association and the Building Societies Association to produce updates of R85 and R85 helpsheet. It is also working with them to prepare the documents for the introduction of the 0% savings rate in April 2015”.
222	Pensioner taxation final report, page 13	HMRC considers annual checks to ensure savers are not over or underpaying tax through matching their data and taxpayers’ records.	No	No	HMRC update: “Not accepted due to the costs involved in changing IT and other systems. However the Government will keep this under review.” OTS note: the Budget 2015 changes to savings taxation overtakes this in many ways.
223	Pensioner taxation final report, page 13	That as part of the Government’s “Digital by Default” strategy, HMRC should provide the facility for people in PAYE to be able to submit the Form R40 (to reclaim tax paid on savings or investment income) electronically.	Yes	Partly	HMRC update: “HMRC is working towards providing a digital account for customers and R40 Claimants are in scope to be able to file their claims on line via the digital account. Access to digital is likely to have a staggered approach and a timeline for the R40 has yet to be determined.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		The paper Form R40 should also be revised with clearer headings and explanations and should be tested with pensioner groups.			The R40 and notes on completion have been updated for 2014”.
224	Pensioner taxation final report, page 14	The OTS remains of the view that the blind person’s allowance is ineffective in helping the general population of blind people and that it would be better if it were abolished and the funds potentially available for tax relief used to provide direct grants and support to blind people. It has been suggested that this could involve grants to buy equipment to enable younger blind people to enter employment or increased support to access digital government services.	No	No	HMRC update: “The Government does not intend to remove Blind Person’s Allowance but see below regarding the process”.
225	Pensioner taxation final report, page 14	If blind person’s allowance is retained we recommend that the process of claiming the allowance is simplified.	Yes	Partly	HMRC update: “HMRC continues to review its processes but will now process applications for blind person’s allowance over the telephone and notify code number changes in large print, braille or audio”.

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		We agree with RNIB's proposal that a medical diagnosis of blindness should trigger an automatic notification to local authorities and HMRC.			
226	Pensioner taxation final report, page 14	That sunset legislation is introduced to remove the relief for interest on loans for life annuities taken out before April 1999 at a fixed date in the future e.g. in 5 years' time possibly with a pragmatic adjustment to related interest payments. This should follow a consultation on the likely impact and compensation for the loss of the relief.	No	No	HMRC update: "After consultation HMRC decided not to pursue at Budget 2014".
227	Employee Benefits and expenses interim report, page 23	Allow reimbursement of car fuel where the employee contributes by 6 July.	Partly	Yes	OTS Comment: HMRC will continue to allow this by way of administrative easement.
228	Employee Benefits and expenses interim report, page 23	Introduce facility to re-submit forms P11D and P11D(b) online.	Yes	Yes	HMRC Update: "HMRC have implemented these 'quick wins' by January 2014."
229	Employee Benefits and expenses interim report, page 23	HMRC should reintroduce voluntary use of form P46(Car) when a car is replaced.	Yes	Yes	

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
230	Employee Benefits and expenses interim report, page 23	Providing new employers with a link to the relevant sections of the HMRC website when they first register.	Yes	Yes	
231	Employee Benefits and expenses interim report, page 23	HMRC should give better guidance on what qualifies for subsistence expenses.	Yes	Yes	
232	Employee Benefits and expenses interim report, page 23	Improve HMRC guidance regarding the operation of the OT tax code in relation to termination payments, and the timing for issuing the P45.	Yes	Yes	
233	Employee Benefits and expenses interim report, page 23	HMRC to improve guidance on allowable expenses.	Yes	Yes	
234	Employee Benefits and expenses interim report, page 23	Improve web-site guidance and cross referencing, for example keep the What's New pages up to date.	Yes	Yes	
235	Employee Benefits and expenses interim report, page 23	HMRC should publish a list of standard items and conditions that will always qualify for dispensations.	Yes	Yes	
236	Employee Benefits and expenses interim report, page 23	HMRC should make it clear that they allow PSAs to be made for overseas employees and non-doms.	Yes	Yes	

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
237	Employee Benefits and expenses interim report, page 23	The online dispensation process should be publicised and made available to all employers.	Yes	Yes	
238	Employee Benefits and expenses interim report, page 23	Allow adjustments in relation to AMAP reimbursements to be submitted online.	Yes	Yes	
239	Employee Benefits and expenses interim report, page 23	HMRC to improve guidance and awareness of dispensations and PSAs.	Yes	Yes	
240	Employee Benefits and expenses interim report, page 23	HMRC to review published list of employments where it is “customary” to get accommodation.	Under Review	No	HMRC update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in kind and expenses and the recommendations made on living accommodation.”
241	Employee Benefits and expenses interim report, page 23	HMRC should publish a list of benefits they consider to be trivial, presumably with limits on the amounts.	Yes	No	HMRC update: “Legislation will be included in a future Finance Bill to introduce a statutory trivial benefit exemption of up to £50 for non-work benefits in kind.”
242	Employee Benefits and expenses interim report, page 23	HMRC should commit to revising and updating the booklet 490 to fit better with modern working patterns.	Yes	Partly	HMRC update: “HMRC are finalising work on reviewing the content of booklet 490 and are scheduled to have this completed in May 2015.”
243	Employee Benefits and expenses interim report, page 23	HMRC to publish guidance on temporary workplace rules	Yes	No	HMRC update: “HMRC are finalising work on reviewing the content of booklet 490 and

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		for projects carried out in phases.			are scheduled to have this completed in May 2015.”
244	Employee Benefits and expenses interim report, page 23	Why do relocation expenses need to be entered in three different places on the form P11D? Once is enough.	Under Review	No	HMRC update: “Design changes will need to be made to the P11D for 2015/16 and 2016/17, and the possibility of making other changes will be looked at the same time.”
245	Employee Benefits and expenses interim report, page 23	Improve communication between HMRC officers dealing with employer and employee.	Yes	Yes	HMRC update: “HMRC have introduced a trial digital service for employees to ‘check your income tax’ using a digital account. This allows employees to check (and make changes) to their tax code. HMRC also introduced ‘Deemed consent’ which allows HMRC to talk to a third party about a customer’s tax affairs providing customer confidentiality is maintained.”
246	Employee Benefits and expenses interim report, page 23	Improve guidance and design of Form P11D, for example state that you need a different form if the employee earns less than £8,500*.	Under Review	Yes	HMRC update: “A note has been added to the 2014/15 P11D to complete this form for a director, or someone earning at a rate of £8,500 or more. HMRC have also abolished the £8,500 threshold from 6 April 2016. Legislation putting this into effect was included in Finance Bill 2015.”
247	Employee Benefits and expenses interim report, page 23	Add a box to the P11D to tick if the benefit is just for one year.	Under Review	No	HMRC update: “Design changes will need to be made to the P11D for 2015/16 and 2016/17, and the possibility of making other changes will be looked at the same time.”

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248	Employee Benefits and expenses interim report, page 23	Allow voluntary notification of in-year changes to benefits.	Yes	Partly	HMRC update: "HMRC has released a digital method for customers to report changes initially to car and car fuel benefits as they happen. This is available for customers to use on the GOV.uk website at https://www.gov.uk/update-company-car-details It is hoped to extend this service to other benefits in kind in the future."
249	Employee Benefits and expenses interim report, page 23	HMRC to improve layout and design of Form P87 for claiming expenses.	Yes	Yes	HMRC update: "HMRC has released a digital P87 which is a print and post version. It is hoped this will help customers avoid the most common errors that were made on this form in the past. The digital version of the P87 is available for customers to use on the GOV.uk website at http://www.hmrc.gov.uk/forms/p87form.htm "
250	Employee Benefits and expenses interim report, page 23	HMRC to allow home broadband costs to be subject to PSAs.	Under Review	No	HMRC update: "HMRC are reviewing these as part of a much longer piece of work with an intended date of April 2017 to be fully impacted to see if they are achievable."
251	Employee Benefits and expenses interim report, page 23	Car fuel benefit should be based on what you put in your tank, not how you pay.	Under Review	No	
252	Employee Benefits and expenses interim report, page 23	Align tax and NICs treatment of mileage rates over 45p.	Under Review	No	

