

Office of Tax Simplification Board Meeting

5 June 2015

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Adam Broke
Edward Troup - HM Revenue & Customs
James Bowler – HM Treasury

Apologies

Teresa Graham

In attendance

Theresa Middleton – HM Revenue & Customs

Secretary

Jeremy Sherwood

The Chairman welcomed Theresa Middleton, the director of HMRC's Business Customer Unit and noted the apology from Teresa Graham.

1. Minutes of the last meeting

The minutes of the 14 April 2015 meeting were formally agreed.

2. Action points from meeting

Extension to secondee contracts - The contracts for the two current OTS secondees, Andy Richens and Marian Drew, had now been extended until 30 September 2015.

3. Developing a permanent OTS

The Financial Secretary to HM Treasury, David Gauke MP, had recently confirmed in a speech that the government would be expanding the role and capacity of the OTS and would establish it as a permanent office. The OTS Board welcomed this commitment and noted the track record of the OTS so far in delivering technical and administrative simplifications in specific areas of the tax system. There were a number of ways in which this model could be developed further, for example to look in more detail at bigger, more strategic projects; or to look at new tax policies from a simplification perspective; or to raise the public profile of tax simplification. With many of the OTS recommendations being

administrative simplifications, it made sense to work closer with HMRC's Administrative Burdens Advisory Board, chaired by Teresa Graham. An expansion of the OTS role would require additional resources which would need to be agreed with Ministers. The current staffing model of combining public sector policy expertise with private sector skills and experience worked well and should be continued, perhaps adding some economics skills. The Board discussed various options for the new OTS which would be put to Ministers to consider.

4. Future projects

The Board discussed a possible programme of work to offer Ministers. Much would depend on the outcome of discussions about the future role and size of the office. The Board thought it would be sensible also to take into account the Government's tax lock commitment in The Queen's Speech. This set out aspects of the tax system that would not be changed in this parliament.

In considering possible projects, the OTS should try and identify the likelihood of practical simplifications for taxpayers and what success criteria might look like. Whilst it made sense to revisit some areas the OTS had already touched upon – eg tax reliefs, small business, employment status – there were some very complex areas of the tax system that had not yet been tackled – eg capital taxes, stamp duties, VAT, environmental taxes, insurance, pensions. Many of these subjects scored very highly on the OTS complexity index.

A major theme running through previous OTS reviews was the need to align tax and national insurance, and more work could be done to explore the practical implications of bringing the two systems closer together.

Another suggestion was to look at drafting style, with some very complex recent legislation being passed. One of the strengths of the OTS was its capacity to draw on the tax profession and businesses for evidence of complexity, and these links could be used to canvass opinion about where people found the tax system most complex. HMRC had plenty of customer survey information which Edward Troup and Theresa Middleton would share with the OTS.

5. Complexity project publications

John Whiting introduced a paper he and the office had drafted identifying some general principles for avoiding tax complexity. The Board had previously commented on the paper, and were happy for it to be published alongside a final version of the OTS complexity index.

6. Any other business

Finance and staffing – A provisional budget for the office had been agreed with HM Treasury but this would change following discussions with Ministers about expanding the OTS.

Date of next meeting – this would be arranged shortly.

Jeremy Sherwood

OTS Secretariat