Chartered Institute of Taxation

30 Monck Street
London SW1P 2AP
T: +44 (0)20 7340 0550
E:post@ciot.org.uk

Digital Services Tax - Draft Finance Bill legislation and draft guidance

Response by the Chartered Institute of Taxation

1 Introduction

1.1 We refer to the draft legislation published on 11 July 2019 intended to be included in the next Finance Bill to give effect to the UK's Digital Services Tax (DST). That the UK would implement a DST was announced at Budget 2018, and the government subsequently consulted on the proposed DST. On 11 July the government also published draft guidance and a summary of the feedback to the consultation and the government's response (summary of responses). We set out below our comments on the proposed approach and the draft legislation and guidance.

1.2 As an educational charity, our primary purpose is to promote education in taxation. One of the key aims of the CIOT is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

1.3 Our stated objectives are for a tax system that includes a legislative process which translates policy intentions into statute accurately and effectively, without unintended consequences and greater simplicity and clarity, so people can understand how much tax they should be paying and why. The tax system should also achieve certainty, so businesses and individuals can plan ahead with confidence.

1.4 We have previously commented on the proposal for the UK to introduce a DST and reiterate our preference for a global solution to address the tax challenges arising from digitalisation. In this regard we strongly support the government in its continued engagement with the OECD/G20 Inclusive Framework Programme of Work to Develop a Consensus Solution to these challenges. We remain of the view that unilateral measures, such as the DST, are unhelpful because they inevitably lead to less alignment of tax bases globally, resulting in double taxation (or non-taxation) and a significant compliance burden for businesses and, consequently, stifle economic growth and innovation. The government is of course alive to the broader international reaction to the introduction of digital services taxes (particularly from the US) and will also be aware of fact that large tech companies may pass on the cost of the DST to small businesses they transact with and ultimately to end users. Therefore, there is a risk that the DST may not achieve its broader economic objective. However, we understand the policy reasons behind the proposed introduction of the DST. On that basis, we also broadly support the proposed design of the tax, as the most practical approach available to achieve the policy aims.

1.5 We welcome many of the changes that have been made to the DST as a result of the consultation earlier this year. However, as discussed below, we think that there is further work to be done to the draft legislation and

the guidance to provide sufficient clarity and certainty for business as to whether or not they are within the scope of the DST. We would also like to see further changes made to the compliance aspects of the DST to ensure that businesses are better able to comply with it and that they can be confident that they have correctly self-assessed the tax.

1.6 In any event the nature of the DST is such that it will put an increased administrative burden on businesses to ascertain the necessary information to comply and will require a substantial degree of judgement for many businesses in determining their DST liability. Therefore a pragmatic and proportionate approach to the DST will be required.

2 Interim measure

2.1 We welcome the restatement of the government's position that the DST is intended to be an interim measure and that the government remains committed to the work being undertaken by the OECD to reach a global consensus as to how to reform international corporate tax rules to address the tax challenges arising from digitalisation.

2.2 We welcome the statement of policy intent to disapply the DST once an appropriate international solution is in place and hope that, at the appropriate time, consideration will also be given to whether other measures, such as diverted profits tax and the tax on offshore receipts in respect of intangible property, are still necessary.

2.3 In this regard we note the obligation to conduct a review of the DST before the end of 2025 in clause 31 of the draft legislation. We welcome this, but would prefer to see a firmer reflection of the policy intent in the legislation regarding repealing the tax which is intended to be temporary in nature. We appreciate that the government may not wish to include a 'sunset' provision, which would automatically terminate the tax. However, repeal of the tax could be made explicitly conditional on the introduction of an OECD/G20 solution which the UK agrees to implement. Alternatively, the legislation could give the government the power to repeal the DST by Statutory Instrument at such time as sufficient progress has been made in international negotiations.

3 Clarifying the scope of the DST

3.1 Although the DST is supposed to be narrowly targeted, the legislation takes a very purposive approach, meaning that the potential application of the legislation is actually very wide. Some key aspects of the new tax, such as what is in scope and the attribution of revenues to business models within the legislation are not clearly ascertainable from the legislation. We are concerned that as currently drafted businesses which are not intended to be within the scope of the tax will be brought into charge, or at least face considerable uncertainty as to whether or not they are caught.

