

Office of Tax Simplification

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16 December 2014

David Gauke MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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Dear David

Autumn Statement announcements on Simplification measures

We are writing to acknowledge with thanks your letter of 3 December which accompanied the Autumn Statement and set out updated responses to the OTS's various recent reports. We are naturally pleased that our work is continuing to find favour.

It was particularly pleasing to see the positive response to our **Competitiveness** report. As you know, we undertook an extensive programme of evidence gathering for this project, as we do for all our projects. It is clear that the businesses and representative groups we met with are keen to see details of progress in taking forward our recommendations. We would suggest that we work with HMRC and HMT colleagues to produce a progress report to be published with the March Budget. This would be a fuller response document to our recommendations, fleshing out the inevitably brief responses in your letter. Ideally this would set out a timetable for taking the recommendations forward and a priority list, and we have already had an initial follow-up meeting with HMT and HMRC to this end. In proposing this way forward, we should stress that we are very aware that our recommendations cover both HMRC administration and longer-term policy matters, with the latter likely to be matters for the next government to consider.

As you know, we have been continuing to do further work on **Partnerships** and have a draft of our final report under discussion. We plan to publish early in the New Year.

On the other projects you mention in your letter, we would hope that with the successful conclusion of the group of consultations flowing from our **Employee Benefits and Expenses** report, attention can move on to the remaining recommendations in our January and July reports. We quite understand, though, that our recommendations on **Termination payments** and **Accommodation benefits** will need to be considered carefully. As we said in our report, these are complex and sensitive areas, though the complexities and practical problems taxpayers and businesses encounter mean they are areas in need of simplification.

We are pleased to hear that HMRC is carrying out work of its own on **Penalties**. We did of course liaise carefully with them during our project and we would be happy to work with them to develop a suitable document to take both streams of work into account. Ideally this should lead to an initial proposal before the end of this Parliament, though a significant programme of reform would naturally be a decision for the next government.

You will understand that we are disappointed that our two further **Share schemes** recommendations are not being taken forward but can understand that the limited consultations responses make it difficult to do so. We found this a little surprising, given the interest in and support for the ideas when we were doing our work.

We are drawing together our initial thoughts on **Employment Status** and look forward to discussing them with you in the New Year.

Yours sincerely

Rt Hon Michael Jack
Chairman

John Whiting
Tax Director