

KNECT Tax Transformation Summit 2018

Simplifying the tax system: Technology

**from the independent advisor to Government on Tax
Simplification**

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Agenda

- Introducing the OTS
- Overview of recent work
- Why simplification matters
- Future work/areas of interest

Introducing the OTS

Who we are

- Independent advisor to Government on Tax Simplification
- Set up in 2010 as an independent Office within HM Treasury
- Staffed by a mix of HMT/HMRC secondees and people with substantial private sector experience (6-10 FTEs)
- Made permanent (July 2015) and statutory (FA 16) with wider remit

What we do

- Carry out simplification reviews of existing tax legislation, policy and administration, agreed with Ministers
- Can also, now, do our own projects e.g. consultation responses, ad hoc proposals
- Own researches and extensive evidence-gathering on complexity & ideas from businesses, tax experts, representative bodies, HMRC staff, academics (UK wide)
- Make practical, evidence-based recommendations

What we have done

- Recommendations: c.50% accepted wholly or partly, c25% under consideration

OTS role and influence

Our guiding principles

- greatest beneficial impact on greatest number
- quick wins
- ideas whose time has come or which are 'the right thing to do'
- consider both law and administration

We advise – we do not implement

- core work is formally commissioned by Ministers
- but now some is self-generated

Self generated work includes

- papers on cross-cutting themes or specific issues
- monitoring previous recommendations
- behind the scenes engagement - being a trusted sounding board
- participating in external events

How bad is it “under the bonnet”?

Can we create a simple user experience on top of a complex tax system?

- do taxpayers need to “check”?
- do taxpayers wish to “check”?



What is tax simplification?

- Can we improve the “user experience”?
- What is the role of technology?
- Can we learn from experience in other parts of the world?
- Big question: which is more important?
 - technical simplification (trim the tax code)
 - administrative simplification (easier to deal with)
- Both important, but maybe admin simplification is key?

OTS and technology

- Established a panel of experts from both government and the private sector, including HMT, HMRC, BEIS, CBI, ACAEW, EY, Microsoft, technologists and venture capitalists.
- Panel meets approx. every three months, next panel meeting in November
- Engaged with wide range of tech experts and others, eg Law Society to understand latest developments in tech.
- Engaged with academia – University of Florida and their tax and tech work
- Published a discussion paper (July 18) on the platform economy
- Shortly to publish a discussion paper on future technology, including consideration of the implications of future tech on tax administration and the risks and opportunities this presents for both tax administrators and taxpayers.

Future technology ‘vision’ paper

Future technology paper with HMRC and HMT for comment.

Key areas covered:

- ☐ Taxpayer - understanding of obligations
- ☐ Technology and the state
- ☐ Innovation and communication
- ☐ Consumer choices and cashless society
- ☐ Digital exclusion
- ☐ International lessons

What will OTS be doing next?

- Continue to understand and gather evidence on the opportunities and risks to tax from technological innovation
- Publish a discussion paper shortly on what a vision for future tax simplification may look like
- Always happy to hear the views of others, and to engage in discussion on ways forward as well as latest tech advances