3.2 Several key terms used are not defined in the legislation. Examples include 'internet search engine' and 'online platform'. Whilst on the one hand it may be possible to argue that there is a commonly understood meaning of these terms, in the technical application of the legislation there may be difficulties in this approach.

3.3 For example, one definition of an 'internet search engine' could be 'an online platform the main purpose, or one of the main purposes, of which is to enable users to search the whole or the majority of the internet'. However, even such a common sense understanding of the term could cast doubt on whether it would cover search engines that are restricted to displaying certain content (for example, because a country in which it operates requires this). In this context, what would be meant by the 'majority' of the internet?

3.4 Businesses often have several different domain names/web addresses – for example, for use by their businesses in different jurisdictions with a '.com' and a '.co.uk' suffix. Alternatively, a multi-national group

may have different websites for individual brands across its business. Does the whole collection of websites constitute the platform? It is not clear how the legislation would apply to circumstances where information is drawn from one domain name/website or business activity to another. Could this internal activity put a business within one of the defined activities? Or, for example, many platforms have internal search engines – although the draft guidance (at page 13) indicates that internal search engines are not intended to be within the scope of the DST, this is not clear from the legislation.

3.5 Similarly, it is not satisfactory for the definition of an online platform to only be given in guidance – and in any event the meaning given to it in the draft guidance (on page 20) is wholly unsatisfactory given the complex and interactive environment that can exist between the various apps, servers, websites and interfaces. It is important to have clarity as to what constitutes a platform, particularly for businesses providing multiple services to users so that they can ascertain what a platform is in applying the main purposes tests.

3.6 We accept that some of this uncertainty may be resolved if businesses are able to rely on the thresholds (discussed in paragraph 5 below). However, relying on the thresholds cannot be the whole answer. We discuss, in paragraph 4 below, some particular areas of concern where we think as currently drafted the legislation would cause real difficulty in practice.

3.7 We suggest that consideration should be given to including in the legislation a power which would permit the Treasury, by regulation, to narrow the scope of the tax by introducing further exclusions. This power could be retrospective (as per FA 2019, Schedule 3, paragraph 9, which permits changes to the rules relating to the taxation of offshore receipts in respect of intangible property). This would enable business that are caught and which should not be to have the position addressed without the need for primary legislation.

3.8 Generally, we would prefer for the legislation to provide clarity as to the scope of the DST. It is not satisfactory to have fundamental questions around whether tax is payable and, if so, how much, substantively dealt with in guidance rather than in legislation. However, in an area such as this we recognise that guidance will also be very important.

3.9 However, we suggest that much better guidance is required in a number of areas – for example, around search boxes activity. The guidance should also include an explanation of HMRC's view of what monetising the 'website' means? What is the website and what constitutes an activity? Although the draft guidance (at page 8) provides some discussion as to what constitutes an activity, more clarity is required. For example, no distinction is drawn between an activity and a business. We assume that the bar for an activity is high. It must be different to what constitutes a business – the bar for that is low. For example, can intra group funding be ignored because that is not an 'activity'?

3.10 Clarity around and the scope and application of the legislation is important, not least because even if a group is able to eventually conclude that they are not subject to the DST, the fact that a company has to pay advisers and/or go through a time consuming exercise to reach this conclusion does not reflect well on the UK tax system as a whole.

3.11 For some businesses ascertaining whether the DST applies to them will be a relatively simple exercise: it will be clear that they have a 'digital services activities'. But for others, particularly highly integrated businesses, complying with the DST will be a significant compliance burden.

3.12 The current lack of clarity and certainty for businesses also makes us concerned that there will be scope creep in the application of the DST, and an increasing number of companies brought within its scope once it comes into force, as happened with, for example, diverted profits tax. The risk of this seems significant, not least due to the heavy reliance on guidance, rather than legislation, to provide detail on the meaning of many of the legislative terms and in several cases no meaningful detail even in the guidance of such terms.

4 Legislation

Delivery fees and similar

4.1 We are unconvinced by the rationale in paragraph 4.22 of the summary of responses for the inclusion of delivery fees (and other similar logistical type fees, such as packaging, storage and payment processing fees) within the scope of the DST. In our view, delivery fees (and other similar fees) are an auxiliary function relating to logistics and fulfilment and do not reflect any value created by UK users, which is the target of the tax. If the purpose of this inclusion is to address the risk that businesses may otherwise increase delivery fees (and other similar fees) and lower prices on in-scope goods (an assumption we would query), we feel that this would be better dealt with through anti-avoidance provisions (and is, in fact, effectively dealt with through the anti-avoidance clause in the draft legislation in any event).