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
253	Employee Benefits and expenses interim report, page 23	HMRC should stop treating London as one workplace regardless of travel time.	Under Review	No	
254	Employee Benefits and expenses interim report, page 23	Allow a single return of continuing benefits given on termination where these are provided for a set period of up to two years.	Under Review	No	
255	Employee Benefits and expenses interim report, page 23	Employers should be able to sort out straightforward employee tax issues with HMRC if the employee gives consent.	Under Review	No	
256	Employee Benefits and expenses interim report, page 23	Introduce a process where tax codes with fixed expense allowances are reviewed when employments change.	Under Review	No	
257	Employee Benefits and expenses interim report, page 23	HMRC to allow all types of expenses claims to be made on one form, or online.	Yes	No	
258	Employee Benefits and expenses interim report, page 23	Allow dispensations to be made for a tax year by 6 July of the following year.	Under Review	No	HMRC Update: “HMRC is reviewing this ‘quick wins’ as part of a much longer piece of work with an intended date of April 2017 to be fully impacted to see if it is achievable.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
259	Employee Benefits and expenses interim report, page 23	Allow car fleet operators to buy multi-year road fund licences.	No	No	HMRC update: "It is for the OTS to refer this matter to the DVLA. Now effectively overtaken by the abolition of the paper tax disc."
260	Employee Benefits and expenses interim report, page 23	Exempt electricity for electric cars from the benefit rules.	No	No	HMRC update: "HMRC do not think this would affect many people right now."
261	Employee Benefits and expenses interim report, page 23	HMRC should not require retention of fuel VAT receipts for expense claims where only a mileage rate has been claimed.	No	No	HMRC update: "Not achievable as the requirement comes out of an EU directive."
262	Employee Benefits and expenses interim report, page 23	HMRC should reinstate the practice of having a 'friends and family' subsistence scale rate.	No	No	HMRC update: "This is more of a policy change than a simplification."
263	Employee Benefits and expenses interim report, page 23	Remove the 5 April requirement in s274 ITEPA: change it to 'within X months of commencing new duties'.	No	No	HMRC Update: "This 'Quick win' is not being taken forward."
264	Employee Benefits and Expenses second report, page 43	Recommendations to reduce 'nil P11Ds', including a form to allow employers to indicate if a benefit is a one-off.	Yes	Partly	HMRC update: "HMRC will carry forward this recommendation Design changes will need to be made to the P11D for 2015/16 and 2016/17, and the possibility of making other changes will be looked at the same time."
265	Employee Benefits and Expenses second report, page 11	Flat rate expenses need to be reviewed and updated, and employers allowed to include	Yes	Partly	HMRC update: "HMRC will consider ways of improving the administration of FREs."

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		employees' claims through the payroll.			
266	Employee Benefits and Expenses second report, page 9	HMRC's website should have a simple initial guide to employer's obligations with all the relevant links.	Yes	Yes	HMRC update: "This recommendation has been implemented and the guidance for employers has been re-arranged as recommended on the GOV.uk website."
267	Employee Benefits and Expenses second report, page 51	A deduction for travel and subsistence expenses associated with a temporary workplace for the first 24 months regardless of the intended length of an assignment.	Under review	No	HMRC update: "The government will undertake a review of the principles and rules underlying the tax treatment of travel and subsistence expenses. The review will consider how the tax treatment of these expenses can be simplified and best address the challenges of the changes to modern working and travel patterns."
268	Employee Benefits and Expenses second report, page 51	A specific code for homeworkers with one clear definition of homeworking for all tax purposes.			
269	Employee Benefits and Expenses second report, page 51	A section should be added to ITEPA 2003 referring to 'accommodation and subsistence expenses'.			
270	Employee Benefits and Expenses second report, page 51	Remove facility for employees to claim the cost of expenses not reimbursed by employers in working from home, provide an uplifted homeworking			

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		allowance, for example £10 per week.			
271	Employee Benefits and Expenses second report, page 51	In relation to benchmark scale rates, the guidance around ongoing checks should be amended to remove the requirements for employers to retain receipts.			
272	Employee Benefits and Expenses second report, page 51	Consideration is given to an exercise to modernise the rules for workplace lunches and canteens to improve consistency.	Under review	No	HMRC update: “The government will undertake a review of the principles and rules underlying the tax treatment of travel and subsistence expenses. The review will consider how the tax treatment of these expenses can be simplified and best address the challenges of the changes to modern working and travel patterns.”
273	Employee Benefits and Expenses second report, page 51	Where a deduction is available for attendance at a temporary workplace, living accommodations should be included in a P11D dispensation whether provided through hotel accommodation or use of a company flat (or equivalent).			
274	Employee Benefits and Expenses second report, page 51	A formal review of tax reliefs for travel and subsistence should take place every ten years to make sure the system fully recognises changing work patterns.			

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275	Employee Benefits and Expenses final report, page 9	Before our more fundamental suggestions are pursued, the HMRC manual guidance should be reviewed to make clear that HMRC consider substantive duties and not job titles. We would also encourage consideration being given to the development of a check list or tool which could help readers assess whether the customary test is met or not.	Under review	No	HMRC Update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in kind and expenses and the recommendations made about living accommodation. Guidance will be reviewed once the policy is settled.”
276	Employee Benefits and Expenses final report, page 9	HMRC should revisit its position on the circumstances in which a non-contractual payment in lieu of notice (autoPILON) is considered to have been paid, with a view to relaxing its requirements that a critical assessment needs to have been made in order for a payment not to qualify as one, and setting out the factors that are relevant in determining whether a payment is a damages payment.	Under review	No	HMRC Update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in kind and expenses and the recommendations made about termination payments.”

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
277	Employee Benefits and Expenses final report, page 10	HMRC guidance should be clarified and updated in order to reflect policy on how the exemption section 406(b) ITEPA 2003 (exemption on injury and disability) applies, and that HMRC gives consideration on ways in which its current clearance process may be improved.			
278	Employee Benefits and Expenses final report, page 10	HMRC should carry out a review of the way in which it deals with queries on termination payments internally, in order to understand how extensively this issue is raised and how efficiently HMRC deals with such queries, with a view to then carrying out a cost and benefit analysis of having a more dedicated, centralised and publicised team specifically for termination payments queries.			
279	Employee Benefits and Expenses final report, page 10	That HMRC consider whether there is scope to develop better guidance for employers: in simple terms, whether guidance on the	Under review	No	HMRC Update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		website can be made more dynamic so as to reflect current queries, and possibly to offer interactive tools to help employers determine the tax treatment of particular types of termination payments.			kind and expenses and the recommendations made about termination payments.”
280	Employee Benefits and Expenses final report, page 65	Could subscriptions to organisations with a clear business purpose be allowed automatically, rather than have a HMRC approved list? Additionally can the list be kept more up to date?	Under review	No	HMRC Update: “HMRC are currently considering options for ways of improving the administration of subscriptions.”
281	Employee Benefits and Expenses final report, page 30	Explore the need for transitional protection as part of formal consultations about the accommodation proposals.	Under review	No	HMRC Update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in kind and expenses and the recommendations made about living accommodation.”
282	Employee Benefits and Expenses final report, page 32	The benefit of the provision of ancillary services other than council tax, water and sewage should be tax exempt if the accommodation is tax exempt.			
283	Employee Benefits and Expenses final report, page 46	A formal consultation to review the existing exemptions, reliefs and reductions which apply to the	Under review	No	HMRC Update: “HMRC are actively considering the options for possible reform of this area of tax policy, following the release of the OTS final report into employee benefits in

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		charge under section 401 ITEPA 2003, in order to establish in each case whether they should be retained.			kind and expenses and the recommendations made about termination payments.”
284	Employee Benefits and Expenses final report, page 63	Removal Expenses: the current limit of £8000 is outdated; simplification suggests that all removal expenses are ‘allowable’, balanced with provisions to guard against abuse. At a minimum, excess reimbursed removal costs should qualify for a settlement via a PSA	Under review	No	HMRC Update: “HMRC are currently considering options for ways of improving the administration of removal expenses.”
285	Employee Benefits and Expenses final report, page 60	Long service awards: a more modern system is needed, more linked to current working patterns.	No	No	HMRC Update: “This recommendation is not being taken forward.”
286	Employee Benefits and Expenses final report, page 60	Evaluation of the cycle to work scheme is needed, looking at the actual take-up figures. This should include looking at ways to streamline administration.	No	No	HMRC Update: “This recommendation is not being taken forward.”
287	Employee Benefits and Expenses final report, page 61	A more comprehensive review of work related training should be done, to review whether there should be a deduction for non-	Under review	No	HMRC Update: “The government will undertake a review of the principles and rules underlying the tax treatment of travel and subsistence expenses. The review will consider how the tax treatment of these expenses can be simplified to best address the

