

Finance (No.2) Bill 2023

Representation from the Association of Taxation Technicians (ATT)

Clause 346: Abolition of the Office of Tax Simplification

Executive Summary

We regret the decision to abolish the Office of Tax Simplification (OTS). In our view, the OTS achieved a significant amount during its 12 years of existence and, with greater ministerial support for its proposals, could have achieved still more.

The Government now proposes to embed simplification into the work of HM Treasury (HMT) and HM Revenue & Customs (HMRC). For this to be effective, and to demonstrate a real commitment to tax simplification, we consider there are nine key processes which should be introduced, as set out below.

1. Background

- 1.1. Clause 346 introduces legislation to abolish the OTS, which was announced by the then Chancellor of the Exchequer, Kwasi Kwarteng during his 'Growth Plan'¹ statement on 23 September 2022.
- 1.2. The former Chancellor stated that *'(I)instead of having a separate arms-length body oversee simplification, the Government will embed tax simplification into the institutions of government. It will therefore abolish the Office of Tax Simplification and set a mandate to the Treasury and HMRC to focus on simplifying the tax code.'*

2. Proposals to ensure tax simplification is embedded into policy making

- 2.1. Together with a number of other tax and accountancy professional bodies, we have proposed a series of actions that we think the Government should take in order to deliver on its promises and demonstrate its commitment to tax simplification. These nine processes are summarised as follows:
 1. Identify the characteristics of tax simplification - Our view is that simplification should include a simplification of processes, aimed at making it easier and cheaper for taxpayers, HMRC and tax agents to manage the tax system.
 2. Ensure someone is accountable for delivery of tax simplification - If the Government is to simplify the tax system, someone needs to be accountable for its delivery.
 3. Include simplification declarations in tax information and impact notes.
 4. Gaining external input to policy design and implementation – The tax policy making process should automatically include consideration of whether or not it will lead to simplification.

¹[Growth Plan](#) – Treasury September 2023

Finance (No.2) Bill 2023 ATT Representation

5. Seek feedback from a broad range of stakeholders.
6. Ensure HMRC and HMT engagement groups include tax simplification as a standing objective.
7. Increase awareness and improve guidance.
8. Allow time for development and integration of systems.
9. Adopt a consistent approach across tax regimes – inconsistencies across different tax regimes make compliance more challenging for taxpayers.

Further details on each of these points can be found in the full letter to the Financial Secretary to the Treasury dated 5 April 2023².

3. Benefits of maintaining independent advice to the Government on tax simplification

- 3.1. Despite the work of the OTS, the tax system has continued to get progressively more complex. This makes it harder for taxpayers to understand their obligations, increases the costs of compliance and also increases the burden on HMRC as the tax system becomes more difficult to manage.
- 3.2. The OTS drew directly and very effectively on the skills and expertise of tax professionals, professional bodies and taxpayers when making its recommendations for simplification. The OTS was able, in part, to obtain this level of engagement due to the trust and belief that comments and views would be treated impartially and fairly. Our concern is that, without the perceived independence of the OTS, taxpayers and professionals will be more reluctant to come forward with relevant evidence and experience.
- 3.3. HMRC and HMT have a key role in identifying the scope for tax simplification, but unless both departments have dedicated personnel tasked with delivering simplification against accountable metrics, then simplification could easily be overlooked. We do not consider that at present HMRC is sufficiently resourced to take on additional simplification tasks, given its current performance issues and volume of future legislative and process changes, including Making Tax Digital for Income Tax.
- 3.4. The ATT remains keen to engage in the process of simplification and considers that a firm foundation, comprising all of our recommendations above, will be needed for this important work to continue.

Association of Taxation Technicians

21 April 2023

Contact for further information:

George Crozier, ATT Head of External Relations

² [Professional bodies letter to Financial Secretary to the Treasury dated 5 April 2023](#)

Finance (No.2) Bill 2023 ATT Representation

gcrozier@att.org.uk; 020 7340 0569

Note:

The Association of Taxation Technicians

The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government, and academia.

The Association has over 9,500 members and Fellows together with over 6,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.