

Formal consultation response from the Chartered Institute of Payroll Professionals in respect of: Raising Standards in the tax advice market – professional indemnity insurance and defining tax advice.

Organisation response to be submitted to: HM Treasury

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By Email

Introduction

The Chartered Institute of Payroll Professionals (CIPP) welcomes the government's ambition to Raise Standards in the tax advice market and is grateful for the opportunity to respond to this consultation. The CIPP recognises that this consultation is one part of a four-part strategy to raise standards.

The CIPP considers that this consultation has the potential to create fundamental change within the payroll profession and have completed thorough research through internal discussions, a member thinktank, a technical panel meeting, and have polled almost 700 members to ensure that this response clearly reflects the voice of the payroll industry.

The CIPP is concerned that this consultation seeks to introduce Professional Indemnity Insurance (PII) for tax advisers before the definition of tax advice is created. Approaching the consultation in this way creates uncertainty for the payroll profession who are unclear as to the scale of the impact this consultation could have. To mitigate this, the CIPP are keen to continue to work closely with HMRC and government bodies to ensure that the profession is prepared for any future changes, and the CIPP would encourage that a definition of tax advice is clear before the introduction of mandatory PII.

The CIPP gives permission to be included in the list of organisations involved in the consultation exercise. Company information about the CIPP and its role in representing the payroll profession can be found at the end of this response.

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Executive Summary

- The CIPP recognises that payroll professionals can be engaged in providing information, guidance and/or advice to employees, employers, and clients. The CIPP does not consider that all payroll professionals provide tax advice as part of their role.
- The CIPP encourage the distinction between advice and guidance and consider this to be a key outcome to the consultation that will have a significant impact on the payroll profession, taking many outside of the scope of tax advice.
- The CIPP acknowledges that due to the trusted position of many payroll professionals, they could be asked to provide advice where it is not in their remit to do so. The CIPP is committed to empowering payroll professionals to recognise the line between advice and guidance, and only provide advice where appropriate to do so.
- The CIPP see a significant distinction between inhouse payroll services, and outsourced payroll services. Where employees are required to provide advice to their employer, if that advice is acted upon, it should be entirely at the risk of the employer. An outsourced payroll service should provide advice where it is clear in the terms of engagement with the client.
- The CIPP recognises that PII provides a level of protection for consumers of tax advice where that advice was not to the necessary standard. However, the CIPP do not consider that there is a causal link between making PII mandatory and raising standards in the tax advice market.
- The CIPP consider that viable alternatives to PII include education of both advisers and potential recipients of tax advice. In addition, employers could play a significant role in supporting financial awareness and wellbeing of their employees.
- The CIPP understand that payroll software plays a significant role in the profession and has introduced many benefits to payroll professionals. The basic process of calculating gross to net pay as part of software should not be considered as tax advice.
- Software providers should be mindful of product marketing commitments and future developments in capability which could encourage consumers to change their tax position, based on the outcomes generated or promised by the software tools.
- The CIPP consider that enforcement is central to creating a clear deterrent in this area and with sufficient investment could play a significant role in raising standards in the tax advice market.

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Guidance vs Advice

This section seeks to provide answers to the following consultation questions:

Q17. Should the government specify what advice must be covered by the policy?
What advice do you think should be covered?

Q21. We intend to model the definition of who the requirement will apply to on one of the definitions currently extant in legislation. What a) benefits and b) issues are there with using the Dishonest Tax Agent definition or the Money Laundering regulations definition? Do you have a preference or alternative and why?

Q22. What activities do you think should be excluded from the requirement for compulsory professional indemnity insurance and why?

Q24. What benefits or issues would there be in considering the financial services regulatory distinction between advice and guidance for tax advice?

Payroll professionals can be engaged in three distinct activities in the course of their duties whilst interacting with employees and clients. These duties are:

- Informing
- Guiding
- Advising

However, the wide-ranging responsibilities of different payroll professionals often means that many professionals do not engage in all three of these areas. The results of a CIPP poll of payroll professionals showed, that on average, 78% did not consider payroll professionals to be tax advisers. This poll was conducted over five separate events, with a total of 683 individuals in attendance. These results clearly indicate that within the payroll profession, there are many activities completed within payroll that would not be considered to be tax advice. Therefore, the CIPP sees a significant benefit in establishing a clear distinction between advice and guidance. This distinction offers an opportunity for clarity and would take many payroll activities outside of the definition of tax advice.

