

# New CIOT President highlights service levels, simplification and crypto

Briefings



23 June 2023

CIOT President Gary Ashford gave his inaugural speech at the Annual General Meeting on 30 May 2023.

*Gary began his speech by thanking his predecessor Susan Ball, his family and his colleagues past and present. He observed that his own career had included not just firms of different shapes and sizes but also 17 years at HMRC.*

## **Tax administration**

My own journey means I am acutely aware that the tax system is a three way partnership – tax *payers*, tax *advisers* and tax *authorities*.

Taxpayers must pay the right amount of tax at the right time.

Tax advisers must give accurate, honest advice to their clients and their employers to support them in being compliant.

And tax authorities must provide a framework that makes it as easy as possible for taxpayers to be compliant.

That doesn't feel the case right now. I will always defend HMRC, as I know there are lots of great people there, doing some very important work, but when people can't get prompt answers to queries that makes it more likely they'll get things wrong.

When people are stuck on phone lines for hours on end – taxpayers *and* their advisers – that adds to compliance costs. When people can't get timely repayments that harms cashflow and threatens business viability.

Poor service levels at HMRC are not just a pain for taxpayers and advisers, they harm tax compliance, hinder business activity and hammer away at trust in the tax system.

A strong economy needs an effective tax system. HMRC have 6,000 fewer customer service staff than they did five years ago.

Now I'm a true believer in the power and the potential of technology. But cutting staff numbers *now* – in anticipation of efficiencies from digitalisation which have not yet arrived – seems to me to be putting the cart before the horse.

Ministers must resource HMRC properly for the job it has to do.

## **Engaging with HMRC**

What is the Institute's role here? It is surely to be a candid friend to HMRC. Sometimes critical. But always constructive.

We engage with HMRC every day. Last year alone more than 200 consultation responses, and more than 600 meetings.

This delivers results:

- administrative changes like the more sensible timetable for the roll-out of MTD;
- policy changes like the capital gains tax and trust and estate measures in the current Finance Bill; and

- a crackdown on rogue tax refund companies.

*Noting that the latter was one of the many achievements of the Institute's Low Incomes Tax Reform Group, Gary paid tribute to LITRG ahead of its 25th anniversary in July. He also spoke of the importance of the tax advice charities, Tax Aid and Tax Help for Older People, and encouraged all tax professionals to support them.*

## **Regulation**

Now, as I said earlier, the tax system is a three way partnership – taxpayers, the tax authority and tax advisers. The relationship between these partners is crucial. That is why the issue of regulation of tax professionals is so important.

In November, the Financial Secretary told Parliament that regulation of tax agents is something she is 'considering actively'.

If the government decides to move forward in this area, there are two broad directions they can go – government regulation or a solution based around professional bodies.

Government regulation would likely be costly and ineffective. The standards imposed would likely be lower than those already required of our members. Better by far would be to build on what we have now, by requiring anyone providing tax advice on a commercial basis to belong to a recognised professional body.

Our rules already protect taxpayers, by making it clear that there is no place in our profession for those who devise, promote or sell avoidance schemes. They make it clear that, as professionals, our members have obligations – yes, to their clients, but also to wider society, and to the reputation of the Institute and the tax profession as a whole.

## **Public benefit role**

Our high professional standards are just one of the ways in which we fulfil our mission to deliver public benefit.

Most obviously, we have our qualifications. But our educational role is wider than this. It stretches to *public* education too:

- the work we do through the media to publicise tax rules and obligations;

- the wonderful guidance produced by LITRG; and
- the work we do supporting parliamentary scrutiny of tax laws.

And, of course, we are a powerful voice in the tax policy debate:

- pointing out unintended consequences;
- arguing for a fair balance of powers and rights; and
- making the case for those much neglected qualities of certainty, clarity and simplicity.

## **Simplification**

Now I can't mention simplicity without mentioning the Office of Tax Simplification. Scrapping the OTS is a mistake. Instead, the government should have *strengthened* it – giving it a louder voice, a wider remit and greater resources. This is what we argued for.

But if it must go, then the government must be held to their promise to 'embed ... simplification into the institutions of government'. Alongside other bodies, we've suggested some ways they could make a start on this. We met with the Financial Secretary earlier in May to discuss these, and we'll be keeping up the pressure.

## **Technology, crypto and AI**

One route to simplifying compliance is through technology.

We've been critical of some of the aspects of MTD – the pace of change and underestimates on costs, to name just two. But the idea that digital tools can increase both compliance and customer experience in the tax system is a sound one.

Technology is also a big part of HMRC's plans to reduce the 'tax gap', though we remain doubtful that MTD will reduce taxpayer error by anything like as much as HMRC think it will.

Then there's crypto. In my view, digital assets in their broadest form will play an essential part in the development of financial services, in both the UK and the world. I sit on HMRC's crypto taxation working group. Whilst I am pleased with some of the technical work being undertaken behind the scenes and the excellent tax technical

guidance, I think HMRC, and other government departments, could say more publicly to help the general population understand this area better, rather than simply repeat the message about risk! This is an area where a policy vacuum will simply be filled by bad actors, and scams and fraud will proliferate.

In my view, we need to recognise crypto assets and the broader decentralised finance sector as unique, and therefore needing their own specific and clear set of legislation for how you tax them. The government's new consultation looks to be edging down this road, which is welcome. But wherever we end up, there will have to be a huge awareness campaign to make owners of crypto aware of their obligations.

Then there is AI. First, some reassurance. I don't think we are all about to be replaced by Chat GPT and Bard. In the words of my predecessor Peter Rayney: 'We survived the calculator. We survived the spreadsheet. And we can survive the AI revolution too.'

But we're going to have to adapt. There isn't a lot of space in the profession these days for people who can't use a spreadsheet or the internet. In a few years' time, it could be the same with AI.

I've heard it said that AI is best thought of as a graduate researcher: smart and articulate, but you need to check their workings. That's a good approach.

This is a powerful tool – for research, writing basic text and coming up with ideas. It could suggest, for example, which reliefs might be available to our clients. It can free up *our* time to let us provide more tailored support.

Even more than now, successful *future* tax professionals will be those who go beyond simply crunching numbers and ensuring compliance to become their clients' trusted advisers.

This is where our new Diploma in Tax Technology comes in. It's our response to the changing demands on tax professionals. We've worked with tech specialists and firms of all sizes to produce a qualification which matches the needs of the profession. It's the first of its kind.

I encourage you to take a look.

## **International**

*Turning to international tax, Gary looked ahead to the following week's CTA Address (see page 56) and reflected upon the greater role he expects environmental taxation to play.*

The international dimension of tax has long been an interest of mine. For me, understanding our tax system in an international context is key not just to the success of my clients, but to the success of the whole UK economy.

When I travel overseas, I want to be able to promote UK PLC as a location for investment and other business activity. I want to be able to promote a world class tax system that encourages entrepreneurship – a framework that supports the scientists and technologists who we need not just for our economic success, but to address those huge challenges like climate change. Also, our world leading financial services, creative industries and entrepreneurs, throughout our four amazing nations.

## **Conclusion**

To conclude, I am deeply honoured to be your President for the year ahead.

This AGM may be online but I'm looking forward to getting out and about, meeting as many of you as possible, face to face, at our debates, branch meetings and other events.

See you there!

**This speech has been slightly abridged. The full speech can be read or viewed at: [www.tax.org.uk/gary-ashford-presidential-inaugural-speech](http://www.tax.org.uk/gary-ashford-presidential-inaugural-speech)**