

Association of Accounting Technicians (AAT) response to the March 2020 Budget for the Treasury Select Committee

1. Introduction

- 1.1. This response utilises the numbering of items in the *Overview of Tax Legislation and Rates* (OOTLAR) 11 March 2020¹.
- 1.2. AAT has not responded to every proposed change given the time constraints of having to respond rapidly and hence has not commented on those areas that are of limited importance or no relevance to AAT members, where the outcome is self-evident or where the proposal is simply to consult, review or hold a call for evidence at some future point in time.
- 1.3. As requested, AAT has used the recommended traffic light system of Green (pass), Amber (neutral) and Red (fail) against the Treasury Select Committee's six guiding principles of tax policy i.e. that proposals should be fair, support growth and competitiveness, certain, stable, practical and coherent

2. AAT response to the 2020 Budget

Personal Tax

1.3 Tapered annual allowance for pensions

AAT appreciates that this is a finely balanced issue. No Government should unnecessarily reward the rich and the taper was introduced in 2016 to achieve this by reducing the tax relief claimed on pensions by higher earners.

As numerous organisations and commentators have noted, this was increasingly impacting the activities of vital services like the NHS where many senior practitioners were said to be refusing to undertake extra shifts because of the penal tax implications of doing so. When originally introduced, the taper's potentially negative impact could be managed by carrying forward unused tax relief from previous year's, but this option was stopped, and the problem compounded.

The change announced at Budget 2020 will ensure 98% of consultants and 96% of GPs will be taken out of the taper altogether, so it has certainly met the immediate need to address the NHS issue in the short to medium term. However, the changes apply to all high earners, not just medical professionals.

The move is certainly practical, supports growth and provides some much needed certainty but a question mark arguably remains over the fairness of a change that effectively amounts to a sizeable tax reduction for some of the wealthiest in society.

1.5 Capital Gains Tax (CGT) reduction in the Entrepreneurs' Relief lifetime limit

AAT is pleased that the Chancellor acknowledged many of the numerous negative points that this relief has, including that less than 1 in 10 entrepreneurs have been incentivised to invest because of it and that that 75% of the £3bn annual cost of the relief goes to just 5,000 individuals.

Having acknowledged these problems it is therefore very disappointing that the Government has failed to scrap it and has instead opted to reduce the lifetime limit on gains eligible for Entrepreneurs' Relief from £10 million to £1 million for qualifying disposals made on or after 11 March 2020.

There is an overwhelming body of evidence from AAT focus groups, HMRC commissioned research, the Office of Tax Simplification (OTS), The National Audit Office, IFS and others, which indicates that the relief does not achieve its policy objectives, that it's extremely expensive, poorly targeted and ultimately ineffective. So, restricting its availability rather than scrapping it is clearly a missed opportunity.

The abolition of this relief would in no way be an attack on entrepreneurs or entrepreneurialism and to suggest otherwise is to ignore the evidence. It is also worth highlighting that billions of pounds worth of assistance is available to entrepreneurs and their backers via a range of better targeted tax reliefs such as EIS, SEIS, VCT and SITR.

¹ Overview of Tax Legislation & Rates, 11 March 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872423/Overview_of_Tax_Legislation_and_Rates_2020.pdf

1.10 Review of changes to the off-payroll working rules (commonly known as IR35)

The current situation

AAT urged HMRC and HM Treasury to delay implementation of the off payroll rules in the private sector until April 2021 instead of April 2019 when submitting its response² to their consultation published in May 2018.

The subsequent announcement of a one year delay until April 2020 may not have gone as far as AAT would have liked but was welcomed as an improvement on what was originally proposed.

This year, most other tax and accountancy bodies, together with employer's representatives, continued to call for a further delay until April 2021. AAT did not join these bodies because it did not believe doing so was credible.

Having already postponed IR35 once and with only weeks to go until IR35 took effect in the private sector, AAT recognised it was highly unlikely that Government would grant any further delay and therefore focused on the most realistic, sensible and helpful way forward, which was to press Government to confirm a 12 month "soft landing" period whereby no penalties or fines will be imposed on anyone who can demonstrate they have taken all reasonable steps to comply.

AAT was therefore naturally pleased when this approach was recently confirmed and believes it provides some much needed certainty and reassurance to employers and contractors alike whilst preserving the Government's commitment to proceed with the changes from April 2020.

