



2 November 2022

Victoria Atkins MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
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Dear Financial Secretary

APPOINTMENT AS FINANCIAL 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 Financial Secretary to the Treasury, which 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. Last month, ICAEW's Chief Executive, Michael Izza, wrote to your colleague the Chancellor of the Exchequer, the Rt Hon Jeremy Hunt MP, urging him to use the Autumn Statement on 17 November to focus on the need for a commitment to fiscal discipline, greater resilience for the UK's public finances and the importance of investment to deliver economic growth

We also wrote to your predecessor, Richard Fuller MP, covering three areas of particular concern: off-payroll working, making tax digital, and simplification of the tax system to help promote growth. While we would like to discuss each of these with you in more detail, we are keen to highlight the importance of simplification in this letter given the fiscal event on the horizon, and how it will chart the course for the UK economy over the coming years.

As we said in our previous letter, the tax system is desperately in need of real simplification and bold changes will be needed to achieve this. As you will be all too aware given your legal background, the vast majority of the UK population has considerable difficulty in understanding the technical aspects of tax law and struggles to navigate the system. Most tax professionals, as well

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as the wider business community, support the need for tax simplification. However, a commitment to simplification of the tax system will require active political choices by ministers given that policy changes are likely to create winners and losers.

This is where the Office of Tax Simplification (OTS) has an important role to play, working in partnership with HM Treasury, HMRC, the tax profession and the business community to help highlight sustainable options for simplification and build a wider consensus for change.

The recent announcement that the OTS would be disbanded and its work woven into the day-to-day work of HMRC and HM Treasury staff is, we believe, a retrograde step. We would strongly encourage ministers to review this decision, and instead explore expanding the OTS's role rather than disbanding it, retaining its expertise and asking it to focus not just on making recommendations to ministers, but also reviewing what progress is being made on the implementation of its proposals and on the creation of a more simple tax system.

As part of this simplification agenda, the UK tax system needs to incentivise growth and productivity. We recognise that the task is not easy, but ICAEW and our members across the UK stand ready to help. We suggest that a start should be made 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. These are all areas with which the OTS will be familiar and where it can help reach a consensus for change that will in time benefit the UK economy. Its latest report, published this week, OTS Property income review: Simplifying income tax for residential landlords, makes many excellent suggestions and we recommend giving the OTS an extended mandate to pursue these changes proactively.

Meanwhile, 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 are causing significant extra and unnecessary burdens on business, resulting in additional costs, lost opportunities and impeding growth. Examples include delays issuing VAT registration numbers and delays transferring VAT registration numbers across when a business incorporates.

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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