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
		reimbursed costs, and under what circumstances.			<p>challenges of the changes to modern working and travel patterns.</p> <p>H M Treasury have started work on a review of the Travel & Subsistence rules. HMT have spoken to a range of stakeholders and undertaken the initial stages of the review and work continues towards a full public consultation on the framework for a new set of rules.”</p> <p>OTS comment: this recommendation goes beyond travel & subsistence. We reiterate the need for a proper review of training expenses.</p>
288	Partnerships Taxation interim report, page 32	We would like to research further the international and technical issues faced by partnerships so as to develop a list for taking forward.	Yes	Yes	<p>HMRC update: “HMRC met with the OTS and agents to discuss key issues, and to clarify some misunderstandings. We look forward to receiving further details and evidence for consideration.”</p> <p>OTS comment: we carried out further work and expanded on this issue in our final report.</p>
289	Partnerships Taxation interim report, page 55	What circumstances, if any, would trigger a stamp duty charge on partnerships; whether there are necessary or whether it would be possible to abolish stamp duty in relation to partnerships	Under review	Partly	<p>HMRC update: “HMRC has drawn to the attention of our ‘Working Together’ Steering Group the OTS partnership review stamp duty proposals. HMRC will be taking forward discussions on this proposal through a sub-group, with a view to considering with sub-group members whether this proposal could be progressed without creating inequity in</p>

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					treatment with other investors. An OTS nominee has now joined the Working Together Group on Stamp Taxes.”
290	Partnerships Taxation interim report, page 56	Should there be a formal rule in SDLT that no tax will apply in partnership unless cash changes hands?	Under review	Partly	HMRC update: “HMRC will work closely with its ‘Working Together’ Steering Group to better understand the circumstances where SDLT charges can arise when cash does not change hands, and whether this should continue to be the case. An OTS nominee has now joined the Working Together Group on Stamp Taxes.”
291	Partnerships Taxation interim report, page 21	Can the default partnership agreement in the 1890 Act be updated and publicised to apply in the absence of a formal agreement?	Partly	Partly	HMRC update: “HMRC has discussed this proposal in detail with BIS and OTS. HMRC is reviewing the draft deed of partnership set out in the OTS’s final report.”
292	Partnerships taxation interim report, page 5	The “one size fits all” approach of partnership tax leads to extra burdens and complexities for small partnerships, when compared to sole traders with similar sized businesses. The tax system needs to take a more	Partly	Partly	HMRC update: “HMRC does not agree that tax policy and administrative processes “have often been designed with sole traders and corporations in mind and with partnerships included as an afterthought”. A ‘partnerships directorate’ approach would not provide benefits commensurate with the resources that would be required. However,

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		strategic approach to partnerships.			HMRC recognise the importance of a co-ordinated approach to partnership taxation and are considering how best to achieve this.”
293	Partnerships Taxation interim report, page 26	We would like to review how best to apply the Annual Investment Allowance to mixed-member partnerships without introducing complex anti-avoidance rules.	Under review	No	<p>HMRC update: “AIA is not currently available to any mixed partnerships of individuals and corporates. AIA was intended to be a simple relief and there were concerns when the legislation was introduced that complex anti avoidance rules would be needed to stop potential avoidance involving individuals setting up related corporate partners.</p> <p>HMRC is currently considering this issue further.”</p>
294	Partnerships Taxation interim report, page 5	External perception that HMRC generally treats partnerships, and LLPs in particular, as if they were exclusively avoidance vehicles.	No	No	<p>HMRC update: “HMRC treats partnerships in the same way as all taxpayers – it is committed to helping partnerships and partners get their tax right, but relentless in pursuing those who bend or break the rules.</p> <p>It is certainly not HMRC’s view that partnerships, and in particular LLPs and partnerships with corporate partners, are set up for tax avoidance purposes.</p> <p>HMRC believes that partnerships, including LLPs, are important and legitimate</p>

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					commercial structures and the majority do not disguise employment relationships, nor do they manipulate business profits, losses or assets in ways that reduce their tax liabilities.”
295	Partnerships Taxation interim report, page 5	Partnerships tax rules are spread out across legislation and guidance. Although a Partnerships Tax Act would in theory be desirable, we do not recommend it on grounds of practicality.	Yes	Partly	HMRC update: “The OTS states in the report that there is little desire for a consolidated taxes act for partnerships amongst external stakeholders – they felt that partnerships legislation, although disjointed, actually worked. The idea for a consolidated partnerships tax act was welcomed in theory but not in practice, as it would lead to duplication and an even longer tax code.”
296	Partnerships Taxation interim report, page 22	How can smaller partnerships be better educated about their obligations?	Under review	Partly	<p>HMRC update: “HMRC aims to provide clear guidance on the tax obligations for partnerships. However, the Department agrees that it would be helpful for smaller partnerships to be better educated about all their obligations.</p> <p>HMRC would welcome working with the OTS, members of the Consultative Committee and other interested stakeholders to consider how best to do this.</p> <p>HMRC is also considering what further guidance is required and the most effective methods for reaching smaller partnerships.”</p>

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
297	Partnership taxation interim report, page 27	HMRC should change the corporation tax self-assessment return to include a section for income from a partnership.	Under review	Partly	HMRC update: "HMRC are considering the best way for companies to report partnership income i.e. how this could best be achieved and to what timetable."
298	Partnership taxation interim report, page 51	HMRC to clarify when partnerships are eligible for entrepreneurs' relief (particularly regarding possible relief on subsidiary companies held by an LLP).	Yes	Partly	HMRC update: "HMRC will revise its guidance to clarify when entrepreneurs' relief is due. A link to the revised guidance will be included in the HMRC consolidated partnership tax manual. Entrepreneurs' relief will also be mentioned in the revised Statement of Practice D12 (see recommendations 305 and 324)."
299	Partnership taxation interim report, page 43	The process for issuing unique taxpayer references (UTRs) to foreign partners needs to be streamlined.	Yes	Yes	HMRC update: "HMRC has a revised process in operation. This allows investment partnerships to use a dedicated UTR for non-UK resident partners with no UK tax liability, for the purposes of filing the partnership tax return."
300	Partnership taxation interim report, page 29; Partnership Taxation Final Report, page 4	It would be useful to have a form of general remittance basis investment relief for groups of non-domiciled individuals investing in UK investment partnerships.	No	No	HMRC update: "Business Investment Relief was introduced for investment in private limited trading companies in Finance Act 2012. At that time the relief was not extended to investment in trading partnerships. The government reviewed the position in 2013 and again declined to extend the relief to

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
					partnerships and has no plans to review the position again.”
301	Partnership taxation interim report, page 21	HMRC to create free software for the smallest partnerships.	No	No	<p>HMRC update: “HMRC provides free software for the majority of its customers. For those where free software is not currently available, commercial software can be used to file online. HMRC provide links to this software on its website.</p> <p>Production of free software for partnerships would involve significant costs, and other departmental priorities offer much better value for money. In addition, it may be more helpful for commercial software providers to address this more specialist area of the market.”</p>
302	Partnership taxation interim report, page 55	HMRC guidance should be clearer on stamp duty land tax (SDLT) liabilities following changes in profit sharing ratio.	Yes	No	HMRC update: “HMRC works closely with stakeholders on a continuing basis regarding SDLT rules and guidance. We will examine this area and strengthen existing guidance which will then be included in the HMRC consolidated partnership tax manual.”
303	Partnership taxation interim report, page 59	HMRC to clarify their requirements as regards limited partnerships and joint ventures for the purposes of VAT registration, where the	Yes	Yes	HMRC update: “This is covered in revised guidance on VAT registration which has now been published online - (limited partnerships) http://www.hmrc.gov.uk/manuals/vatregmanual/VATREG09300.htm and

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		present published guidance seems unclear.			<p>(joint ventures) http://www.hmrc.gov.uk/manuals/vatregmanual/VATREG10000.htm)</p> <p>Guidance on Scottish partnerships is available online at http://www.hmrc.gov.uk/manuals/vatregmanual/VATREG09420.htm</p> <p>Links to the revised guidance will be included in the consolidated partnership tax manual.”</p>
304	Partnership taxation interim report, page 59	HMRC to give clear guidance on VAT grouping for LLPs.	Yes	Yes	<p>HMRC update: “This is covered in revised guidance on VAT registration which has now been published online (http://www.hmrc.gov.uk/manuals/vatregmanual/VATREG09600.htm).</p> <p>Links to the revised guidance will be included in the consolidated partnership tax manual.”</p>
305	Partnership taxation interim report, page 50	HMRC’s Statement of Practice D12 for capital gains of partnerships should be tidied up to reflect modern-day business practice.	Yes	Yes	HMRC update: “HMRC has revised Statement of Practice D12 to reflect the matters raised by the OTS. It is ready for publication at a time to be agreed.”
306	Partnership taxation interim report, page 59	Requirement for all partners to sign form VAT 2 needs to be removed or (probably) advantage needs to be taken of digital procedures to	Under review	Partly	HMRC update: “The VAT 2 form provides legal confirmation that all of the signatories acknowledge their status as partners in the firm. This requirement cannot be removed. If HMRC were to accept simple lists of partners,

