

CEOs Welcome: Strains on our tax system

Welcomes

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24 January 2024

Happy New Year! We hope that you all managed to have an enjoyable break over the festive period and that January was not too demanding for those of you involved in submitting tax returns.

Dealing with last minute tax returns can be challenging enough, but the announcement in the Autumn Statement of changes to NICs from 6 January 2024 placed additional pressure on those members dealing with their own and their clients' payroll obligations. From that date, there was an immediate cut to the main rate of Class 1 employee NICs from 12% to 10%. This will be followed on 6 April with a cut in the main rate of Class 4 self-employed NICs from 9% to 8% and no one will be required to pay Class 2 self-employed NICs.

During the festive period, we were advised that the Chancellor of the Exchequer Jeremy Hunt's second Budget Statement will be delivered on Wednesday 6 March. Both the ATT and CIOT technical officers will be making various representations to the chancellor in advance of the Budget with the aim of achieving a more efficient and less complex tax system for all.

It is hoped that by the time you read this article, the Self Assessment helpline should once again be fully operational (due from 1 February), providing taxpayers with the opportunity to call and speak to someone on all matters relating to their Self Assessment. This service is important for so many taxpayers, especially those who are uncomfortable using HMRC's preferred online tools and who may not meet the criteria for extra support.

Also from 1 February, the restrictions placed on the Agent Dedicated Line during December and January should have been lifted with services reverting to normal! Both ATT and CIOT representatives continue to challenge HMRC on their poor service levels and we will have to wait to see if last year's pilot of a new 'seasonal model' for the Self Assessment helpline, involving its closure for three months from 12 June 2023, will be repeated this summer.

Finally, last year saw further attacks on our tax system by 'bad actors', in particular by high-volume repayment agents putting a strain on both HMRC's systems and resources. Tax advisers have a responsibility to serve their clients' interests whilst they are upholding the profession's reputation. They need to take account of the wider public interest by staying technically competent and adhering to the high professional standards set out in the Professional Conduct in Relation to Taxation (PCRT).

Since 2016, HMRC has had its own Standard for Agents setting out the minimum standards that are required by all agents, and particularly those that are not connected to a professional body and adhering to the PCRT.

As part of the government's ongoing drive to remove 'bad actors', this year we are expecting the publication of the long-awaited consultation on 'regulating' the tax advice market. Once the consultation has been issued, both the ATT and CIOT will be making representations and recommendations, and we will be actively seeking the views and thoughts of our members via our weekly emails and via social media channels.

Our Branches' programme of online and face to face events kicks off from February, so please do keep an eye out for email invitations. We are both really looking forward to meeting new members at our respective Admission ceremonies in late Spring.

See you all soon!