

Ralph Pettengell Presidential Inaugural Speech

ATT AGM 7/7/16

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Intro

It is an honour and a privilege to take on the mantle of President of the ATT.

I think I am the first President of the Association to come from an exclusively financial services background. For any of you that don't know, I run my own wealth management firm, providing advice to, generally, the wealthy individuals, business owners and trustees and have run my own financial advice business for the best part of the last 20 years.

When I was starting out as an adviser the first qualification I took was a financial services one. Over the years I've gathered quite a few of them – FPFS, ACII, ACSI, Chartered Financial Planner...

But for me personally, the best qualification I ever did was ATT. It gave me the grounding I needed. It expanded my knowledge to make me a more rounded professional. It filled a gap in my knowledge that needed to be filled.

Because tax affects everything. Giving financial advice without an understanding of tax is like running a pub with no beer. You're offering something, but it's not the full package.

The regulation challenge

Working in financial advice has also given me an insight into what the future for the tax profession might look like – if we are not careful.

The financial services industry has been hit by a lot of bad publicity – and indeed bad practices – over the years. Mis-selling scandals. Unethical behaviour in some major organisations. The collapse of many unregulated investments.

And the response (not unreasonably) has been regulation.

Stronger regulation. Centralised regulation. Compulsory regulation.

The financial services industry failed as a profession to manage itself to the level required to protect the customer and the level expected by the public and government.

Our tax profession has faced criticism too. If we cannot come up with an acceptable solution to tackling tax avoidance and protect both the consumer and the reputation of the profession then we risk embarking on a similar journey to the one the financial services sector has just completed. A journey to centralised regulation.

That is why it is important that we meet the challenge laid down by the Government last year, to the professional bodies, over the rules of professional conduct for our members. And I believe we will.

The digitisation challenge

Regulation is not the only challenge facing our profession.

We are also on a fast track to the brave new world of Making Tax Digital.

I want to say two things about this project – one is aimed at government, one is aimed at our members.

First of all, to government, a plea: ‘Please don’t rush these changes’.

They have the potential to deliver significant benefits to both taxpayers and the tax authority. But they must be managed carefully and in consultation with taxpayers, tax professionals and software developers alike.

The tax system must be able to support the changes proposed.

Provision must be made for taxpayers who are not digitally engaged.

Reporting burdens on business – especially small businesses – must be proportionate.

While technology can lead to fewer people being needed for some tasks the Government should not get ahead of themselves. May’s NAO report set out starkly what happens when over-ambitious assumptions are made about the speed with which digital savings can be realised and staff cut prematurely. There is a lesson here for the future.

HMRC’s resources should not be cut further before the cost-savings that digitisation promises are actually being delivered and arguably not then either if those resources can be redeployed to ensure the smooth operation of the tax system and the protection of the Exchequer.

One further point. Many taxpayers are frightened of HMRC and the consequences of getting their tax wrong. They need to have the option, if they choose, of passing their information to their agent for the agent to take care of. The system must allow for that or there will be a serious risk to compliance levels.

All in all there is a lot to think about.

The Government quite reasonably delayed publishing their six Making Tax Digital Consultative documents until after the referendum campaign. We will wait to see if they are delayed further by the contest for a new Prime Minister. In any case by the time responses are in we believe that it will be impossible for HMRC to adequately consider the views and constructive points raised in each consultation in time to keep to the timetable of an April 2017 public testing phase.

Therefore ATT strongly believes that HMRC needs to revise the timetable for implementation by at least one year. This would then allow the consultations to be released in phases, with staggered submission deadlines, to allow more consideration of all of the issues.

Rushing ahead with this project without allowing adequate time for the consultation and testing phases could put at risk the many potential benefits for taxpayers and HMRC which greater

digital working can bring. That would be a tremendous mistake and in a worst case scenario could result in a system that was not fit for purpose.

That's my message to government.

Now here's my message to ATT members: 'digitisation will bring major changes to tax practice – we will help you through them'.

If the Government's ambitions are realised the balance of our work is likely to change: less tax return work and more advisory work.

I want to make this a central focus of my presidential year – ensuring we provide relevant support to our members to help them get ready for digitisation.

I want us to provide more relevant CPD events, widening skills for those members who are worried about losing income streams.

I want to provide more free CPD, especially in the form of webinars.

I want to look at providing open forums for discussion, so ATT members can talk to one another, share experiences, ask and answer each other's questions.

I want to look at additional papers and qualifications in different elements of taxation, to show our members' competency in different areas,

I want to use as many tools as possible, to spread as much knowledge as possible.

The Brexit challenge

A further challenge that some of you may be nervous about is Brexit.

First of all I want to take this opportunity to reassure all our Members, Students and Employers, including those overseas, that it is 'business as usual' for the ATT following the vote two weeks ago.

The vote obviously creates a great deal of uncertainty, in tax as elsewhere.

Thinking positively, it also creates a great many opportunities for tax practitioners. More options to vary our tax system is likely to mean more need for the skills and judgement of ATT members in the months and years ahead.

We stand ready to respond to any changes in the tax system so that our exams and CPD remain relevant.

We will ensure our students and members get the most up to date information to be successful in their careers.

We will continue talking to government to help them formulate new policy; ensuring that the voice of our members is heard as we work for a tax system that is fair, simple and certain, for the benefit of the taxpaying public.

ATT – full steam ahead

The ATT is well placed for the largely uncharted waters we are sailing into.

Michael has passed on to me a well run ship. With Jane Ashton a steady hand at the helm. And an Artillery House crew who keep the ship steaming ahead with agility and aplomb.

Michael, thank you for all you have achieved in your year as President.

And thank you to all my colleagues on Council, and especially Graham and Tracy, in anticipation of the advice, support and insight I know you will provide to me over the year ahead.

We are well set.

We are growing in numbers.

We are raising our technical game, increasing our influence.

We are supporting, through Tax Aid, Tax Help for Older People and Bridge the Gap, those who desperately need tax advice but cannot afford to pay for it.

We are responding to the needs of members and employers with our new Joint Tax Pathway with CIOT.

We are opening up opportunities with a new Trailblazer Apprenticeship.

Colleagues, there are challenges ahead. But we are ready and determined to meet them – not just to weather the storm but to harness it, to take us and our members forward into the brave new world ahead of us.