The thinktank event held by the CIPP in May 2021 included payroll professionals from several sectors and included individuals from both outsourced and in house payroll environments. The discussion explored in detail whether payroll professionals, and the activities that they are involved in, should be considered as tax advice. The following information reflects the CIPP's position, and the views and opinions of CIPP members during the thinktank event.

Payroll processing

Payroll processors form a large part of the payroll profession and are found in many large businesses within in house teams, or within large payroll bureau environments, usually supported by a multi layered team structure. In this response, the term payroll processor is used to represent an array of job titles that may be used to describe this function, for example payroll administrator, payroll advisor, payroll technician, payroll apprentice, payroll executive (this is not an exhaustive list). It is the intention of this response to focus on the responsibilities of

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the job role, and not the job title that it is given. This reflects the consultations approach to tax advice being explored in relation to activities and not to professions.

The payroll processor role is focused on processing employees' contractual payments in line with statutory obligations within the parameters of Pay as You Earn (PAYE). Payroll software is then used to calculate or aid the calculation of statutory payments and deductions, with checks and reconciliations forming a significant part of the process to ensure an accurate final submission is achieved. Payroll software is discussed further on in this response.

The focus of a payroll processor's checks is often in determining the quality of the incoming data, and in establishing whether payments meet both statutory and contractual obligations. The accuracy of tax calculations is usually verified when implementing or upgrading payroll software during the testing phases. Once the payroll function is satisfied with the accuracy of the software, checking a tax calculation is limited.

The levels of experience among individuals who operate in the payroll processor role can be wide ranging, with some having little to no experience, and others with a career that span decades. Engaging with individuals across such a wide range of experience is made possible by the transactional and administrative basis on which payroll processing is built. Standard Operating Procedures play a significant role in many payroll teams and are used as the controls to maintain consistency and accuracy in delivery across a wide range of processes.

The interaction between payroll and the client or employee operates within limited parameters, with queries surrounding an individual or company's tax and national insurance obligations being governed by a strict set of statutory requirements, which are implemented by the payroll processor. The payroll processor should not engage in tax advice, however, would seek to guide and inform by providing clarity on the way in which a tax calculation was completed, or by pointing to evidence (such as gov.uk) to provide the reason why the tax obligation had arisen and how it should be processed. These individuals should not seek to provide advice that changes the tax position of an individual or client.

It is important to highlight that payroll processors may also be in a position to offer options for employees or clients to consider but should always fall short of making explicit recommendations.

Example: A payroll processor may have visibility of taxable benefits that are available to employees. The payroll processor could provide the list and explain the options available to the employee but should fall short of making an explicit recommendation to take up these benefits, and therefore this should continue to fall within the remit of guidance and not advice.

The CIPP, on behalf of its members does not recommend that Professional Indemnity Insurance should be required for individuals operating in the capacity as a payroll processor. These individuals do not provide tax advice and should be clearly identifiable as an exemption within any legislative definition of tax advice.

The model definitions that are referred to in question 21 of the consultation, could easily be interpreted to include payroll processor roles. These definitions are incredibly broad and do not link to specific activities. The CIPP recommends that

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any definition is not based on these models. The definition should include sufficient detail to exclude those providing information and guidance to clients and employees.

The intention of this consultation is to raise standards in the tax advice market. The CIPP considers that the information and guidance provided by those operating in the capacity of payroll processor strongly supports raising standards in its existing format. It places an emphasis on application of the rules that govern PAYE payments and reporting through education, information, and guidance without seeking to influence the taxable position of the end customer.

During the roundtable discussion, CIPP members recognised that sometimes, through a natural desire to help and guide customers, some payroll processors could be tempted to provide what might be considered advice to individuals. Often, this occurs because they are already in a position of trust with the customer - given their access to personal, confidential financial information. Furthermore, the customer may prompt the payroll processor for additional support, and the payroll processor may believe they have the knowledge or experience to help answer the question. The CIPP and its members consider that this advice is not part of the remit of a payroll processor.

