

## Minutes of OTS Board meeting 27 September 2016

### Present

Angela Knight (chair)  
Teresa Graham  
John Whiting  
James Bowler  
Edward Troup (for items 1 and 6)  
Adam Broke  
Kathleen Russ  
Paul Johnson

### Apologies

John Cullinane

### In attendance

David Halsey (OTS Head of Office)

#### 1. Introductions and orientation

The Chair welcomed new Board members. The Tax Director and Head of Office had previously met with each of them to provide background on the OTS, by way of induction.

The Chair paid tribute to Adam Broke, who was attending his final Board meeting, having made a huge and long standing contribution to the work of the OTS, and made a small presentation.

The Chair introduced an introductory note she had circulated about the operation of the Board, the contents of which were agreed.

The Chair updated the Board about progress with the appointment of a new Tax Director.

#### 2. Minutes of previous meeting (13 July 2016)

These had been circulated prior to the meeting and published on the OTS website. The minutes were confirmed as a correct record.

There were no outstanding action points or matters arising that were not on the meeting agenda

#### 3. Register of interests and conflicts

An updated register of Board members' interests was circulated and additions noted. No potential conflicts were considered to arise in relation to matters on the agenda.

#### **4. Current review on income tax/NICs closer alignment**

The Tax Director spoke to a brief report on progress and informed the Board that the final report is on track for publication in October. In accordance with the published terms of reference, the report will provide a further assessment of the implications of moving Employee NICs onto an annual, cumulative and aggregated basis, and options for and implications of changing Employer NICs to operate on a payroll basis.

Arrangements to ensure the Board had appropriate opportunity to engage with this work in its remaining stages were discussed and agreed.

#### **5. Making Tax Digital (MTD)**

The Head of Office outlined the current approach of the Office to the MTD project including

- roles fulfilled by the current Tax Director
- the Office's engagement with stakeholders, including HMT and of course HMRC
- OTS are expecting to comment on key aspects of the 6 current consultation documents
- liaising with HMRC about the approach to MTD for companies.

In relation to corporation tax, the Board particularly noted the opportunity for synergy between MTD and the OTS's current corporation tax computation review.

More widely, the relationship between the respective roles of OTS and HMRC's Administrative Burden Advisory Board (ABAB) in relation to MTD was discussed. It was agreed that the two organisations would enhance liaison in this area; with the OTS taking an active interest and feed in observations from a tax simplification perspective and ABAB leading on the broader administrative burdens agenda around MTD.

#### **6. OTS future strategy**

The Head of Office introduced a Responses Document to the May consultation document and July stakeholder event. The principle points made included:-

- a narrative around helping to make tax system better 'fit for purpose' in changing times
- working on both structural changes and more practical/admin improvements for business and individuals
- wide evidence gathering and sustaining interest from different stakeholder segments

An initial discussion ensued on the options and choices for the resulting strategy. Considerations identified included

- themes such as changing working patterns;
- requirements of small business
- post implementation reviews of aspects of the existing tax system;
- opening up strategic issues for debate as well as recommending specific issues for action
- maintaining an engagement with the policy process and new legislation in development, through, for example, reference to measures of administrative burdens and of complexity, and the principles of simplification.

The OTS will consider these and other issues further, and in discussion with the new Tax Director once appointed. It is intended that a strategy statement will be considered by the Board in due course and then published as part of the OTS Annual Report.

## **7. Next projects**

Alongside various strands of continuing work, such as the corporation tax computation review and MTD, potential areas of future work were discussed by reference to a paper presented by the Head of Office. These included a possible project on aspects of VAT.

A more detailed discussions will take place at the next meeting and the aboard confirmed the intention to establish a rolling program of work.

## **8. Current follow up work from Small Company taxation review**

The Tax Director presented his brief report on the present work position on 'SEPA' and 'Lookthrough'. Final reports are due to be published in October.

## **9. Current review on corporation tax computation**

The Head of Office informed the Board of the present work position in relation to this review. An interim report and call for evidence is due to be published in October.

## **10. Other ongoing work streams**

The Board noted an update from the Head of Office and which includes

- a think-piece on the Gig economy, which is intended to generate a discussion from the tax perspective. It is planned to issue this in October
- responses the OTS has published on a number of current consultations
- a stocktake of previous OTS recommendations
- engagement with aspects of the policy-making process
- revisiting previous work on the complexity index

## **11. OTS governance**

The Board noted the final passage of the OTS legislation.

The Board noted a list of the significant meetings attended by the Chair, Tax Director or Head of Office since the last meeting, and of some upcoming meetings.

## **12. OTS operations**

The Head of Office reported on OTS finances and staffing, noting in particular that we had recently recruited an external communications consultant.

David Halsey  
OTS Head of Office