

Office of
Tax Simplification

**Competitiveness review:
initial thoughts and call for evidence**

March 2014

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Foreword

This paper is not in the normal style of OTS publications: it is not a report with recommendations, compiled after extensive evidence gathering by our team. Instead, it is a shortish paper developing the terms of reference we have been given for our latest project on a 'Review of the competitiveness of the UK tax administration'. We are setting out some of our initial thoughts and the questions we think we need to ask and gather views on, but it is really in the nature of a call for input and evidence: please see Chapter 3 for the areas we want to explore and how you can contribute.

Our brief is to look for ways of improving the competitiveness of the UK tax administration, with reference to the World Bank's 'Paying Taxes' report and focussing particularly on the SME sector. We know we need to range widely in our researches: we will not simply be analysing the World Bank's case study¹ that drives the Paying Taxes rating; rather, we want to consider how the UK tax administration impacts on all sizes and types of business. We will be looking for ways of improving the system, but we also want to hear what people think are the good features of our system. After all, they may provide lessons for improving other areas and we need to make sure that all who could benefit from them are doing so.

We have spoken to a small number of individuals and businesses to help shape our project and one immediate point to emerge is that we cannot consider the competitiveness of the UK's tax administration solely in terms of administrative aspects. We will need to factor in technical matters, although many of these will immediately raise policy considerations that may be outside the OTS's brief. But we need to have regard to them to highlight impacts and ensure that our report gives as complete a picture as we can manage.

We can only produce a report that will be useful to the Chancellor and tax policymakers if we get copious and solid evidence of the good and not so good features of the UK's tax administration. Please let us have that input – either directly to competitiveness@ots.gsi.gov.uk or contact us if a meeting would be more effective. We look forward to hearing from you – and thank you in advance for your input.



John Whiting

Tax Director, Office of Tax Simplification

¹ The case study company that underlies the World Bank report is a limited company of a fair size – as the OTS is well aware from our work on partnerships, some 10 per cent of UK businesses are partnerships; and around 40 per cent of UK businesses have turnover below £30,000, almost all of which will not be involved with VAT or PAYE. Then again, the UK has many large and successful multi-national businesses of a size well above the World Bank's focus. But the UK tax administration has an impact on them all.

1

Introduction

1.1 At Autumn Statement 2013, the Chancellor asked the OTS to carry out a project to improve further the competitiveness of the UK tax administration for businesses. The aim is to support the Government's ambition for the UK to rank within the top five in the World Bank's "Doing Business" report¹ within three years.

1.2 This report presents what we see as the priority areas to review, sets out some initial thoughts on how we can improve the competitiveness of the UK, explains how we will carry out the project and invites evidence and contributions.

1.3 We have already visited some businesses and taken soundings from a small group of individuals to help us shape our project work. In the next chapter we present short summaries of what the businesses told us. There are some clear common themes from the contributions we have received so far that we want to explore further:

- structure – the tax system needs to have a clear and logical structure that fits with the way businesses operate and doesn't require a lot of effort for no particular value
- comprehensibility – a company should be able to understand its tax obligations, and if not, get timely and effective help from HMRC
- transparency – the tax due should be easy to predict with no unpleasant surprises
- equity – businesses think it's unfair that some genuine business expenses don't get tax relief for no obvious reason

Box 1.A: Getting in touch

As with all our reviews, we will try and consult as widely as possible with businesses, tax advisers, HMRC staff and other interested people around the country. We would love to hear your views – you can get in touch with us at: competitiveness@ots.gsi.gov.uk.

Contributions by e mail – as short or as long as you wish – will be welcome; we will also be grateful for opportunities to meet with groups of businesses or advisers to discuss the issues raised by our project.

You can also join in the discussion on UK competitiveness through the OTS [LinkedIn](#) group.

