

Minutes of OTS Board meeting 31 March 2016

Present

Angela Knight (chair)
Teresa Graham
John Whiting
James Bowler
Adam Broke
Edward Troup

In attendance

David Halsey (Head of Office)

1. Minutes of previous meeting (18 February 2016)

These have been published on the OTS website and were agreed as a correct record. There were no matters arising that were not going to be covered on the Agenda.

2. Project on income tax/NICs closer alignment

Board members noted the publication of the report on 7 March, the FST's response and that Ministers would respond fully once the further work commissioned had been completed.

Reaction to the report was judged to be positive; in particular it was valuable to have made the issues and potential impacts of major changes in this area visible, to prompt discussion and debate.

Board members noted the nature of the further work on (a) on the impact of moving employee NICs to an annual, accumulative and aggregated basis and (b) the reform of employer's NIC to be undertaken by way of formal reviews. Work had begun on drafting terms of reference for these. It was recognised as important that this work brought out the impacts on how much NIC would be paid by whom as a result of any changes as well as considering administrative impacts.

3. Project on Small Company taxation

Board members noted the publication of the report on 3 March and the FST's full response.

Reaction had been more mixed particularly in respect of the issue of look through. There was increasing recognition that not all companies were alike, though it was not always appreciated - in relation to look through - that this approach was not envisaged as suitable, for example, for companies retaining profits. The Board noted the recent upward revision by the OBR of the tax impact of tax motivated incorporations.

The Board noted that the further work the OTS had proposed on (a) look through and (b) sole enterprise protected assets had been welcomed by Ministers. This would involve testing the ideas concerned and generating straw men (including in relation to definitions) for consideration.

4. OTS future work and strategy

Board members considered and made a variety of comments on a draft of an OTS strategy document.

It was agreed that momentum would be maintained on the issues highlighted in the recently published reviews. Further, that all reviews and proposals would be set within a wider context of economic, business, social or other structural changes as an integral part of the OTS new modus operandi, with the intention of engaging a much broader audience in the discussions about simplification and need for reform.

It is intended to hold a stakeholder conference on a date to be arranged in July.

5. OTS future work

Board members noted the requested review of aspects of the computation of corporation tax. This was in a sense a “stage 2” review, building on work in the competitiveness report and would have links to making tax digital. Work was beginning on drafting terms of reference.

6. OTS legislation

The Board noted the inclusion of the legislation in the published Finance Bill.

7. OTS Constitution and Board arrangements

The Board noted that HMT would be responding to the recent Treasury Select Committee hearing in due course.

Board members considered and made some comments on a draft of the revised framework document.

The Board considered draft governance proposals setting out the roles and responsibilities of the Chair, Tax Director, Head of Office and Board and proposing creating a role of Senior Independent Director (SID).

The creation of the role of SID was agreed. It was proposed that the SID would be Teresa Graham and this was agreed.

The Board gave consideration to the skills and background desirable for new Board members and discussed the procedure to be followed.

8. OTS finances and staffing

The Head of Office reported orally on the OTS budget for 2016-17, the appointment of a new office manager, and the advertisement recently issued for additional private sector staff.

David Halsey
OTS Head of Office