

Office of Tax Simplification Board Meeting

2 May 2013

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Teresa Graham
Adam Broke
Mike Williams – HM Treasury
Carol Bristow – HM Revenue & Customs

Secretary

Jeremy Sherwood

Apologies

Indra Morris – HM Treasury
Edward Troup - HM Revenue & Customs

1. Minutes of the last meeting

The minutes of the 31 January 2013 meeting were formally agreed.

2. Action points from previous meeting

The OTS secretariat had been asked to draw up a list of all the OTS recommendations to date, with details of whether they had been adopted or rejected by the Government. The secretary circulated a list of the 200+ simplification recommendations made in OTS reports published to date. Initial analysis was that of these, 112 had been fully or partly accepted, 7 were being consulted on, 21 were awaiting further work and 60 had been rejected or deferred. Overall, the Board felt the analysis should be a useful source of information in the ongoing plans to evaluate the work of the OTS.

As requested at the last meeting, the secretary had discussed the OTS budget for 2013/14 with HM Treasury. The overall budget had now been agreed at £469,810.

3. Budget 2013 and responses to the OTS reports

The Chairman and Tax Director remarked on the lack of a mention of the OTS in the Chancellor's Budget speech. The Board agreed that action should be taken to help raise the profile of the OTS as this would help with the recruitment of secondees and gathering input from the tax profession.

The Exchequer Secretary to HM Treasury had written formally to the OTS setting out the Government's response to the OTS reviews of pensioner taxation and unapproved share schemes. The letter, which was published on the OTS website, also set out the terms of reference for the OTS review of partnership taxation, due to start in the summer.

4. Small business review

John Whiting gave an update on the Government's response to the OTS small business review, specifically the new cash basis and simpler expenses rules being introduced in the current Finance Bill. The clauses were due to be debated in the House of Commons Finance Bill Committee debate during May. There was still some controversy over the reforms, but the acid test of the new rules would be their take up among small businesses. Teresa Graham and HMRC's Administrative Burdens Advisory Board had been keeping a close eye on the implementation of the proposals, especially making sure the HMRC guidance was understandable to the smallest businesses. There were lessons in this for the OTS, HMRC and HM Treasury in how responses to OTS reports should be implemented.

5. Update on projects

The first meeting of the Consultative Committee for the project on employee benefits and expenses had taken place and there had been a very useful and detailed discussion. The team had also held meetings with the Confederation of British Industry and the Chartered Institute of Taxation employment tax forum, and were busy lining up a series of further meetings with tax practitioners, employers and HMRC teams around the country. Common areas of complexity mentioned so far were the rules for travel and subsistence, relocation expenses, Forms P11D, accommodation benefits, termination payments, and HMRC administration (including its use of dispensations and PAYE settlement agreements, and incorrect PAYE codes). An interim report identifying areas of complexity was planned for the summer, after which the team expected to focus on one or two specific priority areas to make recommendations.

The review of partnership taxation was due to start in June, and the secondee team was being finalised for this review.

As part of its work looking into the underlying reasons for tax complexity, the OTS had started a six month project looking at tax definitions. The team was also refining its complexity index model with a view to publishing a further version on the OTS website in June or July.

6. Any other business

- Michael Jack had written to Margaret Hodge MP, chair of the House of Commons Public Accounts Committee, about its recent report on tax avoidance and the role of the "big four" accountancy firms. The report referred to the OTS in passing, but gave a significantly incomplete impression of the work of the OTS. The Board agreed that the letter should be published on the OTS website.
- Finance and staffing. The secretary reported that the OTS had spent £67,982 less than the allocated budget for 2012/13 of £442,285. The main reasons were lower than expected IT and pay costs. The budget for 2013/14 had been agreed at £469,810. The OTS had recruited three new secondees to carry out the employee benefits project: Tracey Bowler, Theresa Dendy and Suzy Giele. All would be working for the OTS on a part time basis for an initial six months. Michael Wilson would join on 1 August on a similar basis. In addition a postgraduate law student, Morwenna Scott, had been recruited to carry out a six month project on tax definitions, supervised by Caroline

Turnbull-Hall. The OTS secretariat had two vacancies for civil servants as Katya Williams had returned to HMRC and Mark Thompson was due to join the Department for Transport on promotion. Both posts were being advertised to HM Treasury and HMRC staff.

- The Board formally approved a list of members for the Consultative Committee on the employee benefits and expenses project. The list would be published on the OTS website.
- The next meeting would be on 17 June at 3:30pm.

Jeremy Sherwood
OTS Secretariat