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		finesse a cumbersome requirement and eliminate duplication.			<p>it could end up pursuing the partnership's debts against individuals who had no idea that they had been listed as partners.</p> <p>However, partnerships which use the new digital online registration service can provide an equivalent confirmation by giving specified personal details for each partner. HMRC is looking into making process changes to align the information required on the paper VAT 2 with that required under the digital registration system."</p>
307	Partnership taxation interim report, page 59	VAT penalties for failure to notify a change from sole trader to partnership status need to be changed so that there is no penalty where no tax is lost, except for a repeat failure.	No	No	<p>HMRC update: "HMRC considers that its approach to charging penalties where there has been a transfer of a going concern is reasonable and fair. However, a penalty may be reduced to an appropriate level through a special reduction in certain circumstances including where the right tax was paid at the right time (albeit via the wrong entity).</p> <p>HMRC worked very closely with the OTS on its review of penalties."</p>
308	Partnership taxation interim report, page 29	HMRC needs to work more on ensuring double taxation agreements fully deal with partnerships.	Yes	Partly	<p>HMRC update: "The UK has an extensive network of tax treaties which prevent double taxation of individual partners. In common with most countries, the UK follows the conclusions of the OECD's 1999 report on the application of double taxation agreements to</p>

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					<p>partnerships. Where necessary it has included provisions in its treaties to confirm their effect. In addition the UK is participating in OECD work to further clarify the application of tax treaties to partnerships and other transparent entities.</p> <p>Treaties give relief to each UK resident partner and HMRC procedures generally cope well with the requirements of both partnerships and individual partners. Where HMRC is made aware of difficulties it engages with the foreign tax authority to remove obstacles to obtaining any relief that is due.”</p>
309	<p>Partnership taxation interim report, page 30</p> <p>Partnership Taxation Final Report, page 3</p>	<p>There is a need to ensure developing business structures e.g. nested partnerships are dealt with by the tax system. The best way to do so may be a permanent HMRC/HMT/business liaison group to develop solutions on how to properly tax emerging business structures.</p> <p>There is a need for an industry/HMRC liaison group</p>	No	No	<p>HMRC update: “HMRC works with a range of representative bodies under its “Working Together” initiative both locally and nationally. This initiative allows for the setting up of sub-groups to provide a channel to discuss new areas or issues.</p> <p>The International Sub-Group of HMRC’s Business Liaison Forum also provides another avenue to discuss partnership structural and international matters.</p> <p>In addition, HMRC also offers a non- statutory clearance service under which it will provide</p>

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		to provide a forum to address issues arising from new, specialist partnership uses. HMRC's initial suggestion of using the Working Together network for this purpose is impractical.			written advice in cases where taxpayers are uncertain about how current law applies.”
310	Partnership taxation interim report, page 39 Partnership Taxation Final Report, page 25	Tax returns for partnerships can be simplified by simplifying basis periods for non-trading income for partnerships, probably by being able to sweep small amounts of interest or property income into trading income. There should be consideration to phasing out overlap relief and replacing it with something that better interacts with double taxation agreements.	Under review	No	HMRC update: “HMRC will consider both of these points as part of a more general review into the way the rules around basis periods and overlap relief operate.”
311	Partnership taxation interim report, page 45	Penalties for partnerships around late filing of the partnership return need to be reviewed with the aim of making them fairer and easier to administer. Linked to this	No	No	HMRC update: “HMRC do not believe these penalties to be unfair, and the current structure is relatively straightforward. Every partner has a responsibility to ensure that the partnership's obligations are met. The current penalty structure was introduced as

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		would be a review of appeal rights of partners.			<p>part of the review and modernisation of HMRC's powers and deterrents which were subject to extensive consultation and Parliamentary scrutiny, and received widespread external support.</p> <p>Differentiating our approach to penalties between partners in any way would introduce far more complexity for everyone and be more resource intensive than the current, simple approach.</p> <p>HMRC worked very closely with the OTS on its review of penalties.”</p>
312	Partnership taxation interim report, page 44	The law on gift aid should be changed to allow partnerships to claim relief, paralleling companies.	No	No	<p>HMRC update: “The Gift Aid rules for companies operate in a very different way from those for individuals, and the proposal would create inconsistencies with the tax treatment for unincorporated businesses when compared to partnerships, and would involve a major change in primary legislation.</p> <p>Allowing Gift Aid on donations by partnerships would require significant legislation around the Gift Aid declaration and attributing the donations and tax to individual partners. This would likely introduce complexities for the partnership and the individual partners.</p>

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					<p>The alternative routes suggested would, however, be a brand new tax relief and would very likely open up obvious questions as to why sole proprietor businesses shouldn't also get the relief. All of this means additional complexity through changes in processes, less income for charities and risks for the Exchequer. This is very likely to reduce charity income.</p> <p>HMRC policy and technical colleagues responsible for Gift Aid have met OTS colleagues and work is underway to review the guidance.”</p>
313	Partnership taxation interim report, page 55	There is a strong argument for an equivalent to s105(4)(b) IHTA to be available for partnerships, as this reflects how such entities are being used.	No	No	HMRC update: “Any difference in treatment between a company and an LLP would involve changes to primary legislation. HMRC believes that this would need to be considered as part of a much wider review of Business Property Relief and other IHT legislative changes.”
314	Partnership taxation final report, page 10	The introduction of clear and comprehensive guidance for partnerships at the point of registration, with efficient signposting and links to the HMRC initiatives outlined	Yes	Partly	HMRC update: “HMRC recognises the importance of clear and comprehensive guidance at the point of registration, with links to relevant information.

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		and the Department for Business, Innovation and Skills guidance material.			All HMRC and BIS guidance will ultimately be accessed via gov.uk”
315	Partnership taxation final report, page 11	HMRC and BIS jointly to provide a checklist that need to be considered in a partnership agreement, with commentary and examples.	Yes	Partly	HMRC update: “HMRC accepts the recommendation that guidance should include a checklist of factors to consider. It will publish guidance outlining some of the key areas to be considered as part of any partnership agreement, and this will be included in HMRC’s consolidated guidance.”
316	Partnership taxation final report, page 18	Allow partners to claim their allowable expenses incurred from their share of the profits, where the partnership agreement is set out on this basis.	No	No	HMRC update: “Allowing individual partners to claim expenses on their personal returns would be likely to add further significant burdens to the administration of partnerships and partners, and not reflect the true profit or loss of the partnership business or the profit share of the individual partners. This may also have significant Exchequer costs and raise compliance issues. The issue is also currently being litigated. Given this, it is unlikely that this proposal will be taken forward.”
317	Partnership taxation final report, page 22	Future Double Tax Agreement renegotiations to have a requirement to consider partnerships and the issues mentioned in our reports.	Yes	Partly	HMRC update: “HMRC routinely explore the treatment of partnerships during Treaty negotiations. Where potential difficulties arise that may prevent the granting of benefits to UK resident partners, we will attempt to agree specific provisions in order to confirm that benefits will be due. Examples can be found in

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					<p>the treaties with France, India, Japan and most recently Canada.</p> <p>Complexity arises due to differences in national laws and in how they recognise partnerships and is not brought about by treaties themselves or the 1999 OECD Partnership Report. It is hoped that the provision on transparent entities in BEPS action 2 report on hybrids will confirm the application of the OECD partnerships guidance across all transparent entities.”</p>
318	Partnership taxation final report, page 24	The position on composite international partnership returns to be formalised to provide certainty, possibly through an HMRC Statement of Practice.	Yes	No	HMRC update: “Customers are entitled to rely on HMRC guidance just as they would on an SP. HMRC welcome suggestions for improving existing guidance on the use of composite returns to ensure that up to date information on the process is available to everyone.”
319	Partnership taxation final report, page 24	Guidance on procedures to obtain a Unique Taxpayer Reference is in the Self-Assessment Manual ³ , and the OTS recommends that this is clearly linked from the Partnership Manual.	Yes	No	HMRC update: “HMRC will update guidance on the revised UTR process and will ensure that the partnership manual links to it.”