Our remit

1.4 Our terms of reference state that we will:

- identify and review what the UK has already done and is planning to do to improve the competitiveness of the UK tax administration, and the effect on the UK's ranking

¹ <http://www.doingbusiness.org/reports/global-reports/doing-business-2014>

- make recommendations as to what more could be done to improve the competitiveness of UK tax administration, building on the OTS's previous reviews of small business taxation
- focus on the administration of the taxes highlighted in the World Bank's report, namely corporation tax, VAT and employers' National Insurance, as well as on the administration of PAYE
- draw relevant lessons from key competitors who rank more highly than the UK in one or more element
- take account of the opportunities offered by HMRC's plans for digital transformation

1.5 The review will report in summer 2014 and will concentrate particularly on the SME sector, reflecting the focus of the World Bank report. All types and sizes of business are within the scope of the project but the report may recommend further work in some areas.

1.6 While we want to help improve the UK's ranking in the World Bank survey, this is not an exercise solely geared to that end. We want to produce recommendations which provide real simplifications for businesses and make it easier, cheaper and less time consuming for them to fulfil their tax obligations. The emphasis in the Doing Business report is on regulation faced by a medium-sized business, which in the UK make up a minority of businesses. The majority of UK businesses are not VAT registered, are unincorporated, and aren't employers. However, the complexity which these additional taxes create for businesses cannot be ignored.

1.7 We have decided to focus on the three main areas of business tax administration – corporation tax, VAT, and payroll taxes, including employers' national insurance contributions. However, it is important that we consider wider business tax and administration issues, such as income tax for unincorporated businesses. We will draw on lessons we have learnt from our previous reviews into tax reliefs, small business taxation, partnership taxation and employee benefits and expenses.²

1.8 We have recruited two very experienced tax experts to help us carry out the review. Tim Voak has worked at some of the UK's largest companies and was a member of the CBI's tax committee for many years. Andy Richens is technical tax director at Bishop Fleming accountants, is a member of the Treasury's tax professionals' forum and has previously worked with the OTS on our small business project.

1.9 In view of the short timescale for this project, we are not setting up a Consultative Committee to help guide and shape our work, as has been our practice with our projects to date. We will, as always, be making sure we consult widely and have already been in touch with a number of individuals and bodies to ensure we obtain their input for the project.

The World Bank report

1.10 The World Bank's annual 'Doing Business' report aims to measure the overall regulatory burden on small and medium-sized enterprises. Recommendations from the OTS's project will be partly produced with regard to the 'Doing Business' report.

1.11 The report is made up of 10 indicators, which measure the regulations which affect businesses throughout their lifecycle. Of these indicators, two of them are highly relevant to tax administration: 'Starting a Business' and 'Paying Taxes'. A brief description of both can be found below.

² The previous OTS reports can be found on our website: <https://www.gov.uk/government/organisations/office-of-tax-simplification>

Starting a business

1.12 As much of the 'Starting a Business' indicator is not relevant to tax administration, we will not focus extensively on it, though we do want to look for wider lessons that will have an impact on a new business's interactions with government. In the 2013 report, the UK requires six procedures over 12 days to start a business, which makes it the 28th easiest country to start a business in.

1.13 Two of the six procedures involve registering for taxes:

- registering for PAYE, which takes eight days according to the World Bank
- registering for VAT, which is measured alongside registering for PAYE. As a result of this the time spent waiting for a VAT number is not included in the total time spent on the procedure, so the World Bank records the time taken as less than one day.

1.14 The report says that the key reason registration for PAYE takes such a long time is because in order to set up a contribution scheme for national insurance and PAYE tax, a company is first issued with an activation PIN for the Government Gateway by post, usually within a week. However, HMRC tell us employers do not need to register with the Government Gateway to set up a PAYE scheme. They must do so if they want to file returns or pay tax electronically but this can be done after the business is registered with HMRC as the processes are independent. HMRC tell us that after recent improvements it takes around three days to set up a PAYE scheme. We clearly need to explore the World Bank methodology more closely to see what scope there is for improving the UK's ranking for this indicator and would welcome comments from advisers and businesses on the above outlines.

