

Office of Tax Simplification

Review of the competitiveness of UK tax administration – terms of reference

The Chancellor has asked the Office of Tax Simplification to carry out a review of what the Government can do to further improve the competitiveness of UK tax administration, with particular regard to the World Bank's 'Doing Business' report.

The review will:

- identify and review what the UK has already done and is planning to do to improve the competitiveness of the UK tax administration, and the effect on the UK's ranking;
- make recommendations as to what more could be done to improve the competitiveness of UK tax administration, building on the OTS's previous reviews of small business taxation;
- focus on the administration of the taxes highlighted in the World Bank's report, namely corporation tax, VAT and employers' National Insurance, as well as on the administration of PAYE;
- draw relevant lessons from key competitors who rank more highly than the UK in one or more element;
- take account of the opportunities offered by HMRC's plans for digital transformation.

The review will report by summer 2014 and will concentrate particularly on the SME sector, reflecting the focus of the World Bank report. All types and sizes of business are within the scope of the project but the report may recommend further work in some areas.

Annex - The World Bank's 'Doing Business' report

The UK is ranked 10th in the overall report, up from 11th last year. The ranking includes two sub-indicators relevant to tax, particularly tax administration:

- **Paying Taxes** – the UK ranks 14th based on a PwC model looking at three indicators:
 - Total Tax Rate – the cost of all taxes borne;
 - Time to comply – hours taken to prepare and file profit, labour and consumption taxes;
 - Number of payments – effectively the number of business taxes payments, adjusted for availability of digital payment facilities.
- **Starting a Business** – where the UK ranks 28th based on the steps needed to register as a company and as an employer. It includes registering with HMRC for PAYE.