

# CIOT Vice-President's page, April 2017

Welcomes

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## Change is the thing

Welcome to the April edition of *Tax Adviser*. How was the Budget for you? I am sure like me the relatively quiet statement was welcome but there is still a great deal to keep us all busy for the foreseeable future. And, if the Prime Minister has had her way, we have now triggered Article 50 and the process of leaving the EU will have begun in earnest. Whatever your views on 'Brexit' it is certain that tax will be at the forefront of the decisions that will need to be taken by the UK and there is much debate still to be had. Coming back to the Budget, the NIC changes affecting the self-employed has proven to be the most controversial of changes and was quickly dropped. NIC is something of a red flag to me since in my view the entire structure of NIC needs to be looked at. For too long there have been plans for this change and plans for that change so that we have ended up with legislative framework that resembles a patchwork quilt that even many HMRC staff do not properly understand. It was disappointing that the proposed removal of NIC from the Limitation Act was deferred again. Too much NIC goes unpaid due to 'system error'. This is, of course a decision that government is entitled to take but too often falling yields are blamed on the activities of advisers and we should not be slow to defend our members where low yields are blamed on avoidance activity.

Recently I had the pleasure of a visit to Cardiff and an afternoon with South Wales branch discussing tax avoidance issues. It was also a pleasure to present an award at the East Midlands branch dinner in Nottingham and great to see the enthusiasm of our new (and longer term) members who help the CIOT and the ATT grow each year and who maintain our position as the leading bodies for tax professionals in the UK. But the rate of change remains relentless and it is clear that the overall level of change is of concern. Change can be and often is a good thing but like everything else, too much change and more importantly poorly managed change has a detrimental impact on our ability to help our clients and HMRC's ability to manage the system as a whole. There can be few of us in recent times who have not discovered that what they thought the law was has suddenly and quietly changed. A relatively recent change of this sort is the extension of assessing time limits to include carelessness by advisers. And that so much change has in recent times been directed at many less complex parts of the tax code means that the overall impact is greater and there can be few of us who have not felt some impact.

But change is the thing and HMRC's making tax digital 'MTD' project remains high on the list of initiatives that will bring very major change across every taxpayer group. Fairly or otherwise few outside of HMRC share the confidence in MTD being delivered effectively or at least within the very tight timeframe suggested. The estimated revenue benefits also encourage scepticism. The relaxation of timing announced in the Budget is welcome but ultimately we all must look forward to a time when tax is digital. MTD is not a change we should resist but instead one where we should be able to play a full part in shaping and making it happen. Government and HMRC will fail to listen and take on board our concerns at the peril of all of us. It is critical that the government, HMRC and the tax profession agree on the destination. But we also need to agree how we get there and that the journey time is realistic. There are very few major IT projects that are delivered on time, on budget and as planned and the odds are against MTD being one of them. However, properly implemented MTD should

benefit all of us but creating a climate of mistrust and in some cases fear within the community of tax professionals who will need to make it work and work with it will not help.

Also this month the huge overhaul of how non-domiciles and trusts are taxed have started to take effect. It is likely that what the media and general public expect such changes to achieve will be different from what will happen in practice especially since the quid pro quo nature of the changes will inevitably result in some individuals enjoying significant tax benefits through rebasing and 'cleansing'. But this prospective benefit is unusual and more than in the past advisers must ensure that they are on top of these changes since the beneficial aspects are limited in time and work will be needed to identify to clients how the changes affect them.

And what better way to keep on top than to attend a Branch event? In times of change our network of branches continues to be one of our most important assets. But our Branch network depends upon members and students getting involved and making use of them. We all have something to contribute or gain from using them. If Branch events appeal find the time to go, it helps with CPD. If there is nothing that appeals then let the Branch know so that what members want to see and hear is on offer. I hope to see you there soon!