



Office of  
Tax Simplification

# Joint TLRC / OTS Conference on Tax Simplification

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# **The first six (simplified) months.....**

## **The OTS: aims and objectives**

John Whiting  
Tax Director, Office of Tax Simplification

- ***Part of Government's commitment to a 'simpler tax system'***

- Follows Howe report, etc
- Created for lifetime of current Parliament
- Independent (but located in Treasury)

- ***Organisation***

- Chairman Michael Jack\*
- Director John Whiting\*
- 3 HMT/HMRC people
- 4 private sector secondees\*
- Consultative committees
- OTS Board

*\* part-time, unpaid*

## Principles

- ***All HMRC taxes***
  - not tax credits and benefits
  - existing law (new law via Tax Policy Making principles)
- ***Revenue neutral***
  - balanced package
- ***Report with recommendations***
  - first main reports to inform Budget 2011
  - can't change things
- ***Wide consultation***
  - open project
  - 'roadshows' (40+)

## **OTS aims:**

### **Simplification (*What is simplification?*)**

- *Technical vs Administrative complexity*
- *both are equal?*

### **Three initial projects**

- (1) Tax Reliefs*
- (2) Small business taxation (including IR35)*
- (3) Proof of concept (unofficial)*

## Initial Projects:

### ***(3) Proof of concept (unofficial!)***

- Set up the OTS
- Work up a methodology
- Produce useful material
- Engagement with what we are doing

....begin to make a difference

....how are we doing?

## **Tax simplification.....**

# **...Institutional framework and political impediments**

Michael Jack  
Chairman, Office of Tax Simplification

## Tax – the institutional framework

- ***The most important government power?***
  - Commons v Lords
- ***Who controls the tax system?***
  - Parliament
  - Chancellor
  - Treasury
  - HMRC
  - (others....?)
- ***How does the OTS fit in?***



## **Political impediments ...or encouragement**

- ***Who controls the tax system?***
  - Chancellor
- ***Political expediency***
  - political pressures
  - 100 v 382
- ***Simplification works!***
  - political commitment to OTS findings
  - OTS continuing involvement
  - meaningful projects

# **The OTS: future role and strategy**

John Whiting  
Tax Director, Office of Tax Simplification

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## **The OTS: future role and strategy**

### ***(1) Does the OTS have a future?***

- wind up and save money
- stop distracting HMT/HMRC
- can't really achieve anything meaningful

### ***Conclusion – the OTS should continue!***

- though does it become permanent?

***(2) So what should the OTS do?***

- Big projects/structural?
- Single tax?
- Distinct area?
- Detailed projects?

## ***(2) So what should the OTS do?***

- Big projects/structural? (IT& NICs/Benefits & expenses)
- Single tax? (IHT/Aggregates levy)
- Distinct area? (Share schemes/Pensioners)
- Detailed projects? (Harmonise definitions)
- Small change vs major reform
- Some of everything?

### ***(3) How should the OTS operate?***

- Independent
- Small team
- Mix of HMT/HMRC & private sector secondees
- HMRC/HMT/private sector cooperation
- Consultative committees

....all good features

....so continue

### ***(3) How should the OTS operate?***

- Independent (do we show it?)
- Small team (too small?)
- Mix of HMT/HMRC & private sector secondees (unpaid)
- HMRC/HMT/private sector cooperation (maintain?)
- Consultative committees (can we assume commitment?)

....all (less) good features (or challenges)

....so manage them

# The OTS: future role and strategy

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