



TAXREP 10/14

(ICAEW REP 23/14)

ICAEW TAX REPRESENTATION

DRAFT FINANCE BILL 2014: PAYMENTS FOR PRIVATE USE OF A COMPANY CAR OR VAN

Comments submitted on 4 February 2014 by ICAEW Tax Faculty in response to HMRC technical consultation document *Draft Finance Bill 2014: income tax: company cars and vans: payments for private use of a company car or van* published on 10 December 2013

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INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the technical consultation document [Draft Finance Bill 2014: income tax: company cars and vans: payments for private use of a company car or van](#) published by HM Revenue & Customs (HMRC) on 10 December 2013.
2. We should be happy to discuss any aspect of our comments and to take part in all further consultations on this area.
3. Information about the Tax Faculty and ICAEW is given below. We have also set out, in Appendix 1, the Tax Faculty's Ten Tenets for a Better Tax System by which we benchmark proposals to change the tax system.

WHO WE ARE

4. ICAEW is a world leading professional membership organisation that promotes, develops and supports over 142,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.
5. As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.
6. The Tax Faculty is the voice of tax within ICAEW and is a leading authority on taxation. Internationally recognised as a source of expertise, the faculty is responsible for submissions to tax authorities on behalf of ICAEW as a whole. It also provides a range of tax services, including TAXline, a monthly journal sent to more than 8,000 members, a weekly newswire and a referral scheme.

COMMENTS

7. We consider it reasonable for the government to clarify the deadline by when payments should be made by employees to employers for the private use of a company car or van.
8. However, we suggest that in order to ease employer compliance and increase the likelihood of the calculations and payments being right first time (see Tenets 3 and 4 in Appendix 1), the deadline should not be the end of the tax year but should be the deadline for submitting forms P11D. This would give time for employers to compute the charge and collect it, and to do so alongside preparation of forms P11D.
9. We therefore suggest that the wording of the proposed changes to section 144(1)(b) and section 158(1)(b) ITEPA 2003 should be amended in each case to read:

'makes such payment by 6 July following the tax year in question'

E peter.bickley@icaew.com

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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 icaew.com/en/technical/tax/tax-faculty/-/media/Files/Technical/Tax/Tax%20news/TaxGuides/TAXGUIDE-4-99-Towards-a-Better-tax-system.ashx)