The CIPP acknowledges its own duties as a professional body to ensure that members are informed and educated to be able to distinguish between providing information and guidance versus providing advice. The CIPP intends to continue to highlight the risks of providing advice where members are not qualified or insured to do so and will continue to empower payroll professionals to challenge and push back where they are put into a position where there is an expectation to provide advice. The CIPP recommends that the onus should be placed on the employers of these payroll processors to put in place safeguards to prevent these individuals from providing advice where it is not within their remit to do so.

The CIPP welcomes the distinction between advice and guidance and considers that this will help to provide further clarity for obligations placed on payroll processors and will highlight the importance of an individual understanding their role, and the remit of responsibility.

Strategic Payroll

The strategic payroll professional (SPP) is distinct from the payroll processor. The SPP should have significant industry experience and knowledge and would often be in a position of senior responsibility, which may include the management of payroll processors, where they would be expected to deliver the functions compliance obligations, whilst supporting a cost-effective labour strategy.

In this response, the term strategic payroll professional is used to represent an array of job titles that may be used to describe this function, for example payroll manager, reward manager, payroll director, payroll supervisor, company director (of a payroll bureau), (this is not an exhaustive list). It is the intention of this response to focus on the responsibilities of the job role, and not the job title that it is given.

The SPP is distinguishable because they have additional responsibilities within their business which could result in the requirement to provide tax advice to the employer or the client. It is important to note, that not all payroll professionals in this position

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would be required to provide tax advice. For example, a business could opt to engage with departments outside of payroll, or with external tax advisers to seek advice relating to tax.

To provide clarity and certainty as to the types of activities that could be considered as tax advice it is important to consider the distinction between the SPP operating in an inhouse environment, in comparison to those operating in an agent environment i.e., operating payroll on behalf of another business.

In House Payroll

The following example provided in section five – exemptions, within the consultation closely reflects the status of in-house payroll teams.

Example: “Employees of a tax department in a large manufacturing company...would not be included as they would not be providing that advice by way of business as they are employees of the company”.

An in-house payroll team provide payroll services as a support function within the business it serves, and often have a direct line of communication to employees and operational business leads. The in-house payroll team will usually be supported by a payroll software provider, who can have varying degrees of interaction with the payroll team to support their day-to-day functioning and processing.

The SPP in this environment could have the responsibility to research, recommend and/or implement initiatives which could have an impact on the final tax position of the employer and/or the employee.

Example: The SPP could be responsible for the implementation of a pension salary sacrifice scheme, which if effective, could reduce the tax and national insurance due by the employee, and national insurance due by the employer.

Example: The SPP could be responsible for the implementation of an employee reward scheme, a wide-ranging remit which could provide access to optional remuneration arrangements, company cars, incentives and performance initiatives and options to purchase shares (this list is not exhaustive). Promoting, advertising, or encouraging participation in these schemes could change the employee’s and/or employer’s final tax position.

In the examples above, the individual is an employee of the business. The CIPP does not recommend that the onus be placed on the individual to provide PII to protect the business from the advice it, or the employee acts upon. The decision to look internally to seek this advice, and to act on the advice places any associated risk entirely with the business. It should be the business’s responsibility to insure themselves against these risks. If the insurance does not provide this level of cover, the business should seek external advice or accept the risks of acting on the advice without insurance in place. Employers could look to further mitigate the risks by ensuring that the employees providing the business with advice are suitably qualified and maintain up to date through continuous professional development. Investment in education and training for in house teams is something that the CIPP highly recommends. Education is at the centre of raising standards, this can not be done through PII alone.

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To build on an earlier example, a business who implements a pensions salary sacrifice scheme based on the advice of an internal in-house SPP, where the scheme is later deemed to be ineffective, should be liable for the costs associated with the ineffective scheme i.e., the tax and national insurance contributions underpaid. These costs should not sit with the SPP.

The CIPP recommends that where the in-house payroll function is expected to provide tax advice to the business, it should be entirely at the risk of the business who act upon that advice without appropriate insurance in place.

