

Minutes of OTS Board meeting 14 September 2017

Present

Angela Knight (Chair)
Teresa Graham (SID)
Paul Morton (Tax Director)
John Cullinane
Paul Johnson
Kathleen Russ
Mike Williams (HMT)

Apologies

Edward Troup (HMRC)
Beth Russell (HMT)

In attendance

David Halsey (OTS Head of Office)
Oliver Fisher (HMRC, for items 1-3)
Nigel Mellor (OTS)
Ruth Hopkinson (HMT)

1. Minutes of previous meeting (18 July 2017)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record. There were no outstanding action points that were not on the meeting agenda.

Under matters arising, there was a brief discussion of the areas which the OTS might take forward its thinking about the gig economy, for example in its work on technology or in relation to the role of platforms.

2. Register of interests and potential conflicts

The current register of Board members' interests was circulated. No potential conflicts in relation to matters on the agenda were identified.

3. Making Tax Digital

The Board welcomed Oliver Fisher (HMRC lead on Making Tax Digital for Business Strategy and Policy) who presented an update on HMRC's work in this area.

Points noted or discussed included

- the content and impact of the Ministerial statement in July, including the new timetable and staggered implementation;
- the behavioural challenge posed by mandating VAT changes from April 2019;
- the dependence of business on third party software providers for them to be ready for MTD;
- in relation to future work on corporation tax, the recommendations in the OTS CT report, the potential for MTD and iXBRL to be integrated and the desirability of the underlying tax rules to be simplified as well as looking to technology to mask that complexity.

4. Tax Director's Report

The Tax Director presented his report, which

- covered the Chancellor's responses to the corporation tax and stamp duty reviews
- welcomed the Chancellor's decision to request that the OTS do further work on capital allowances and depreciation, which would be launched soon,
- outlined points arising from various external engagements, including a visit to HMRC's digital data academy in Shipley,
- summarised the state of play with follow up work on disincorporation relief; the current work towards focus papers on business lifecycle and technology; and the continuing exploration of future work (eg on savings and on aspects of inheritance tax); and
- gave a flavour of the coverage the OTS had received in the media and tax professional press, including a number of articles from the OTS.

The Board noted public comment that the implications of the heavy Parliamentary timetable on Brexit issues raised questions as to how much other legislation could be considered. The Board welcomed the proposed meeting between the Chair and Tax Director with the FST in October.

The Board also considered and made suggestions about the membership of the Consultative Committee for the capital allowances and depreciation review.

5. Forward Planning

The Tax Director set out the OTS future work plan and informed the Board that it was intended that this would be published on the web site shortly.

The Board discussed the content and relative priority of some of the items under consideration and that aspects of the work plan would inevitably be subject to change from time to time.

6. VAT review

Nigel Mellor summarised the main points in the initial working draft of the Executive Summary for this review, and updated the Board on a positive meeting of the Consultative Committee the previous day.

It remained the OTS's intention to publish the report in early November, ahead of the Autumn Budget (which it had recently been announced would be on 22 November).

In respect to the key issue of the registration threshold, it remained the Board's intention to provide information and analysis of the considerations and impacts of movement in either direction but without offering a specific recommendation. The report would also aim to explore the potential for ways of smoothing the effect of the bunching, or cliff-edge, associated with whatever threshold or thresholds the Government set. Recognising that distortions resulting from the cliff-edge, not least in relation to competition, is likely to be higher if the threshold is higher, the report would also consider approaches to not increasing the extent of that cliff-edge.

Fuller drafts of the report would be circulated to the Board in the next few weeks for comment.

7. Administrative matters

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

The Head of Office reported that the OTS finances and staffing were satisfactory, and drew the Board's attention to the proposed programme of Board meeting dates in 2018.