



**Finance Committee of the National Assembly for Wales
Consultation on an inquiry into the collection of devolved taxes
Response by the Chartered Institute of Taxation**

1	Introduction
1.1	The Chartered Institute of Taxation (CIOT) welcomes the opportunity to respond to the consultation questions forming part of the National Assembly for Wales' Finance Committee inquiry into the collection of devolved taxes in Wales.
1.2	The CIOT responded to the Welsh Government's White Paper on collection and management of devolved taxes in Wales. Our response (attached) covers most of the issues raised by the Committee. We refer below to the sections of our response that cover the questions posed by the Committee.
1.3	We are in the process of responding to the consultation on Land Transaction Tax following extensive informal consultation with the Welsh Government in the lead up to the issue of the formal consultation.
1.4	We would be happy to contribute oral evidence should the Committee invite us to do so.

2	Question 1: Who do you think should be responsible for the collection of Welsh taxes?
2.1	It is understood that the Welsh Government proposes that legal responsibility for collection and management of devolved taxes should

	<p>be vested in a new legally- constituted public body (the Welsh Revenue Authority) (the ‘WRA’) established as a non- ministerial department with direct accountability to the Welsh Assembly. The WRA may not necessarily be the organisation that actually carries out collection and management of taxes in Wales, that role may be delegated to another organisation(s). The CIOT is in favour of overall responsibility for management and collection lying with the WRA as a non-ministerial department thereby ensuring operational independence and the sharing of expertise across the Welsh Government and with HMRC. As we note in our response, this view is subject to there being clear lines of accountability to the Welsh Assembly with proper scrutiny. (Our comments on this aspect are set out at section 2 of our response).</p>
<p>2.2</p>	<p>In terms of actual collection and management of devolved taxes, the Welsh Government’s consultation on the collection and management of devolved taxes in Wales identified a range options; WRA (building in-house capacity), delegation to HMRC, delegation to other public bodies such as Natural Resources Wales or Welsh local authorities. We note that the Welsh Government is undertaking a full analysis to consider these options and the cost/other implications. Pending that evaluation exercise it is difficult to comment in detail. Our overall preference is for a single national body ideally with expertise and experience of tax collection and management (or access to such expertise) because this option provides a consistent approach (rather than the risk of variations at the local level) which can be also adopted for current and future devolved taxes. However there may be a clear rationale for an existing body to manage and collect particular devolved taxes.</p>

<p>3</p>	<p>Question 2: Should Welsh taxes be collected by one organisation or different taxes collected by different organisations?</p>
<p>3.1</p>	<p>In accordance with section 5 of our response, we support a simple standard national approach to devolved tax collection and management with an emphasis on minimising administrative burdens for business and particularly for businesses with cross border activity. It is recognised that some collection and management arrangements will be specific to individual devolved taxes, but a generic framework is preferred offering consistency of service standards, cost-efficiencies and an element of future – proofing to accommodate any future devolved taxes. We consider that the operation of a generic framework is best achieved by collection and management operated by one organisation unless there is a clear rationale for collection by a particular existing body with an existing relationship to a specific taxpayer community and relevant expertise (such as Natural Resources Wales in the case of landfill tax).</p>

4	Question 3: How can the experience and expertise of organisations which already collect some taxes in Wales, such as Local Authorities and HMRC, be utilised?
4.1	As we note at section 6, adopting existing UK structure and systems where these work well has benefits in not reinventing processes for the sake of change alone and ensuring synchronisation, the latter being vital for businesses with cross- border activity.
4.2	There is also a good case for monitoring the Scottish experience in relation to the collection and management of Scottish Landfill Tax by the Scottish Environment Protection Agency.

5	Question 4: How can the collection of Welsh taxes be future-proofed – should solutions be such that they can be adapted to accommodate future taxation changes?
5.1	As we note above and at section 5, a simple standard national approach to collection offers a basis for future- proofing.

6	Question 5: How do you think Welsh taxes can be collected in such a way that service standards remain at a consistent level?
6.1	Our response considers a taxpayers’ charter to codify the relationship between the WRA and taxpayers (please see section 5), a core set of duties for the WRA (section 3), additional safeguards (section 9) and clear consistent communication (section 11).

7	Question 6: Do you have any other comments relating to this inquiry which are not specifically addressed above?
7.1	As noted above, our response (as attached) covers most of the issues raised by the Committee.

8	The Chartered Institute of Taxation
8.1	<p>The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT’s work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.</p> <p>The CIOT draws on our members’ experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT’s comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.</p> <p>The CIOT’s 17,000 members have the practising title of ‘Chartered Tax Adviser’ and the designatory letters ‘CTA’, to represent the leading tax qualification.</p>

The Chartered Institute of Taxation
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