



Making Tax Digital

Digital reporting and record-keeping for business: Income Tax

Draft legislation published on 31 January 2017

1 March 2017

About ICAS

1. The following submission has been prepared by the ICAS Tax Board. The ICAS Tax Board, with its five technical Committees, is responsible for putting forward the views of the ICAS tax community, which consists of Chartered Accountants and ICAS Tax Professionals working across the UK and beyond, and it does this with the active input and support of over 60 board and committee members.
2. The Institute of Chartered Accountants of Scotland ('ICAS') is the world's oldest professional body of accountants and we represent over 21,000 members working across the UK and internationally. Our members work in all fields, predominantly across the private and not for profit sectors.
3. ICAS has a public interest remit, a duty to act not solely for its members but for the wider good. From a public interest perspective, our role is to share insights from ICAS members in the many complex issues and decisions involved in tax and financial system design, and to point out operational practicalities.

General comments

4. The Finance Bill 2017 draft clauses regarding 'Digital reporting and record-keeping for business: Income Tax', which were published on 31 January 2017, are very brief and have surprisingly little detail making it difficult to provide further comment.
5. ICAS supports the overall objectives of 'Making Tax Digital' (MTD), as set out by HMRC in December 2015. The four 'foundations' are laudable goals but we have significant reservations about the planned rollout, timescale and the mandatory approach, particularly for small and medium enterprises.
6. The draft Finance Bill clauses that have been published are mainly enabling legislation, delegating much of the detail to regulations that will be issued at a later date. ICAS does not support the extensive use of secondary legislation, particularly when this relates to something as fundamental to business and the economy as MTD with its new reporting requirements.
7. MTD is far more than an administrative change – it is a fundamental revision to the keeping of accounts and business records which will impact every business in the country. Such wide-ranging changes, that go far beyond tax administration, should not be delegated to secondary legislation but should be subject to full scrutiny as primary legislation.