

Minutes of OTS Board meeting 21 March 2018

Present

Angela Knight (Chair)
Teresa Graham (SID)
Paul Morton (Tax Director)
Kathleen Russ
Mike Williams (HMT) (on behalf of Beth Russell)
Jim Harra (HMRC) (for part of the meeting)

Apologies

John Cullinane
Paul Johnson

In attendance

David Halsey (OTS Head of Office), Marian Drew (OTS), Eileen Rafferty (OTS)
Ruth Hopkinson (HMT), Rachel Pasqual (HMRC)

1. Minutes of previous meeting (24 January 2018)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record. There were no outstanding action points that were not on the meeting agenda.

2. Register of interests and potential conflicts

The current register of Board members' interests was circulated. One potential conflict was noted, in relation to John Cullinane's role with the Low Incomes Tax Reform Group (LITRG) - with which the Tax Director's report noted the potential for collaboration.

3. Tax Director's Report

The Tax Director presented his report, which was discussed by the Board.

Current or potential future areas of OTS work not otherwise on the agenda

- Inheritance Tax Review: The Board noted the level of media interest and direct approaches already received by the OTS on this review, and offered suggestions and comments on the draft call for evidence which had been circulated.

- Gig economy/Platforms: The Board discussed the likely way forward in this area in the light of the recent call for evidence on platforms issued by HMT at the Spring Statement.

- Low Income: The Board discussed the potential for the OTS to engage in work in this area in collaboration with LITRG, noting the governance issues which could arise and the resources that could be needed. It was agreed that as first step the OTS should liaise with DWP and establish with LITRG the scope of the proposed project and then a further discussion would take place at the next Board.

- Middle Income: The Board noted the potential for working with one of the Big Four accountancy firms in this area.
- Guidance: The Tax Director reported on the different strands of work being undertaken by HMRC and OTS on guidance. Following the Board discussion, it was agreed that the priority should be given to considering guidance affecting or used by the greatest number of people on the greatest number of occasions.
- Technology: Board members expressed interest in learning more about this strand of ongoing work and it was agreed that details of the technology advisory group meetings would be circulated to the Board. In addition, the team would brief ABAB.
- International comparisons: It was suggested that when time permitted this work to begin in earnest that it be focused on administrative issues such as guidance or clearances
- Recommendations' monitoring: It was noted that in taking this work forward it could be helpful to develop a more sophisticated way of categorising the progress or influence of recommendations or observations made in previous OTS reports.

Other matters

- The Board noted the potential for HMRC to use a version of the OTS's complexity index in evaluating new tax policy measures, and discussed the resource implications of the different types of support the OTS could offer in this respect
- The Tax Director reported on plans for events in conjunction with other bodies
- The Tax Director reported on OTS's future plans for its staffing arrangements, with which the Board was content.

4. Annual Report

The Board considered and discussed a draft skeleton of the draft annual report. It was agreed that the new format was a good improvement on the previous year.

5. Business Lifecycle Paper

Following the discussion at the previous board, a revised draft of this paper had been circulated with the Board papers. The Tax Director introduced the report and board members congratulated the team on the work done to improve the readability of this major paper.

A number of specific points were raised and discussed which the team would take into account and then recirculate the Board prior to publication.

The Board also discussed the communications approach both on publication of the paper and also in following up its contents with the business community.

6. Depreciation and Capital Allowances Review

Marian Drew introduced the draft Executive Summary of the review.

The Board particularly commented on the quality of the analysis work done on the review, both by OTS staff and by the analysts in HMRC. It was noted that the HMRC analysis had made extensive use of ixBRL data.

The Board was informed that a divergence of views had been expressed during the research stages of the review. Some supported the existing arrangements, whilst others favoured a wholesale switch to using accounts depreciation. As a result, no consensus had emerged as to the way forward. The Board discussed the recommendations and on other ways of simplifying the capital allowances system arising from the research undertaken.

It was agreed that the final recommendations would express that there was no consensus for major change and propose adjustments only to the existing regime.

7. Savings

The Board considered and discussed a draft paper on savings, which the Tax Director introduced.

The points made in discussion included

- the need to consider the position of people using ISAs to fulfill the role of a pension
- the merit, or otherwise, of considering removing the starting rate either by itself or as part of a wider reform
- the potential to include case studies or other ways of picking up on practical questions people find confusing or difficult to get clear guidance on

8. Administrative matters

The Board received a report on meetings recently held by the OTS.

The Head of Office updated the Board on staffing and finances. Mike Williams commented that, looking across the range of HMT Arms' Length Bodies, OTS finances were well managed.