Joint TLRC / OTS Conference on Tax Simplification

6 April 2011, The Royal Society
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 secondee
  - 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
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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