4.2 Delivery fees (and other similar logistic type fees such as for packaging and storage and payment processing) are currently in scope because of the breadth of revenues in scope. All revenues arising to members of a group in connection with any digital services activity of any member of the group are 'digital services revenues' (under clause 2). We suggest that, because revenues arising from delivery fees and similar do not have any significant user value, they should be excluded from clause 2, such that they are not within the scope of 'digital services revenues' and so also fall outside the scope of the threshold conditions at clause 7.

4.3 We attach to this submission a mark-up of clause 2 which suggests how logistic and fulfilment fees could be excluded.

Clause 3 – Meaning of 'UK digital services revenues'

4.4 We suspect that the 'UK nexus' for advertising revenues in clause 3 will be very difficult to calculate. How is the company with the digital services activity supposed to know who all advertising is intended to be viewed by? It may be easier for some businesses to calculate with reference to actual clicks, or views, or whatever metrics/targets are related to the generation of revenue, at least where that information is known (the draft guidance already hints at this, and could be expanded).

4.5 Related to this point, we would also question the rationale for including revenues from advertising intended to be viewed by all UK users within the scope of the DST (or any users any category of users that includes UK users). Given that the rationale for the DST is to capture user created value, the policy would be better reflected if the scope of the DST was limited to revenues from online advertising which was shown or provided to specific users based on their personal characteristics (for example, where information about their location, previous behaviour or demographics was obtained as a result of their interaction with the relevant social media platform, internet search engine or online marketplace).

4.6 Page 38 of the draft guidance states that 'A UK company owns a house on Sodor which it lets to an Avalonian holiday maker. This is not a UK transaction and so is not taxable.' Although such a situation would not be within the special rule for UK land in clause 3(4)(b), the UK lessor would still be a UK user. It is not clear why online marketplace revenues in relation to such a transaction (such as commission paid to the operator of the online marketplace) would not be subject to the DST (regardless of which party pays those fees) under clause 3(4)(a), and why any other fees paid to the online marketplace by the UK lessor (such as any subscription fee) would not be subject to the DST under clause 3(3)(b)? If the intention is that all (or some, such as those paid by non-UK users) revenues from transactions involving non-UK property are not to be subject to the DST, this should be clarified in the legislation. There is a more general point here in that the manner in which clauses 3(3) to (5) (including the sub-clauses (a) and (b)) interact should be clarified if any of them are to be an exclusive code for determining whether particular revenues (for example, revenues from all land or just UK land) are UK sourced.

Clause 4 – Meaning of 'digital services activity' etc

4.7 As noted above in paragraph 3, in our view the legislation should properly define key elements of what constitutes a digital services activity including, in particular, 'an internet search engine' and 'an online platform'.

4.8 Further, we have concerns around the current framing of the legislation around the main purpose test. This is too wide because if a business has an activity which is within the scope of the DST as its main purpose or one of its main purposes, as currently drafted the whole online platform/business may be brought within the scope of the DST. For example, in circumstances where a business is operating a platform which facilitates sales of goods between third party buyers and sellers, this being the main, or one of the main purposes, but is also selling its own goods, as a separate activity, it appears that the entire business would be a 'digital services activity' and, consequently, all revenues of the business would be within the scope of the DST. The just and reasonable apportionment between digital services revenues and other revenues happens at a later stage - once the digital services activity has been identified – but does not do enough to exclude revenues attributable to the sale by the business of its own goods due to the broad meaning of digital services activity. Although the policy intent is clear, that revenues attributable to the separate activity of the sale by the business of its own goods should not be within the scope, the legislation does not achieve this. To reflect the policy position it is necessary for the legislation to be amended to make clear that the digital services activity is only a reference to the relevant activity. Alternatively the legislation should be amended to expressly exclude revenues that should not be in scope from the meaning of 'digital services revenues'.

