Finance Act 2024: praise to CIOT, ATT and LITRG for their ‘invaluable input’

Briefings

20 March 2024

Finance Bill 2023-24, now enacted as Finance Act 2024, contained a number of measures which CIOT, ATT and LITRG have been calling for.

These measures include making full expensing permanent, relaxations to the cash basis to make it more attractive, and enabling taxes already paid by workers incorrectly categorised as outside the scope of off-payroll working rules to be offset against the tax due from their deemed employer.

While welcoming these measures, CIOT, ATT and LITRG also had concerns about some other aspects of the Bill. We raised these in 12 briefings for MPs, to support the scrutiny process. During debate on the Bill, the three bodies were mentioned a total of 25 times, with our evidence cited on 10 different aspects of the Bill.

Discussing full expensing, Shadow Financial Secretary James Murray drew on ATT and CIOT representations to ask the government when it would publish a consultation on leased assets and whether it could clarify the definition of plant and machinery. The Financial Secretary Nigel Huddleston promised the consultation would be launched ‘shortly’ and that further guidance would be provided on what is defined as plant and machinery.

Murray also raised CIOT and ATT points on the R&D relief changes. These included ATT’s concern that new rules to define R&D intensive SMEs could add to the complexity of the regime. However, the minister defended the separate rules as ‘promoting the conditions for enterprise to succeed’.

The Bill would enable HMRC to disqualify directors of companies involved in promoting tax avoidance. Murray said CIOT had raised questions about ensuring that this power is used correctly. He added that LITRG had provided ‘powerful examples’ of where young or vulnerable people can be recruited ‘without understanding what they are getting into’.

Discussing the new strict liability criminal offence for failing to comply with a stop notice issued by HMRC in relation to a tax avoidance scheme, Murray highlighted CIOT’s concerns about a lack of oversight of HMRC: ‘I understand the Chartered Institute has proposed that failure to comply with a stop notice should be a criminal offence only if judicial approval for the issue of the notice has been obtained first.’ Responding, the Exchequer Secretary resisted this proposal, telling MPs that there are ‘robust governance processes and safeguards in place’.

On extension of the cash basis, MPs heard of the Institute’s concern that the cash basis will not be suitable for all businesses. On the off-payroll working changes, Murray asked ‘why it has taken the government so long to act after the problem was first identified by a respected industry body’. The minister said there was a need to ‘work through’ these issues thoroughly.

CIOT’s concerns and representations were also reflected in discussion on changes to the construction industry scheme, creative reliefs, VAT and excise law, pension lifetime allowance and provision of information to HMRC.

At the end of committee stage, both the minister and his shadow thanked those who had helped MPs to scrutinise the legislation. Murray said the input of CIOT, ATT, LITRG and ICAEW had been ‘invaluable’. Huddleston also thanked stakeholders for their ‘invaluable input’, adding that he included in this not just the written submissions to MPs but also the extensive formal and informal consultations over many years: ‘I put on record our deep gratitude and thanks to all those who have taken their responsibilities and interests incredibly seriously, providing great input into this Bill to date.’

A fuller version of this article can be read on the CIOT website at: tinyurl.com/FinAct24