The future

While entirely appropriate for engagers to be free to determine the status of those they engage, it is clearly unfair that some individuals are taxed as if they are employees, but do not have the rights of employees. It is equally unfair on the general taxpayer that some contractors have avoided paying a reasonable sum of tax from the work that they undertake. Indeed, as far back as 2016, AAT highlighted that billions in tax could be collected if the tax system kept pace with recent changes in working practices³.

Despite incurring a substantially lower tax charge, the self-employed or owner managers of companies have access to exactly the same level of public services, which, given the tax variance, does not seem either fair or reasonable. Furthermore, the impact on the tax base is significant and increasing. The Treasury is losing substantial sums that could be invested in public services or deficit reduction, according to current trends this will rise to £4.4billion by 2021-2022⁴.

As AAT has noted before, there are also serious longer term implications for individuals and the economy as a whole as a result of self-employed people, who would previously have been employed, receiving no pension contributions and being far less likely to make their own financial provision for their retirement. In years to come there is likely to be a considerable cost to the state in providing a basic level of financial security for this growing group of individuals.

Put simply, the UK tax and employment law regimes are not equipped to cope with the modern labour market. The employment intermediary legislation commonly referred to as IR35 is twenty years old and has consistently failed to resolve the wholesale non-compliance it was put in place to address.

A holistic review of employment law and taxes is urgently required and closer alignment, that adequately reflects the proliferation of flexible working practices identified by Matthew Taylor in his "Good Work" report, is essential.

² AAT submission to HMRC/HM Treasury 2018 consultation on IR35:

<https://www.aat.org.uk/prod/s3fs-public/assets/Off-payroll-working-in-the-private-sector.pdf>

³ AAT response to the Office for Tax Simplification Focus Paper on the Gig Economy, 2016:

<https://www.aat.org.uk/prod/s3fs-public/assets/The-Gig-Economy.pdf>

⁴ Autumn Statement 2016:

<https://www.gov.uk/government/speeches/autumn-statement-2016-philip-hammonds-speech>

Corporate Tax

1.12 Corporation Tax rates

AAT welcomes the retention of the main rate of Corporation Tax at 19%. The planned reduction to 17% would have meant losing £6bn of much needed revenue for no discernible gain.

Whilst the 19% rate this may not be as low as the likes of Albania, Andorra, Bermuda or Kyrgyzstan, such countries are not the UK's international competitors. The 19% rate is still the lowest in the G20 and whilst it must remain under constant review, there is no obvious need for further reductions.

1.16 Digital Service Tax (DST)

AAT understands the rationale for this tax and whilst, like most others, it would prefer an internationally agreed tax on such activities, accepts that international agreement has been incredibly hard to achieve, repeatedly delayed and has therefore resulted in a number of individual countries deciding to take unilateral action.

Many large, technology-based companies have long undertaken aggressive tax avoidance. The DST recognises this, and that unilateral action is necessary in light of continuing OECD prevarication.

Those opposed to this approach, most notably Ireland and Luxembourg, are those who benefit from the current system, which sees large technology giants channel their sales to these low tax jurisdictions.

1.17 Research and Development Expenditure Credit (RDEC) rate

AAT supports any measures that support small businesses to invest in research and development and therefore backs the decision to increase the rate of RDEC from 12% to 13% from 1 April 2020.

Indirect Tax

1.21 Plastic Packaging Tax

AAT has always backed Government proposals for a Plastic Packaging Tax because it could play a very significant role in reducing plastic waste, positively changing producers' behaviour and ultimately benefitting all consumers, the environment and economy.

However, AAT does not support the Government's proposal for a comparatively low threshold requiring a minimum of 30% recycled plastic content to avoid the tax.

The 30% threshold confirmed by the Chancellor during the 2020 Budget, undermines policy objectives, fails to set a world leading example and is lacking in much needed ambition.

In response to the 2019 consultation on this issue, AAT suggested a 40% threshold would be more appropriate to meet government's stated ambition of being both "world leading" and "ambitious" with a further increase to 50% by 2030 to encourage ongoing innovation and commitment to increased recycling as well as ensuring a roadmap for continued action exists.

The Government subsequently revealed that only one third of respondents to its Plastic Packaging Tax consultation agreed that the Government target of 30% recycled content was ambitious enough - so to confirm a 30% threshold is clearly very disappointing and demonstrates a worrying disregard for the consultation process.

