

Press release: Office of Tax Simplification: Annual Report 2016-17

The Office of Tax Simplification (OTS), the independent adviser to government on simplifying the UK tax system publishes its first [annual report](#) today Monday 26 June 2017.

The report, a feature of its new statutory footing, also covers the period since it was set up on an informal basis in July 2010 and looks forward to the full and challenging agenda ahead.

On the publication of the OTS's annual report, the Financial Secretary to the Treasury and Paymaster General, Mel Stride, said:

The Office of Tax Simplification makes a valuable contribution to the public debate around tax, supporting the creation of a simpler tax code and challenging the government to deliver it.

To date we have implemented over 200 of the OTS's recommendations and will continue to carefully consider its advice.

The tax profession is strongly supportive of tax simplification. The new president of the Chartered Institute of Taxation, John Preston, spoke in his inaugural address of:

... the unquestionable need to simplify the UK tax system.

The work of the OTS

The OTS represents the first endeavour in the world to bring a systematic and thoroughly researched approach to advising government on tax.

To date the OTS has made over 450 recommendations, with over half accepted and another quarter remaining under consideration, improving the user experience of millions of UK tax payers. It has built up a strong reputation with individuals, businesses and professional advisers as well as within government.

The OTS provides:

- reports offering practical recommendations (such as a cash basis for calculating the tax for the smallest unincorporated businesses)
- analysis that shines a light on challenging structural issues (such as its reports on where the key hurdles and costs lie in the options for aligning income tax and national insurance contributions)
- insight into wider changes in the economy (such its focus paper on the

Gig economy)

- an important conduit into government to raise tax complexity issues

The OTS is in unique position to highlight issues, stimulate debate and act as a catalyst for positive change, being strongly connected within government, having exceptionally wide access to a range of deep expertise from outside government and speaking with an independent voice.

The OTS has developed ground breaking ideas on complexity, put forward ideas that have beneficially affected millions of taxpayers, brought a range of difficult areas into the open for debate and emphasised the importance of simplification being integral to tax policy thinking.

Looking ahead

The OTS's next reports, due out within the next few weeks, will cover routes for simplifying the corporation tax computation and reform of the out of date paper stamping procedures still required for some transactions that attract stamp duty.

The OTS is also currently working on a report on VAT, for publication in the autumn and planning how best to address the full and challenging agenda that lies ahead.

Notes for Editors

The OTS advises the Chancellor on tax simplification; it does not implement changes – these are a matter for government and for Parliament.

The OTS team is led by Chairman Angela Knight CBE and Tax Director Paul Morton and has a small staff drawn from HM Treasury, HM Revenue & Customs and the private sector.

The work of the OTS is rooted in improving the experience of all who interact with the tax system. It aims to reduce the administrative burden – which is what people actually encounter in practice – as well as simplifying the rules. Simplification of the technical and administrative aspects of tax are each important, both to taxpayers and HMRC.

The Office is particularly indebted to John Whiting CBE who led the OTS from the summer of 2010 until March 2017 and to the Rt Hon David Gauke MP (now Secretary of State at the Department for Work and Pensions), whose support helped establish it as a statutory part of the tax landscape in the UK.

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Statement to Parliament: PM Commons statement on European Council: 26 June 2017

With permission, Mr Speaker, I would like to make a statement on last week's European Council – and the proposals we are publishing today which, on a reciprocal basis, seek to give reassurance and certainty to EU citizens who have made their homes and lives in our country.

Mr Speaker, this Council followed the formal start of the negotiations for the United Kingdom's departure from the EU, as well as marking the first anniversary of the referendum that led to that decision.

In that referendum, the British people chose to take back control of our laws, our money and our borders; to restore supremacy to this Parliament and to reclaim our sense of national self-determination. And this government will fulfil the democratic will of the British people.

But, Mr Speaker, the referendum was not a vote to turn our backs on our friends and neighbours.

Indeed, as we become ever more internationalist in our outlook, and as we build the global Britain we want to see, we will continue to be reliable partners, willing allies and close friends with all the member states of the European Union.

We want to work with one another to make sure we are all safer, more secure and more prosperous through our continued friendship.

We want to buy each other's goods and services and trade as freely as possible.

And we will continue to celebrate and defend the liberal democratic values that we share – and to project those values that are the foundation of our freedoms and our way of life.

