

Consultation response summary

April – June 2016

This summary document provides an overview of AAT's responses to the consultation opportunities that have arisen in the prior two months. AAT responds to consultations on behalf of the membership encompassing a variety of subjects including tax, business related issues and accounting standards.

During the second quarter of 2016 AAT has responded to 19 consultations and these are summarised below. If you would like to read any of the responses in full or find out more about the consultation, please click on the related link/s within each summary.

Consultation name	Consultation on Country and Regional Public Sector Finances
Issuer	Ministry of Justice (MOJ)
Submission date	11 April 16
Outline of consultation: <ul style="list-style-type: none"> The consultation had set out the government's proposals for reforming the fee payable for an application for a grant of probate. The proposed fee regime would move from a flat to a banded fee approach, proportionate to, and rising with, the value of the estate, and at the same time will increase the value of the estate below which no fee is payable from £5,000 to £50,000, lifting some 30,000 estates out of paying any fee. The proposals were intended to be fair and progressive. 	
AAT's response observed: <ul style="list-style-type: none"> AAT expressed the view that the proposed progressive scale and "slab system" banding of the probate fees is unrealistic and unfair. A prime example of the flaws in the proposed approach is the difference in the level of fees charges for an estate valued at £2m pounds of £12,000, and an estate valued at £1 more than £2m, which will incur costs of £20,000. That extra one pound of value would prove very expensive for those affected, especially the beneficiaries of the estate who will now be left with £7,999 less in the estate than expected for distribution. 	
<p>More information on the consultation can be found here AAT's full response to the consultation can be found here</p>	

Consultation name	Non-Financial Reporting Directive: UK implementation
Issuer	BIS
Submission date	15 April 16
Outline of consultation: <ul style="list-style-type: none"> This consultation invited industry views on how we should implement the requirements in the EU Non-Financial Reporting Directive (2014/95/EU) into UK law. This amended Directive 2013/34/EU and required that certain companies, with more than 500 employees, to disclose information in their management reports about their: <ul style="list-style-type: none"> policies environmental risks social and employee situation respect for human rights anti-corruption and bribery issues diversity in their board of directors <p>This would provide investors and other stakeholders with a more comprehensive view of a company's performance.</p>	

AAT's response observed:

- AAT expressed the view that non-financial reporting information that is relevant to investors in judging the performance, future prospects and risks facing a company should be included in the Annual Report and Accounts (ARA) and should not be separated out into a separate report. That said, to the extent that non-financial reporting information is not relevant to investors, or is not specific to the reporting of current performance or future prospects, e.g. is standing or static information, that information should be permitted to be published separately, and in situations where a company must maintain a website, the website may be the most appropriate place for it.

More information on the consultation can be found [here](#)
AAT's full response to the consultation can be found [here](#)

Consultation name	Better use of data in Government
Issuer	Cabinet Office
Submission date	21 April 16
Outline of consultation: <ul style="list-style-type: none">▪ The Cabinet Office consultation looked to enable information sharing between public authorities to improve the lives of citizens and support decisions on the economy and society. The proposals fall into 3 categories:<ul style="list-style-type: none">• Improving public services<ul style="list-style-type: none">○ allowing public authorities to share personal data in specific contexts to improve the welfare of a specific person○ enabling public authorities to access to civil registration data (births, deaths and marriages)• Addressing fraud and debt<ul style="list-style-type: none">○ helping citizens manage their debt more effectively and reduce the overdue debt that they owe to government○ helping detect and prevent the losses government currently experiences due to fraudulent activity• Allowing use of data for research and official statistics<ul style="list-style-type: none">○ giving the Office for National Statistics access to detailed administrative government data to improve their statistics○ using de-identified data in secure facilities to carry out research for public benefit.	
AAT's response observed: <ul style="list-style-type: none">▪ AAT recommended that in preparing the Code of Practice (CoP) primary consideration should be given to protecting against the unlawful disclosure of data by introducing the new criminal offence for each and every scenario. AAT further recommended that the new criminal offence should encompass unlawful "use" as well as unlawful "disclosure", as an employee of a public authority could use the data without actually disclosing the data.	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Improving terms and conditions
Issuer	BIS
Submission date	22 April 16

Outline of consultation:

- The BIS call for evidence was seeking a better understanding of how Terms and Conditions (T&Cs) can be made more accessible for consumers. It included a number of proposals along with more general questions on how respondents approach T&Cs and what might work better for them. BIS proposed additional enforcement tools, including civil fining powers for breaches of the consumer protection legislation.