Paying taxes

1.15 The Paying Taxes indicator combines three factors which give an indication of the regulatory burden of taxation upon business:

- the **total tax rate** as a percentage of profits before all taxes
- **compliance time**: the number of hours per year to prepare and file returns and pay taxes
- the required number of **tax payments** per year

1.16 These measures are calculated for a standard case study medium-sized business with the following properties:

Table 1.A: Information about the business in the World Bank case study

Industry	Ceramics manufacturer
Location	Operates in the main business city (for the UK, London)
Corporate structure	Limited company
Owners	5 owners
Employees	60 employees, one of whom is also an owner. All receive medical insurance as a benefit, and reimburse some expenses. It has no leavers and no joiners
Applicable taxes	In the UK: corporation tax, VAT, employers' national insurance, landfill tax, business rates, insurance premium tax, fuel duty, vehicle excise tax

1.17 The UK already compares very favourably with other countries on these measures.³ It is currently ranked 14th overall for the ease of paying taxes out of 189 countries in the survey. Overall the study states that it takes the business described above 110 hours and eight payments to comply, with a total tax rate of 34 per cent.

Total tax rate

1.18 The total tax rate for the company calculates a rate of tax based on the taxes borne, i.e. those charged to the profit and loss account. It includes corporation tax, employers' NICs, irrecoverable VAT and business rates but not those taxes such as employee's income tax and NICs that are collected through the PAYE system. This is primarily dependent on policy decisions on tax rates and the rules for calculating profits and other relevant amounts. Tax rates are outside the scope of the current OTS exercise.

Compliance time

1.19 The compliance time measurement indicates the time taken for a business to prepare tax returns from information in statutory accounts, and then file and pay a country's profit, sales and labour taxes. It does not attempt to measure time taken for post-filing enquiries and clearances.

Table 1.B: Hours taken for case study business to prepare, file and pay the three key taxes in the UK

Tax	Preparation Time (hours)	Filing Time (hours)	Paying Time (hours)	Total (hours)
Corporation Tax	28	8	1	37
VAT	19	5	1	25
Payroll Taxes	20	27	1	48

1.20 The UK compares very favourably with similar economies on the time taken to prepare and file VAT returns, but less so for corporation tax and payroll taxes. Our initial ideas on improving these times can be found in the next chapter.

Number of payments

1.21 The number of payments factor is simply the number of discrete tax payments the company needs to make during the year. However, there is a key adjustment in the World Bank methodology: taxes paid digitally only count as one payment for the year, no matter how many digital payments are required. This benefits the UK: for example, the (normal) 12 payments of PAYE/NICs are reduced to one for the survey.

What is competitiveness – and when is it important?

1.22 The 'Doing Business' report is a comparative measure of regulatory burden. Overall this is a function it achieves well, not least because it is based on a standardised model that all participating countries use in the same way.

1.23 The ease of paying taxes, however important, is only one measurement of competitiveness. There are several other factors (some administrative, some policy) which may influence the competitiveness of a tax system including:

- certainty about the tax bill that has been declared

³ The UK ranks especially well among similar economies. Among the G8 the UK ranks second and among the G20 the UK ranks fourth.

- confidence in the future direction and stability of the tax system
- special reliefs which may affect the tax rate to produce innovation
- the relationship between tax authorities and businesses
- the ease of auditing and enquiry processes

1.24 We would welcome comments on the factors listed in the previous paragraph. How significant are they in improving competitiveness? What other factors are important?

1.25 Some administrative burdens don't necessarily make the tax system less competitive. For example, R&D relief can involve extra record-keeping requirements, but the relief is highly competitive. Our review will need to consider where complexity in administration is there to enhance competitiveness.

1.26 We also need to have regard to the ways in which greater 'competitiveness' is important in practice. There are perhaps two broad situations:

- 1 attracting investment to the UK – where the UK needs to show a competitive system to international businesses
- 2 general ease of administration – so that burdens on all businesses operating in the UK are minimised

1.27 The two are interlinked but have different foci. Although the Paying Taxes project is orientated to the second of these situations, it does try to blend both (as it includes the total tax rate). However, the way the case study is constructed (a domestic manufacturer, no R&D, no VAT difficulties over supply categorisation) does mean that it does not assess all aspects of tax competitiveness. Changes to improve competitiveness, particularly for the first situation, may not impact the second, and vice versa. We need to be mindful of broader tax and economic competitiveness when reviewing the UK's tax system.