In short, we want to build what I have described as a new, deep and special partnership between a confident, self-governing global Britain and all our friends and allies in the European Union.

Mr Speaker, that is the positive and constructive spirit in which my Rt Hon Friend the Secretary of State for Exiting the European Union began the formal negotiations last week – and it is the same spirit in which the United Kingdom made a full contribution to all the issues at this Council – including on security, migration, climate change and trade.

Security

On security, I thanked our European partners for their condolences and for

their resolve in standing with us following the appalling terrorist attacks that the UK has suffered in recent weeks.

Those attacks have seen citizens from across Europe tragically killed and injured. But they have also seen our citizens standing together in some of the most inspiring ways.

At London Bridge we saw a Spanish banker tragically killed as he rushed to the aid of a woman being attacked. And we saw a Romanian baker fighting off the terrorists and giving shelter to Londoners in his bakery. These moments of heroism show how – far from dividing us – such attacks on our way of life will only ever serve to strengthen our shared unity and resolve.

But Mr Speaker, these attacks also show that we need to respond to a new trend in the threat we face, as terrorism breeds terrorism and perpetrators are inspired to attack by copying one another using the crudest of means.

So building on the bi-lateral agreement I reached with President Macron earlier this month, at this Council I argued that we must come together to defeat the hateful and extremist ideologies that inspire these attacks. And to stop the internet being used as a safe space for extremists.

When one third of all links to Daesh propaganda are shared within the first hour of release, it is not enough for technology companies to respond reactively to extremist content on their platforms.

So the Council agreed to put pressure on these companies to do more to remove this content automatically and also to ensure that law enforcement agencies can access encrypted data.

This was a significant step forward. And we will continue to work together with our European partners to combat this evil, to defend our values, and to keep our citizens safe.

Migration, trade and climate change

Turning to other issues, on migration the Council recommitted to the comprehensive approach that the UK has advocated, dealing with the drivers of migration while also doing more to stem the flow.

And at this Summit, I confirmed a new UK commitment of £75 million to meet urgent humanitarian needs in the Central Mediterranean, while also facilitating voluntary returns of migrants making these treacherous journeys.

On trade, as the UK leaves the European Union we will be forging trade deals around the world with old friends and new allies alike. But this will not undermine the EU's trade agenda; it is not even in competition with it.

So for as long as we remain part of the EU, we will continue to press for an ambitious trade agenda that can deliver jobs and growth across the continent. And that is what I did at this Council, where there was a particular focus on the work towards deals with Japan, Mexico and the Mercosur bloc of South American countries.

And on climate change, the Council reaffirmed the commitment of all member states to fully implement the Paris Agreement.

The UK has already reaffirmed its own commitment and I have expressed my disappointment to President Trump that he has taken a different decision.

We will continue to make the case to our American allies to think again.

Citizens' Rights

Mr Speaker, turning to citizens' rights, EU citizens make an invaluable contribution to our United Kingdom – to our economy, our public services and our everyday lives. They are an integral part of the economic, cultural and social fabric of our country and I have always been clear that I want to protect their rights.

That is why I initially sought an agreement on this before we triggered Article 50. And it is why I am making it an immediate priority at the beginning of the negotiations.

But Mr Speaker, that agreement must be reciprocal, because we must protect the rights of UK citizens living in EU member states too.

At the Council I set out some of the principles that I believe should underlie that reciprocal agreement – and there was a very positive response from individual leaders and a strong sense of mutual goodwill in trying to reach such an agreement as soon as possible.

So today, we are publishing detailed proposals to do exactly that.

And let me set out the key points for the House.

First, we want certainty. I know there has been some anxiety about what would happen to EU citizens at the point we leave the European Union.

Today I want to put that anxiety to rest. I want to completely reassure people that, under these plans, no EU citizen currently in the UK lawfully will be asked to leave at the point the UK leaves the EU. We want you to stay.

Second, any EU citizen in the UK with five years' continuous residence – at a specified cut-off date – will be granted settled status. They will be treated as if they were UK citizens for healthcare, education, benefits and pensions. While any EU citizens with less than five years' residence – who have arrived before the specified cut-off date – will be able to stay until they have the five years' residence to apply for UK settled status.

Third, the specified cut-off date will be the subject of discussions – but it will be no earlier than the date we triggered Article 50 and no later than the date we leave the EU. Fourth, no families will be split up. Family dependents who join a qualifying EU citizen here before the UK's exit will be able to apply for settled status after five years.