1.25 Vehicle Excise Duty (VED): rates for cars, vans and motorcycles & 1.26 VED for zero emission vehicles

Increasing VED rates for cars, vans, motorcycles and motorcycle trade licences by RPI with effect from 1 April 2020 is a sensible measure from a climate change perspective and taking into account the UK's legally binding commitment to achieve net zero carbon emissions by 2050.

Likewise, legislating so zero-emission light passenger vehicles registered until 31 March 2025 are exempted from the additional supplement for those with a list price exceeding £40,000 appears sensible.

However, it is worth noting that the OBR suggests revenue from car usage could be up to £23bn less by 2030 based on the switch to electric vehicles. Replacing VED, fuel duty and VAT on fuel with a tax on usage modelled on existing pay as you drive (PAYD) insurance systems, as recommended by AAT in its 2018 "*Alternatives to tax rises*" report⁵ would therefore appear worthy of consideration.

⁵ AAT Alternatives to Tax Rises, September 2018:

PAYD currently bases insurance costs on the distances travelled, the time of travel and the type of roads used e.g. a motorway vs quiet country roads. The technology already exists, was trialled by thousands of Aviva customers between 2005-2008 and is now being offered by several start-up insurance companies such as Just Miles who provide drivers with a free onboard telematics box. There would be costs involved in providing telematics boxes, although this is something Government could require car manufacturers to provide in the future, but PAYD is likely to be a good way of protecting this much needed revenue whilst also being fairer than the existing blanket approach.

The Department for Transport and HM Treasury would need to undertake detailed analysis but PAYD could be set at a level that protects however much is likely to be lost from changing driving habits and would prevent the anticipated loss of £9-£23bn from increased electric car usage.

Avoidance, Evasion and Non-Compliance

1.31 Response to the Independent Loan Charge Review

AAT is pleased that Budget 2020 has confirmed the government's response to Sir Amyas Morse's Independent Loan Charge Review and sets out the Exchequer costs of accepting the recommendations. It is clear that implementing the changes means HMRC will require additional operational funding and it is therefore pleasing that Government has acknowledged this.

AAT notes that disguised remuneration schemes continue to be used and would like to highlight that much of this is because of the third of the tax/accountancy sector that is unregulated – a fact acknowledged by the Morse review call for action on the unregulated (please see 2.46 & 2.47 below for further details).

2. Measures not in Finance Bill 2020

Personal Tax

2.3, 2.4 & 2.5 Individual Savings Account (ISA) annual subscription limit, Junior ISA limit and Child Trust Funds

Retaining the adult ISA annual subscription limit for 2020 to 2021 at £20,000 appears reasonable given most ISA savers do not save the maximum permitted £20,000 per annum. Increasing the Junior ISA limit and the annual subscription limit for Child Trust Funds to £9,000 similarly appears reasonable given these increases will help those that can afford to save for their children or grandchildren's future.

However, as AAT's 2018 report on simplifying the ISA landscape⁶ highlighted, there is now an ISA for every day of the week, offering unnecessary complexity, bureaucracy and confusion for consumers. A simplified and/or standardised ISA savings regime would make both their availability and features more widely understood and ultimately play a greater part in addressing the country's poor savings ratio. It is also likely to have the advantage of being simpler to administer. AAT therefore recommends that its cross party and industry working group report on the subject be properly considered.

2.13 National Insurance holiday for employers of veterans

The 2.4 million UK Armed Forces veterans in the UK make up an estimated 5% of household residents aged 16 and over so this is a large pool of talent. It is important to note that working age veterans are just as likely to be employed as non-veterans (79% for both groups)⁷ although veterans are less likely to undertake "professional" roles⁸.

AAT welcomes the decision to introduce a National Insurance holiday for employers of veterans in their first year of civilian employment and believes that exempting employers from any NICs liability on the veteran's salary up to the Upper Earnings Limit is a sensible measure.