2

Initial findings

Initial findings

2.1 The findings below are based on initial soundings from a small number of contributors, including some SME businesses, together with previous OTS reports and survey findings referenced below. The OTS is not constrained by these initial thoughts and they will be tested extensively in the coming months.

2.2 As part of our initial fact-finding work, we visited three companies in the South West of England:

Box 2.A: Three case studies from companies in the South West of England

Westaways Sausages Ltd develops food products for overseas markets. Charles Baughan, the Managing Director travelled with the Prime Minister on a recent trade mission to China. Mr Baughan told the OTS that corporation tax is complicated so the firm engages a firm of accountants to fill in their tax return. Tax reliefs such as capital allowances are especially complicated, as is knowing whether research and development qualifies for R&D relief. Companies are “scared” to claim complex reliefs and have to shell out for specialist tax advice for peace of mind. On tax administration, a small but practical improvement would be to allow companies to pay corporation tax by a cheque in the post rather than having to pay the cheque in at a bank. The biggest change Charles wanted to see was enhanced tax relief for training.

The Una Group is a diversified business that includes manufacturing, property and business services. We met the group Managing Director, David Young in Plymouth. He told us that claiming research and development relief was “surprisingly easy, not a lot of hassle”. On the other hand, keeping records of entertaining expenses is “a nightmare” according to Finance Director, David Pearce. The value of tax at stake is very small compared to the burden of record keeping – it’s “a bucketload of effort for no purpose whatsoever” said the FD. The biggest single simplification for the Una Group would be to have a single named point of contact at HMRC to co-ordinate any tax issues.

Thatchers Cider is a well known drinks manufacturer in the West Country. Chairman John Thatcher proudly showed the OTS round his modern, highly automated production line. However, he thought it unfair that the company could not get tax relief for the new building that houses it, which is expected to last for 20 to 30 years. In the past it would have qualified for industrial buildings allowances but these were phased out from 2008. Another specific issue was the lack of relief for planting orchards. Mr Thatcher thought it would be a lot simpler if businesses could claim depreciation as an expense against tax, instead of capital allowances. VAT, PAYE and excise duty were relatively straightforward to understand and were handled in house. But the company needed external tax advisers to complete its corporation tax return, and spent a day each year going over the return with them. One simple change would be to allow companies to pay excise duty electronically – at the moment it can only be paid by cheque. Finance Director Matthew Gazzard said the single biggest simplification for Thatchers Cider would be to have a single named point of contact at HMRC.

Corporation Tax

2.3 In the Paying Taxes 2014 report, the compliance time for corporation tax (CT) in the UK is computed as 37 hours per year. In Ireland it takes a comparable business 10 hours to prepare, file and pay a CT return, despite having a similar tax administration to the UK. The key reason for this difference is the number of differences between taxable profit and accounting profit – it takes 28 hours to prepare the accounts for the tax (and only nine hours to file and pay). Our research has confirmed that there are a very large number of differences: the Tax Law Review Committee of the Institute for Fiscal Studies identified a total of 281 statutory differences between accounting and taxable profits in 2004.¹ While we have not attempted to revise this figure in light of changes to the tax system since 2004, it does not seem likely that this figure has altered significantly. It makes sense to undertake a review of these statutory differences to discover which are particularly difficult for businesses, particularly looking at where administration seems disproportionate to the policy benefit or material tax difference.

