

Office of Tax Simplification Board Meeting

9 July 2014

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Teresa Graham
Adam Broke
Mike Williams - HM Treasury
Edward Troup - HM Revenue & Customs

Secretary

Jeremy Sherwood

Apologies

Indra Morris – HM Treasury

1. Minutes of the last meeting

The minutes of the 12 May 2014 meeting were formally agreed.

2. Action points from meeting

OTS to discuss clause 25 of the 2014 Finance Bill with HMRC. John Whiting had spoken to HMRC about this clause, which seemed to contradict a recommendation in the OTS review of employee benefits and expenses. The recommendation was that when an employee reimbursed their employer for private use of fuel, they should be able to do this by 6 July after the end of the tax year rather than during the tax year. The new clause made it clear that any reimbursement for private use of cars or vans had to be done in the tax year. However, in correspondence with John Whiting, HMRC said they would continue to operate an administrative easement to allow people to reimburse private use of cars and vans by 6 July following the tax year. Whilst this was a welcome clarification, the Board thought the relaxation should be in legislation rather than guidance. Edward Troup said he would check why this approach was taken and report back to the next meeting.

OTS to publish relevant extracts from the 2014 Finance Bill Committee debate on its website – This had been done for sections of the debate where the OTS was mentioned, mainly in the context of the simplified rules for employee share schemes.

3. Employee benefits review

The Board discussed the emerging proposals for simplifying accommodation benefits and termination payments, which were due to be published in a report at the end of July. These were complex and sensitive areas, and consultations with potentially affected parties were proceeding. However, the OTS would be making clear recommendations based on the greatest potential for simplification. The report would also follow up a number of miscellaneous issues that had been raised in Chapter 8 of the OTS interim report on benefits and expenses in August 2013.

4. Update on current projects

Pensioner taxation – HMRC had given the OTS an update on progress implementing the OTS recommendations on pensioner tax. This had been published on the OTS website on 7 July, alongside a short commentary from the OTS team.

UK competitiveness – The project was coming towards the end of the evidence gathering phase of the project having held an extensive series of meetings with businesses, tax advisers and HMRC teams. The main themes were starting to become clear. They fell into two main categories: relatively straightforward administrative tweaks, such as electronic forms for minor taxes; and more ambitious long term aims, for example aligning taxable profit closer with accounting profit. The report is on schedule for publication in September.

Partnerships – HMRC’s detailed response to the OTS interim report was due to be published shortly on the OTS website alongside a short commentary from the OTS. A further OTS report would be published in August, covering some more detailed technical points identified as areas of complexity in the interim report.

Complexity – The final iteration of the OTS complexity index would be published in August or September. The team had also started exploring the link between tax complexity and avoidance and had held an informal workshop with interested parties recently. The aim was to map out the avoidance landscape over the last 20-30 years, assess the impact of case law and legislation in tackling avoidance and draw out some conclusions about how best to address the ever growing complexity of anti-avoidance legislation.

5. Next projects

The Board discussed and agreed terms of reference for the next two OTS projects – employment status and tax penalties. Once these have been formally agreed with Ministers, the terms of reference would be published and input to the reviews would be invited from interested parties.

6. Any other business

OTS commentary on employee benefits consultations – John Whiting proposed to publish a short paper commenting on the four consultations and the call for evidence recently started by the Government on employee benefits and expenses. The Board approved the content of the paper.

Finance report – The Secretary gave a quarterly update on the OTS budget, which was well within the forecast to date.

Date of next meetings – meetings were planned for 3 September at 1:30pm, 5 November at 2pm and 16 December at 2pm. Beyond that, the Board asked the Secretary to arrange a meeting for early February and late March 2015.

Jeremy Sherwood
OTS Secretariat