

Minutes of OTS Board meeting 29 November 2018

Present

Angela Knight (Chair)
Paul Morton (Tax Director)
John Cullinane
Kathleen Russ
Beth Russell (HMT)
Tom Smith (HMRC) (on behalf of Jim Harra)

Apologies

Paul Johnson
Teresa Graham (SID)

In attendance

David Halsey (OTS Head of Office), Daphna Jowell (OTS), Sue Youngman (OTS), Simon Jackson (OTS), Zoe Judd (OTS), Steven Hawes (HMT), Alistair Sutcliffe (HMRC)

1. Minutes of previous meeting (27 September 2018)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record.

2. Register of interests and potential conflicts

The current register of Board members' interests was circulated.

3. Board appointments

Beth Russell updated the Board on positive progress with the Tax Director and Chair recruitment processes, and on anticipated timings.

The Chair noted that she had received complimentary comments about the OTS and its work lately, which bode well in this regard.

4. Tax Director's Report

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

Budget

It was noted that OTS work and reports were referred to in a number of places in the Budget documentation, for example in relation to the VAT threshold and - notably - the introduction of a structures and buildings allowance following the OTS depreciation and capital allowances report.

Technology and Platforms

The OTS's ongoing discussions with platform providers and their users was discussed, where there was some appetite for a PAYE-like experience – particularly if this approach applied sufficiently generally not to result in competitive distortions. The potential to explore how widespread that interest was among self-employed people generally was considered and it was agreed that this and related issues would be taken forward in conjunction with HMRC.

It was suggested that a proof of concept might be developed and that the regulatory Sandbox approach provided a useful model. It was essential to consider first a number of key questions such

as whether such an approach would be compulsory or voluntary, how 'platform' might be defined, who would bear primary liability for the self-employed individual's tax and the extent to which legislative changes would be required.

More broadly, it was noted that the use of AI in relation to particular taxpayers was starting to raise privacy issues. The particular example cited was the (indirect) use of one taxpayer's data to educate an AI system which would then be put to use on another taxpayer's data.

Business lifecycle – second report

The call for evidence and online survey were published on 10 October. The office continues to consult and engage widely in relation to this work.

Inheritance Tax

The first report was published on 23 November. Both Chair and Tax Director commented on how well it had been received in the media and warmly congratulated the OTS team and others involved.

Life Events

Consultation within the tax and charitable sectors, and within HMRC and HMT is under way. The team are mapping the areas in view before identifying specific administrative areas which would form the specific scope or focus of the final report.

Appeals

Initial consideration of potential work in this area continues, especially affecting smaller appeals or unrepresented taxpayers. HMRC were happy to continue to engage with the OTS on this work.

Conference

Following a suggestion from the Chair it was agreed that the OTS would look to arrange a conference in the first quarter of 2019, to raise wider awareness of the OTS's work and its future plans.

5. Future strategy and work plans

The Tax Director outlined the fruit of discussion within the team and with HMT and HMRC officials by way of a stock take of the OTS's strategy and future plans which, among other things, it was hoped would help prepare the ground for the new Tax Director and Chair.

This discussion touched on the OTS's objectives (not least a focus on the user experience) and the OTS's distinctive role, independence, staffing mix, access to HMT/HMRC and its media engagement.

The discussion also reflected on a number of aspects of the way the OTS seeks to approach its work and frame its reports, for example in relation to administrative costs for taxpayers and for HMRC, Exchequer cost, gainers and losers, the place of smoothing mechanisms, and the facility to choose when to make recommendations and when to draw attention to issues and prompt debate.

A variety of areas for potential work in the short or medium term were outlined for future consideration, on which Board members offered a number of specific comments.

Consideration was also given to the pacing and spacing of publications, and the significance of effective media engagement - including a focus on the real experience of users of the tax system.

6. Inheritance Tax Reviews

As noted under item 4, the first report - setting the scene and looking in depth at administration - had been received well.

The Board considered a skeleton outline of the second report and offered some high-level observations on the substance and considered factors affecting when it might be published.

7. Draft paper on technology

The Board considered a draft paper on Technology, which explored some big-picture philosophical questions (such as who is to blame when something goes wrong) and a number of more specific practical areas where technological developments could play an important role.

Board members raised a number of specific points for consideration as the drafting is finalised, in the next few weeks, and were invited to write to the team with any others.

In particular, it was suggested the OTS might - probably after publication - run an online survey in this area, to gauge people's views and level of understanding about a range of the issues involved.

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.

The Board noted the planned meeting dates in 2019.