

## Minutes of OTS Board meeting 29 November 2017

### Present

Angela Knight (Chair)  
Teresa Graham (SID)  
Paul Morton (Tax Director)  
John Cullinane  
Kathleen Russ  
Edward Troup (HMRC)  
Beth Russell (HMT)

### Apologies

Paul Johnson

### In attendance

David Halsey (OTS Head of Office)  
Sue Youngman (OTS)  
Eileen Rafferty (OTS)  
Roderick Tate (HMT)

#### 1. Introductions

The Board welcomed Beth Russell to her first Board meeting.

#### 2. Minutes of previous meeting (14 September 2017)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record. There were no outstanding action points or other matters arising.

#### 3. Register of interests and potential conflicts

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

#### 4. VAT report

The Board discussed the VAT review, which was published on 7 November, in advance of the Budget on 22 November. The report had generated considerable interest in the press, in particular in relation to the level of the threshold (whether raising it, lowering it or freezing it) and the possibility of developing a smoothing mechanism.

The Board considered the publicity had been well-managed and had been a helpful contribution to promoting a wider and more open public debate on the issues. This process had also raised the OTS profile with key journalists, which the office would be seeking to build on.

The Tax Director noted that following the Budget announcement, that the next steps would be for the OTS to continue to engage with HMT and HMRC on their work on the recommendations, and in particular as they take forward the consultation on the threshold announced at Budget, as to '.... whether its design could better incentivise growth'.

Longer term, post-Brexit, the Office will consider whether to address other areas such as cross-border trade and financial services.

## **5. The Budget**

The Tax Director noted that a number of matters were announced in the Budget that were relevant to the OTS and which the Office planned to engage with, including work on:

- Employee expenses claims
- A review of intangible assets, and
- A planned consultation on trusts (which could link to the Office's work on Inheritance tax).

The Board noted the decision not to renew disincorporation relief.

## **6. Reflections from Edward Troup**

Edward Troup was attending his last OTS Board meeting, as he was retiring from HMRC. Having worked with Michael Jack and John Whiting to establish OTS in 2010, he offered some reflections on the OTS and simplification in general, noting

- the relatively slow pace at which it is possible for the system to change,
- the OTS's success in amplifying its impact through stimulating others to participate in debate,
- how the OTS might best strike the balance between looking to improve the customer experience and simplifying the underlying legislation itself, and
- the importance of using the Office's distinctive position and voice to best effect.

The Chair then made a brief presentation to mark the Board's appreciation of Edward's support and contribution to the OTS during his tenure.

## **7. Tax Director's Report**

The Tax Director presented his report and highlighted the following points:

i) External engagements and relationships: The Tax Director noted that the OTS was developing a wider range of contacts, including the business community and academics, and that there was considerable potential for liaison with the IFS on work on claims and elections.

ii) Ongoing work areas: The Tax Director updated the Board on the OTS's work on savings and inheritance tax and that it will continue building a business case for work on low income taxpayers issues. This offers potential for a useful liaison with DWP.

iii) Gig economy: The OTS will consider how it can contribute to ongoing thinking about the gig economy and the use of platforms to help people meet their tax obligations, mindful of HMRC's current work programme in this area. It was agreed that the OTS will produce a further paper outlining its thinking in this area and the role it could play.

iv) International development: The OTS has been invited to consider contributing to international capacity building on tax reform. The Board concluded that the OTS could offer valuable learning on how complexity had grown in the UK tax system, which in turn could help other countries in choosing their own paths.

## **8. Depreciation and capital allowances**

The Tax Director updated the Board on the progress of this review. A considerable number of meetings had taken place and a range of opinions, issues and options were emerging. A further update would be provided at the next Board meeting.

#### **9. Business Lifecycle focus paper**

A draft of a focus paper on this subject was circulated for discussion.

The Board welcomed the focus across the business lifecycle, and made a variety of suggestions for bringing out the messages more clearly. These included that the complexity of the current arrangements could get in the way of the policy objectives, and that various factors and not just tax, influenced business owners' decisions prior to succession.

More work will take place on the paper, including circulating the next draft to Board members for further comments. It was expected that the paper will be published by the end of January.

#### **10. Technology**

The first meeting of the technology advisory group will be taking place shortly. It has members from HMT and HMRC, but the OTS would check that the MTD team were engaged with the group. The intention of the Technology advisory group is to keep the OTS informed of developments that may have an impact on tax issues.

#### **11. HMRC Guidance**

The Tax Director noted that the Financial Secretary had expressed a particular interest in guidance of all forms being useful, understandable and simple for the user. He requested that the OTS undertake some work on this topic.

There was a discussion about the extent to which this was for the OTS rather than for ABAB.,. It was agreed that next steps for the Office were to consider with others the nature and scoping of the work, and to update the Board in respect of the scope at the next meeting. It was also agreed that as far as technology was concerned the OTS maintain a watching brief as set out in 10 above.

#### **12. OTS meetings**

The Board noted and welcomed OTS's engagement with a wide range of stakeholders.

#### **13. OTS operations**

The Head of office updated the Board on staffing and finances.

#### **14. Board meeting dates for 2018**

These were noted.

#### **15. AOB**

Paul Morton and Board members once again expressed their thanks to Edward Troup for his support to OTS since inception and wished him well for the future.