

Office of Tax Simplification Board Meeting

6 November 2013

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Teresa Graham
Adam Broke
Carol Bristow – HM Revenue & Customs (HMRC)
Indra Morris – HM Treasury

Secretary

Jeremy Sherwood

Apologies

Edward Troup

Item 6 only: Brigid McBride, Lee Hawksworth – HMRC Digital Services and Strategy team

1. Minutes of the last meeting

The minutes of the 19 September meeting were formally agreed.

2. Action points from meeting

OTS evaluation workshop – The workshop agreed at the OTS Board meeting took place on 21 October. Adam Broke, Teresa Graham and John Whiting had attended from the OTS Board, alongside members of the OTS team and Phillip Rice from HMRC’s Knowledge, Analysis and Intelligence team. The workshop had examined the OTS process maps and come up with suggestions to improve the way the OTS carried out its reviews. Other strong themes coming out of the workshop were the need for better communication and buy-in from HMRC and HM Treasury and better follow up of the recommendations made by the OTS. The Board asked Jeremy Sherwood to analyse the list of recommendations made by the OTS so far, and give an update at a future Board meeting on how many had been accepted, how many rejected, and how many accepted in part. It would be particularly helpful to look at a selection of those rejected or accepted in part to examine why they had not been taken forward. The Chairman also suggested that HMRC should re-examine some of the advice it had given Ministers in response to the first OTS reviews into tax reliefs and small business, to see if, with the benefit of hindsight, they had been over-cautious in some areas.

OTS report on tax definitions – This had been published on 1 October. Adam Broke said it was difficult to find on the OTS website, and John Whiting and Jeremy Sherwood agreed to work with the website designers to improve the site. The report is available [here](#).

3. Emerging proposals on employee benefits and expenses

John Whiting explained the emerging recommendations coming out of the review into employee benefits and expenses. Publication of the final report had been put back to January, in order to carry out more in depth analysis of the ideas. A key area under review was the

reporting of employee benefits on forms P11D. The other main area being looked at was travel and subsistence expenses. The OTS was also looking at some bigger picture ideas, which addressed the whole rationale for taxing employee benefits and allowing expenses, and complexities caused by the interactions between tax and national insurance rules. HMRC and HM Treasury specialists were encouraging the OTS to be ambitious in considering fresh perspectives on these complex areas.

4. Update on complexity project

The paper on tax definitions had been published on 1 October and several positive comments had already been received. Jeremy Sherwood was part of a Cabinet Office led project looking at improving legislation, and there was quite a lot of interest in the OTS idea for a central database of definitions.

The second iteration of the OTS complexity index had been published and the team was now refining it with a view to presenting a paper at a research conference in January. Interestingly, John Whiting had recently met with an official from the French government, who were developing their own complexity measure. It was already being applied to new tax proposals.

5. Update on partnerships project

The OTS team had held around 35 meetings with interested parties and was starting to develop a good idea of the main areas of complexity for partnership taxation. It was becoming clear that there was a clear split between issues raised by smaller partnerships, and issues raised by the much smaller number of very large firms. The team now expected to publish the interim report in January.

6. Presentation by HMRC's Digital Services and Strategy team

Brigid McBride and Lee Hawksworth gave the Board a presentation setting out HMRC's plans for providing more modern digital services online. These would be based around "customer accounts" where taxpayers could view their tax records online, update them or make payments. The OTS Board was very interested in how the new services could help provide a platform for radically simplifying administrative processes. Jeremy Sherwood agreed to meet further with the HMRC team to discuss the possible implications for the two current OTS projects, on employee benefits and partnerships, and to explore ideas for working more closely together in future projects.

7. Any Other Business

- John Whiting and Michael Jack had met Margaret Hodge MP, Chair of the House of Commons Public Administration Committee, in October to update her on the work of the OTS. They had also met the Exchequer Secretary to the Treasury, David Gauke MP, to discuss the emerging conclusions in the current OTS reviews.
- Jeremy Sherwood gave a report on the OTS finances and staffing figures. The team was on budget and had sufficient resources for the current projects.
- The next meeting would be on Thursday 12 December at 10:30am.

Jeremy Sherwood
OTS Secretariat