



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Gary Ashford
CIOT President
30 Monch Street
London SW1P 2AP

24th January 2024

Dear Gary,

Thank you for your welcome letter of 10 January. I am grateful for your warm welcome to this role and would like to continue the constructive relationship between the Chartered Institute of Taxation and the Government. Thank you also for your concerns and proposals where I'd like to reassure you of the government's action.

Investing in HMRC to improve service levels

HMRC service levels are a major ministerial priority and I of course agree tax revenues need to be collected efficiently and customers need to receive a quality service. Consequently, the government invested over £130m in the 2021 Spending Review to enable HMRC to enhance their digital services.

I encourage more customers to use digital channels for less complex tax queries. Many tasks can quickly and easily be completed online. Last year HMRC received over 3 million phone calls on three things that can easily be done digitally: resetting an online password, getting a tax code, and getting a National Insurance number. To answer those calls took the equivalent of almost 500 full time staff. The run up to the 31 January online deadline is a busy time for taxpayers who want to get their Self-Assessment return and payment in on time. HMRC is asking those with simple queries to use online services, where they can be resolved more quickly. This then ensures telephone advisers are available to help customers with complex queries or those who are vulnerable or digitally excluded. This is working, with usage of the HMRC mobile app, the Digital Assistant and gov.uk guidance all increasing significantly.

Review Making Tax Digital

I also wrote to you in December on Making Tax Digital and areas where we can, and have, improved the programme. Thank you for your continued engagement on how we can ensure Making Tax Digital is a success and support customers through change.

Simplifying the tax system

The Chancellor and I are clear tax simplification is a key priority, and my officials have a clear mandate to look actively for simplification opportunities in everything we do. At the 2023 Autumn Statement the Government announced its four objectives for simplification and a range of changes to make it easier for businesses and individuals to interact with the tax system, including making full expensing permanent and abolishing class 2 NICs for the self-employed. The Government continues to build on this with further measures

announced in a Written Ministerial Statement on 16 January 2024. I wish to express my thanks for your valuable insights on tax simplification to date, both through your engagement with my officials and your considered recommendations which we have reviewed in detail. I look forward to discussing CIOT's proposals further at the tax simplification roundtable on 25th January and upcoming roundtables.

Research and development tax credits compliance

I welcome your agreement that HMRC must take action to ensure R&D relief is reaching the businesses it is intended to support. HMRC's objective is to ensure processes for claiming R&D relief are not unduly burdensome for claimants, whilst also protecting the public purse. HMRC must take action to address significant non-compliance in the SME and RDEC schemes. The increased activity will feel different to the past for agents and businesses. HMRC are checking far more claims, resulting in more non-compliant claims being detected and rejected than previously. I support the continued collaboration between HMRC and CIOT and its members to tackle non-compliance and identify areas for improvement. I know HMRC and CIOT met on 18 January to continue this conversation.

Regulation of tax services

The Government remains committed to raising standards in the tax advice market and is continuing to explore options to improve the wider regulatory framework. I appreciate the hesitations you raise regarding the potential impact of policy development in this area and the need to proceed cautiously. I see you as key partners in tax administration, and the Government is committed to working with you and others to increase the effectiveness of agents and raise standards in the market, as discussed between you and HMRC officials on 15 January.

Other matters

I am also interested in the additional matters you have raised. The Government is determined promoters of tax avoidance face tough consequences for the harm they cause to the public finances. The current Finance Bill is introducing a new criminal offence to strengthen the deterrent to promoting tax avoidance and a power enabling HMRC to act more quickly to disqualify directors of companies involved in tax avoidance. You also mentioned non-doms. The Government wants the UK to have a fair but internationally competitive tax system. Any changes to the current rules would need to be considered carefully for the potential impact on these revenues if those changes made the UK a less attractive destination

Once again I am grateful for your open welcome to this role and working relationship. I hope this letter is helpful and am pleased in many cases to note the opportunities for engagement we have already scheduled to discuss these matters either directly or at official level at the outset of this year.

Yours sincerely,



Nigel Huddleston MP
FINANCIAL SECRETARY TO THE TREASURY