AAT's response observed:

- In its response AAT supported the view that succinct, bold and upfront terms and conditions would encourage consumers to read them. AAT suggested that it would be helpful to have access to one website that lists the relevant current laws that apply to business, perhaps in a checklist format that is kept up to date.
- More importantly, AAT supported the option to impose civil monetary penalties where appropriate and proportionate for non-compliance by businesses, encouraging swifter compliance and deterring future breaches. AAT recognised that new primary legislation may be needed to enable this option.

More information on the consultation can be found [here](#)
AAT's full response to the consultation can be found [here](#)

Consultation name	Enhancing Audit Quality in the Public Interest
Issuer	IAASB
Submission date	4 May 16
Outline of consultation: <ul style="list-style-type: none">▪ IAASB highlighted that auditing and quality control standards need to stay relevant in the face of continually changing circumstances in diverse jurisdictions. So IAASB focused on three priority topics – professional scepticism, quality control, and group audits. In addition to outlining the public interest issues that should be addressed as a matter of priority, the invitation to comment also intended to facilitate responses from those interested in the more detailed aspects of IAASB's consultation, including how the standards currently address various matters and concerns noted about these matters.	
AAT's response observed: <ul style="list-style-type: none">▪ In the response AAT recognised that to enhance public confidence in audits it is essential to establish the highest ethical practices as well as procedures for ensuring audits are carried out effectively and efficiently. While appropriate auditing procedures can be codified within Auditing Standards, the practice of high ethical standards by auditors is dependent upon an attitude of mind and is therefore difficult to fully codify.▪ AAT noted that in recent times public confidence in audits had declined due to business failures and financial crises which have had no forewarnings from the auditors concerned. Therefore, AAT concluded that the public interest is best served by requiring auditors to provide detailed informative opinions in their published reports.▪ The view was expressed that audits of subsidiaries should meet the same criteria employed for standalone entities as users of subsidiaries financial statements would benefit from more informative audit reporting.	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Protections for small and micro businesses in non-regulated sectors
Issuer	BIS
Submission date	9 June 16
Outline of consultation: <ul style="list-style-type: none"> This consultation was seeking views on issues faced by micro businesses, including sole traders, when purchasing goods and services from other businesses in non-regulated sectors in terms of negotiating contracts and being aware of their current protections. The consultation document explored whether micro businesses have sufficient support and protection in these areas under existing and pending measures or whether further protections would be beneficial. 	
AAT's response observed: <ul style="list-style-type: none"> AAT recommended the introduction of all three options, that is; the planned Small Business Commissioner, whose function will include providing information on current rights for micro (and other small) businesses; statutory guidance for all businesses when supplying micro businesses; and requiring all businesses to provide pre-contract information when supplying micro businesses. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Converting to a Charitable Incorporated Organisation
Issuer	The Charity Commission
Submission date	10 June 16
Outline of consultation: <ul style="list-style-type: none"> This consultation was about the introduction of secondary legislation under the Charities Act 2011 which will allow two types of structure to convert to a charitable incorporated organisation (CIO) should they wish to do so. 	
AAT's response observed: <ul style="list-style-type: none"> AAT supported the proposed regulations for a charitable company or a CIC to convert to a CIO with the minimum of formality. Particularly as this removes the anomaly of being subject to both company law and charity law, which could result in a conflict between the requirements of each regulatory system. The proposed regulations provided a separate legal entity with limited liability protection for those responsible for management in a way similar to a trading entity incorporated under the Companies Acts. However, it was recognised that charitable companies limited by guarantees do not usually expose its members to significant potential personal liabilities. 	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Corporate contributions to grassroots sports
Issuer	HMT
Submission date	15 June 16

Outline of consultation:

- The government was consulting on how to expand the support that can be given to grassroots sports through the corporation tax system. This consultation sought to identify additional ways in which the government can support contributions to grassroots sports from companies through the corporation tax system and welcomed views on identifying what constitutes grassroots sports contributions and ensuring that contributions made by companies are delivered in a way that is both straightforward and transparent.