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320	Partnership taxation final report, page 25	If there is no policy reason for keeping employees of partnerships from accessing the short term business visitor exemption, it would be useful to formalise their access to this exemption.	Under review	Partly	HMRC update: "HMRC is working with the CIOT to develop a means of relieving any administrative burdens via the UK tax system. In this case HMRC felt it would not be appropriate to revise an established international treaty principle which works well in most circumstances."
321	Partnership taxation final report, page 27	The alignment of the tax rules of foreign exchange for partnerships should be pursued, but if it is considered that such changes would be too difficult to effect, then at a minimum HMRC should publish clear guidance on the area.	Partly	Partly	HMRC update: "Aligning the income tax rules with the corporation tax rules for foreign exchange would represent a significant legislative and policy change, and it is not clear at present that there is sufficient justification for this change. HMRC will however review the current guidance in this area to make sure that it is clear and effective."
322	Partnership taxation final report, page 27	The omission of partners from the legislation on remittances from mixed funds should be corrected.	No	No	HMRC update: "The policy objective of the ordering rules is to ensure that for any given year, income taxable on the remittance basis is remitted before taxed UK income. The one exception is UK taxed employment income. UK partnership income has not been omitted from the mixed fund rules and falls into the final paragraph of section 809Q(4) with other UK taxed income. There are no proposals to review the policy objective of the ordering rules."

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323	Partnership taxation final report, page 29	Clear guidance should be included in the Partnership Manual to address the area of Group Relief on structures involving LLPs.	Yes	No	HMRC update: "HMRC will revise its guidance to clarify when entrepreneurs' relief is due. A link to the revised guidance will be included in the HMRC consolidated partnership tax manual. Entrepreneurs' relief will also be mentioned in the revised Statement of Practice D12 (see recommendations 305 and 324)."
324	Partnership taxation final report, page 32	HMRC and the tax profession to launch seminars and releases in order to raise awareness of the updated Statement of Practice D12.	Yes	No	HMRC update: "At this time we think that running or supporting seminars on this subject is not the best use of limited resources (there is, after all, nothing new in the revised SP), but we will of course consider suggestions as to how the revised D12 might be publicised effectively."
325	Partnership taxation final report, page 33	Full clarification on the questions raised by the Professional Bodies on entrepreneurs' relief to be included within the Partnership Manual.	Under review	No	HMRC update: "HMRC accepts the need to address these questions and a technical advisor will write material for the entrepreneurs' relief section of the Capital Gains Manual. This material will then be cited in or linked to the Partnership Manual."
326	Partnership taxation final report, page 37	HMRC guidance on gift aid needs to be amended to reflect the correct legal position.	Under Review	Partly	HMRC update: "The Gift Aid rules for companies operate in a very different way from those for individuals, and the proposal would create inconsistencies with the tax treatment for unincorporated businesses when compared to partnerships, and would involve a major change in primary legislation."

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					<p>Allowing Gift Aid on donations by partnerships would require significant legislation around the Gift Aid declaration and attributing the donations and tax to individual partners. This would likely introduce complexities for the partnership and the individual partners.</p> <p>The alternative routes suggested would, however, be a brand new tax relief and would very likely open up obvious questions as to why sole proprietor businesses shouldn't also get the relief. All of this means additional complexity through changes in processes, less income for charities and risks for the Exchequer. This is very likely to reduce charity income.</p> <p>HMRC policy and technical colleagues responsible for Gift Aid have met OTS colleagues and work is underway to review the guidance.”</p>
327	Partnership taxation final report, page 37	<p>Introduce two alternative routes to gift aid for partnerships:</p> <p>a) The firm may make a donation and the relevant gift aid</p>	No	No	HMRC update: “The Gift Aid rules for companies operate in a very different way from those for individuals, and the proposal would create inconsistencies with the tax treatment for unincorporated businesses when

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		<p>declaration is made by the representative partner. The donation would be treated as made under gift aid by the individual partners with the charity entitled to reclaim the basic rate income tax.</p> <p>b) The firm may simply take a deduction for the donation in its computation of trading profits. In this case it would be treated as a gross donation with no eligibility for the charity to reclaim basic rate tax, in parallel to the gift aid system for companies.</p>			<p>compared to partnerships, and would involve a major change in primary legislation.</p> <p>Allowing Gift Aid on donations by partnerships would require significant legislation around the Gift Aid declaration and attributing the donations and tax to individual partners. This would likely introduce complexities for the partnership and the individual partners.</p> <p>The alternative routes suggested would, however, be a brand new tax relief and would very likely open up obvious questions as to why sole proprietor businesses shouldn't also get the relief. All of this means additional complexity through changes in processes, less income for charities and risks for the Exchequer. This is very likely to reduce charity income.</p> <p>HMRC policy and technical colleagues responsible for Gift Aid have met OTS colleagues and work is underway to review the guidance.”</p>
328	Partnership Taxation Final Report, page 3	HMRC needs to establish a ‘Head of Partnerships’ role to help ensure proper focus of	Partly	Partly	HMRC update: “A ‘partnerships directorate’ approach would not provide benefits commensurate with the resources that would be required. However, HMRC recognise the

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		tax policy and operational work.			importance of a co-ordinated approach to partnership taxation and are considering how best to achieve this.”
329	Partnership Taxation Final Report, page 28	There appears to be no particular reason for limiting the DTTP Scheme to corporate borrowers where the UK tax risk is with the identity of the lender rather than that of the borrower. This distinction appears to simply derive from the terms on which the scheme was written, and we raise this issue for HMRC to review.	Under Review	No	HMRC update: “The DTTP is a scheme that helps overseas corporate lenders by allowing them to receive interest (gross or at the treaty rate) quickly from UK corporate borrowers. As part of reviewing the DTTP scheme next year we will consider how partnerships could also benefit from the DTTP scheme.”
330	Penalties report, page 14	HMRC to introduce an on-screen warning to the online SA system to advise taxpayers that if they leave the application early, they will not have submitted the return and could incur a penalty.	Under Review	No	HMRC update: “The government, at Budget 2015, made a major announcement on its plans to modernise tax administration. It set out its intention to transform how individuals and small businesses engage with the tax system over the next parliament, with every taxpayer able to manage their tax affairs through their digital account. It will mean the end of the tax return for millions of individuals (including many pensioners). Small businesses will only have to provide information once, be able to link
331	Penalties report, page 15	Staff training should be provided for contact centre staff on late filing penalties, and relevant scripts should include information on penalties	Under Review	No	

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332	Penalties report, page 15	Issue an automated letter if zero income SA returns are submitted for 2 years asking if the taxpayer still needs to be in SA.	Under Review	No	their accounting software to their digital account, and if they wish they will be able to pay as they go so that it will feel like paying one tax. It also means that those who use the cash basis introduced following the OTS small business review will not have to do an end-of year tax return at all (around a million small businesses used the cash basis in its first year of operation in 2013-14). HMRC Update: “Re Recommendation 333, HMRC sent 650,000 email reminders to people who file their tax returns online – see Press Release of 16 January 2015.”
333	Penalties report, page 15	January SA return reminders should mention late filing penalties and say how to notify HMRC if an SA return is no longer needed.	Under Review	No	
334	Penalties report, page 15	Issue an explanatory letter with SA summaries.	Under Review	No	
335	Penalties report, page 16	Allow alternative payment methods for overdue PAYE/NICs – currently limited to UK cheques.	Under Review	Partly	HMRC update: “PAYE underpayments are normally collected through adjustments to the customer's tax code. Where that can't take place customers are asked to make a payment on a voluntary basis by cheque. If payment is not received a small number are set up in Self-Assessment so that formal processes can be used to collect the tax due. HMRC are aware that some customers would prefer to make payment by card over the telephone and although the individual's record will be updated with that payment, currently there isn't an automated link to remove the underpayment from a planned future code. We

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					are exploring options following a recent trial to overcome this issue as well as working with colleagues to see if the ITA process can be adapted to support a better service for our customers. Any payment by card over the telephone is likely to be limited to single payments only.”
336	Penalties report, page 17	Provide further training for managers on applying penalties more consistently.	Partly	Partly	HMRC update: “HMRC devised the Boston training which was rolled out to over 7000 staff and would be prohibitively expensive to repeat.”
337	Penalties report, page 19	Include more examples in suspension of penalties guidance to staff.	Yes	Partly	HMRC update: “HMRC have updated the guidance to clarify when penalties arising from "one off" errors can be suspended (including the removal of the term "one off"), and are preparing a flow chart to simplify the process - this may be sufficient for the caseworkers in the majority of cases.”
338	Penalties report, page 20	Carry out assurance work on suspension of penalties for carelessness to improve consistency.	Yes	Partly	HMRC update: “HMRC are currently scoping a pilot to examine suspension cases to establish whether the customers have complied with conditions and if the conditions set by the caseworkers were SMART (Specific, Measurable, Achievable, Realistic, Timely).”
339	Penalties report, page 20	Publicise penalty behaviours and suspension criteria more widely to HMRC staff, not	Yes	Yes	HMRC update: “HMRC have produced help cards in addition to our work on the Boston review to provide a simpler form of reference for caseworkers.”