<https://www.aat.org.uk/prod/s3fs-public/assets/Time-for-change-AAT-alternatives-to-tax%20rises.pdf>

⁶ Time for change: Review of the ISA landscape, March 2018:

<https://www.aat.org.uk/prod/s3fs-public/assets/AAT-ISA-Working-Group-Time-change-review-ISA-regime.pdf>

⁷Ministry of Defence, January 2019:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774937/20190128_-_APS_2017_Statistical_Bulletin_-_OS.pdf

⁸Ministry of Defence, January 2019:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774937/20190128_-_APS_2017_Statistical_Bulletin_-_OS.pdf

Corporate Tax

2.16 Consultation on research and development (R&D) tax credit qualifying costs

AAT believes that expenditure on data and cloud computing should qualify for R&D tax credits and so welcomes the decision to consult on this issue.

2.17 Preventing abuse of the R&D tax relief for small and medium enterprises (SMEs)

Delaying the implementation of the PAYE cap on the payable tax credit in the SME R&D scheme until 1 April 2021 to enable the Government to further consult on change to the cap's design, to ensure it targets abusive behaviour as intended while also ensuring that eligible businesses are able to access the relief is a sensible compromise that increases the chances of legislative success.

Indirect Tax

2.21 VAT: applying a zero rate to e-publications

Ensuring that a zero rate of VAT is applied to e-publications, to make it clear that e-books, e-newspapers, e-magazines and academic e-journals are entitled to the same VAT treatment as their physical counterparts, represents a long overdue ending of an illogical anomaly.

This change also brings the UK into line with many other countries who have scrapped VAT on e-books, most notably the UK's closest neighbours, France and Ireland.

AAT notes that the change will take effect from 1 December 2020 which may be helpful in relation to Christmas purchases but believes an earlier introduction would be both preferable and feasible.

2.22 VAT: amendment to the Agricultural Flat Rate Scheme (AFRS)

Introducing new entry and exit rules for the VAT AFRS from 1 January 2021 will see businesses able to join the AFRS when their annual turnover for farming related activities is below £150,000 rather than the standard £85,000, providing they are undertaking qualifying activities such as crop production; stock farming; forestry and fisheries.

This appears to be a reasonable measure designed to provide a much needed boost to the farming industry, but other sectors may reasonably question why farming is able to receive such preferential treatment and it does not sit well with the government's often stated desire to simplify the tax system, especially the VAT regime.

Indeed, in 2017 the OTS stated, *"The scheme was designed as a simple way for very small farmers to deal with VAT, but again we must ask, 40+ years into the VAT regime, with the advance of technology, is this still necessary? Take up of the scheme appears to be low and few of the advisers we spoke with, including those that worked with farmers, knew much about it."*⁹

The Treasury Select Committee may wish to reflect that six months later, in the OTS final VAT simplification report, the OTS was silent on whether or not AFRS should be maintained¹⁰.

2.23 Introduction of a zero rate of VAT for women's sanitary products

The Government included provision in the *Finance Bill 2016* to allow for sanitary protection to be zero-rated, once the UK had discretion to do this and so introducing a zero rate of VAT for women's sanitary products on 1 January 2021, when the UK has left the EU, had been expected. The measure is most welcome when considering more than a fifth of parents have suggested they struggle to meet the cost of sanitary products for their daughters and that 7% of girls have missed school due to a lack of sanitary products¹¹. The 5% VAT saving may not solve this problem, but it should certainly reduce it.

2.28 VAT treatment of goods from overseas sellers

The Government is right to explore options on the VAT treatment of goods from overseas sellers and AAT is pleased that this will include consideration of low value imports and goods located in the UK when sold to UK customers.

⁹ OTS, VAT review, February 2017:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/613522/VAT_review_interim_report_final.pdf

¹⁰ OTS, VAT routes to simplification, November 2017:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657213/Value_added_tax_routes_to_simplification_web.pdf

¹¹ The Independent, March 2018:

<https://www.independent.co.uk/news/international-womens-day-period-girls-missed-school-uk-sanitary-products-menstruation-a8244396.html>

However, a formal rather than informal consultation is needed.

It is also worth highlighting that according to HMRC figures, VAT fraud on online marketplaces cost the Exchequer between £1bn and £1.5bn in 2016-7 and that HMRC further estimated overseas sellers contributed to approximately 60% of this VAT loss. This is also likely to be an underestimate given that in 2017 the Public Accounts Committee concluded that, *“HMRC’s estimate of the impact of online VAT fraud is out of date and flawed.”*¹²

In addition to the loss of much needed revenue, the effect on the small business community, both those trading online and physical high street retailers, has been extremely detrimental.

