

Minutes of OTS Board meeting 26 January 2017

Present

Angela Knight (chair)
Teresa Graham (SID)
John Whiting (Tax Director)
James Bowler (HMT)
Edward Troup (HMRC)
Kathleen Russ
John Cullinane
Paul Johnson

In attendance

Paul Morton (Tax Director elect)
David Halsey (OTS Head of Office)
Zoe Judd (OTS Office Manager)

1. New Tax Director

The Chair, and Board, expressed their very considerable appreciation for all that John Whiting had done as Tax Director since 2010, and made a small presentation. The Board were pleased at the turn out for John's retirement event held the previous week.

The Chair welcomed Paul Morton to his first Board meeting.

2. Minutes of previous meeting (22 November 2016)

These had been circulated prior to the meeting. 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 potential conflicts

An updated register of Board members' interests was circulated.

The Chair reminded the Board that Paul Morton would have a continuing relationship with his current employer for the short term. For this reason, John Whiting was continuing to handle all matters in relation to the OTS's Corporation tax project, and the Board discussion on the project would be at a high level so that no conflict would arise.

No other potential conflicts were considered to arise in relation to matters on the agenda.

4. OTS strategy

Making Tax Digital

The Head of Office provided an update on the OTS's engagement with HMRC on MTD. The Chair provided feedback from meeting she had before Christmas with Theresa Middleton. Points made included

- HMRC would be publishing response documents and draft legislation soon, with which the OTS would engage

- One key area for successful delivery was the engagement of the software industry for the purposes of promoting the development of Apps and similar 'easy use' arrangements for customers.
- MTD offers a potential prize in digitising complexity and streamlining how tax is reported; there is concern about transition and its workability for small business
- In relation to corporation tax, OTS were working closely with HMRC's team in conjunction with the current CT review, with a view to embedding simplification ideas in early thinking
- OTS (in the person of John Whiting) would be giving evidence to the Lords Economic Affairs Committee in February. It was agreed that a meeting would be set up between the Chair of this committee and Paul Morton and Angela Knight, to introduce the new team.

OTS Annual Report

The likely shape of the OTS's first annual report for the period to 31 March 2017 was discussed. It was explained that the intention is that it should be able to function as an accessible shop window for the OTS, covering who we are, what's been done, what's planned and how we are positioning ourselves strategically. It will also include an outline of how and why the OTS has come into being. A framework for the document will be circulated for comment in advance of the next Board meeting.

5. Reflections on recently published reports

There was a brief discussion of the exchange of letters between the OTS and the Chancellor in conjunction with Autumn Statement 2016, in particular in relation to the IT/NICs report.

6. CT computation review

The Head of Office updated the Board on the review and that the intention was for the OTS to publish a report before the March Budget. He then outlined where thinking was heading as regards the major themes (Scheduler reform, capital expenditure; small business issues; large business issues) and the significance of making connections with Making Tax Digital.

Points made in discussion included

- Digitisation could offer potential to deal with/mask complexity; equally it might also prompt or be assisted if the extent of the tax classification of items were simplified;
- There was a particular interest in the scope of the position for small businesses to be streamlined, so making it easier for them to self-serve;
- In the large business area, certainty was of particular interest; and
- It would be important to give consideration to any yield/tax gap implications in framing future debate.

Arrangements would be made to circulate to the Board more detailed material ahead of publication. It was emphasised that the intention of the report was to trigger debate (which may lead to more work), as well as making specific recommendations.

7. VAT review

The Tax Director introduced the context of the review and updated the Board on progress. He explained that the OTS is due to publish an update and call for evidence before the Budget.

Points made in discussion included

- The potential to modernise aspects of the way particular schemes work;
- The value of exploring the merits of raising or lowering the registration threshold(not least given the bunching that occurs below the threshold); and
- The merits of exploring business/non-business distinctions and issues affecting charities.

8. (paper) Stamp Duty review

The Tax Director introduced an update on this review. It was already clear from initial meetings that the focus of the work will be on how the tax can be replaced electronically, rather than about the principle of the merits of making this change.. It was likely OTS would publish a brief 'call for evidence' paper in February.

9. Future work

The Head of Office spoke to a round-up note on other matters

- Work was continuing on developing a project around owner-managed businesses, where a variety of practical and policy issues were emerging, not least around the CGT and IHT reliefs impacting on business succession issues. A number of observations were made and the Board supported this being taken forward
- An update to the Gig Focus paper is planned; the Chair reported on a meeting with Matthew Taylor regarding his review in this area
- Work on the stocktake of previous OTS recommendations is in progress
- The OTS had been well-featured in the recent Institute for Government/IFS/CIOT launch of this 'Better Budgets' report with a range of positive references to the OTS and its work
- A roundtable meeting is planned for 28 February with a range of key stakeholders, mainly in relation to considering the OTS's future work programme

10. OTS governance

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

11. OTS operations

The Head of Office reported on OTS finances and staffing.

David Halsey
OTS Head of Office