4.9 One further aspect of the draft legislation that is currently unclear is whether the conditions which must be satisfied by a social media platform in clause 4(3) and an online marketplace in clause 4(4) must both apply for the definition to be met, or whether they are alternatives. The draft guidance in relation to the conditions for a social media platform is also silent on this, although the draft guidance on the definition of an online marketplace (page 15) does state that 'If all [three] tests are satisfied the activity condition will be met'. Thus, assuming that both of conditions (a) and (b) in these sub-clauses are intended to apply in each definition, it would be helpful to add an 'and' between paragraphs (a) and (b).

Clause 5 - Meaning of 'UK user'

4.10 The definition of UK user is very subjective (and is not helped by the absence of a definition of 'user' in the draft legislation). It would be better to be based on data that the entities would actually have. For example, it could be based on VAT place of supply rules, utilising information as to where the user is registered in respect of business to business transactions, or using the rules for electronically supplied services or, if neither of these factors produce an answer, based on an IP address.

5 Threshold conditions and safe harbour

5.1 We remain of the view that the level of the thresholds are currently too low and will not assist a large number of taxpayer groups at the quantum they have been set at. The result maybe a larger than expected population of companies being liable to the DST or that have a DST compliance burden. In particular, as we have previously said, it is important that lessons are learned from the recent experience with diverted profits tax. The original expectation was that very few companies would be in scope of diverted profits tax. Today, five years later, it is apparent that many more companies are potentially impacted and this has resulted in the Profits Diversion Disclosure Facility which was launched this year to improve compliance. That said, we recognise that the intention that the DST is an interim tax should lessen the ongoing impact. We also agree that it is sensible that these are set at a group level.

5.2 We would welcome some guidance as to how the thresholds would be allocated if a group is undertaking two digital services activities. Would this be on the basis of an allocation of the 'appropriate proportion' of tax by reference to the digital services revenues, after the threshold amount is taken off the total (as per clause 8)?

5.3 Although the £25 million allowance will protect some businesses from a 'cliff-edge', it will be of greater benefit to businesses with global scale but more limited UK presence. However, a cliff-edge will remain that

could be particularly costly for predominantly domestic businesses when they breach the £500 million global threshold. The resulting high marginal rate of tax could impact business decisions on whether to seek growth when it is nearing the threshold. We suggest that a sliding scale of rates (up to the standard 2%) in excess of this threshold in relation to global revenues would add significant complexity, but could protect businesses from this cliff-edge.

5.4 The alternative basis of charge in clause 9 (charging tax on 80 per cent of deemed UK profits) does not seem a realistic alternative if it is intended to capture the value contributed by user participation. The value of user contribution is not something that has yet garnered agreement in either the business community or the international community, but to the extent it does contribute to profitability, we do not understand the logic that it should contribute a greater share of profitability to businesses with low margins than with higher margins (that is as deemed UK margin increases above 2.5%, 2% of revenue implies a lower proportion of that deemed profit as the margin increases). It may be appropriate to lower the 0.8 multiplier to a level deemed commensurate with the value thought to be contributed by UK users relative to value contributions from the rest of the supply chain.

6 Deductibility of digital services tax and payments in respect of liabilities to the DST

6.1 We welcome the confirmation in the draft guidance (on page 56) that whether or not DST will be deductible will be determined under the 'normal rules concerning whether expenditure is an allowable deduction for CT'. It would be useful if the guidance could also clarify that whether or not payments of other digital services taxes imposed by other countries are deductible will be determined in the same way.

6.2 In addition, it would be helpful to have further clarity around the correct treatment of a reimbursement for payment of a DST liability between members of a group otherwise than pursuant to the statutory right of reimbursement. We would expect that such payments would not be taxable in the recipient and suggest that the guidance should confirm this.

7 Compliance burden and certainty

7.1 The process for businesses to, firstly, determine whether or not they have a 'digital services activity' and then to ascertain the revenue attributable to that activity will be a challenging, time consuming and, in many cases, a significant compliance burden. It is recognised that complying with the DST will require a high degree of judgement in arriving at a just and reasonable attribution of revenues. It is important for the overall efficacy of the UK tax system and to maintain the competiveness of the UK to provide as much certainty as possible for taxpayers that they are complying with the DST and providing 'correct' returns.