Outsourced Payroll

Companies or individuals that provide payroll services to a client or business in exchange for a fee are, for the purposes of this document considered to provide an outsourced payroll function. The outsourced payroll function can include payroll processors who do not provide advice to clients but do provide information and guidance. Outsourced payroll can also include SPP's who offer the additional service of advice. In some smaller outsourced payroll services, it is possible one person could be responsible for the functions of a payroll processor and a SPP.

For the purposes of this response, outsourced payroll does not describe software providers who give access to businesses to use their software to process payroll, however it is recognised that many software providers also offer outsourced payroll services. Software provisions and the implications to tax advice will be considered in a separate section of this response document.

In the outsourced payroll function, clearly defined expectations between the outsourced payroll business and the client should be in place. This governance should be set to ensure that it is clear to the client when they are being provided with information, guidance, or advice.

Example: A client could request that a SPP support them with establishing the working status of a contractor in relation to the off payroll working rules. There are multiple options open to the SPP in this scenario. They could **inform** the client of the existence of the "Check Employment Status for Tax" (CEST) tool on gov.uk. They could provide **guidance** to the client, and work through the tool with them to determine the status. Alternatively, the client could be looking for a specific outcome, and seek **advice** from the SPP on the changes that should be made to the working relationship to avoid the contractor falling under the off payroll working rules. In all of these instances, the SPP should ensure the client is explicitly aware, ideally through a written agreement, whether they are being provided with information, guidance or advice. In addition, it is vital that the content of any such agreement is representative of the actual service provided i.e., a SPP should not provide recommendations on how to change an individual's off payroll working status as information only when it clearly falls into the category of advice.

The requirement to provide the intention (information, guidance, or advice), alongside all communications with clients, could be seen to be a heavy burden for the SPP to carry given the volume of interactions that they may have with any number of clients. However, it is important that where the SPP is providing a service to the client at a cost, they must be responsible for helping the client understand the capacity in which they are supporting the client, i.e., informing,

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guiding or advising. This service should have a clear link back to the terms of engagement between the client and the outsourced payroll service. A client who requests advice outside of the terms of engagement, should act on that advice at their own risk where that advice was provided informally and not as part of the terms of engagement.

Unfortunately, this will feel like a bureaucratic process governed by agreements and caveats, however it is essential that both client and adviser understand and act within these terms to protect both sides.

The CIPP and its members acknowledge that where an SPP engages in the provision of tax advice as part of their services to a client, they should have PII in place. Even the most experienced professionals are susceptible to make mistakes. PII puts in place a level of protection to the client where mistakes occur. In addition, the impact that any claim has on a PII premium creates a deterrent to advisers, encouraging them to deliver accurate tax advice.

The CIPP intends to make it clear in this response that only where a payroll role extends to providing advice under terms of engagement between an outsourced payroll business and a client, should PII be expected to be in place. In this scenario, it is appropriate that the individual providing the advice have the PII in place. However, the CIPP would expect that as part of good practice, the business would also provide a level of insurance protection.

Individuals who work in outsourced payroll services, but do not have the remit to provide anything further than advice or guidance should not be required to hold PII. The business should be responsible for setting clear boundaries and escalation procedures should a client attempt to engage with these individuals in the context of tax advice.

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Professional Indemnity Insurance and Raising Standards

This section seeks to provide answers to the following consultation questions:

Q.1 In your opinion, would introducing a requirement for anyone providing tax advice to have professional indemnity insurance satisfy the policy aims of improving trust in the tax advice market by targeting poor behaviour and allowing taxpayers greater redress when things go wrong?

Q.2 If the government introduces the requirement for professional indemnity insurance, what further steps would you recommend?

Q.3. Are there any alternatives options you would recommend?

Q.5. What are your experiences of obtaining professional indemnity insurance or of the market for professional indemnity insurance?

The CIPP and its members do not perceive a causal link between the possession of PII and raising standards in the tax advice market. Whilst it is acknowledged that PII provides some recourse for victims of bad advice, there is no direct link from the client to the insurance provider, it would still be up to the tax adviser to refer the case to their insurer, or for the client to take the adviser to court. Even at this point, there would be no guarantee that insurance would cover the costs of acting on poor tax advice. An unscrupulous tax adviser could have PII in place but could create barriers for the client to claim – resulting in potentially expensive and unwanted court action. In addition, where the client realises that they have received and acted upon bad tax advice, a dishonest adviser could make themselves untraceable, leaving the client with no redress even if PII was in place.

