



11 October 2022

Richard Fuller MP  
Economic Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Economic Secretary

### APPOINTMENT AS ECONOMIC SECRETARY TO THE TREASURY

On behalf of the Institute of Chartered Accountants in England and Wales (ICAEW), I am writing to congratulate you on your appointment as Economic Secretary to the Treasury, which now has responsibility for tax policy and HMRC.

ICAEW supports over 195,300 chartered accountants and students worldwide, and our members advise more than three million companies, across every level, sector and region of the UK economy. Whether working in practice, in the public sector or running their own business, their work underpins growth and investment, domestically and overseas; drives social mobility by creating skilled and well-paid jobs in every part of the country; and enables companies to adapt their business models to be more resilient and sustainable.

As trusted advisers, our members are on the economic frontline – actively helping businesses across the UK who are showing admirable resilience in this period of uncertainty, and playing a central role in delivering the Government's growth agenda. The Growth Plan delivered by the Chancellor of the Exchequer last month began the process of outlining the role ministers see the tax system playing in driving economic growth – ICAEW would encourage HM Treasury to outline a roadmap for how they see tax policy changing across the remainder of the Parliament as this agenda is fully developed, including on the delivery of the UK's net zero commitments and on further digitalisation by business.

The closeness of ICAEW and our members to businesses on the frontline of the economy helps inform the priorities we believe the Government should focus on over the coming months:

- **Implementation of measures announced during fiscal event:** Changing the off-payroll rules removes the administrative burden of taking decisions on status from medium and large businesses. This responsibility now falls on the intermediary/contractor in all cases. HMRC has previously reported very low levels of compliance with these rules, which is unsurprising given the complexity and volume of case law in this area. We need a simpler employment status test

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and a narrowing of the differences between the cost of employment and self-employment while protecting the rights of workers, particularly the lower paid.

- **Making Tax Digital:** The prime purpose of digitalising the tax system should be to benefit taxpayers with easier processes and lower compliance costs rather than just for HMRC. The requirement to keep digital records should support growth and improve productivity rather than imposing further burdens and costs on business, such as the quarterly reporting requirement. We are concerned that the project as currently scoped is not deliverable to the current timetable and this should be reviewed with a view to phasing its introduction. For the project to be launched successfully at the start, we suggest the inclusion of property income should be deferred and that the immediate focus is on trading income. Simplifying the tax compliance process must remain the goal.
- **Simplification of tax and growth:** The tax system is desperately in need of real simplification and bold changes will be needed to achieve this. A start might be to tackle the numerous cliff edges which inhibit growth, for example, the VAT registration threshold, the £50,000 threshold at which child benefit is withdrawn, and the £100,000 threshold at which the income tax personal allowance is withdrawn. However, while we welcome the ongoing commitment to tax simplification, we also believe a cultural change is required within HMRC where the administration of the tax system hinders growth. For example, ongoing delays by HMRC in administering the tax system are causing significant extra and unnecessary burdens on business, resulting in additional costs, lost opportunities and hindering growth. Examples include delays issuing VAT registration numbers and delays transferring VAT registration numbers across when a business incorporates.

Further to your conversation with Iain Wright, ICAEW's Managing Director, Reputation and Influence, at Conservative Party Conference last week, I would be delighted to invite you to join our annual Wyman Symposium. This year's Symposium is taking place on Tuesday 1 November, 17:30 for 18:00 in Chartered Accountants' Hall, and will be focusing on regulation of the tax profession with speakers from global accountancy firms and other professional bodies. You can find further information on the event [here](#), and I would be happy to arrange your place.

I would welcome an opportunity to discuss our thoughts on these priorities further, and how ICAEW might be able to support you in your role.

Yours sincerely



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