

What's ahead

Dates for your diary

October

Consultations expected during the autumn on modernising administration of the personal tax system; and options, stages and timing of reforms to integrate the operation of the income tax and NIC systems

- 31 Self assessment:** Deadline for submission of paper tax return for 2010/11
Regulations: The Taxes and Duties, etc (Interest Rate) Regulations, SI 2011/2446, come into force
Consultations: Closing date for comments on *Digital by Default* and *VAT: consultation on the next steps for moving VAT online*

November

- 01 Regulations:** The Individual Savings Account (Amendment No. 2) Regulations, SI 2011/1780; The Money Laundering (Amendment) Regulations, SI 2011/1781; and The Child Trust Funds (Amendment No. 3) Regulations, SI 2011/2447 come into force
- 03 Upper Tribunal hearing:** *Anthony Murphy & Robert Horton (Former Admin of DCC Realisations Limited) v HMRC* TC 503: Excise duty
- 07 Consultations:** Closing date for comments on *Modernising Customs and Excise Law*
- 10 ECJ judgments:** *FOGGIA - Sociedade Gestora de Participações Sociais, SA v Secretário de Estado dos Assuntos Fiscais* (C-126/10): Preliminary ruling on meaning of 'valid commercial reasons' and 'restructuring or rationalisation of the activities' of companies in context of a merger
HMRC v The Rank Group PLC (C-259/10): The Court of Appeal has referred several questions to the ECJ regarding differential VAT treatment of items that are similar or identical from a consumer viewpoint
Finanzamt Lüdenscheid v Christel Schriever (C-444/10): VAT, whether the sale of stock and shop installations of a retail outlet, and lease of premises to the purchaser, to be regarded as transfer of a totality of assets
Upper Tribunal hearing: *TNT (UK) Ltd v HMRC* TC 915: Customs duty
- 11 Consultations:** Closing date for comments on *EU Mutual Assistance in Recovery Directive*
Upper Tribunal hearing: *HMRC v Atlantic Electronics Ltd* TC 1175: VAT MTIC fraud, witness statements
Regulations: The Export (Penalty) (Amendment) Regulations, SI 2011/2512, come into force

One minute with ...

Has the role of a tax advisor changed in your working life?

There has been a transition from general tax advice to more specialisation and increasingly technology is playing a big part in tax work. In the past if you had a brilliant idea to save your client's some money you might do the same thing for two or three clients. Now using technology you can replicate that idea. This is part of the reason why tax schemes have developed and why HMRC has ended up no longer reacting to single cases but instead try to block an overall action or idea. Whilst technology has brought good things, I still fondly remember the pleasure of being in a really good tax library and sitting down with books.

If you could make one change to UK tax law, what would it be?

I would reduce the top rate of income tax from 50% to 40%, as while the general public is in the 'mood' for a higher rate, I see on a daily basis how it influences people's decisions in a negative way. I think we should lower the rates and align the taxes so that CGT and income tax are perhaps equal. At the moment the system encourages disparity - so you can have a consultant anaesthetist paying 50% tax and a second generation business owner cashing out at 10%. So I would bring everyone into a middle ground, align all the rates and lower and simplify them.

What has HMRC got right?

They actually get a lot right and it seems rather unfair that just as Dave Harnett is stepping down he is getting heavily criticised. HMRC has actually become more effective and with better use of technology. I was impressed by them bringing across the Atlantic the idea of disclosure of anti-avoidance schemes. I think they have to deal with increasing complexity and that their leadership has been impressive.



Dermot Callinan
Head of Private Client, KPMG

What has HMRC got wrong?

HMRC has begun to create specialist units like the HNW unit, but they don't have the specialist staff to man it. We have first hand experience of the HNWU simply unable to get specialist units to cooperate with their agenda and that is in danger of undermining them.

On a longer term view HMRC is no longer seen as an employer of choice for graduates in fact the public sector as a whole doesn't really occur to graduates. What HMRC need to do is train up some real technical specialists rather like in-house tax council. That has to start by recruiting from the top Universities.

Is the alignment of the operation of income tax and NICs a realistic aim?

It's a great idea but the current system is so embedded it would be hard to change. Realistically a better aim would be to get rid of NIC and have a much more transparent personal income tax system. The current mix confuses the general public and obfuscates what they are actually paying.

What's the best piece of advice anyone has given you?

Probably the friend who told me I should marry my wife Sue! And then Sue telling me that it wouldn't be the death of my career if I moved up North. As it turns out the quality of work in Leeds is just as good as anywhere else in the UK including London.

Interview by Georgiana Head
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