

Think Ahead

The ACCA logo consists of a red square with the letters 'ACCA' in white, bold, sans-serif font.

## **ACCA response to the Senedd Finance Committee Consultation on the Welsh Tax Acts etc. (Power to Modify) Bill – January 2022**

### **About ACCA**

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of 233,000 members and 536,000 future members based in 178 countries and regions, who work across a wide range of sectors and industries. In Wales, we have over 6,000 members and students working across a range of sectors including in practice, in the public sector, financial services, manufacturing and leisure and hospitality. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. We do this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities. Through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at [accaglobal.com](https://accaglobal.com)

### **General Comments**

ACCA's 2020 report Foundations for a Sound Tax System: Simplicity, Certainty, Stability | ACCA Global identified three essential principles which a tax framework should strive to balance: simplicity, certainty and stability. These should also act as the benchmarks by which policymakers and public can measure the maintenance and improvement of a tax system.

For businesses and for the wider economy, the issue of stability is most urgent, particularly for businesses facing restricted cashflows in the aftermath of the pandemic. Businesses planning any kind of long-term investment will be less likely to commit to a particular course of action if the financial outcome is uncertain. This is particularly important in the current context where the Welsh Government is pursuing strategic objectives to deliver a sustainable and inclusive recovery that will require some level of business investment.

ACCA believes that a greater commitment to simplicity and genuine structural improvements to the tax system to improve taxpayer understanding of the tax framework, can in turn, produce greater transparency and accountability.

### **Specific Comments**

We believe that the retrospective legislative approach is the solution of last resort and should be considered when all other options have been exhausted.

In the report mentioned above we stated that: “The scope for abuse of uncertainty and the impact of anti-avoidance rules is discussed, along with the mechanisms by which tax administrations can ensure that compliant business is not disadvantaged as a consequence of others’ exploitation of uncertainty.

The tension between simplicity and certainty is exacerbated by the differing needs and priorities of different classes of taxpayer, and increases the importance of considered policymaking by system designers. A tailored and pragmatic compromise may be unavoidable, but that does not excuse legislators from their underlying obligation to design taxes carefully and thoughtfully.”

You will note that we prefer stronger anti-avoidance measures, however, where no practical alternative is available and we recognise that the Welsh Government may wish to accelerate a change to the law in exceptional circumstances.

These should be matched by appropriate safeguards which may include a process with the measure only applying from the date the process is completed. For example, the measure not applying until an announcement of a change made to Senedd, publicity of the change is undertaken and clarity on when the bill will be presented is made.

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