

Spring Budget 2023 Representation

A representation to Spring Budget 2023 is a written submission from an interest group, individual or representative body to HM Treasury with the aim of commenting on government policy and suggesting new policy ideas to be considered in the upcoming Budget. HM Treasury welcomes representations as part of the policy-making process.

Comments from ACCA to HM Treasury

In advance of more detailed correspondence which will follow, please find below a summary of key points from ACCA ahead of the 2023 Spring Statement. We are of course more than happy to discuss any of these points in more detail.

ACCA was founded in the UK in 1904 and today we are the global body for professional accountants, supporting its 241,000 members and 542,000 students in 178 countries and regions. In the UK we have over 90,000 members working up and down the country, across all sectors, public and private, from micro businesses to large firms, helping individuals, organisations, and businesses to thrive.

As trusted advisors to business, our members are well-placed to provide early and unique insight into business confidence and the impact of the challenging economic circumstances. They tell us businesses are fighting against a rapidly changing fiscal context with spiralling energy costs, uncertainty in supply chains, inflation, and rising interest rates, alongside an often-inaccessible funding landscape.

We have highlighted three key areas to help create the right environment to restore business confidence and return the economy to growth.

1. HMRC Service Standards

- Trust lies at the heart of a healthy relationship between a tax authority and the taxpayers and agents who interact with it. However, a lack of investment has, over time, damaged relationships between HMRC, compliant taxpayers, and the agents supporting them, with service standards at HMRC falling to an unacceptably low standard.
- We welcomed the decision to pause the extension of MTD ITSA to enable HMRC to focus on core activity. However, we are keen to see more detailed improvement plans for HMRC service standards as a matter of urgency. Closer partnership working with professional bodies, such as ACCA, could help highlight and prioritise areas for improvement including efficiencies that could be gained through improving access to certain information and functions for professionals.

2. Creating the Right Framework for Growth

- A strong, modern, institutional and legislative framework is key to ensure the UK meets its potential on our world-leading advantages. We should build on ongoing work by:
 - Prioritising swift completion of the audit reform process currently underway.
 - Maintaining momentum on corporate governance reform and tackling late payment.
 - Considering the conclusions of the recently-published Skidmore review on net zero to create the right legislative and fiscal environment to accelerate the transition to a net zero economy.
 - Recognising the importance of simplicity, certainty and stability of the cornerstones of a good tax system, provide more detail about actions and

accountability for addressing tax simplification, following the removal of the Office for Tax Simplification.

3. Incentivising Investment

- With many businesses focused on surviving current challenges, confidence has been low; with knock on impacts for the crucial investment required to kick start the economy. We believe the government needs to set out a stable, consistent approach to incentivise business investment, especially by SMEs.
 - Introducing long term support schemes to make energy efficiency measures in small businesses practical and affordable.
 - Matching the recent welcome stability provided in relation to Annual Investment Allowance threshold across the investment and capital allowance landscape, to enable business planning and restore confidence for investment.
 - Linked to investment, we note ongoing discussion about supporting business R&D investment. While long term stability is required, an approach that enables schemes to keep pace with technological advances, is key to reform.
 - Encouraging a substantial focus on improving investment in skills and training including a commitment to the future of the apprenticeship levy with apprenticeship funding to be consistently reviewed against inflation to ensure a continued commitment to quality teaching and learning. The Lifelong Loan Entitlement should be rolled out to ensure inclusion, integrity and innovation to improve accessibility to adult education.