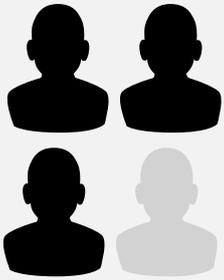


# CUT TAX COMPLEXITY & 'RED TAPE' HOLDING BACK BUSINESSES

The vast majority of UK businesses believe the cost of complying with the UK tax system has escalated over recent years.



## 3 in 4

businesses believe the overall burden of tax administration and compliance – the HMRC equivalent of 'red tape' – has increased compared to five years ago

### What should happen now?

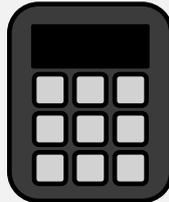
The escalating time and resources necessary for businesses to comply with the UK's tax system weighs down on investment and growth. Business needs action from government to reverse the burden and complexity of administration, and for more support from HMRC for firms trying to stay compliant.

Businesses say the biggest administration and compliance burdens are:



## 64%

VAT



## 54%

PAYE/National Insurance Contributions



## 41%

Corporation Tax

The BCC therefore calls for investment in HMRC's work on tax evasion to be matched by investment in support for businesses to make compliance easier, and improving the processes for collecting tax. There should also be greater independent oversight of all new tax proposals to assess the potential administrative burdens on SMEs



"If the government wants its 'Global Britain' vision to become a reality, it is time to tackle the huge costs and complexities of the UK tax system, which sap away time and resources that could be better spent raising business productivity and growth.

HMRC must be given both resources and a clear remit to focus more on supporting, rather than pursuing and punishing, small and medium-sized firms, as they work to get tax right. We want to see more investment in frontline HMRC support that's geared towards making compliance easier for SMEs. There should also be greater independent scrutiny of new tax proposals with the aim of minimising the administrative burden on business."

**Adam Marshall** Director General, British Chambers of Commerce



"The UK's VAT Gap, the amount of VAT collected annually versus expected, has remained stubbornly high at £12 billion. As a result, HMRC is stepping up investigations and pushing forward VAT as the first tax in the Making Tax Digital initiative. This new requirement, to record and report digitally, will affect the smallest businesses most – approximately 500,000 still use non-compliant spreadsheets or manual recording. These enterprises will have to invest in compliant software, and become familiar with its processes. HMRC's MTD is being replicated across Europe, with countries like Spain, Italy and Hungary one step ahead of the UK, requiring live sales invoice submissions to tax authorities"

**Richard Asquith** VP Global Indirect Tax, Avalara