And after the UK has left the European Union, EU citizens with settled status will be able to bring family members from overseas on the same terms as British nationals.

Fifth, there will be no cliff-edge. There will be a grace period of up to two years to allow people to regularise their status. While those EU citizens who arrived in the UK after the specified cut-off date will be allowed to remain in the UK for at least a temporary period and may still become eligible to settle permanently.

Sixth, the system of registration that citizens go through will be as streamlined and light touch as possible and we intend to remove some of the technical requirements currently needed to obtain permanent residence under EU rules.

For example, we will not require anyone to demonstrate that they have held comprehensive sickness insurance.

Seventh, we expect this offer to be extended on a reciprocal basis to nationals of Norway, Iceland, Liechtenstein and Switzerland.

And the reciprocal agreement on citizens' rights will apply to the entire United Kingdom and Gibraltar.

Eighth, this is all without prejudice to the Common Travel Area arrangements that exist between the UK and Ireland. We will preserve the freedoms that UK and Irish nationals currently enjoy in each others' state. And Irish citizens will not need to apply for permanent residence to protect these entitlements.

Finally, the UK will continue to export and uprate the UK State Pension and provide associated healthcare cover within the EU. We will continue to protect the export of other benefits and associated healthcare cover, where the individual is in receipt of those benefits on the specified cut-off date. And subject to negotiations we want to continue participating in the European Health Insurance Card scheme, so that UK card holders could continue to benefit from free or reduced cost healthcare while on a temporary stay in the EU and vice versa for EU card holders visiting the UK.

Mr Speaker, this is a fair and serious offer. Our obligations in the Withdrawal Treaty with the EU will be binding on the UK as a matter of international law. And we will incorporate commitments into UK law guaranteeing that we will stand firmly by our part of the deal.

So our offer will give those three million EU citizens in the UK certainty about the future of their lives. And a reciprocal agreement will provide the same certainty for the more than one million UK citizens who are living in the European Union.

Conclusion

Mr Speaker, one year on from that momentous decision to leave the European Union, let us remember what we are seeking to achieve with these negotiations.

We are withdrawing from a system of treaties and bureaucracy that does not work for us. But we are not withdrawing from the values and solidarity that we share with our European neighbours. As a confident, outward-looking and self-governing nation, we know that it is not just our past that is entwined in the fortunes of our friends and neighbours.

It is our future too.

That is why we want this new, deep and special partnership.

And it is why we approach these negotiations with optimism.

Because a good deal for Britain and a good deal for Europe are not competing alternatives.

They are the best single path to a brighter future for all our children and grandchildren.

That, I believe, is the future the British people voted for.

And that is the future I want us to secure.

And I commend this Statement to the House.

[News story: UK Export Finance joins Equator Principles steering committee](#)

Minister for International Trade Greg Hands welcomed the news, saying:

As a member of the Equator Principles steering committee, UKEF will play its role in promoting sustainable business practices among the global trade community. Its appointment is a recognition of the UK government's commitment to sustainable financial decision-making.

The Equator Principles, [which UKEF adopted in April 2016](#), is a global set of standards that promotes sustainable environmental, social and human rights decision-making in financing projects.

As a member of the steering committee, UKEF will play a leading role in ensuring that the standards are comprehensively applied across project and other financing. UKEF will also contribute to the future development of the Equator Principles.

Since their introduction in 2003, the standards have been adopted by 90 financial institutions in 37 countries, covering over 70% of international

project finance in emerging markets. The Equator Principles Association has brought these financial institutions together with stakeholders, including non-governmental organisations, business and industry, to develop mutual environmental and social principles.

UKEF joins nine other financial organisations on the steering committee, which is currently chaired by Standard Bank Group.

Find out more [about the Equator Principles here](#).

[News story: CMA issues final determination in NI gas distribution appeal](#)

In December 2016, the [Competition and Markets Authority \(CMA\) granted permission](#) to Firmus Energy (Distribution) Ltd (FE) to appeal on 4 grounds against the UR's decision to modify its licence.

FE has the licence to develop a gas distribution network in 10 towns across Northern Ireland (NI). This appeal relates to the price control on FE, which was one of the price controls made by the UR for the 6-year period from January 2017 to December 2022.