AAT's response observed:

- AAT supported the proposals in terms of the eligible sports and eligible purposes for contributions and expressed the view that there should be a relatively broad definition for what constitutes grassroots sports, and qualifying contributions should be made available to a wider defined range of providers.

More information on the consultation can be found [here](#)
AAT's full response to the consultation can be found [here](#)

Consultation name	Creating a secondary annuities market: tax framework
Issuer	HMRC
Submission date	10 June 16
Outline of consultation: <ul style="list-style-type: none">▪ This consultation was about the proposed secondary market for pension annuities which is intended to extend greater flexibility and freedom to people who had little choice but to buy an annuity with their pension pot. The changes would remove current tax constraints and provide scope for individuals to sell their annuity bought with funds from a tax relieved pension pot, in return for a taxable lump sum, or for the sale proceeds to be paid to a more flexible pension product. This consultation lays out the proposed detail of the tax framework for the secondary market for annuities and asked for views on a number of detailed issues.	
AAT's response observed: <ul style="list-style-type: none">▪ AAT expressed concerned that individuals surrendering or assigning their annuity may not get good value, particularly if demand for the annuity they are looking to trade is low. AAT expressed the view that consumer protection must be paramount in establishing the new rules and AAT noted that this was the subject of another consultation.	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Strengthening the Tax Avoidance Disclosure Regimes for Indirect Taxes and Inheritance Tax
Issuer	HMRC
Submission date	17 June 16
Outline of consultation: <ul style="list-style-type: none">▪ The consultation document was seeking views on proposals to reform VAT Disclosure Regime (VADR) to ensure it remains effective, by moving the obligation to disclose schemes from users to scheme promoters. It was also seeking views on proposals to extend the scope of the regime to	

include other indirect taxes.
<p>AAT's response observed:</p> <ul style="list-style-type: none"> In conclusion, AAT agreed with government policy for closer alignment of DOTAS and VADR involving quarterly reporting by promoters of schemes allocated. It made sense as placing VADR reporting responsibility on the smaller numbers of promoters rather than on the larger number of users as is currently the case, would reduce administrative.
<p>More information on the consultation can be found here AAT's full response to the consultation can be found here</p>

Consultation name	Tackling tax evasion: a new corporate offence of failure to prevent the criminal facilitation of tax evasion
Issuer	HMRC
Submission date	20 June 16
<p>Outline of consultation:</p> <ul style="list-style-type: none"> This consultation considered draft legislation and guidance for the new corporate criminal offence of failure to prevent the criminal facilitation of tax evasion, as outlined in HMRC's response document of 9 December 2015 in order to ensure that the offence is both effective at meeting the stated objectives and not unduly burdensome. 	
<p>AAT's response observed:</p> <ul style="list-style-type: none"> AAT expressed support for the legislation to hold corporations to criminal account where they fail to prevent their agents from facilitating tax evasion. AAT considered that the revised legislation, when read with the associated draft guidance, to be clear. AAT welcomed the way that HMRC, as referenced in the summary of responses document issued on 9 December 2015, considered replies to the 16 July 2015 document and redrafted legislation and guidance for the new corporate criminal offence of failure to prevent the criminal facilitation of tax evasion. 	
<p>More information on the consultation can be found here AAT's full response to the consultation can be found here</p>	

Consultation name	Exposure Draft 60, Public Sector Combinations
Issuer	IPSASB
Submission date	21 June 16
<p>Outline of consultation:</p> <ul style="list-style-type: none"> The draft International Public Sector Accounting Standards (IPSAS) was seeking to establish the principles and requirements for how: <ul style="list-style-type: none"> a reporting entity classifies a public sector combination as an amalgamation or an acquisition a resulting entity recognizes and measures in its financial statements the identifiable assets received, the liabilities assumed and any non-controlling interest in an amalgamation a resulting entity recognizes and measures the residual amount and other adjustments recognized in an amalgamation 	