Participants at the CIPP roundtable highlighted their concerns that insurers are extremely risk averse in certain areas of tax advice. This can result in a complex, lengthy and expensive process to obtain the necessary insurance. Tax advisers could choose to avoid engaging in areas where it is too difficult or too complex to obtain insurance. Subsequently, the mandatory requirement for insurance could create barriers to providing advice even where practitioners are qualified and capable of doing so. The CIPP sees a potential risk that could lead to a reduction in standards and the overall availability of tax advice in these complex areas.

As an alternative option to mandatory PII, the CIPP roundtable participants considered that mandatory qualifications would be a preferred solution to raising standards in the tax advice market. The participants felt that qualifications had a more direct impact on the provision of good tax advice – but also extended into the areas of information and guidance. This approach would help to raise standards across all areas of the payroll profession – not just in the advice market.

Making PII mandatory feels somewhat like a red herring – it does not deal with the crux of the issue of ensuring that those deemed as tax advisers give high standards of tax advice – it doesn't prevent the initial practice of providing poor tax advice, whereas sufficient education could.

This consultation seeks alternative recommendations, and the CIPP consider that alongside education of the adviser, educating business and individuals to understand who they should be looking to for tax information, guidance and advice,

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is actually key to this consultation. The government should invest its resources to address this.

There is also an opportunity for employers to play a part in raising standards in the tax advice market. It is not uncommon for businesses to provide senior executives with support with their tax affairs, however equivalent support at all levels is rarely available. Financial awareness has gathered significant momentum in employer wellbeing strategies and encouraging employers to educate and offer support across their entire workforce could be an excellent way to raise understanding and standards in tax advice.

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The Domino Effect

Q.2 If the government introduces the requirement for professional indemnity insurance, what further steps would you recommend?

CIPP members have highlighted concern that within existing practices, queries from clients and employees can lead to a request for tax advice.

Example: An employee who approaches their payroll team to query a change in their tax code. The employee shares the HMRC breakdown of their tax code calculation and wants to understand why they have had their personal allowance reduced. The payroll professional can see that the tax code has been impacted due to earnings going above the £100,000 threshold. The employee then asks them how to bring their taxable pay down below the threshold to avoid the loss of personal allowance. It would be reasonable for the payroll professional to suggest additional pension contributions via a salary sacrifice or net pay arrangement. However, this would change the tax position of the employee, therefore could be considered to be tax advice.

If the government introduces the requirement for PII the government must consider how to influence and empower payroll professionals who fall outside of this definition, to clearly define this blurred line between guidance and advice and prevent individuals from being placed in a vulnerable position. The CIPP is eager to work with government bodies to ensure this remains firmly part of the next steps of this process. The definition of tax advice is key to this consultation, however the communication to the payroll industry is vital to ensure they are given the tools to manage “the domino effect” from advice to guidance.

The CIPP recognise the over arching intention of this consultation, to raise standards in the tax advice market. However, members of the CIPP technical panel have flagged the risk that this could create a “legislation snowball”. Ultimately, the unintended consequences of this legislation could result in further legislation to remove those consequences. This effect would simply add to the complexity of tax legislation. The government should ensure that any definition is thoroughly tested and consulted on to ensure that this “snowball” effect does not ensue.

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Payroll Software

This section seeks to provide answers to the following consultation questions:

“The government would...welcome views on whether tax software should be included in the definition of tax advice and/or the requirement to hold professional indemnity insurance.”

This response is not intended to represent the large market of payroll software providers across the UK. The CIPP would actively encourage the government to ensure the responses of software providers are carefully considered throughout the consultation process.

The CIPP thinktank included representatives from software providers, as well as consumers of payroll software. Within the discussions there were two key points that were raised.

