

Consultation Responses

Summary of responses between 1 April and 30 June 2014

During the second quarter of 2014, AAT has responded to a number of consultation documents and this summary provides a brief overview of our responses to each of these consultations. If you would like to read the full responses to any of these consultations then these can be found on our website at [AAT public policy work](#) or accessed through the links provided below.

On 8 April 2014, AAT submitted a response to HMRC consultation document on the “Simplification of Intrastat”.

In our response we expressed support for the UK’s preferred simplification proposal, which *“is the reduction of the coverage for both arrivals and dispatches, would increase the Intrastat thresholds and significantly reduce the number of UK businesses required to submit Intrastat declarations.”* We explained that, in our view, if it was adopted, it would achieve a reduction in the administrative burden on business and at the same time ensure the provision of timely and accurate statistical information.

AAT was pleased to note that the UK has already worked with the EU Commission to deliver a reduction in the coverage of trade on which data must be collected by the Intrastat system for arrivals from 95% to 93%.

Furthermore we acknowledged that the increased Intrastat Exemption Threshold, from £600,000 to £1,200,000, introduced 1 January 2014 is positive step in the process to reduce the administration burden for those businesses that no longer need to submit Intrastat declarations.

If you would like to read AAT’s full response this can be found at:
[Simplification of Intrastat consultation](#)

On 11 April 2014, AAT submitted a response to the Discussion Paper on “Approaches to preventing charities being set up to avoid tax”, which states, “The Government wants to ensure that the part the tax system plays in supporting charities is protected from abuse that would harm both the sector and the Exchequer.”

The discussion paper sought views on the advantages and disadvantages of alternative versions of draft legislation to help deter those who would seek to establish charities for tax avoidance purposes

The Discussion Paper acknowledged, and we agreed, that both versions of the draft legislation are likely to be limited in their effect.

Therefore, it was our recommendation that:

- in the first instance, making use of the General Anti-Avoidance Regulations (GAAR) which only came into force with effect of 17 July 2013.
- in generic instances where the GAAR is found to be an insufficient defence, we would, at that stage, support the development of further targeted anti-avoidance legislation to stop the mischief of the tiny minority of people who are misusing the tax reliefs.

On 30 June 2014, AAT received a letter from the Financial Secretary to the Treasury (FST) advising that “HMRC has recommended not pursuing either of the options as they stand and I (FST) have agreed to this recommendation”. The Government is clear that charity tax reliefs should not be subject

to abuse and will continue to monitor the situation and work with the sector to detect and prevent abuse.

If you would like to read AAT's full response this can be found at:

[AAT response to the discussion paper on the approaches to preventing charities being set up to avoid tax](#)

On 25 April 2014, AAT submitted a response to the HMRC consultation document on the "Withdrawal of Extras Statutory Concessions".

The House of Lords' decision in the *Wilkinson*¹ case clarified the scope of HMRC's administrative discretion to make concessions that depart from the strict statutory position. HMRC is therefore reviewing its concessions.

This consultation document covered the withdrawal of the following ESCs:

Extra-statutory concession to be withdrawn	Tax/Duty
VAT: Construction of New Student Residential Accommodation	VAT
VAT: New Student Dining Halls	VAT
VAT: Reduced Value Rule for Long Stay Accommodation – breaks in stay	VAT
VAT: Tour Operators Margin Scheme: Use of a fixed rate margin (10%) for shore excursions sold by cruise operators	VAT
VAT: Tour Operators Margin Scheme: The Airline Charter Option	VAT
F8: Accumulation and maintenance trusts	Inheritance Tax
F11: Property chargeable on ceasing of an annuity	Inheritance Tax
F12: Disposition for maintenance of unmarried mother	Inheritance Tax
F18: Treatment of income tax in Canada on capital gains deemed to arise on a person's death	Inheritance Tax
J1: Inter vivos gifts to charities	Capital Transfer Tax
J2: Agricultural property	Capital Transfer Tax
J3: Relief for successive charges	Capital Transfer Tax
J4: Inter vivos gifts: deductions for development gains and development land tax	Capital Transfer Tax

The AAT's full response is 4 pages long and can be found at:

[AAT response to the Withdrawal of Extra Statutory Concessions](#)

On 25 April 2014, AAT submitted a response to the Department for Business, Innovation and Skills and HM Treasury consultation document on "SME finance: help to match SMEs rejected for finance with alternative lenders".

The consultation document considered whether or not banks should share information and considered using an online platform.

We agreed with the consultation document that there is "a market failure, of imperfect information" and we gave our qualified support to the proposal to encourage banks to share information. However, we wanted to see much more detail of the emerging proposal in the future as part of an ongoing consultation exercise as we have some remaining concern regarding the nature of the information to be supplied to a platform.

¹ [R v HM Commissioners of Inland Revenue ex p Wilkinson \[2005\] UKHL 30](#)

If you would like to read AAT's full response this can be found at:
[AAT's response to BIS and HMT consultation on "SME Finance"](#)

On 30 April 2014, AAT submitted a response to the Government consultation on the "The future of apprenticeships in England".