2.4 These differences are in addition to the work involved in calculating capital allowances, though capital allowances in general increase the competitiveness of the tax system. However, the capital allowances administration can sometimes create additional complexity for little tax difference. For example, a hotel business has told the OTS that the removal of the non-statutory renewals basis in April 2013 has increased the number of short life asset pools considerably, where replacement of items with a life between two and eight years, such as curtains and mattresses, will now need to move to a capital allowances claim.²

2.5 Over the past 10 years, a number of consultations and technical documents have reviewed aspects of the corporation tax system. Notable consultations were on schedular reform and capital/revenue in 2004 and the taxation of small businesses in 2008. In addition to changes resulting from these consultations, major tax legislation introduced over this time has:

- Reduced the main rate of CT from 28 per cent in 2010 to 20 per cent from 2015 (meanwhile the small company rate has varied between 19 per cent and 21 per cent, but remained at 20 per cent over recent years). This has clearly helped the UK ranking under Total Tax Rate in the Paying Taxes report.³
- Enabled the main rate and small profits rate to be aligned from 2015 with simplification benefits, including replacing the complex associated companies rules with a much simpler test.
- Reflected developments in business practice, including updating of existing rules (e.g. reform of controlled foreign company rules).
- Provided incentives through the tax system, such as capital allowances for environmental assets and R&D relief.
- Regularly added a number of anti-avoidance provisions, including the introduction of a GAAR.
- Reflected or responded to Court decisions or implemented EU directives.

¹ "Tax and Accounting: A response to the 2003 consultation document on corporation tax reform"

² Very little guidance has been offered following the removal of the non-statutory renewals allowance, and there is currently uncertainty whether these items may qualify for the statutory renewals allowance under s68 CTA 2009.

³ Although not as much as one might expect as the hypothetical company pays corporation tax at an effective overall rate between the small companies' rate and the main rate.

2.6 It is not just technical change that is relevant. There have been significant changes in filing procedures and related matters:

- revised HMRC powers and penalties
- compulsory iXBRL filing for company accounts

2.7 The OTS considers that a number of strands within the consultation papers can be revisited. Clearly, if tax legislation is made simpler, it should lead to less time spent on preparing, filing and paying tax liabilities. To create a reduction in burden of the corporation tax system, a review of where this system is causing the most complexity needs to consider seriously reforming the rules around calculation. As discussed at 1.25, some administrative complexity is necessary to make changes which provide substantial benefit to business.

2.8 The tax climate is substantially different to when major reforms have been previously considered. A reduction in the corporation tax rates means that there may be substantially less revenue at stake if technical changes are contemplated, though naturally any potential revenue loss will be a matter for careful consideration for policymakers.

VAT

2.9 VAT is a tax on transactions, or more strictly supplies. Subject to valuation in some cases, the identification and quantification of the VAT relating to a supply is in almost all cases straightforward and most businesses prepare their own VAT returns. Their priority is to enable accurate VAT invoicing and reporting to be performed efficiently and accurately from the accounting records. This lack of complexity is reflected in the comparatively low time it takes to prepare, file and pay VAT for the business in the World Bank case study (25 hours). As previously discussed, the filing time doesn't necessarily reflect the difficulty faced by the full range of businesses.

2.10 Our initial findings are that the majority of businesses are able to manage their VAT obligations with little requirement for assistance from either advisers or HMRC. We are keen to learn whether or not this accords with the experience of others.

2.11 There are however a number of issues with VAT which affect the competitiveness of the administration but are not reflected in the Paying Taxes survey. The major concern identified in surveys of business, especially smaller ones, is the fear of penalties either through making mistakes or missing the deadlines for filing or payment.

2.12 Due to the nature of VAT, if an incorrect tax treatment is applied, the number of incorrect transactions or late filings can quickly escalate over what may be a lengthy period. There is also something of an image problem with VAT: a feeling among traders that any transgressions will be treated unsympathetically. There is support for the view that the application of the penalty and compliance regime for VAT (both real and perceived) is stronger than it is for income and corporation tax and that in particular default penalties for late filings are not always proportionate.

