

Office of Tax Simplification

Minutes of Employment Status Consultative Committee

Tuesday 27 January 2015

Committee	Organisation	OTS
George Anastasi	IPSE	John Whiting
David Barton	Baker Tilly	Jeremy Sherwood
Liz Bridge	Joint Tax Committee of Construction	Andy Richens
Adrian Dixon	HM Revenue & Customs	Edward Kaye
Norman Green	BCS (The Chartered Institute for IT)	Marian Drew
John Hampton	Former Personal Tax Manager, BT Group	Rebecca Seeley Harris
Craig Harrison	PricewaterhouseCoopers	Roger Bennett
Lorraine Laryea	REC	
Tony Lennon	BECTU	
Gavin McCann	HM Treasury	
Sam Mitha	LITRG	
Roseanne Russell	Law Society and Cardiff University	
Apologies	Organisation	
Rt Hon Michael Jack	OTS	
Tony Moody	BIS	
Emily Coltman	FreeAgent	
Chris Bryce	IPSE	

1. Welcome and introductions

John Whiting welcomed the members to the third Consultative Committee meeting for the employment status review. He reported that the OTS had now completed its round of meetings, and was busy writing the report, the first draft of which had already been circulated to Committee members.

2. Timetable for publication

The plan was to publish the report in the last week of February, probably on the 24th or 25th, but it could possibly slip into the next week. The OTS expected an initial response from the Government in the Budget on 18 March, but this was not likely to be a detailed full response given the short timescale and the coming general election. The OTS saw the report as a chance to set a long term agenda for exploring simplification.

3. Draft OTS report

The Committee discussed the draft report, commenting on the overall approach, stance, and style before going on to discuss the individual chapters.

Members felt the length and detail in the report was about right, and reflected how complex the area was. It was comprehensive but not overwritten and there was no unnecessary detail. The OTS acknowledged that there was more work needed on the overall conclusions and recommendations, which needed to be brought out more clearly. One Committee member said the recommendations should be ranked in order of priority. In some areas the report could do with a bit more explanation, for example in reducing burdens for with cases where the status is clearly employed or self-employed. Or in highlighting options we have discounted and explain why.

Another comment was that more analysis of other countries' approaches would be helpful, including an assessment by the OTS of how applicable their approaches were to the UK tax system. A link could be drawn to the OTS report into UK competitiveness published in November.

The report should acknowledge that HMRC operational staff are applying flexibility to try and make the system work, which is welcome, but it needs to be fair, consistent and transparent.

There were some comments about how agency workers were presented in the report, with the need to reflect that the use of agencies or personal companies was higher in some sectors than others. The legislation drives distortive behaviour, which is to be expected as many people want to minimise their tax bill. Also, new businesses and workers in some sectors such as construction found it difficult to establish their tax status when starting out, because it could be hard to predict how long a particular contract would last or how many clients a person would get.

The Committee then discussed each chapter in detail with the OTS team.

4. AOB

- Jeremy Sherwood would circulate the latest copy of the report after the meeting and asked Committee members to email their further comments to the OTS by Monday 2nd February.