Retailers Against VAT Abuse Schemes (RAVAS) and others have confirmed that numerous small businesses have collapsed as result of the unfair competition that VAT fraud creates. Similarly, many more have seen a substantial reduction in earnings, harming investment, productivity and potentially tax revenue. This is all as a direct result of the illegal 20% cost saving that these VAT fraudsters can secure.

The Government sought to address this issue in 2016 when it introduced new rules that have seen over 80,000 firms register for VAT.

In 2019 HM Treasury and HMRC issued a joint publication highlighting *“HMRC successes in tackling online VAT Fraud”*¹³ which makes reference to these increased registrations as evidence of success.

Yet there is little information as to how many of these 80,000 firms have subsequently submitted returns and paid the correct VAT due. In addition, many of these registrations are false, cloned or registered in someone else’s name.

As Steve Dishman, Vice President for Taxes, Europe, Amazon, stated when giving evidence to the Public Accounts Committee in 2017; *“...the VAT number itself does not guarantee in any way that a company is compliant.”*

As AAT has previously recommended¹⁴ making online marketplaces (Amazon, eBay etc.) liable for the collection and remittance of VAT, as happens in many other countries, would largely solve this problem. Almost all US states have introduced such a requirement in the last 18 months; Australia introduced such measures early in 2019 and New Zealand did so in December 2019. The UK’s competitors are increasingly cracking down on this evasion, but the UK, despite being the world’s third largest ecommerce market, has not done so. The UK is therefore increasingly attractive to VAT fraudsters.

The case for obliging online marketplaces to collect and remit VAT is compelling. It would;

- reduce VAT evasion;
- highlight a positive difference with the EU;
- reduce the administrative burden for small businesses who trade online;
- level the playing field for all small businesses, whether bricks or clicks;
- raise much needed revenue for the Exchequer and
- crucially it would also help make the UK a more attractive place to do business

2.31 Fuel Duty & 2.33 Call for evidence on VED

Freezing fuel duty for the tenth year in a row has saved drivers a few hundred pounds over the last decade but at a cost to the Exchequer of over £100bn and at a cost to the environment given the freeze is estimated to have increased emissions levels by up to 5%¹⁵.

This situation cannot continue indefinitely and so, to repeat AAT’s recommendations made at 1.25 & 1.26 above, replacing VED, fuel duty and VAT on fuel with a tax on usage modelled on existing pay as you drive (PAYD) insurance systems, as recommended by AAT in its 2018 *“Alternatives to tax rises”* report¹⁶ appears increasingly attractive.

¹² Public Accounts Committee, October 2017:

<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/312/312.pdf>

¹³ HM Treasury & HMRC, Tackling tax avoidance, evasion, and other forms of non-compliance, March 2019:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785551/tackling_tax_avoidance_evasion_and_other_forms_of_non-compliance_web.pdf

¹⁴ City AM, 29 January 2020:

<https://www.cityam.com/tech-giants-urged-to-pick-up-vat-bills-in-fraud-crackdown/>

¹⁵ Carbon Brief, 10 March 2020:

<https://www.carbonbrief.org/analysis-fuel-duty-freeze-has-increased-uk-co2-emissions-by-up-to-5-per-cent>

¹⁶ AAT Alternatives to Tax Rises, September 2018:

<https://www.aat.org.uk/prod/s3fs-public/assets/Time-for-change-AAT-alternatives-to-tax%20rises.pdf>

Property Taxes

2.44 Non-UK resident Stamp Duty Land Tax surcharge

In 2017, an AAT member survey found that 78% of AAT members supported the idea of introducing an additional tax charge on overseas residential property buyers. As a result, the organisation campaigned for such a reform.

In September 2018, the then Prime Minister, Theresa May, announced that a Stamp Duty surcharge of 3% would soon be introduced.

The following month, at Budget 2018, the government announced that it would consult on introducing a Stamp Duty Land Tax surcharge on non-UK residents purchasing residential property in England and Northern Ireland.

This 42 page consultation was published on 11 February but did not make a single reference to the original proposal for a 3% surcharge and instead referenced only a 1% charge. This meant £80m less to invest in programmes tackling homelessness than a 3% surcharge would have raised. It would also have reduced the effectiveness of the charge in reducing overseas property purchases.

