

Office of Tax Simplification

Minutes of employee benefits and expenses Consultative Committee
11.00 – 13.00pm on Monday 29th April 2013 at
1 Horse Guards Road

Committee	OTS
Andy Read (Balfour Beatty)	Rt. Hon. Michael Jack
Andy Richens (Bishop Fleming)	John Whiting
Anne Palmer (HMRC)	Tracey Bowler
Brigid Simmonds (British Beer and Pub Association)	Theresa Dendy
Colin Ben-Nathan (KPMG/CIOT)	Suzy Giele
David Heaton (Baker Tilly/ICAEW)	Michael Wilson
Emanuel Meyer (Meyer Consultancy)	Jeremy Sherwood
Jackie McGeehan (HMRC)	Mark Thompson
John Hampton (BT/CBI)	
John Mundy (HMT)	
Peter Gravestock (Sole practitioner)	
P Simon Parsons (Ceridian UK/BCS Payroll/IReeN)	
Tony Page (Telefonica)	
Trevor Blackmur (TRB Tax and Payroll/ATT)	
Apologies:	
Jackie Petherbridge (The Payroll Practice/FSB)	

1. Welcome and introductions

Michael Jack welcomed the members to the first Committee meeting for the expenses and benefits review. He thanked everyone for giving their time to the review.

2. Summary of the OTS process and Committee responsibilities

Michael Jack summarised the background to the OTS. He emphasised the fact that the remit of the OTS was to make simplification recommendations to the Chancellor who would make the final decision on changes to take forward.

John Whiting outlined the role of the Consultative Committee and how the OTS reviews operate, including the road shows and external meetings in the evidence gathering stage. He also noted the OTS remit to be broadly revenue neutral in making recommendations.

The OTS team then talked through the project plan and Committee terms of reference, as well as the need to observe the principles of impartiality, objectivity, integrity and honesty as set out in the Civil Service Code.

3. Discussion on areas of complexity and difficulty in employee benefits and expenses

Michael Jack asked the Committee for their thoughts on areas the review should focus on. At this stage the focus was not on possible solutions, but on the areas of

difficulty, both technical and administrative, that needed study. Committee members noted the following, with some items receiving strong endorsement:

- For travel expenses, the 2-year rule for temporary workplaces, and those rules generally
- Multiple workplaces
- PAYE Settlement Agreements
- HMRC guidance
- P11Ds
- Dispensations
- National Insurance and income tax misalignment (including CT deductions)
- Termination payments
- Real Time Information
- Accommodation benefits
- Tax codes
- Rules for home workers
- Pecuniary expenses
- Payrolling of benefits
- Salary sacrifice
- Statutory limits which have not been updated recently (including the £8,500 income threshold for the benefit rules, and the £8,000 relocation allowance)
- Voucher and credit token rules
- Beneficial loans
- One-off benefits
- Company credit cards
- Entertainment rules
- National insurance Class 1/Class 1A distinctions

The Committee highlighted areas where they felt the rules were working well, such as redundancy schemes and advance clearances, and approved mileage allowance payments for use of the employee's own car. They did suggest that some aspects of these could be improved further.

John Whiting noted that change was the biggest source of complexity and any recommendations would need to pass the hurdle of being 'worth it'.

In response to a Committee member's question John Whiting noted that the review would have regard to fairness when proposing simplification recommendations.

4. External meetings

John Whiting asked members for groups who the OTS team should meet with. He also asked if individual members would be happy to arrange meetings for the OTS. Committee members made some immediate suggestions and were asked to write in with further ideas.

5. AOB

The next Committee meeting would be arranged for mid-June