

Minutes of the Tax Professionals' Forum meeting on 13 May 2013.

The Exchequer Secretary to the Treasury, David Gauke MP, chaired a meeting of the Tax Professionals' Forum on Monday 13 May 2013. Francesca Lagerberg sent apologies; all other members of the Forum were present.

How the UK is seen by businesses as a location for inward investment

Members of the Forum commented that specific policies introduced by the Government (e.g. the recent reductions in the main rate of corporation tax) were well received by business, with inbound investment seen from global investors. They felt that the current public debate in the UK about the amount of tax paid by multinationals had had an impact on investor confidence, and risked undermining positive messages on the UK's competitive tax regime. It was important to avoid mixed signals, and that the legitimate focus on tackling tax evasion and aggressive tax avoidance did not lead to companies being criticised for not paying tax when no tax was in fact legally due. (International investors didn't always distinguish between statements by the Government and parliamentary committees.)

The Forum expressed support for the Government's efforts to work with other countries through the OECD to tackle base erosion and profit shifting by multinationals, though noted that securing international agreement on a set of proposals would be challenging.

Tax simplification

The Exchequer Secretary highlighted the work of the Office of Tax Simplification (OTS), and invited comments on future areas for tax simplification. There was a discussion about what was meant by "simplification" and its impact on legislation. The rewrite of tax law project had not, for example, led to shorter or less complex legislation, but it had produced greater clarity for taxpayers.

Attempts to simplify the tax system were likely to result in winners and losers, and there were therefore political and fiscal constraints on how far this agenda could be pursued. However, it would be helpful for

Government to be more open about these constraints. Slowing the pace of new legislation would also be helpful.

The Forum noted that efficient tax administration was at least as important to the experience of taxpayers as simplifying legislation. HMRC had a good track record, e.g. in the provision of online services; it should continue to focus on this area to identify where processes could be simplified and made more user-friendly.

Avoidance

The introduction of the General Anti-Abuse Rule was broadly welcomed, but members asked for more detail on how the independent panel would operate in practice. It was supportive of the Government's decision to take retrospective action in Budget 2013 to tackle aggressive Stamp Duty Land Tax avoidance schemes, though questioned why action was not taken earlier (HMRC explained that they needed to build a robust evidence base). The Budget announcement on tackling avoidance related to loans to participators was highlighted by the Forum as a potentially complex change that could have benefited from prior consultation, particularly in light of the separate consultation on partnership rules.

Future of the Forum

The Exchequer Secretary invited views on the future role and membership of the Forum. It was agreed that the Forum continued to be a valuable mechanism for conducting an open exchange of views on tax policy-making. It was suggested that the membership could be expanded, particularly to get better representation from tax professionals working with SMEs and based outside London. The Forum also felt that it had a role to play in advising Government on the effective delivery of proposed tax changes.