2.13 There can be difficulties in calculating liabilities where a business makes supplies that are chargeable at different rates or that are exempt from VAT, often stemming from boundary issues: whether something qualifies for zero-rating or not. Many of these problems are due to product developments where VAT law arguably has not kept up with technological change. This can potentially create considerable difficulty for businesses in obtaining certainty from HMRC. Although only affecting a relatively small number of businesses, partial exemption can also lead to complexity.

2.14 Once a business seeks to expand overseas things can get more complicated and may require additional VAT registrations in other countries adding to compliance costs. This was an issue picked up in the OTS's first small business project and we recommended better guidance and assistance from HMRC. This has been acted on and HMRC believe there is now comprehensive and easy to find guidance on the HMRC website explaining the procedures to follow. We would be interested in business views on this.

Payroll taxes

2.15 A survey of small businesses in January 2011, jointly commissioned by the OTS and HMRC, showed that a large majority (77 per cent) found national insurance for themselves (primary contributions) easy, but less so for PAYE and employer (secondary) NICs (47 per cent). This survey was, of course, carried out before the introduction of Real Time Information (RTI) reporting. Early indications are that RTI is proceeding well and that the transition has been much smoother than had been feared. Most difficulties revolve around managing the 'on or before' requirement in practice. This is particularly the case where employees are paid weekly.

2.16 It is acknowledged by HMRC that a number of teething problems with RTI are currently occurring, though temporary 'easements' aimed at helping smaller businesses have been useful. The 'teething' problems with RTI which are creating problems in a minority of cases include:

- Some PAYE schemes are experiencing problems reconciling the tax HMRC says is due with the tax that is actually due. We spoke to a payroll bureau team affected who are concerned by the potential impact on end of year procedures. HMRC are aware that this is an issue and are currently working to resolve it.
- Duplication occurring when a new client is taken on, the same employee number is used, yet the previous record remains live. This may be a fault in the user software.
- HMRC's tax dashboard has not always been updated quickly to show PAYE paid.

2.17 Many of the difficulties for businesses in meeting their payroll tax obligations arise from the different treatment of some benefits and expenses for NICs and income tax. This is an area that the OTS has considered on several occasions.⁴ We believe that taking our published recommendations forward will greatly improve the competitiveness of the administration of payroll taxes in the UK.

2.18 In our most recent report on benefits and expenses we identified four broad options for simplifying NICs, namely:

- full integration of the income tax and NICs systems so that there is one unified tax (though we acknowledge that this is a major policy matter)
- full alignment of the two systems, applying the same bases of income for calculation of the two charges (or at least reducing differences in definitions of income and expenses to defined items)
- changing the basis of calculation of NICs to an annual cumulative basis in the same way as PAYE (potentially also abolishing the contributory principle)
- application of class 1 NICs to all employee remuneration, whether cash or benefits in kind

⁴ <https://www.gov.uk/government/publications/review-of-employee-benefits-and-expenses-second-report>

2.19 Another area of concern that has been identified is determining the correct employment status for contractors, again something that the OTS has looked at before. This is another area where we would welcome views: how often does it cause difficulties in practice?

2.20 Over recent years, a number of reliefs and changes affecting the payroll area have been introduced or are on the horizon, including:

- the annual £2,000 employment allowance from April 2014
- the young person (under age 21) exemption from secondary contributions from April 2015
- auto-enrolment for pensions

2.21 However, it must be ensured that these changes do not significantly increase the time taken to handle payroll taxes.

2.22 For the Paying Taxes survey, the amount of time taken to file payroll taxes is higher than any other tax. This is due to the extensive record-keeping and filing requirements, plus the frequency of the payroll routines. We accept that these would be difficult to reduce, though that should not prevent our seeking efficiencies. The niche areas above may also generate considerable difficulty in practice.

HMRC guidance and help

2.23 The OTS Small Business review paper⁵ set out a number of recommendations, and HMRC are continuing to make improvements. HMRC recently set out a number of tools to assist small businesses with their tax.⁶ These include:

- a business support email service
- a wide variety of e-learning packages to support business' understanding of tax
- smartphone apps to make it easier for businesses to maintain accurate records of their expenditure

2.24 We would be very interested in hearing from small businesses which of the new HMRC tools they have found most helpful to them, and whether there are any further tools that would help them manage their tax affairs.

