

Office of Tax Simplification Board Meeting

30 January 2014

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Teresa Graham
Edward Troup – HM Revenue & Customs (HMRC)
Matt Henty – HM Treasury

Secretary

Jeremy Sherwood

Apologies

Adam Broke, Indra Morris

1. Minutes of the last meeting

The minutes of the 12 December meeting were formally agreed.

2. Action points from meeting

OTS list of recommendations – The Secretary had further analysed the list to identify some common themes, to be discussed by the Board as part of the evaluation item later in the agenda.

OTS website – The Secretary had not yet written to the Cabinet Office about improving the OTS website, but would do so shortly.

Arrange meeting with Chancellor – A meeting had been arranged for Monday 10 February to discuss the work of the OTS with the Chancellor.

OTS to further scope the UK competitiveness project and agree resources with HM Treasury – Treasury Ministers had agreed the OTS bid for resources to carry out projects in 2014/15, and a job advert for secondees would be published shortly.

3. Update on current projects and next steps

The interim report of the partnerships review had been published on 22 January. There had been some reaction in the accountancy and tax press that focussed on the perceived link between partnerships and avoidance. John Whiting had appeared before the House of Lords Economic Affairs Finance Bill Sub-Committee to present the main findings of the report, in the context of the Committee's investigation into the partnership legislation in the draft 2014 Finance Bill. Other witnesses before the Committee had been very complimentary about the OTS and the partnerships report. The next stage of the report would start in April, probably focusing on smaller partnerships and improving HMRC administration, but could also cover some more technical areas identified in the interim report.

A second report on employee benefits and expenses was published on 29 January. A key recommendation was for HMRC to introduce voluntary payrolling of benefits, to allow employers to report benefits through the monthly payroll rather than through the annual form P11D process. Other recommendations included simplifying the national insurance charge on benefits, updating the travel and subsistence rules, widening the use of PAYE Settlement Agreements and allowing employers to operate “self-dispensations”, matching taxable expenses payments with allowable expense claims. The OTS planned to publish recommendations in two further areas – accommodation benefits and termination payments – within the next few months.

The OTS expected the Government to respond formally to the partnerships and employee benefits projects at Budget 2014. The Chairman formally thanked all who had worked on the projects and delivered such high quality reports, to the timetable agreed. It was noted with appreciation that the Chancellor was writing to thank the OTS’s secondees for their work on the projects.

The second iteration of the OTS complexity index had been presented at a joint HMRC/ESRC¹ conference in January. There were some useful suggestions for improving the index from delegates, and also some good ideas for different ways it could be used. The next step would be to ask a wider audience of tax experts from HMRC and the private sector to help populate the index, and a meeting had been set up with HMRC’s Large Business Service to start this.

Two private sector secondees had already been recruited to carry out the UK competitiveness project, and were helping the OTS team to identify priorities for the project. A project plan was being drawn up, and meetings were starting to be arranged. The team was also analysing in detail the factors that contribute to the UK’s ranking in the World Bank “Doing Business” report. The Board discussed the terms of reference for the project, and their focus on improving the UK tax administration. The Secretary was asked to draw up more detailed terms of reference with HM Treasury, following the OTS meeting with the Chancellor.

4. Next projects

The Board discussed a short list of possible projects for the OTS to carry out in 2014/15, and Michael Jack said he would raise these with the Chancellor at the meeting in February. Given the timing in the electoral cycle, it was likely that any projects requiring substantive legislation would be likely to be implemented in the next parliament, after May 2015. On the other hand, projects that focussed on HMRC administration were more likely to deliver simplifications in 2014/15.

5. OTS evaluation

A workshop had been held in October at which members of the OTS Board had discussed some process maps with the OTS team. The main themes coming out of the workshop included a need for better communication between the OTS and senior HMRC and HM Treasury staff at an earlier stage in a review, the value of the OTS’s “bottom up” approach to

¹ Economic and Social Research Council

generating recommendations, and the desire for the OTS to have a continuing involvement in the implementation of its recommendations by HMRC. The Board agreed the next steps for the evaluation should be focussed on a practical assessment of the value for money the OTS had delivered since 2010.

6. Any other business

Quarterly finance report – The Secretary gave a formal report of the resources and budget up to 31 December 2013. Due to gaps between staff leaving and their replacements joining, there was an underspend on the salaries budget of £30,000. It was proposed to reallocate some of this to consultancy costs, and formal clearance would be sought from HM Treasury.

Date of next meeting – The next meeting would be on Thursday 26 March at 9:30am.

Jeremy Sherwood
OTS Secretariat