



Chartered
Institute of
Taxation

Excellence in Taxation

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Dear Richard

Evaluation of the Statutory Residence Test

As part of its key aims in promoting a better tax system, the Chartered Institute of Taxation (CIOT) intends to maintain a record of anomalies or issues that arise in practice in the operation of the new Statutory Residence Test (SRT).

The CIOT notes that the Tax Information and Impact Notes (TIIN) for the SRT, published on 11 December 2012, included a commitment that 'This measure will be kept under review through communication with affected taxpayer groups.'¹

Further, in the discussion document 'Tax policy making: a new approach' issued in 2010, the Government recognised the importance, in maintaining the integrity of the tax code, of evaluating the impact and effectiveness of tax policy reforms following implementation². Accordingly, after a suitable interval, the CIOT recommends that the new SRT be formally evaluated, by an independent review, against its declared objectives in order to assess whether it is achieving those objectives.

The CIOT suggests that such a review could be conducted in April 2016 ie three tax years after the SRT came into force.

¹ <http://www.hmrc.gov.uk/tiin/2012/tiin614.htm>

² See 'Tax policy making: a new approach' at paragraph 1.6;

'It is also important that the Government is held to account in the development of tax policy when the Government makes changes to the tax code, it will ensure there is sufficient opportunity for policy and legislation to be properly scrutinised;

- to support good scrutiny, the Government will be more transparent about the rationale and impact of tax policy changes; and*
- to maintain integrity of the tax code, the Government will evaluate the impact of significant changes after implementation.'* (emphasis added)

The merit of an independent review to which all the professional bodies and practitioners can contribute is that it would allow for issues to be raised in a systematic way at one time and for those issues to be evaluated and addressed coherently. This would be undoubtedly preferable to a more ad hoc review. Needless to say, the CIOT would be very willing to contribute to such a review: our contributions would be based upon the experiences of our members in practice from April 2013.

We invite your considered response to this proposal.

Yours sincerely

John Barnett
Chairman, CGT & II Sub-Committee

Colin Ben- Nathan
Chairman, Employment Taxes
Sub-Committee

The Chartered Institute of Taxation

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 17,000 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.