2.25 Businesses with a complex or involved tax issue clearly need to access reliable guidance. The report suggested businesses should be able to deal with one named person at HMRC who will take possession of the issue.

2.26 HMRC clearance and rulings are valuable for businesses but are only available in limited circumstances. Whilst access has improved following the June 2007 review, the current service could be expanded and better advertised. The OTS has been told of VAT rulings which are not properly resolved in the 28 day turnaround period: this is an issue we would welcome substantive comment on.

2.27 Considerable advances are being made digitally, and the OTS would like to explore which forms cannot currently be filed online, with the facility to save part completed forms before submission. Included in the digitisation should be the HMRC guidance – we have repeatedly

⁵ Small Business Tax Review: Final report HMRC Administration February 2012

⁶ These are summarised at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263367/4019_Small_Business_Update_v5_accessible.pdf

received feedback that HMRC guidance is hard to locate and complex. We would like to hear of any particular instances of this, which could be quickly fed back to HMRC.

2.28 The OTS believes the post-filing process could be improved further by ensuring the suspension of penalties is being fully applied where possible.

3

Next steps

3.1 Following on from this publication we intend to begin our research and consultation proper. We would be very interested in receiving input from or speaking to businesses of all sizes, to get an idea of the difficulties faced when preparing and filing taxes, and when dealing with HMRC.

3.2 You can email John Whiting and the review team at competitiveness@ots.gsi.gov.uk, or join in the discussion through our [LinkedIn](#) group.

3.3 We intend to publish a result of this consultation in the summer of 2014 with proposals for improving the UK's tax administrative competitiveness.

3.4 This paper has outlined some of the areas we want to look at but we're interested in hearing about all aspects of dealing with the business tax system. We do not want to constrain contributors but the following questions may help guide responses:

- 1 Which taxes are most difficult for you and why? Which do you find easiest?
- 2 Over the past five years, has it become easier or harder to understand your tax obligations? Please give examples of good or bad changes
- 3 Over the past five years, have you had to spend more or less time and money complying with your tax obligations? It would be helpful to have specific examples.
- 4 How easy or difficult do you find calculating corporation tax for your business?
 - a What parts of calculating corporation tax take time or are difficult to understand?
 - b Are there any adjustments you make which you feel take up large amounts of time compared to the tax at stake?
 - c How would you improve matters?
- 5 How easy or difficult do you find managing your business's payroll? What takes time and what is difficult to understand?
 - a How have you found the transition to RTI?
 - b How would you improve matters?
- 6 How easy or difficult do you find managing VAT for your business? How would you improve matters?
- 7 Although we are focussing on CT, PAYE/NICs and VAT, we are interested in any difficulties with other taxes, such as vehicle excise duty, business rates, landfill tax, and insurance premium tax, so please give feedback on those
- 8 Does the type of business you work in create any particular difficulties?
- 9 What has your experience been of contacting HMRC? Have you been able to reach an adviser, and when you have, have they been helpful?

- 10 Have you found the HMRC website and guidance easy or difficult to understand?
 - a Are there any specific areas of guidance which could be improved?
- 11 What could HMRC do to improve any of these difficulties you have had with them?
- 12 We are focussing on the UK's tax system – but are interested in lessons from other countries. Do you have any experiences of other countries' tax systems – positive or negative – to contribute to our project?
- 13 If you could suggest any one way of simplifying the tax system to make it more competitive, what would it be?

3.5 The questions above are phrased mainly in terms of businesses and their managers, but we would emphasise that we want input from advisers, representative bodies and all those with an interest in improving the UK business tax administration.

3.6 As noted, our report is due in the summer of 2014: comments, input and invitations to meetings will be welcome up to 30 June though naturally meetings in April/May will be particularly useful.

Office of Tax Simplification contacts

This document can be found in full on our website at:

<https://www.gov.uk/government/organisations/office-of-tax-simplification>

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