



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt. Hon. Lord Turnbull
House of Lords
London
SW1A 0PW

Dear Lord Turnbull,

December 2017

FINANCE BILL

I am writing to you to follow up on our Debate in the House on what is now the Finance (No.2) Act 2017. I think you will agree it was an interesting debate, and contained a number of useful points for the Government to reflect upon. Thanks again for your own contribution.

I would also like once more to thank you for steering the research, writing and publishing of the Sub-Committee's report on Making Tax Digital. It is difficult to deny that it influenced Government policy thanks to the quality of its insight, and I look forward to next year's report.

During debate you raised the issue of taxpayer awareness of Making Tax Digital (MTD) and participation in the pilots. HMRC's pilot for Income Tax is currently in the 'controlled go-live' phase, during which individual businesses are invited to take part and guided through the process. Once that initial testing is complete the pilot will be opened out more widely to allow testing with higher volumes of businesses. The pilot for VAT has recently begun small-scale, technical testing with customer testing starting in Spring 2018. This will allow for over a year of testing before any business is mandated to take part in MTD.

You also raised concerns about when a revised impact assessment would be published and asked about any plans the Government might have to mandate



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use of MTD for taxes other than VAT. Budget confirmed that we would not mandate the use of MTD for taxes other than VAT until the system had been shown to work well and not before April 2020 at the earliest, allowing for at least three years of testing before mandation. This reflects feedback from the House of Lords Economic Affairs Finance Bill Sub-Committee, as well as from businesses and agents and has been widely welcomed. A revised impact assessment reflecting these changes will be published on 1 December.

I hope this speaks to some of your concerns. If you wish to correspond further on the matter, I am more than happy to do so.

I am copying this letter to Lords Leigh, Campbell-Savours, Davies and Wakeham, as well as Baroness Kramer, who also contributed to the debate.

A handwritten signature in black ink, appearing to read 'The Rt Hon. the Lord Bates', written in a cursive style.

The Rt Hon. the Lord Bates
Lords Spokesperson