

REFORMS TO CORPORATION TAX LOSS RELIEF: CONSULTATION ON DELIVERY

Response by the Association of Taxation Technicians

1 Introduction

- 1.1 The Association of Taxation Technicians ('ATT') is pleased to have the opportunity to respond to the consultation document *Reforms to Corporation Tax Loss Relief: Consultation on delivery* ('the Consultation') which was published jointly by HMRC and HMT on 26 May 2016¹.
- 1.2 The primary charitable objective of the ATT is to promote education and the study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.
- 1.3 We have had the benefit of seeing the detailed response to the Consultation that has been submitted by the Chartered Institute of Taxation ('CIOT'). Key points in that submission include the following:
- The risk that the proposed reforms would require detailed calculations for little benefit and thus complicate rather than simplify the CT loss regime;
 - The missed opportunity to address outdated elements of the legislation such as the schedular system;
 - The welcome additional flexibility from 1 April 2017 in the use of losses carried forward – but at the cost of the 50% restriction even where the losses in question predated April 2017 and continued to be streamed;
 - The forecast revenue raising impact of the proposals (£1.36 billion in the first four years);

¹ The consultation document is at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525929/FINAL_PDF_3.pdf

- The complications created by the proposed treatment of pre-April 2017 losses and the effective retroaction in the application of the proposals;
- The potentially unhelpful timing of the proposals (in the wake of the Brexit decision) in relation to the message that the UK is a good place to undertake business;
- The brevity of the expected consultation period on the draft legislation from December 2016 until the end of February 2017;
- The benefit of a statutory revalorisation of the £5 million allowance to ensure that the 50% restriction did not impact an increasing number of companies;
- The unwelcome possibility of the introduction of a further definition of a group;
- Concerns about the application of the proposed rules in situations of changes in trade including cessation.

2 Contact details

- 2.1 We would be pleased to join in any discussion related to this Consultation. Should you wish to discuss any aspect of this response, please contact our relevant Technical Officer, Will Silsby, on 01905 612098 or at: wsilsby@att.org.uk.

Yours sincerely

Yvette Nunn
Co-Chair of ATT Technical Steering Group

3 Note

- 3.1 The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has over 8,000 members and Fellows together with over 5,700 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.