

President's page, February 2015

Welcomes

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Future of the tax profession

Where are we going? I don't think anyone doubts that tax is going to continue - not even science fiction writers imagine a world without tax. Star Wars begins with a tax dispute, for example. Have a look at the opening lines of Episode I: The Phantom Menace; the republic is in turmoil because of a dispute about the taxation of trade routes. Perhaps we should rename the series BEPS: the Galactic Years? Even in Star Trek, which tends to describe itself as set in a post-want society and is decidedly sketchy with details about how everything is funded, the Ferengi (at least) have a tax system.

So, with tax as a given, what of the tax profession itself. Perhaps, more accurately, the professions within tax: advice and compliance, at the least. Where do you see your line of work in ten or 20 years?

We've talked readily for some time about technology and the changes that it brings for tax. A little while ago, I raised a note of caution about overstating the benefits that technology can bring into the tax system, particularly from a collection perspective - but that's caution about the technology as it is at the moment. It's more than likely that what is wished for now by government will be feasible at some point, in a form and at a price that is achievable. The same thing will be true for technology for use in the tax profession. Walk before you can run, certainly; but walk enough and the running generally follows (some of you have probably been trying out a couch-to-5k plan for the new year. By the time you read this, I should know whether I can run as well as cycle - I'm more or less looking forward to the Winter Run 10k in central London at the beginning of February).

What do you think the tax profession will look like in ten years time?

What effect will the increasing use of technology and other changes have on the tax profession? I don't have any particular answers but I'm interested to know what you think.

The legal system is potentially going through similar changes, and tax is, arguably, a specialist form of the legal profession. (Feel free to disagree!) There is increasing pressure on work as a result of clients' unwillingness to continue to pay at 'normal' law firm rates for the more administrative, repetitive and process-based tasks within the law. Clients are not particularly interested in paying someone to do something in three hours that could be done, with judicious use of technology, in half an hour.

In effect, the law seems to be moving towards two types of work: specialist advisory and process-oriented. The latter is being taken in-house, or undertaken at a much lower cost by businesses with the right technology. Not all of those businesses are traditional law firms.

Law firms also face a challenge that we've been dealing with for years, namely liberalisation. Competition has increased as alternative business structures enable legal advice to be given by businesses other than traditional law firms. Tax advice and tax compliance have not been regulated in the same way as legal advice, so that's not something we need to learn to cope with at the same time as the two main drivers of change in this economy: cost pressure and technology changes.

A particularly interesting experiment here is law firm that has partnered with a university to develop technology such as artificial intelligence, text processing and data mining to use in legal services. The list looks rather similar to some of the technology focus of HMRC, particularly their Connect system.

None of this will take away the requirement for specialist legal (and tax) advice - the myriad ways in which people can get into difficulties with legislation are likely to continue to outnumber the ability of technology to resolve those difficulties.

So what next? Where are we going? Letters are invited (or, more likely, to my email address below). I'd be interested to know what you think the profession will look like, say, mid-career for the 58 candidates who passed the Taxation of Major Corporates Advisory Paper (part of our Joint Programme with the ICAEW) - to whom, congratulations - and also to those successful in the November sitting of our exams

Finally, congratulations also go to our new Honorary Fellows, Professor Judith Freedman of Oxford University, and Dame Fiona Woolf and Nicholas Woolf.