Firstly, payroll software that completes a gross to net tax calculation as part of the standard payroll processing cycle should not be considered as tax advice. The accuracy of the tax calculations should be tested by the consumer during implementation and when upgrades are applied. Where the software is not performing to the expected requirements, consumers should ensure service level agreements are in place to allow for the rectification of any errors.

By contrast, the development within the software market is becoming more complex. Developers are looking at opportunities to model scenarios to help employees make choices about the benefits that they opt in to.

Example: Software developers could provide employees with a self-service tool to model the net pay impact of joining a salary sacrifice scheme or choosing a car allowance instead of a company car.

The capability to model these scenarios independently, will provide employees with a service which will allow them to make financial decisions based on projected figures produced by the software alone, with no intervention from the employer or outsourced provider. Arguably, these tools could empower employees to make sound decisions and improve their financial wellbeing. However, this area certainly blurs into the realm of advice, where clear safeguards would need to be put in place. Given that these tools are in their infancy, it is not clear whether PII would provide the necessary safeguards. However, the CIPP recommends that the results of this consultation should be capable of adapting to future changes in the market such as this.

The second key point from the CIPP thinktank centred around the marketing of payroll software marketing focused and Small and Medium Enterprises (SMEs). Existing marketing, in some cases purports that the software makes tax compliance easy. This over simplified messaging puts risk into the market where individuals who are not qualified, could easily step into the tax advice market with a total reliance on the software tools. The CIPP recognises the significant role that software plays in payroll processing, and the vast improvements that have been seen over many years since its introduction. However, it should be incumbent on the software provider to use clear and transparent language to ensure its products

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are marketed, without inference that it is a replacement for professional and qualified tax professionals.

The CIPP technical panel also raised concerns about the impact of the consultation on software providers. The discussion noted that HMRC encourage providers to support businesses through nudges and prompts in other areas of tax such as VAT. HMRC have invested heavily in the “Making Tax Digital” (MTD) agenda, and the impact of this consultation could move this agenda backwards and not forwards. Software providers could be discouraged from introducing enhanced functionality through fear of edging into the area of tax advice, even where this is introduced with complete transparency and honesty. There is a fine line to tread in the definition of tax advice to ensure this does not create a backwards step for MTD.

Furthermore, software providers often make system developments at the request of the client, not as part of their standard solution. If a client were to ask a developer to create functionality that could be interpreted to be tax advice, this change could have two unintended outcomes.

Firstly, it could result in developers being labelled as tax advisers for creating software functionality at the request of their client. The CIPP acknowledge that the software developer does have a responsibility to guide their client if the development request could make them non-compliant, however it is ultimately the responsibility of the client as to how they use their software.

Secondly, the above scenario could create a barrier for developers, who would avoid bespoke development in order to protect themselves from this scenario.

The CIPP recognises that payroll software plays a significant part in payroll and suggests that this consequence should be entirely avoided. The presence of standardised solutions in the market is growing, however individual business needs continue to create requirements for bespoke functionality. If, as a result of this consultation, software providers stepped away from bespoke, it could have the potential to reduce the standards available across a wide range of services outside of the tax advice market.

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Enforcement

This section seeks to provide answers to the following consultation questions:

Q26. Do you agree with the 3 elements of enforcement?

Q27. What are your views on the enforcement options described above?

The CIPP agree that enforcement should be a multi-faceted approach, and agree that transparency, checking and sanctions are sound methodology.

The CIPP technical panel highlighted that existing enforcement is not sufficient. Tax avoidance schemes are able to have a four-to-five-year shelf life because HMRC does not have the necessary investment in enforcement to address these issues. It is vital that sanctions for those deliberately flouting the system are put in place and actively and quickly delivered to ensure there is a genuine deterrent. The CIPP recognises that available resource will always be a limiting factor, however it is key that existing resource is targeted to these areas. This action will have a direct impact on raising standards in the tax advice market in a much more substantial way than the introduction of mandatory PII.

A further consequence of robust enforcement is the visibility for individuals and businesses of what bad looks like, and the subsequent understanding that it is vital to have compliant and transparent measures in place when operating tax within a business.

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Summary of Recommendations

The CIPP recommends that a clear distinction between advice and guidance is created, to recognise the distinct role of many payroll professionals who should not be considered to be tax advisers. The CIPP also consider that a further distinction to acknowledge the part information plays in the payroll profession would be a welcome addition to the legislation.