<ul style="list-style-type: none"> an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired operation an acquirer recognizes and measures the goodwill acquired in, or the gain or loss arising from, an acquisition a reporting entity determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a public sector combination.
<p>AAT's response observed:</p> <ul style="list-style-type: none"> AAT welcomed the opportunity to comment on the ED. However, AAT expressed concerns as the revaluation reserve is a key element of equity that affords a degree of transparency to stakeholders and, as a consequence, its elimination was not considered to be appropriate.
<p>More information on the consultation can be found here AAT's full response to the consultation can be found here</p>

Consultation name	Fulfilment house due diligence scheme
Issuer	HMRC
Submission date	23 June 16
<p>Outline of consultation:</p> <ul style="list-style-type: none"> This consultation document invited views on the proposed new online scheme for UK fulfilment houses from 2018, which would set out standards of due diligence and record-keeping, and introduce penalties for non-compliance in order to ensure that it addressed the abuse identified and minimises any additional costs for businesses. It also explored ways to deter goods being delivered to non-registered fulfilment houses. 	
<p>AAT's response observed:</p> <ul style="list-style-type: none"> AAT supported appropriate and effective measures to combat VAT evasion. However, AAT expressed concerned that the scheme would increase the compliance burden for UK businesses and would not prevent VAT evasion by non-EU businesses supplying goods to UK customers. 	
<p>More information on the consultation can be found here AAT's full response to the consultation can be found here</p>	

Consultation name	Simplifying tax for the future – a consultation on our future strategy
Issuer	OTS
Submission date	30 June 16
<p>Outline of consultation:</p> <ul style="list-style-type: none"> The OTS was established in 2010 to be an independent office of HM Treasury to make recommendations on how to simplify tax in the UK. The 2016 Finance Bill will place the OTS on a permanent statutory basis and the strategy consultation document set out, and sought views on how the OTS should develop and operate as it embarks on this new chapter as a statutory body. 	
<p>AAT's response observed:</p> <ul style="list-style-type: none"> AAT acknowledged and supported the consultation document's assertion that, due to the rate of technological advancement, the UK tax-system is facing the prospect of fundamental change and the possibility that traditional taxes will not remain fit for purpose in the coming years. The 	

emergence of Making Tax Digital is making it self-evident that the OTS should no longer remain a reactive organisation and should look for opportunities to simplify existing legislation and custom and practice. It is therefore encouraging to see that this was being acknowledged within the consultation document.

More information on the consultation can be found [here](#)
AAT's full response to the consultation can be found [here](#)

Consultation name	Gift Aid Small Donations Scheme
Issuer	HMRC
Submission date	30 June 16
Outline of consultation: <ul style="list-style-type: none">▪ This consultation document reviewed the Gift Aid Small Donations Scheme (GASDS), which allows charities to receive a Gift Aid style top-up payment on small cash donations. The document stated that tax reliefs worth over £4.5bn were paid to charities and their donors in the 2014-15 tax year and that government remains committed to working with the charity sector to ensure that the GASDS is effective and benefits as many charities as possible.▪ GASDS was welcomed by the charitable sector when it was first announced, however, it was not widely considered to be straightforward and this document has outlined the proposals for simplification and sought for ways to improve accessibility to the scheme.	
AAT's response observed: <ul style="list-style-type: none">▪ AAT welcomed this review. However, AAT cautioned that care should be taken in order to avoid replacing one level of complexity with another.	
More information on the consultation can be found here AAT's full response to the consultation can be found here	

Consultation name	Business rates: delivering more frequent revaluations
Issuer	HMT
Submission date	30 June 16
Outline of consultation: <ul style="list-style-type: none">▪ The consultation document sought views from on how more frequent revaluations, for business rates purposes, could be delivered. The discussion paper covered:<ul style="list-style-type: none">• more frequent revaluations under the current system• a self-assessment option and• a formula option to preparing valuations.	
AAT's response observed: <ul style="list-style-type: none">▪ AAT supported the suggestion in the discussion document that revaluations should be undertaken every three years and furthermore that this should be written into legislation as more frequent revaluations would lead to a more equitable and improved business rating system.	
More information on the consultation can be found here AAT's full response to the consultation can be found here	