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By email to: employmentincome.policy@HMRC.gsi.gov.uk



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Dear Sir, Madam

Tax exemption for trivial benefits in kind: draft guidance

The Association of Accounting Technicians (AAT) is pleased to respond to the draft guidance on the Tax exemption for trivial benefits in kind (the draft guidance) published on 11 February 2016.

Comments

The Finance Act 2016 will include some measures that, from the start of the 2016-17 tax year, will give effect to a number of recommendations made by the Office of Tax Simplification (OTS) in its 2014 Report "Review of employee benefits and expenses: second report".

The recommended measures included the introduction of a definition and exemption for trivial benefits and AAT welcomes the draft legislation and guidance which has been introduced and is pleased to note that the changes, as proposed by the OTS and consulted on in 2014¹, are being brought into law as quickly as was envisaged.

In the succeeding paragraphs AAT outlines its response to the published draft guidance. Prior to making relevant comments on the proposed new guidance AAT would like to make the following observations and comment:

- AAT is satisfied that from an operational perspective the draft guidance will achieve its objective. In making this comment it should be recognised that AAT is not commenting upon the legal efficacy of the drafting of the guidance.
- AAT has already responded to the consultation on the draft legislation for trivial benefits exemption² and to that extent AAT's comments remain the same as in that paper, as the guidance mirrors the draft legislation in terms of its regulatory stance.
- Taking the two preceding points into account, AAT's comments below are restricted to the content and language of the draft guidance in order to avoid repetition.

AAT is satisfied that the language and content used in the guidance does not confuse or obfuscate the intention and meaning intended by the legislation.

¹ <https://www.gov.uk/government/consultations/employee-benefits-and-expenses-trivial-benefits-exemption>

² <https://www.aat.org.uk/sites/default/files/assets/Trivial-benefits-exemption.pdf>

AAT considers that the guidance, as drafted, mirrors the legislation and that there are no obvious differences. Furthermore, it is AAT's view that the examples provided are effective in illustrating the points being made by the legislation.

AAT recommends that 6 April 2016 be made the effective date for the NIC disregard as opposed to the date that Finance Bill receives Royal Assent, as is currently proposed. It is considered that this change would help to avoid unnecessary administrative confusion and complexity that is otherwise likely to arise.

For example:

It is likely that payroll staff will be required to make manual adjustments to allow for the misalignment in dates, where a trivial benefit will be allowable for income tax purposes from 6 April 2016 and for NIC purposes from when the Finance Bill receives Royal Assent.

About the AAT

AAT is a professional accountancy body with over 49,700 full and fellow members³ and 85,500 student and affiliate members worldwide. Of the full and fellow members, there are 4,200 Members in Practice who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types.

AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

Further engagement

If you have any questions or would like to discuss any of the points in more detail then please contact the AAT at:

email: consultation@aat.org.uk and aat@policyadvice.com

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Yours faithfully

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³ Figures correct as at 31 Dec 2015

