



ICAEW REPRESENTATION 59/16

TAX REPRESENTATION

PAYROLL: STARTER CHECKLIST

Text of representation submitted to HM Revenue & Customs on 24 March 2016.

This representation was prepared on behalf of ICAEW by the Tax Faculty. Internationally recognised as a source of expertise, the Faculty is a leading authority on taxation. It is responsible for making submissions to tax authorities on behalf of ICAEW and does this with support from over 130 volunteers, many of whom are well-known names in the tax world. Appendix 1 sets out the ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark proposals for changes to the tax system.

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ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

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TEXT OF REPRESENTATION

Please would HMRC put a pdf of the starter checklist onto gov.uk as an alternative to the iform at <https://www.gov.uk/government/publications/payee-starter-checklist> as a matter of urgency so that the whole checklist can be printed off blank.

It is not operationally practical not to have a complete blank form online because without it employers cannot readily tell their new employees what information the employees need to provide so they are accurately set up on the payroll, including, in the absence of form P45, the correct code number, and, from 2016/17, the correct student loan plan deductions.

In addition, many employers (and their agents) have long found that the HMRC logo on a starter checklist/form P46 is the most effective means of getting new starters (and clients) to complete it, because the logo makes it an 'official' form. This point was made in the RTI workshops on forms P45 and P46 and in earlier years by representatives on the former Employer Consultation Forum.

Whilst large employers are happy to use their own bespoke forms, smaller employers and their agents need support from HMRC in this regard.

We understand that the CIPP joint chair of EPG has undertaken to try to include this on the next EPG agenda but given that the next meeting is not until 8 June we feel that this will be too late. Employers (and agents) require pro forma starter forms by 6 April to replace what has always been supplied by HMRC, especially in view of the fact that in 2016/17 the process will be much more complex because of the changes to student loans.

I look forward to your early confirmation that HMRC will continue to help employers by providing a pdf starter checklist on gov.uk which can be downloaded and printed off in blank, like in past years.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory:** tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. **Certain:** in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. **Simple:** the tax rules should aim to be simple, understandable and clear in their objectives.
4. **Easy to collect and to calculate:** a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. **Properly targeted:** when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. **Constant:** Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. **Subject to proper consultation:** other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. **Regularly reviewed:** the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. **Fair and reasonable:** the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. **Competitive:** tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see via <http://www.icaew.com/en/about-icaew/what-we-do/technical-releases/tax>).