

## Minutes of the Tax Professionals' Forum meeting on 16 February 2015

The Financial Secretary (FST), David Gauke MP, chaired a meeting of the Tax Professionals' Forum on Monday 16<sup>th</sup> February 2015. Malcolm Gammie and Andy Richens sent apologies; all other members were present.

The FST opened the meeting by noting that it was the final meeting in the current Parliament, and invited the Forum to reflect on the impact of the Government's 2011 reforms to the **tax policy making process**, in particular to identify the changes which had made the greatest difference, and any areas for further improvement.

Members agreed that the 2011 reforms had had a positive impact, commenting that:

- The five stages of consultation were a useful framework and had stood the test of time. Problems tended to arise when the stages were not followed fully. The Government should be prepared to go back to Stage 1 if a significant change in direction emerges further down the line.
- There were now more examples of good consultation, and members agreed that less time was spent legislating to fix imperfections in legislation which had already been enacted – suggesting that the quality of initial legislation had generally increased. But this also made the exceptions stand out more.
- Consulting separately on the proposed tax policy changes and on the detail of the legislation was helpful. This requires an adequate timetable. Starting the process in December with a view to implementing a new policy by March often doesn't work very well.
- Ultimately, the practical value of good tax policy making is that taxpayers and tax professionals are clear about the intent and impact of new legislation. Conversely, where the normal policy making process is not followed, this leads to unclear legislation and uncertainty; and often means that the legislation has to be revisited in future Finance Bills, with implications for complexity and Parliamentary time.
- The Corporation Tax roadmap was a good example of providing a clear forward direction and certainty to taxpayers, though more recent developments (notably new anti-avoidance legislation) risk some of this certainty being undermined.
- In general, the UK remains an international leader in terms of the quality of its tax policy making process, but certainty and stability are important in maintaining the confidence of investors.
- The Forum agreed that simplicity should not always be equated with length of legislation. A better test may be whether taxpayers (including non-experts) can easily understand what the law is, even if this means longer legislation.

- Some concerns were expressed about the transition to .GOV.UK, and that this had made HMT and HMRC documents relating to tax changes more difficult to find.

The Forum also discussed the **Diverted Profits Tax** announced at Autumn Statement 2014, noting that while there was widespread agreement with the principle behind the new tax, there were concerns about the scope of the draft legislation published in December and the timetable for the changes to be introduced, which was causing uncertainty for companies who were not the target of the measure. The FST acknowledged these concerns, but noted that the consultation on the draft legislation had recently closed and that the legislation had yet to be finalised.

The Forum briefly discussed the FA14 legislation on **follower notices**, commenting that there had been some changes made to the drafting of the legislation which were not clearly explained at the time; and on HMRC's recent decision not to issue **paying in slips** with self assessment forms this year, which was causing inconvenience to some taxpayers and had not been communicated clearly in advance. FST noted these comments.

The FST closed the meeting by thanking the Forum members for their participation and constructive feedback over the course of the Parliament.