In its determination, the CMA has allowed the appeal on some of the grounds. It has allowed the appeal on one ground, concerning the incentive to connect new customers to the gas network. The CMA has also allowed the appeal in part on one other ground in relation to FE's operational expenditure (opex) – the amount allowed for the costs of operating its gas distribution network. It will therefore quash the UR's decision on those points. The CMA rejected FE's appeal in whole on 2 other grounds.

The CMA has remitted the connection incentive matter back to the UR for reconsideration, requiring it to determine the appropriate value within 6 months.

In addition, the CMA determined that the opex allowance for FE should include an allowance for extra costs for one omitted item. The UR has already, last month, implemented a modification to FE's licence allowing an increase in opex allowance to account for these costs.

The UR announced the [details of the price controls in September 2016](#) and published its [final decision on 28 October 2016](#).

The final determination will be published shortly on the [case page](#), where other information relating to this appeal can be found.

Notes

1. An energy licence holder may appeal to the CMA against a decision by the UR to amend the conditions of its licence. The CMA must decide whether the appellant has demonstrated that the UR's decision was wrong on one or more of the grounds set out in its notice of appeal.
2. The CMA's group of panel members determining the appeal (the Group) has been: [Phil Evans](#) (Chair), [Roger Finbow](#) and [Jon Stern](#).
3. The Group received and considered submissions from interested parties in addition to those from FE and the UR.
4. The appeal has been conducted according to the CMA's published [rules](#) and [guidance](#) for energy licence modification appeals.
5. There were 4 grounds of appeal, with 12 sub-grounds in total. The 2 grounds which were rejected in whole concerned the treatment of under-recoveries (through which FE can delay receipt of allowed revenue), and the appropriate weighted average cost of capital and the ability of FE to finance its operations.
6. The 'connection incentive' is a mechanism designed to promote connections by customers to the gas network.

[News story: Eid al-Fitr 2017: Home Secretary's message](#)

I wish you a happy and peaceful Eid Mubarak.

This is a time when families come together in faith to pray and celebrate, and share in the spirit of togetherness. And while this festival always holds great importance for the UK Muslim community, as it does around the world, for many this week's festivities will carry an even greater emotional weight.

The entire country has been left shocked and saddened by the many tragic events of the last few months – the latest being the horrific attack on the Muslims in Finsbury Park as they left late special Ramadan prayers. And as you gather together in faith and take well-deserved comfort from the company of family and friends, I hope you also feel the friendship and best wishes of

those of all faiths and none.

With every Eid celebration we are given another opportunity to reflect on the invaluable contribution British Muslims make to our lives and why they are such an important part of the fabric of our society.

I am sure I am not alone in having such contributions at the forefront of my mind over the past few months.

I was reminded by the Muslim men, women and children, awake in the early hours for their pre-dawn meal, who saved countless lives by alerting sleeping neighbours to the terrible fire at Grenfell Tower. And later the mosques that opened their doors and arranged food and supplies for those who had been left with nothing.

I was reminded by the expressions of solidarity from the Muslim community for victims of the terror attacks at Westminster, London Bridge and in Manchester, and by their condemnation of the twisted individuals who claimed to carry out those atrocities in the name of their religion.

And I was reminded when, just moments after their community had found itself the target of a terrorist attack, an Imam and several worshippers from the Muslim Welfare House protected the man who would later be arrested in relation to that attack.

These terrible acts were carried out to divide us, but only serve as a reminder that the Muslim Community is an inseparable part of this country. Extremists try to convince us that being Muslim and being British are incompatible, but it is clear that our core values are one and the same.

We must unite together as one community to rid ourselves of these twisted ideologies. The strength and resilience I have seen over the past few months makes me more confident than ever that the UK is equal to the challenge.

In the meantime Muslims and people of all faiths must feel safe from violence and persecution. We are working together to tackle hate crime and using the full force of the law to protect every person in the UK.

Last year I published the government's hate crime action plan and launched a £2.4 million fund to provide protective security for places of worship which are at risk of hate crimes. Many mosques have already benefited from funding. But following last week's attack I am making another £1 million available to ensure that mosques and other places of worship have all the protection they need.

I am immensely proud to live in a diverse and vibrant country which counters hate with love and which bands ever closer together when cowards try to divide it.

So to all Muslims, in this country and around the world, I want to say a blessed Eid al-Fitr.