7.2 We welcome that the legislation recognises that businesses will only be required to consider their own accounts and financial information and that the legislation acknowledges the judgement that will be required in apportioning revenue to the 'digital services activity' by providing for this apportionment to be undertaken on a 'just and reasonable' basis. While this pragmatism in the legislation is welcome, mechanisms that enable taxpayers to be confident that the figures provided will be accepted by HMRC and to give businesses certainty would also be helpful. It will be difficult for guidance to cover all of the possible business models in the technology sector, particularly as these are often characterised by being novel and constantly evolving.

7.3 We note that in paragraph 8.37 of the summary of responses, HMRC says that the standard practice of non-statutory clearances will be available in relation to any uncertainty in the application of the legislation. As discussed in paragraph 3 above, in our view key aspects of the legislation are inherently unclear. Therefore, we encourage HMRC to clarify that questions around, for example, whether a business has a 'digital services activity' will be within the scope of the non-statutory clearance mechanism. More generally, we would like to see HMRC confirm that clearances will be available to give businesses certainty on whether they have a digital

services activity and if so, the basis on which they attribute revenue to that activity. It would be reasonable that any clearance include critical assumptions that put the onus on taxpayers to contact HMRC in the event that their business model changes (similar to conditions typically found in advance pricing agreements regarding appropriate transfer pricing methodology).

7.4 We suggest that businesses are allowed to file 'nil returns', demonstrating that they consider that they are below the revenue threshold, in order to protect them against penalties that may otherwise arise.

7.5 HMRC should also provide guidance on the extent to which it is expected that businesses should change their accounting systems to better capture the necessary data for the DST, bearing in mind the temporary nature of the DST. We understand that some businesses anticipate that changes to accounting systems to attempt to track the required information would be substantial (and potentially costly); and for some businesses they still envisage there will be significant difficulties in tracking the necessary information. We would like HMRC to confirm that a pragmatic approach will be taken and that DST returns which are submitted based on the information readily available to a business and based on just and reasonable allocations will be acceptable. This is particularly relevant given the starting date for the DST, which is 1 April 2020 (and a corresponding swift notification requirement for businesses with accounting year-ends soon after 1 April – see below). This gives groups very little time to prepare for this tax. If businesses are required to build IT systems to capture the relevant data, we suggest that 1 April 2020 will be an unrealistic date to allow for compliance with notification and calculation obligations in many cases.

7.6 It must also be recognised that the process of determining whether a business has a DST liability and if so, the quantum of that liability will require a detailed understanding of a business's operations and in the more complex cases will require the exercise of substantial judgement. In these complex cases a significant level of non-tax technical knowledge from customer compliance managers (CCMs) regarding how technology businesses operate will be required, which would go significantly beyond the level of knowledge typically required by CCMs. It is therefore important that HMRC invest in training of CCMs in this area, to both ensure consistency across the board in the application of the DST and to empower them to be able to provide decisions to business on a real-time basis to give business the necessary certainty over their tax affairs and conclude enquiries in a swift manner.

8 Double tax and dispute resolution – clause 11

8.1 We welcome the decision by the government to effectively tax only 50% of in-scope revenues where a digital services tax in another jurisdiction applies to all or part of any of the revenues arising in connection with the transaction as a result of the involvement of a foreign user. This will remove much of the double DST (on top of any corporation tax due) that would otherwise have arisen on such transactions.

8.2 However, it is not clear to us why there needs to be a foreign digital services tax for the 50% reduction in the charge to the DST to apply. Given that the policy intent of the DST is to capture value created by UK users, it would be more logical to reduce the tax in respect of all cross-border transactions, on the basis that not all of the value can possibly be created in the UK in such circumstances.

8.3 In any event, we would also note that the UK has taken a different approach to digital services tax compared to other countries, which are focusing on revenue stream-based approaches. This will inevitably raise further challenges for taxpayers having to manage different incidences of digital services tax and we suggest that there should be clarity around the application of clause 11 of the draft legislation. For example, HMRC could publish a list of non-UK digital services taxes that are creditable for these purposes (similar to the lists currently existing for double tax relief claims under treaties) and make it clear that whether or not revenues are subject to a foreign digital services tax charge for the purposes of this relief is not to be determined on a transaction by transaction basis, requiring an analysis of the precise scope of the foreign digital services tax as compared with the DST and the availability of any exemptions or reliefs, but by reference to the list. We note that the reference to 'or would be' in the legislation and the suggestion that whether or not the relief is

available must be determined in respect of individual transactions (page 51 of the guidance and paragraph 5.29 of the summary of responses) make it difficult to know when the relief will apply in practice.