AAT therefore campaigned for the restoration of the 3% charge and was pleased that during the General Election campaign in November 2019, Rishi Sunak MP gave a public assurance that the charge would indeed be restored to 3%¹⁷. It is therefore very disappointing that the 2020 Budget instead confirmed that it will legislate in Finance Bill 2020-21 for a 2% surcharge to take effect from 1 April 2021.

A further concern is that foreign buyers will be able to avoid paying this tax by simply being resident in the UK for 183 days. AAT suggests that a residency test measured in years would appear to be more reasonable than a test measured in days if the Government's objective of home buyers having to demonstrate a strong commitment to the UK is to be achieved.

Avoidance, Evasion and Non-Compliance

2.46 & 2.47 Tackling promoters of tax avoidance & HMRC Promoter Strategy

AAT supports the government in taking forward further measures to reduce the scope for promoters to market tax avoidance schemes and very much hopes that the commitment that HMRC will publish a new "ambitious" strategy for tackling the promoters of tax avoidance schemes lives up to this promising description given numerous failures to tackle this problem following repeated requests to do so from professional bodies such as AAT

Perhaps the most successful means of dealing with this issue would be to ensure anyone offering paid for tax and accountancy services is compelled to be a member of an existing professional body such as CIPFA, CIMA, AAT, CIOT, ATT, ACCA or ICAEW.

This would ensure much better supervision for the third of the sector that is currently unregulated, is responsible for two thirds of complaints to HMRC in relation to professional advice; and is a large part of the problem in relation to tax avoidance, tax evasion, non-compliance and money laundering.

This is because as members of a reputable professional body these individuals would have to demonstrate skills and knowledge through appropriate qualifications and CPD, take on relevant insurance and evidence this, comply with AML regulations, sign up to PCRT as well as being subject to practice assurance reviews and disciplinary processes where necessary.

Such an approach was supported by 83% of MPs according to a YouGov survey commissioned by AAT in December 2018.

¹⁷ BBC, November 2019:

<https://www.bbc.co.uk/news/election-2019-50511007>

Conservative Party web site, November 2019:

<https://vote.conservatives.com/news/stamp-duty-land-tax-surcharge-for-non-uk-residents-to-make-housing-fairer>

2.49 Tackling Construction Industry Scheme (CIS) abuse

Any action that prevents non-compliant businesses from using the CIS to claim tax refunds to which they are not entitled is to be welcomed. It seems fair and reasonable for HMRC to finally be able to deny the CIS credit claimed on employer returns where the sub-contractor cannot evidence the deductions and does not correct their return when asked. Likewise, steps to simplify the rules covering deemed contractors, clarifying the rules on allowable deductions for expenditure on materials, and expanding the scope of the penalty for supplying false information when registering for CIS are all welcome steps that should arguably have been taken sooner.

2.50 Conditionality: hidden economy

AAT welcomes Government plans to legislate to make the renewal of licences to drive taxis and private hire vehicles or deal in scrap metal, conditional on applicants completing checks that confirm they are appropriately registered for tax. AAT agrees that this is likely to make it more difficult for non-compliant traders to operate in the hidden economy and help level the playing field for the compliant majority.

AAT notes that these changes will take effect in England and Wales in April 2022 and questions why these could not take effect from April 2021 instead.

2.52 Raising standards in the market for tax advice

Again, as set out above at 2.46 & 2.47 the best means of dealing with this issue is to address the fact that one third of the sector is unregulated.

It is important that Government recognises that tax advice is not just given by tax advisers but by accountants, lawyers and other professionals so they must not be too narrow in their definitions and focus in this area.

2.54 VAT: reverse charge

Given the magnitude of the change brought about by introducing the VAT reverse charge, the short notice given and the general lack of awareness as to what this meant in practice, AAT backed the National Federation of Builders and Federation of Master Builders in calling for a delay to its implementation.

AAT was therefore very pleased that the Government took on board these concerns and agreed to a one-year delay, which means the measure will now come into force on 1 October 2020.

Tax Administration

2.55 Large business notification

Requiring large businesses to notify HMRC when they take a tax position which HMRC is likely to challenge is an eminently sensible step, which as the OOTLAR already acknowledges, draws on international accounting standards, which many large businesses already follow.

3. Further information

- 3.1. If you have any queries, require any further information or would like to discuss any of the above points in more detail, please contact Phil Hall, AAT Head of Public Affairs & Public Policy:
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