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		just in the Compliance Handbook.			
340	Penalties report, page 21	Review guidance on special reduction of penalties and include more detail in training material.	Yes	Partly	HMRC update: "HMRC will continue to review tribunal decisions regarding special reduction to identify developments, in particular any binding precedents that need to be reflected in guidance. The face to face guidance on penalties is scheduled to be reviewed shortly."
341	Penalties report, page 24	VAT penalties: De-register businesses that have stopped trading.	Yes	Partly	HMRC update: "HMRC have a pilot in progress in Compliance Centres to identify businesses which have ceased to trade and deregister them."
342	Competitiveness report, page 36	Carry out a review around introducing a consolidated return for groups of companies.	Consider	No	HMRC update: "As set out in a letter from the FST to the OTS at Autumn Statement 2014, these proposals would be major undertakings with wide-ranging impacts on businesses and Exchequer revenue. The Government has carried out an initial assessment of the recommendations, and established areas to be considered in the next parliament, subject to Ministers' priorities: <ul style="list-style-type: none"> the impact of proposals on the Exchequer, and the impact on business in terms of administrative and fiscal burdens;

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					<ul style="list-style-type: none"> • whether reforms improve or weaken the system’s resilience to, and deterrence of, tax avoidance. • how proposals accord with changes arising from the OECD Base Erosion and Profit Shifting project, which is due to conclude in December 2015; • the timing of potential reforms. For example in his Budget speech the Chancellor said in reference to the long-term future of the AIA, ‘a better time to address this issue is in the Autumn Statement.’ • what kind of transition period, transitional arrangements and support mechanisms would be required for each proposal.”
343	Competitiveness report, page 41	Businesses should be able to agree a level of materiality with HMRC.	No	No	HMRC update: “HMRC is committed to helping businesses get their tax right. It does not believe that agreeing a level of materiality with each individual business is the best way to achieve this.”
344	Competitiveness report, page 32	The Annual Investment Allowance should be set at a particular figure for a longer time.	Consider	No	HMRC update: “As set out in a letter from the FST to the OTS at Autumn Statement 2014, these proposals would be major undertakings with wide-ranging impacts on businesses and Exchequer revenue. The Government has

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					<p>carried out an initial assessment of the recommendations, and established areas to be considered in the next parliament, subject to Ministers' priorities:</p> <ul style="list-style-type: none"> • the impact of proposals on the Exchequer, and the impact on business in terms of administrative and fiscal burdens; • whether reforms improve or weaken the system's resilience to, and deterrence of, tax avoidance. • how proposals accord with changes arising from the OECD Base Erosion and Profit Shifting project, which is due to conclude in December 2015; • the timing of potential reforms. For example in his Budget speech the Chancellor said in reference to the long-term future of the AIA, 'a better time to address this issue is in the Autumn Statement.' • what kind of transition period, transitional arrangements and support mechanisms would be required for each proposal."

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345	Competitiveness report, page 37	Research and development relief guidance should be improved: a) More case studies needed in guidance b) HMRC to clarify what activity within BIS guidelines doesn't qualify for tax relief c) Clearer guidance on capital/revenue for software.	Yes Yes Yes	Partly	HMRC update: "HMRC has completed a consultation on R&D Reliefs and the feedback will be used to improve guidance and increase awareness of R&D tax credits. The government has also accepted your recommendation to create new case studies. An update is included in the Budget statement."
346	Competitiveness report, page 40	HMRC should streamline iXBRL processes and publicise how they use the information.	Yes	Partly	HMRC update: HMRC continues to work with a range of stakeholders including the Financial Reporting Council, agent representatives, and software suppliers. For example, new guidance was issued in February 2015 to support the successful implementation of XBRL taxonomies that accompany new accounting standards.
347	Competitiveness report, page 47	The de minimis for VAT partial exemption should be reviewed.	Consider	No	HMRC update: The partial exemption (PE) de minimis limits are set out in the VAT General Regulations and changes have been introduced on previous occasions to allow smaller businesses who do not incur significant amounts of tax to avoid carrying out a full calculation. The last amendment in 2010 allowed most businesses to only have to do the de-minimis test once a year.

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					<p>An amendment to the de minimis test will entail changes to the VAT General Regulations and consultation with stakeholders. The revenue impact of even a small increase in the threshold is likely to be sizeable. In addition, the de minimis limits are set at no more than £625 per month on average and does not exceed half of input tax in the period concerned. Therefore an increase in the threshold is more likely to benefit large businesses with small businesses failing the 50% test.</p> <p>We regularly review the thresholds as part of policy maintenance.</p>
348	Competitiveness report, page 47	HMRC should consider a simpler VAT procedure for partially exempt SMEs.	Consider	No	<p>HMRC update: “The approval procedure for Special Method proposals (PESMs) is needed as there is scope for abuse of the system when a business wants to operate a method that does not reflect the use of their costs. Although the existence of a declaration gives some assurance on this issue, in practice once a method has been agreed it may only be corrected on a prospective basis. This is unless HMRC is able to prove that the method does not fairly and reasonably represent the extent to which goods and services are used to make taxable supplies and that the person signing it knew or ought reasonably to have</p>

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					<p>known this at the time of signing the declaration. This is a very high bar to cross.</p> <p>Action taken</p> <p>HMRC accepts that the current delays in agreeing PESMs should be addressed and that the procedure can be modified to reflect the level of risk presented by a proposal.</p> <p>HMRC is working towards a stream-lined, risk-based internal procedure to agree PESMs. Methods will be vetted against a risk assessment and where a method looks reasonable and the level of residual input tax falls below a certain parameter, the method may be agreed.</p> <p>The objective is to reduce the time taken to agree PESMs without putting significant levels of tax at risk. In addition it will free up HMRC resource to concentrate on checking and appropriately challenge the higher risk proposals.</p> <p>This would most naturally benefit SMEs where the tax at risk is likely to fall within the lower threshold.”</p>
349	Competitiveness report, page 47	Allow modification of VAT partial exemption agreements in real time and set a target for the time taken to agree a partial exemption method.	Consider	No	HMRC update: “The approval procedure for Special Method proposals (PESMs) is needed as there is scope for abuse of the system when a business wants to operate a method that does not reflect the use of their costs. Although the

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					<p>existence of a declaration gives some assurance on this issue, in practice once a method has been agreed it may only be corrected on a prospective basis. This is unless HMRC is able to prove that the method does not fairly and reasonably represent the extent to which goods and services are used to make taxable supplies and that the person signing it knew or ought reasonably to have known this at the time of signing the declaration. This is a very high bar to cross.</p> <p>Action taken</p> <p>HMRC accepts that the current delays in agreeing PESMs should be addressed and that the procedure can be modified to reflect the level of risk presented by a proposal.</p> <p>HMRC is working towards a stream-lined, risk-based internal procedure to agree PESMs. Methods will be vetted against a risk assessment and where a method looks reasonable and the level of residual input tax falls below a certain parameter, the method may be agreed.</p> <p>The objective is to reduce the time taken to agree PESMs without putting significant levels of tax at risk. In addition it will free up HMRC resource to concentrate on checking</p>

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					<p>and appropriately challenge the higher risk proposals.</p> <p>This would most naturally benefit SMEs where the tax at risk is likely to fall within the lower threshold.”</p>
350	Competitiveness report, page 48	Review whether the VAT capital goods scheme is still needed and whether its scope can be reduced.	Consider	No	<p>HMRC update: “We cannot remove the Capital Goods Scheme. This is a fundamental part of the tax and is governed by EU rules. Without the scheme many businesses will lose out. For example those businesses who initially acquire a qualifying asset and cannot deduct VAT, because they are not making taxable supplies. If the level of taxable supplies increases over time the CGS adjustments ensure the business is able to recover a proportion of VAT to reflect the increased taxable use of the asset. Without the CGS the input tax will remain irrecoverable. The scope of the scheme could be reduced by increasing the value threshold for assets to be included in the scheme. This would attract both positive and negative reaction. When the CGS was last changed in 2011 some respondents to the consultation were conscious that a higher threshold would disadvantage smaller businesses with assets that fall outside the Scheme and who would</p>

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					<p>not be able to claim back previously irrecoverable input tax.</p> <p>There were also concerns about changing the rules and causing confusion and complexity relating to avoidance and anti-avoidance legislation.</p> <p>Any changes to the scope of the CGS would require amendments to the VAT General Regulations and consultation with stakeholders and would have a revenue impact.</p> <p>The scheme was extensively revised in 2011 and will be kept under review as part of regular policy maintenance.”</p>
351	Competitiveness report, page 49	VAT retail schemes need to have de minimis amounts for changes built in so that there is more leeway before a retailer needs to change their arrangement.	Consider	No	HMRC update: “We plan to carry out a scoping study in the financial year 2015/16 to consider whether implementing the recommendation would produce an administrative benefit for retailers, whilst enabling them to account for and pay the right amount of tax.”
352	Competitiveness report, page 49	Review VAT flat rate schemes and update rates.	Consider	No	HMRC update: “The FRS Scheme is to be reviewed (2015/16) during an overall examination of how VAT Simplification Schemes operate to determine whether they are providing the simplification measures required by smaller businesses.”