9 Notification and payment

9.1 We welcome the change to make the DST payable on an annual basis, rather than in quarterly instalment payments and also the change in the time in which notification that the threshold conditions are met, and, therefore, there is a liability to the DST, must be given. Under clause 15 of the draft legislation this would be within 90 days of the end of the accounting period. This seems an unnecessarily short time period.

9.2 It is important that businesses are able to comply with the requirements of the DST. Ascertaining whether or not they are within the scope will be a detailed exercise to determine first whether there is a 'digital services activity' and secondly whether revenues exceed the relevant thresholds. It will not be possible to determine the level of the relevant revenues until well after the end of the accounting period, meaning that a notification required shortly after the year end would necessarily be on an estimated basis. Therefore we suggest that the period for notification should be extended to at least six months after the end of the accounting period. Indeed, why is notification of liability required by HMRC before the filing of the DST return (which is 12 months after the end of the accounting period)? Or, at the earliest, before the due date for payment of the DST (which is nine months after the end of the accounting period)?

9.3 The payment notice provisions contain deeming provisions that treat the underlying (DST) liability as if it were a liability of the recipient of the payment notice for the purpose of recovering the unpaid tax 'including interest accruing after the date of the payment notice' (draft Schedule 2, paragraph 2). It is not clear that there is not the possibility of doubling up on default interest if there is a delay in paying the amount required under the payment notice: the underlying DST will continue to accrue interest, recoverable from the recipient of the payment notice, with also the possibility of default interest in respect of the deemed liability under the payment notice if it is late paid. This will depend on how far you take the effect of the deeming provisions, which as many reported court decisions demonstrate can be a difficult issue to judge. As interest will continue to run in respect of the underlying DST liability, we suggest that the legislation should include express provision precluding interest from being levied on the amount due under the payment notice as a result of the deemed liability.

10 Other comments

10.1 Draft section 6(3)(a) should read 'a financial asset within the meaning of the applicable accounting standards, or'.

10.2 Schedule 1, paragraph 6(2)(a) – delete 'the' so that this reads 'keep such records as may be needed to enable it to deliver a correct and complete ~~the~~ DST return, and'.

10.3 Schedule 1, paragraph 39(b) (which reads 'this Part of this Act') – it is not clear whether this should instead read 'this Part of this Schedule', as paragraph 39 is in a Schedule to the Act rather than in a Part of the Act? Alternatively, if the reference in paragraph 39(b) is intended to be to the Part of the Act that the main DST provisions are included in this should be clarified.

10.4 On page 29 of the draft guidance (under the heading 'Advertising') it is stated that 'in these cases it will be the advertising shown to these users which will be relevant revenues.' (our underlining). Are there some missing words, as it does not make sense to refer to 'advertising' (an activity) as a type of 'revenue'?

10.5 There appears to be a significant typo in the example (Example B) that straddles pages 45 and 46 of the draft guidance: the second paragraph which reads '…….. but the group does elect to make it subject to the alternative basis of charge' is, we suggest, missing a 'not' and should read '…….. but the group does **not** elect to make it subject to the alternative basis of charge', because this is talking about a search engine activity and

the example shows the revenues of that activity being charged under the standard method (with only the revenues of another activity that the company carries on, of a social media business, being taxed using the alternative basis of charge).

10.6 In Example A on page 51 of the draft guidance, it may be helpful to explain the reason why the £100 subscription fee does not qualify for the 50% reduction (presumably the overseas DST, being 'substantially similar' to UK DST, does not apply to that amount as it does not relate to a specific transaction and is not paid by a UK user).

10.7 Page 56 of the guidance: typo in the final sentence ('within the new the transfer price.' (our underlining) probably ought not to include the second 'the').

10.8 The enforcement mechanisms in the event of non-compliance are limited, especially for groups with no UK presence. It may be to the detriment of compliant taxpayers, particularly those in the UK, if more cannot be done to address non-compliance by groups outside of the UK. Consideration could be given to other mechanisms, such as publishing a list of defaulters to encourage better compliance.

11 Acknowledgement of submission

11.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

12 The Chartered Institute of Taxation

12.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 18,500 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

The Chartered Institute of Taxation

5 September 2019