

Chartered Institute of Taxation

Technical Committee

‘Rules of engagement’ for consultation responses and interactions with HMRC

These guidelines are to be used by the CIOT Technical Committee and its Sub-Committees when responding to consultations and making submissions to HMRC, HMT and other government departments. They should also be considered when publishing other commentary, such as press releases, blogs etc.

Our charitable aims

The CIOT is an educational charity. Our primary purpose is to promote education in taxation¹. 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 authorities².

Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

Our stated objectives³ for the tax system include:

- A legislative process which translates policy intentions into statute accurately and effectively, without unintended consequences. (Guideline 1)
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why. (Guideline 2)
- Greater certainty, so businesses and individuals can plan ahead with confidence. (Guideline 3)
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented). (Guideline 4)
- Responsive and competent tax administration, with a minimum of bureaucracy. (Guideline 5)

The guidelines

In pursuing our charitable aims, and our objectives for the tax system, the guidelines are as follows:

1. Tax policy

The CIOT should not normally comment upon policy objectives chosen by a democratically elected government. As a non-party-political organisation we must remain neutral and objective in our relationship with HMRC, HMT and the government.

However, we may comment on the following specific elements of tax policy, where appropriate to do so:

- whether the tax policy is expected to meet its stated objective;
- if there are any likely unintended consequences, such as affecting a wider range of situations than intended, or likely to give rise to changes in taxpayer behaviour;

¹ The CIOT Royal Charter sets out the objects of the Institute which are (1) to advance public education in and promote the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation; and (2) (i) to prevent crime and (ii) to promote the sound administration of the law for the public benefit.

² See ‘What we do’, page 2 of the 2015 CIOT Annual Review.

³ See ‘What we do’, page 2 of the 2015 CIOT Annual Review.

- unless it is clear from the policy objective that a measure is targeted at a particular group of taxpayers, the CIOT should comment on whether the measure disproportionately affects one category of taxpayer as compared to others;

The CIOT can and should participate in Parliamentary Committee enquiries and consultation exercises etc undertaken by political parties (whether in government or not) where we can provide informed comment⁴.

2. Simplicity and clarity

The CIOT should consider commenting on how simple, understandable and clear the proposals are in their objectives and implementation, for the people those measures affect, and whether professional advice might reasonably be required in order to comply. If a measure appears unnecessarily complex, we should consider highlighting it to the Office of Tax Simplification to see whether they wish to take steps themselves.

3. Certainty

The CIOT should consider commenting on whether the proposals create uncertainty for businesses and taxpayers, or are likely to introduce instability where it didn't previously exist. In accordance with our obligations under PCRT⁵, we should comment on whether the measure may give rise to unintended consequences, such as opportunities for avoidance.

4. Fair balance

We should consider commenting on how the measure balances the rights of taxpayers with the powers and procedures of HMRC to enforce taxes. We should be mindful of the impact on unrepresented taxpayers, and consider referring to / involving LITRG if the unrepresented / low income taxpayer is likely to be unduly affected⁶.

5. Bureaucracy

We should consider commenting on the administrative burdens or compliance costs that the measure is likely to place on taxpayers, agents and HMRC, particularly if this burden appears disproportionate to the policy intention, and / or we have concerns over the ability to comply with the requirements imposed by the measure.

Other factors

In accordance with our primary purpose, all submissions should introduce, in the appropriate level of detail, an overview of the area covered by the submission, and what the proposals are intended to achieve. We are not seeking to transform the general public into tax specialists. However, a simple overview of the issue, put into context, will help readers gain a broader understanding of the issue, and will help inform debate⁷.

⁴ Where we do participate in these other exercises we will do so on a similar basis, ie following the principles outlined in this document.

⁵ Section 11, Other interactions with HMRC, Professional Conduct in Relation to Taxation effective from 1 May 2015.

⁶ LITRG may undertake its own submissions on a particular issue, but the important factor is that there is a voice for the unrepresented.

⁷ An example of such an introduction (in the context of the VAT: Fulfilment House Due Diligence Scheme) might be: "UK VAT is normally due on sales of goods in the UK. Non-EU businesses who supply goods to

CIOT submissions should be based on the technical experience of our Technical Officers and Sub-Committee members. Where matters are outside the scope of our technical expertise (such as the commercial or economic consequences of the measure) we should avoid speculation, but rather invite research into what such consequences might be. Similarly, we should avoid submissions in ‘niche’ areas, especially which are based on the opinions of individual volunteers, unless we are comfortable that the comments made would be representative of what experienced practitioners might be expected to say.

Template

A template Technical submission reflecting these considerations is attached.

Review

The Technical Committee will review these rules of engagement annually and seek Officers’ Group approval of planned material changes.

Conclusion

Achieving our objectives for the tax system can be difficult, and often one outcome may need to be balanced against another. For example, measures to combat tax avoidance might necessarily be complex. However, we should always remain professional and objective⁸, be mindful of our charitable objectives, and remain non-political.

In cases of uncertainty, the CIOT Tax Policy Director and Chair of Technical Committee should be consulted *prior to preparing the submission*.

consumers in the UK should normally register for UK VAT and charge UK VAT on these sales. Internet trading on online marketplaces makes it easy for overseas businesses to sell into the UK, but difficult for HMRC to ensure that UK VAT is being properly declared, and HMRC estimates that this represents £1-1.5bn of the UK VAT gap. It also puts compliant UK (and EU) businesses at a competitive disadvantage. Many of these non-EU sellers make use of UK-based fulfilment house businesses to store, pack and/or deliver their online orders, and these proposals require the fulfilment houses to register for the scheme and maintain accurate records. They will also have to evidence the due diligence they have undertaken to ensure that their overseas client is a bona fide supplier ie one that is VAT registered in the UK, or legitimately non-registered here (for example, because they make no supplies to UK customers).”

⁸ In compliance with the five fundamental principles of PCRT; integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.