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353	Competitiveness report, pages 44,45	<p>Improve VAT clearance application processes:</p> <ul style="list-style-type: none"> a) Produce guidance on how to avoid penalties from the time of making a clearance application b) Develop an email template for the clearance service c) Publicise anonymised VAT rulings. 	<p>Yes</p> <p>Yes</p> <p>No</p>	Partly	<p>HMRC update:</p> <p>“a) Advice on time limits, interest and penalties is provided in our other non-statutory clearance guidance which is also linked to pages on seeking clearances or approval for a transaction. As part of the non-statutory clearance guidance service, we are also encouraging clearance applications by email (up to file sizes of 2 MB).</p> <p>b) The context for OTS rec b was in relation to VAT and we will work with business representatives to develop a suitable email template, including through the Joint VAT Consultative Committee Clearances sub-group.</p> <p>c) HMRC does not believe it would be possible to ensure anonymity while still providing helpful detail as rulings are factual and case specific. General principles on clearances are covered by the guidance.”</p>
354	Competitiveness report, page 50	Once VAT returns have been submitted, they can only be amended by form VAT 652 - HMRC should give this form greater prominence and allow online amendment of VAT returns.	Yes	Partly	<p>HMRC update: “HMRC’s ultimate aim is to enable businesses to amend their VAT returns on line. This will be dependent on funding being available to pursue the digital option. In the interim we will seek to ensure that form VAT 652 is both more accessible and given greater prominence.”</p>

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355	Competitiveness report, page 50	VAT bad debt relief should follow the accounting with the VAT being restored if any of the bad debt is recovered.	No	No	HMRC update; “The Principal VAT Directive provides relief for bad debts (as opposed to late payments). The six month limit enables a clear distinction between the two which is easily understood by both the supplier and customer. Following the accounting would also involve the supplier having to notify the customer of the need to adjust their input tax. The current system does not involve the issue of additional documentation (increasing costs for both customer and supplier), is simple to operate and gives customers certainty.”
356	Competitiveness report, page 49	Visits and audits in relation to VAT, Intrastat and EC Sales list should be better coordinated and carried out simultaneously.	Consider	Partly	HMRC update: “HMRC will make some visits at the request of another member state (SCAC referrals). We are looking to see if we can link these requests to our risk assessment process so that where appropriate the referral would form part of a full VAT intervention. However, there may cases where a VAT visit is undertaken as a result of our own risk assessment and then a week later a referral comes in from another Member State which necessitates an additional intervention. Where an Intrastat risk exists it does not follow that there would also be VAT risks therefore carrying out a full assurance visit would not only waste the business time but also HMRC resources. Risks may be identified at different times and there may be a small

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					number of occasions where separate interventions maybe required.”
357	Competitiveness report, page 48	Improve VAT guidance on property transactions, particularly for small businesses and the definition of “dwelling”.	Yes	Partly	HMRC update: “Pilot project to test proof of concept on use of IT tool to develop improved interactive guidance for customers in targeted areas of Indirect Tax. Project to report internally by 30/6/15”
358	Competitiveness report, page 48	Introduce a searchable list of properties that have been “opted” under the VAT option to tax scheme.	No	No	<p>HMRC update: “There are a number of principled reasons why we do not consider it to be appropriate for HMRC to produce and maintain such a register</p> <ol style="list-style-type: none"> 1. The business that has made the option has to account for VAT on the basis of the option and therefore knows the land/property is opted. There is therefore no prima facie benefit in an HMRC list. 2. Information on options to tax is taxpayer information subject to the restrictions of the CRA 2005 3. HMRC does not have a comprehensive record of options to tax.”
359	Competitiveness report, page 51	The changes to VAT place of supply rules from 1 January 2015 will lead to increased	Yes	Partly	HMRC update: “There has already been constructive discussion with trade and professional bodies which have addressed

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		burdens on smaller businesses. The mini one stop shop does not provide a complete answer and HMRC should continue discussions with professional and trade bodies to address concerns.			concerns raised resulting in improvements. HMRC will continue to engage on this issue.”
360	Competitiveness report, page 54	Legislation needs to be amended to allow employers to give authority for 3 rd parties such as software providers to deal with HMRC on payroll issues.	Yes	No	HMRC update: “It is thought that a legislative change would not be required for employers to allow software providers to act on their behalf as a taxpayer should be able to appoint anyone to act on their behalf currently. HMRC is still looking into the issue.”
361	Competitiveness report, page 57	Clearer guidance on setting up a payroll for businesses coming into the UK.	Yes	Yes	HMRC update: “HMRC have undertaken a review and identified areas within the existing guidance/process which can lead to failure demand and guidance has now been amended which will help address those issues. This area will continue to be monitored from customer feedback following the introduction of those changes.”
362	Competitiveness report, page 54	It should be possible to set up annual payroll schemes through a structured email facility.	Yes	Partly	HMRC update: “HMRC is currently reviewing this process to determine the feasibility and options available to move to a digital platform/solution.”
363	Competitiveness report, page 54	The RTI reporting rules require a leaving date to be	Yes	Partly	HMRC update: “HMRC is currently reviewing this process. As part of that review, HMRC

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		no more than 30 days after leaving, but this may not agree with the actual date used for many employment entitlements, HMRC guidance should reflect this.			will review its guidance around "leavers" and also consider whether an IT change is necessary."
364	Competitiveness report, page 58	The ongoing HMRC work on improving the Construction Industry Scheme needs to be carried through and include a review of whether CIS is still needed in its current form.	Yes	Yes	HMRC update: "HMRC consulted in 2014 on ways to improve the CIS. All proposals will be implemented. It was concluded that CIS still had a valuable function and the review should not extend to the continuation of the scheme."
365	Competitiveness report, page 62	Any business that is being moved out of the CRM system should receive warning and support from HMRC.	Yes	Yes	HMRC update: "HMRC have on-going and constructive dialogue with business through our CRMs."
366	Competitiveness report, pages 69,70	Consider an advance tax ruling service.	Yes	Yes	HMRC update: "HMRC agrees that providing certainty to businesses wishing to invest in the UK is beneficial to both business and the UK. As such, HMRC is happy to provide them with the same statutory and non-statutory clearances as it does to those already here. Since 2011, HMRC has also provided an Inward Investment Support service to non-resident businesses who are thinking of making a significant investment into the UK. The IIS team will engage in discussions with the business and co-ordinate the provision of clearances where appropriate. Guidance on the

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					IIS service can be found at https://www.gov.uk/tax-support-for-overseas-businesses-investing-in-the-uk .”
367	Competitiveness report, page 70	Consider a charge based clearance service.	No	No	HMRC update: “HMRC already offers a range of statutory and non-statutory clearance regimes free of charge. A paid for service as envisaged by the OTS would raise questions about competition with the service already offered by tax agents in helping taxpayers to meet their obligations.”
368	Competitiveness report, page 69	Better publicity for HMRC’s current clearance service to taxpayers with genuine uncertainty.	Yes	Yes	HMRC update: “Our clearance service has been advertised on GOV.UK to target the widest possible audience. The revised guidance also contains information on where to send clearances or queries.”
369	Competitiveness report, page 71	HMRC should make online guidance more accessible on gov.uk, and based around transactions rather than heads of duty. There should be more flow charts and animations.	Yes	Yes	HMRC update: “HMRC content transitioned to GOV.UK at the end of December 2014. Mainstream content has been re-written so that is simpler, faster and easier for customers to access the information they require. HMRC is working closely with GOV.UK to improve existing content based on user feedback, user analytics and usability testing. This work is on-going to ensure HMRC content supports our users. New content is developed based on a user needs

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					approach which improves the quality of future content HMRC provides.”
370	Competitiveness report, page 71	Introduce webinars on tax reliefs for businesses and start-ups.	Yes	Yes	HMRC update: “HMRC aims to provide support, knowledge skills and confidence for businesses to get their taxes right. We are developing a broad range of digital support and education products to help businesses deal with their tax affairs and will provide appropriate support for SEIS, VCT and tax reliefs based on customer needs and feedback.”
371	Competitiveness report, page 71	Introduce online filing for non-resident landlords.	Yes	Partly	HMRC update: “We have assumed that the recommendation refers to the returns for non-resident company landlords (Form SA700) and for individuals to claim non-residence (Form SA109). While it is not possible to file these returns online at present, both forms have been included in the programme of work being undertaken to create submittable forms and digital services to meet customer needs. This work programme is being delivered during 2015/16 and also includes the NRL series of forms for registering as a non-resident landlord.”
372	Competitiveness report, page 41	Review the Senior Accounting Officer system for large businesses to see if it remains necessary.	No	No	HMRC update: “Feedback from advisors, CRMs and HMRC customer surveys confirms that the SAO legislation has been effective in encouraging very large companies and groups to strengthen tax governance, processes and

