

Minutes of OTS Board meeting 17 May 2018

Present

Angela Knight (Chair)

Teresa Graham (SID)

Paul Morton (Tax Director)

John Cullinane

Paul Johnson

Kathleen Russ

Mike Williams (HMT) (on behalf of Beth Russell)

Narmada De Silva (HMRC) (on behalf of Jim Harra)

In attendance

David Halsey (OTS Head of Office), Marian Drew (OTS), Simon Jackson (OTS), Sue Youngman (OTS), Daphna Jowell (OTS), Ruth Hopkinson (HMT), Alistair Sutcliffe (HMRC)

1. Minutes of previous meeting (21 March 2018)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record. One action was outstanding, concerning circulating details of technology advisory group meetings.

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) - referenced in the Tax Director's report.

3. Tax Director's Report

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

Principles of simplification

The Board discussed two points of principle which increasingly arise as technology paves the way for greater automation of the tax system: (a) the extent to which tax compliance might be done by or on behalf of a taxpayer (for example, by a platform operator) and (b) the balance between improving the user experience as distinct from simplifying the underlying tax rules themselves.

The discussion included consideration of

- the relationship and trust implications inherent in greater use of technology,
- the fact that technology will increasingly mask complexity, and be expected to do so, irrespective of any underlying simplification achieved, as for any particular individual that is likely to make things a good deal simpler however complex the overall system may be,
- the risk that if the technology doesn't quite cope, or if the output does not make sufficient intuitive sense to the user, then human intervention will be needed to handle queries
- the limitations on what can realistically be expected to be achieved through public education.

Business life cycle paper

There had been a positive reaction to the publication of this report, on 16 April.

In terms of the next steps in this area, consideration was given to building on this work by focusing to a greater extent on the 'interior' aspects of the life of a business, such as taking on the first employee, the first overseas sale and research and development credits, with a particular focus on the administrative aspects and awareness of reliefs, particularly in relation to small business.

Savings income review

The Board considered the latest draft of this paper and offered a number of comments for consideration. It was envisaged that this would be published within the next couple of weeks.

Inheritance Tax Review

The Board was delighted that publication of the Call for Evidence and on-line survey on 27 April had generated widespread interest in the mainstream media, thanks to a very effective communications strategy, illustrated by the 2,500 people who have already completed the on-line survey and the 300 or so emails received from individuals.

Low/Middle income work

The Tax Director update the Board on developments in relation to potential work in these areas.

The discussion included consideration of potential resourcing and governance arrangements, and the merits of scoping such work with realism in terms of the impact of potential changes.

It was agreed that before a decision could be taken on the next step, it would be necessary to explore the position with DWP, given the extent of the likely interactions between the tax issues that would be considered and the benefits system.

OTS 'personality'

The Board had a brief discussion about ways in which it might be most effective to present and raise the profile of the OTS generally.

4. Annual Report

The Board discussed and commented on a further draft of the annual report.

5. Communications

The Chair, noted the very positive developments there had been in raising the profile of the OTS, especially in relation to the work on Inheritance Tax, after which Sue Youngman outlined the strategic approach to communications that had been developed over the last year - focusing the effort on areas where this would directly further the OTS's work and effectiveness - and the fruitful relationships that had been developed. In discussion the value of this was recognised, both by stimulating debate and in providing wider awareness of, and education about, tax issues. Accordingly, the aim would be to continue in this vein, while taking care to manage risks.

6. Depreciation and Capital Allowances Review

The Board considered and commented on a draft of this Report.

7. Gig economy and Platforms

The Board considered and discussed a draft paper on the gig economy, in particular exploring the potential for platforms to play a greater role in handling tax matters on behalf of those securing work through them. A further draft would be circulated prior to publication.

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.