

**SC (09) Minutes  
4 March 2009**

**TAX LAW REWRITE STEERING COMMITTEE**

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**MINUTES OF THE MEETING ON 4 MARCH 2009**

Note by the Secretary

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I attach the minutes of the meeting of the Steering Committee, held on 4 March 2009.

**JACKIE BARTLETT**  
Secretary to the Steering Committee

**MINUTES OF THE MEETING OF THE STEERING COMMITTEE HELD ON  
4 MARCH 2009 IN THE JAMES PENNETHORNE ROOM, SOMERSET  
HOUSE, LONDON**

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| Present:<br>The Rt. Hon. Lord Newton (Chairman)<br>Rachel Karp<br>Adam Broke<br>Nicholas Dee<br>John Tiley<br>John Whiting<br><br>Secretary: Jackie Bartlett | In attendance<br>Robina Dyall<br>Brian Jones<br>Steve Batterby<br>John Sellers |
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**Apologies and welcome**

1. Apologies had been received from John AveryJones.

**Item 1: Minutes of previous meeting**

2. The minutes of the meeting held on 12 November 2008 had been circulated. The Committee commented on the description of Dave Hartnett's appointment as 'second Permanent Secretary for Tax'. The project explained that the Chief Executive Officer, Lesley Strathie was Permanent Secretary and Dave Hartnett was second Permanent Secretary.

**Item 2: Matters arising**

3. The Committee discussed the recent consideration of Bill 5 by the Joint Committee (JC). Concerns were raised that amendments had been made to the Bill without them having previously been published. The project explained that the JC was a select committee and, as such, operated according to different rules from a public bill committee. Oral evidence was received in open session, but the deliberations of the committee, which included the making of amendments to the Bill, were carried out in private. The project observed that the amendments were minor and technical in nature and did not raise issues of the kind which it would be appropriate to bring before the Committees.

**Item 3 – Director's report**

4. The Director proposed to leave the question of the replacement of a member of the Consultative Committee until after the current consultation exercise. The Committee

expressed concern at the declining number of Consultative Committee members but agreed with the Director's proposal.

5. The Director said that the Institute of Chartered Accountants of Scotland had at first offered to try to provide a replacement following the resignation of Ian Dewar but it had since emerged that they would be unable do so. The Law Society of Scotland (LSS) was now being approached to see if they could help. The Committee agreed that Scottish representation would be desirable, even if the individual was unable to travel to meetings. It was also suggested that the LSS might have a member working in London who would be able to fill this role.
6. The Director said that there had not yet been any suggestions for the replacement of Lord Christopher, although this was a matter for the Whip's office.
7. The third reading of Bill 5 had taken place in the House of Commons on 3 March. The Bill was generally well received and consultees and Committee members had received cross-party praise for their work. There were some areas of debate, none of which were particularly contentious but topics included the length of the tax code and the general complexity of tax law. The 25<sup>th</sup> March had been proposed for the House of Lords stages.
8. The Committee discussed proceedings at JC and praised the project for the thorough and helpful Memorandum of Evidence, which clearly contributed to the reduced need for questions from JC members. They added that it was a credit to the hard work of the Bill 5 team that the passage of the Bill through Parliament had gone so smoothly. The Chairman apologised for his absence from the proceedings due to ill health.
9. The project thanked Adam Broke for acting as a witness at JC.
10. The Director said that the project would soon be saying goodbye to Steve Batterby and some members of the Bill 5 team; Travis Morton, Luke Connell, Satnam Singh and Barry Mahoney. The Director thanked them on behalf of the project and Committee members added their appreciation and wished them well for the future.

**Items 4 & 5: Paper CC/SC (09) 03 & 4: Response documents (4) & (5) (Bills 6 & 7).**

11. The project said that two papers had been produced because it had been possible to publish a further response document just prior to the Consultative Committee meeting.

**Item 6: Bill 6 & 7: Paper SC (09) 05: Draft clauses to include Papers CC/SC (08) 54: Long funding leases of plant or machinery and Paper CC/SC (09) 01: Tax avoidance: companies in partnership**

12. The project said that a response document had recently been issued addressing comments from consultees on paper CC/SC (08): 54 (see item 5). The Consultative Committee had made no comments on this paper.
13. The project said that Paper CC/SC (09) 01 was issued to draw consultees' attention to further information. The Committee had no comments on this paper.

**Item 7: Paper CC/SC (09) 02: Bills 6 & 7 update**

14. The project explained that this paper set out the position on the two Bills as at 12 February.
15. Draft Bills 6 and 7 had been published as expected. They appeared on the HMRC Internet site on 3 March and printed copies were expected to be available from around 10 March as planned. Committee members were asked to let the Secretary know if they required a printed copy of one or both Bills. The project asked for any comments on the draft Bills by 29 May 2009.
16. The project said that the Bills contained most, but not all of the clauses that it planned to rewrite and eventually include in the Bills. The paper identified a number of topics which were yet to be dealt with. Further draft clauses would be published for consultation in the coming weeks.
17. The project added that Bill 7 departed from the approach in previous rewrite Bills and made more use of schedules. The reason for this was that Bill 7, so far as relating to the relocation of provisions, involved the making of textual amendments to other Acts.
18. As agreed with the committees in 2007, Bill 7 rewrites and relocates some material to other Acts including earlier rewrite Acts. The project particularly welcomed comments on what was proposed in this area. The proposals were intended to help users and so the views of users were important.
19. The explanatory notes for Bill 7 included an extra Annex (Annex E) which contained details of the main income tax and corporation tax provisions which would not be rewritten, and would remain where they were. This was an updated and expanded version of what was produced for Bill 4/ITA which marked the end of the main work of the project on income tax. The project said that only significant provisions were included in the Annex and hoped that this would prove useful.

20. The Committee asked if there was a simple list of the material that had not been exposed prior to the draft Bills. It was suggested that an article for Tax Journal might be appropriate. This could highlight what was in the new Bills and mention especially what parts had not yet been consulted on and the areas where comments were particularly sought. The project agreed to follow this up. The Committee also commented that it might be useful to include this information on the project's web pages.
21. The Committee asked by how much Bills 6 and 7 would grow with the addition of the unpublished clauses. The project said that it estimated that around fifty to one hundred clauses were yet to be issued.
22. The Committee asked if some provisions would remain in ICTA 1988. The project confirmed that they would (as detailed in Appendix E of the draft Bill).
23. The Committee asked if the relocation of material to TMA would assist in any future rewrite. The project said that possibly it would as it brought provisions together and probably provided a better foundation for any rewrite or consolidation work.

#### **Item 8: Other matters**

##### Future of the project

24. The Director said that responses so far to the consultation exercise had been mixed. No clear picture had yet emerged but there were several weeks to go before the deadline, and reminders would be sent to those who had not responded. The Committee asked if they could be supplied with a list of the organisations to which letters had been sent, and the project agreed to do so.
25. The Committee said that the pressure to rewrite TMA should be maintained and it should be kept on the agenda.
26. The Committee asked when the work of the review of powers would be completed. The project said that the team had published a forward programme of work and there were probably about another two years left.
27. The project said that new legislation on appeals was almost complete and congratulated two members of the Committee who had recently been appointed to the Tribunal.

#### **Item 9: Any other business**

28. The Chairman informed the Committee that the next meeting of the Steering Committee would take place on **Wednesday 10 June 2009 at 10.30 a.m.** in the **James Pennethorne Room, Somerset House, London.**

**JACKIE BARTLETT**  
**Secretary to the Steering Committee**