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					controls, something that the OECD has recognised as a priority in the management of tax risk. However, HMRC does keep the application of such administrative requirements under regular review, most recently in 2011.”
373	Competitiveness report, pages 75,76	Raise the de minimis figure on stamp duty.	Consider	No	HMRC update: “Recommendation being considered in conjunction with stakeholder group. Discussed with group in February 2015, asking group to submit comments on proposal, together with examples of where current legislation/policy creates uncertainty/difficulty/inequity for taxpayers.”
374	Competitiveness report, page 76	Remove the rule that a company secretary commits an offence if they register an unstamped stock transfer form, or the process for stamping itself should be simplified.	Partially consider	No	HMRC update: “Recommendation being considered in conjunction with stakeholder group. Discussed with group in February 2015, asking group to submit comments on proposal, together with examples of where current legislation/policy creates uncertainty/difficulty/inequity for taxpayers.”
375	Competitiveness report, page 76	Review the rules surrounding stamp duty reserve tax and interactions with stamp duty, including group relief for SDRT.	Consider	No	HMRC update: “Recommendation being considered in conjunction with stakeholder group. Discussed with group in February 2015, asking group to submit comments on proposal, together with examples of where current legislation/policy creates uncertainty/difficulty/inequity for taxpayers.”

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376	Competitiveness report, page 76	Streamline the requirement to make a stamp duty land tax return at the five year point for a lease with uncertain rent.	Yes	No	HMRC update: "Recommendation being considering in conjunction with stakeholder group. Discussed with group in February 2015, asking group to submit comments on proposal, together with examples of where current legislation/policy creates uncertainty/difficulty/inequity for taxpayers."
377	Competitiveness report, page 77	Carry forward the current discussions on streamlining administration of the annual tax on enveloped dwellings.	Yes	Partly	HMRC update: "Legislation was included in draft FB15 to introduce a new, much shorter relief return. This will mean that businesses will generally be required to deliver only one return for all properties covered by a particular relief, instead of, as now, multiple detailed returns. For the first year, 2015/16, the filing date for the new return has been extended from 1 April 2015 to 1 October 2015, to coincide with the introduction of a new IT system. Together these two changes should significantly reduce the admin burden on businesses."
378	Competitiveness report, page 78	It should be possible to complete all tax forms and returns online, with the facility to save part completed forms.	Yes	Partly	HMRC update: "Work is already underway to move HMRC forms online."
379	Competitiveness report, page 82	Review quarterly instalment payments for large companies, increasing the threshold or introducing	Consider	No	HMRC update: "As set out in a letter from the FST to the OTS at Autumn Statement 2014, these proposals would be major undertakings

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		simpler procedures for mid-sized companies.			<p>with wide-ranging impacts on businesses and Exchequer revenue. The Government has carried out an initial assessment of the recommendations, and established areas to be considered in the next parliament, subject to Ministers' priorities:</p> <ul style="list-style-type: none"> • the impact of proposals on the Exchequer, and the impact on business in terms of administrative and fiscal burdens; • whether reforms improve or weaken the system's resilience to, and deterrence of, tax avoidance. • how proposals accord with changes arising from the OECD Base Erosion and Profit Shifting project, which is due to conclude in December 2015; • the timing of potential reforms. For example in his Budget speech the Chancellor said in reference to the long-term future of the AIA, 'a better time to address this issue is in the Autumn Statement.' • what kind of transition period, transitional arrangements and support mechanisms would be required for each proposal."

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380	Competitiveness report, page 83	Introduce a monthly payment option system for small business corporation tax and income tax.	Consider	No	HMRC update: "This recommendation has been incorporated into the Government's vision to modernise the tax system. As announced at budget, small businesses will have the option to pay as they go, to help them manage their tax flow."
381	Employment status report, page 48	We note that the administrative practice in EIM 03002 is under review but we do have concerns that the document proposing its withdrawal did not have regard to the situation of GPs and related professions. We trust that such considerations are being taken into account in considering the way forward.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
382	Employment status report, page 49	Extra-statutory concession A37 and the related NICs regulation 27 should be put into legislation to give greater certainty.	Consider	No	
383	Employment status report, page 50	HMRC should publish updated guidance on the status rules for the film, TV and production industry, with clear signposting from the gov.uk website.	Consider	No	

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384	Employment status report, page 51	Easements and concessions for particular occupations should be formalised in HMRC Statements of Practice and given proper publicity. In particular film industry grading lists and the basis of any agreements should be fully set out within HMRC guidance. All these arrangements should be consistent for both tax and NICs purposes.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
385	Employment status report, page 54	A review should be launched into the NICs categorisation regulations, with a view to their abolition. The aim would be to have a single set of rules, rather than a range of rules that override the main rules in some circumstances and which can result in differing treatments of the same income for income tax and NICs purposes.	Consider	No	
386	Employment status report, page 56	The distinction between 'office holder' and 'employment' should be abolished in the tax	Consider	No	

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		legislation. This would apply to income tax and NICs.			
387	Employment status report, page 62	There are lessons from a number of other countries that can usefully be drawn on for the UK.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
388	Employment status report, page 68	The idea of a set de minimis level for payments to an individual who carries out some activities for a business, which would definitely not be an employment, should be explored.	Consider	No	
389	Employment status report, page 74	All of the government's guidance material on employment status should be brought together in some form of 'employment status portal', covering both tax and employment rights.	Consider	No	
390	Employment status report, page 74	HMRC should issue guidance on the documentation and actions they would expect to see a business take when engaging a self-employed individual (in effect, a document setting out 'what good looks like').	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
391	Employment status report, pages 76, 77	HMRC should consider the idea of a 'safe harbour' basis	Consider	No	

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		that balances businesses' need for certainty with the risk to HMRC. The main aim would be that an HMRC employment status ruling could apply from the date of the ruling, but could not apply retrospectively.			
392	Employment status report, page 77	HMRC should set up an employment status helpline, where businesses are able to discuss specific queries with an HMRC officer with specialist knowledge of the subject.	Consider	No	
393	Employment status report, page 78	HMRC guidance should have more examples of common real life situations and show how employment status case law applies to them.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
394	Employment status report, page 78	HMRC should consider allocating more resources to employment status and/or ensure that more HMRC employer compliance staff receive specialist training in this area.	Consider	No	
395	Employment status report, page 80	HMRC should explore any synergy between the IR35 Forum's recommendations	Consider	No	

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		for IR35 purposes and those of the OTS under this employment status review.			
396	Employment status report, page 82	The case law underpinning HMRC's Employment Status Indicator needs to be reviewed and updated, ideally in an open and transparent way, perhaps by establishing a working group.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
397	Employment status report, page 87	HMRC's ESI tool should be improved to: <ul style="list-style-type: none"> (a) Include more real life examples (b) Consider using more industry specific questions (c) Improve help and guidance (d) Prevent software freezing. 	Consider	No	
398	Employment status report, page 87	HMRC's ESI tool should be reviewed to: <ul style="list-style-type: none"> (a) Consider developing two or more versions for different major industry sectors (b) Better adapt the content and 	Consider	No	

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		presentation to the users.			
399	Employment status report, page 88	Many businesses and representative bodies also indicated that if the ESI tool is properly and reasonably completed (a concept that would clearly need to be defined), then the results should be definitive. We recommend that this is explored in the context of the 'safe harbour' idea above.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."
400	Employment status report, page 102	There is a need for a proper review of the rules around expenses for the employed and self-employed, to ensure that these are appropriate for current working practices.	Consider	No	
401	Employment status report, page 109	The OTS believes there is no easy way to abolish employers' NICs, but an important first step would be to increase transparency around them and hence the understanding of the average individual of how much is being paid in what is, in effect, a payroll tax.	Consider	No	

No	Report and page no	Recommendation	Accepted?	Implemented?	Progress
402	Employment status report, page 125	We think that there is merit in reiterating our previous suggestion of a full review of the taxation of small businesses. That could cover limited companies, partnerships/LLPs and sole traders, and would have regard to employee taxation.	Consider	No	HMRC update: "The Government welcomes the OTS review on Employment Status published on 3 March 2015. It will consider the OTS's recommendations carefully in shaping its programme of tax reform and administration in the next Parliament."