

Minutes of the Tax Professionals' Forum meeting, 21 October 2016

The Financial Secretary to the Treasury (FST), Jane Ellison MP, chaired a meeting of the Tax Professionals' Forum on Friday 21 October. All members were present.

The FST welcomed members to the Forum, acknowledging the constructive role the Forum has played since its introduction in identifying best practice and holding the government to account. The FST commented that she hoped the Forum would continue this important role going forward.

Moving on, the FST invited the Forum to introduce their first agenda item on **general principles of tax policy-making**. Members agreed that it was important for stakeholders to have a clear sense of **government priorities on tax**, especially in the context of greater uncertainty following the vote to leave the EU. The Forum noted the inevitable tensions that exist in the tax system between raising revenue, ensuring fairness and the wish for simplicity, but that the government could be more transparent as to what had driven them to pursue a particular course of action. Members felt that consultations, for example, should make **policy intentions** clearer in order to avoid contradictory policies being consulted on at the same. The Forum noted the consultations on **Salary Sacrifice** and **Company Car Tax** as examples where they felt this was particularly evident. The FST confirmed that the government remained committed to providing certainty on tax policy where it was possible to do so.

The Forum emphasised the importance of **developing tax policy within consistent and evident frameworks**. Tax road maps, including the **Corporate Tax roadmap**, were highlighted as useful steps in this respect. But members also felt that there could be more evidence of policies having been looked at in the round, taking into account, for example, the often common linkages between business and personal tax measures (which have an aggregate impact on businesses). The FST noted the points raised, agreeing that the corporation tax rate is often just a small part of the burden on businesses.

Finally, the Forum commented that the amount of **tax legislation** being produced by the government was often too much, leading to greater complexity. The Forum suggested two solutions to this problem: 1) expanding the role of the Office of Tax Simplification (OTS) to promote legislative simplicity; and 2) removing complex technical changes from the usual process and putting these to longer consultation timetables. For example, the members flagged **non-dom reforms** and **corporate interest restriction** as areas that could have benefited from longer consultation periods. The FST noted these concerns.

The Forum also raised concerns regarding policy development that takes place outside the UK, for example in the **OECD**. The Forum felt that it would be useful for the government to have a separate UK consultation on OECD-led changes to the **Multilateral Tax Instrument**. The FST agreed to take these comments on board and consider the scope for a consultation on UK implementation, whilst acknowledging that the UK has taken a leadership role in the OECD which we should be proud of and work to maintain.

The Forum then went on to highlight a number of more specific examples of recent tax policy consultations where it had some concerns on the policy-making process. On **strengthening tax avoidance sanctions and deterrents**, members were concerned that the draft of the proposal would apply too widely and have an adverse and disproportionate impact on tax professionals and advisers. Although the Forum agreed with the underlying principle, they argued that tax professionals should have been consulted before the consultation was published so that businesses did not have to deal with the subsequent uncertainty and to mitigate some of the unintended consequences. The FST acknowledged the concerns raised, but noted that the consultation addressed a genuine problem that needs to be solved. The FST highlighted the many meetings that HMRC has held with large accounting and law firms, as well as representative bodies, noting that all responses will be taken into account before a final decision is reached.

On **Making Tax Digital**, members felt that the government should have consulted businesses before the decision was made to mandate digitisation. The FST commented that the digitisation agenda would help to build a transparent and simpler system for businesses, noting that the tax system should not lag behind other industries who have already adopted digitisation. She added that the government has consulted widely on this issue and that the exact detail of the policy is now being refined to take on board stakeholder concerns.

Finally, the Forum explained that they were in the process of finalising their **fifth annual report**, to be published on **Legislation Day** (5 December). The report will highlight where the Forum have seen examples of good tax policy making, as well as areas for improvement.

The FST concluded by thanking members for their continued participation in the Forum, and for their constructive feedback.