The consultation document states, "...that apprenticeships are an increasingly important part of the UK's long term plan for improved workforce development and enhanced productivity..." and that in order to achieve this, "...we need to raise the standard of all Apprenticeships to the level of the best by making them more rigorous and more responsive to the needs of employers...." This can be achieved by, "Giving employers direct control over the funding for the external training of their apprentices so they can drive up its quality and relevance..."

We explained that AAT strongly supported the principle of Apprenticeship funding being delivered through employers. However we urged the Government to recognise that there remains some way to go to persuade employers that the options proposed will bring them greater freedom and control and not just add complexity and cost. We believe that this can be addressed but will require greater clarity around cost, careful, staged implementation (including robust pilots), resolving the issues around Apprenticeship Training Agencies and acknowledging and tackling the specific challenges facing small employers.

If you would like to read AAT's full response this can be found at:
[AAT response to "The Future of Apprenticeships in England: Funding Reform Technical Consultation"](#)

On 26 May 2014, AAT submitted a response to International Federation of Accountants' Exposure Draft (ED) on "Developing and Reporting Supplementary Financial Measures – Definition, Principles and Disclosures".

The aim of the Guidance (*Developing and Reporting Supplementary Financial Measures*) is to establish a benchmark for good practice in for developing and reporting supplementary financial information to assist management, investors, and other stakeholders in understanding some aspect of an organization's performance.

We stated in our response that we believe that the guidance should enable all reports of supplementary financial information to be presented to the same professional standards as GAAP based financial statements by adopting the same basic concepts, whilst at the same time recognising that the purposes to which supplementary financial information is put, might vary considerably as compared to GAAP financial statements.

Our view is that the adoption of the same basic concepts should give users a high level of confidence as to the integrity of the information presented.

If you would like to read AAT's full response this can be found at:
[AAT's response to the IFAC consultation on "Developing and Reporting Supplementary Financial Measures - Definition, Principles and Disclosures"](#)

On 11 June 2014, AAT submitted a response to the HM Treasury consultation document on "Freedom and choice in pensions".

In our response the headline messages expressed were that:

- we support the Government's goal of fostering a new culture of saving, which is urgently needed to combat the impending retirement income challenge that many millions of Britons

will face as a result of increased life expectancy, the current low interest rate environment and the shift away from employer-sponsored defined benefit pension schemes

- we support the general principle of the reforms which are the subject of this consultation, namely that individuals at or approaching retirement should be given greater freedom in the way they draw their assets. However, we do have concerns that individuals may find the array of choices open to them at retirement bewildering, creating a risk that some may make purchasing decisions that are not in their best interests.

If you would like to read AAT's full response this can be found at:

[AAT's response to the Treasury consultation on "Freedom and choice in pensions"](#)

On 18 June 2014, AAT submitted a response to the Solicitors Regulation Authority consultation on "Proportionate regulation: changes to reporting accounting requirements".

As the AAT is not listed in the SRA Account Rules (paragraph 34.1), in this respect it would have been in our vested interest to agree with the proposals in this consultation.

However, we suggested a tiered approach in line with the "audit threshold" which is a more proportionate approach to regulation when considering the wider public interest.

If you would like to read AAT's full response this can be found at:

[AAT response to proportionate regulation changes to reporting accounting requirements](#)

On 20 June 2014, AAT submitted a response to the HM Treasury and HMRC's consultation document on "Implementing a Capital Gains Tax charge on non-residents".

The proposal was to improve the fairness of the UK tax system by introducing the extension of capital gains tax to non-residents disposing of UK residential property.

AAT agreed in principle with improving fairness in the tax, however, we expressed concern that the proposals sought to introduce further change shortly after the Annual Tax on Enveloped Dwellings regime in 2013, which would result in additional piecemeal legislation adding further complexity to the tax legislation.

If you would like to read AAT's full response this can be found at:

[AAT response to HM Treasury and HMRC consultation on: "Implementing a Capital Gains Tax charge on non-residents"](#)

At the time of writing this article AAT is also involved in preparing responses to the following formal consultation documents:

Consultation Document	Deadline
VAT: Prompt Payment Discounts	09/09/2014
Direct recovery of debts	29/07/2014
Exposure Draft Disclosure Initiative (Proposed amendments to IAS 1)	23/07/2014
Data sharing for non-economic regulators	07/07/2014

If you have any comments or views on any of the above consultation documents, and assuming that the deadline has not passed, then we would like to hear from you. Please email your comments to consultation@aat.org.uk

Volunteers – for HMRC Forums, subgroups and workshops

From time to time HMRC approaches AAT looking for volunteers for one of their forums, subgroups or workshops. We already have a number of members who help us in this regard but we are looking to bolster this number to ensure we can continue to raise our profile through collaboration with HMRC.

If you would be interested in getting involved please email your contact details (email address, mobile phone number and membership number) to aleemi@aat.org.uk

At this time we would particularly like to hear from Members in Practice who specialise in Employment-related securities, capital taxes or inheritance tax.