The CIPP recommends that individuals operating in the capacity as a payroll processor (in house or outsourced payroll services) should not be required to hold PII. The definition of tax advice and the exemptions should be clear to ensure these individuals remain out of scope for mandatory PII.

The CIPP recommends that the existing definitions should not be used as a model for tax advice. The definitions are too broad and would not exclude payroll processors (see previous recommendation). However, the CIPP recognises that payroll professionals providing advice to a client as part of their services, should fall within the definition of tax advice.

The CIPP recommends that the government encourage employers to actively safeguard individuals who are not expected to provide tax advice as part of the remit of their role but may be asked to do so (for example by a client, or an employee). The CIPP is committed to empowering payroll professionals to push back where they are asked to provide advice where it is not appropriate to do so.

The CIPP recommends that the consultation response consider the impact that mandatory qualifications and continuous professional development could have on raising standards in the tax advice market and bring these elements into consideration as part of the government's overall strategy.

The CIPP recommends that the provision of tax advice should be transparent, to ensure both the individual providing the advice, and the individual receiving the advice understand the terms of engagement before the advice can be acted upon.

The CIPP recommends that the government consider the place of qualifications and education as an alternative to PII. In addition, education of the recipients of tax advice to ensure that they know what good looks like.

The CIPP recommends that payroll software that supports professionals in calculating gross to net payments in the standard payroll cycle should not be considered to be tax advice. However, the CIPP strongly encourages the government and supporting bodies to work closely with software developers who are introducing new functionality continuously.

The CIPP urges government to consider how this requirement impacts the MTD agenda and encourages a collaborative approach with software providers to avoid unintended consequences for software users.

The CIPP recommends that the marketing of payroll and tax software be scrutinised and regulated to ensure that consumers are not making decisions based on false information, i.e. they must understand that the tool is not a like for like replacement of a tax adviser.

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The CIPP considers that investment in enforcement for those deliberately engaging in tax avoidance is vital to create a visible deterrent and raise standards in the market accordingly.

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Should you require clarification of any of the points that have been made in this response, please do not hesitate to contact me or another member of the Policy team.

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Company Information

The Chartered Institute of Payroll Professionals (CIPP) is the Chartered association for payroll, pensions and reward professionals in the UK. With more than 9,500 individuals benefitting from the CIPP's membership benefits, support and education services, the Institute is dedicated to raising the profile of payroll in businesses across the UK and internationally.

Its education portfolio has been developed based on business and individual needs to ensure that it is providing the most relevant training in the market; while its policy and research team represent the members at government consultation forums on the 185+ pieces of legislation that affect payroll and pensions in the UK, ensuring members are up to date and their views are heard.

The CIPP also offers compliance health checks in payroll processes and procedures to ensure that organisations are complying with legislation to avoid non-compliance penalties, and CIPP members are governed by a code of conduct ensuring they remain highly professional, up to date, and compliant.

The mission statement of the CIPP is:

Leading payroll and pension professionals through education, membership and recognition

Representation

The views of the Chartered Institute are sought and valued by Government departments and other organisations, as witnessed by its representation on bodies ranging from HMRC, and other external Employer Consultation Groups. The Institute, through its Policy team headed up by Samantha Johnson, has been responding to consultation documents and attending consultation meetings for more than 20 years.

As a result of this sustained effort, we have created sound working relationships with the DWP, HMRC, BEIS and other Government departments.

The Chartered Institute operates an Advisory Service staffed by professionals able to provide accurate and authoritative advice on a wide range of topics. It also runs national forums which allow members direct contact with representatives from HMRC and other relevant bodies and also provides a forum for members to input and feedback on the CIPP's policies.

Education

The Institute validates and controls a wide range of professional qualifications in both the payroll and pensions sectors, from Payroll Technician Certificate level to Masters level. IPP Education, a wholly owned subsidiary of the CIPP, delivers the qualifications and provides tutors at officially recognised standards. IPP Education also runs a comprehensive range of short training courses throughout the UK.

Events

The CIPP also runs a series of conferences throughout the year, culminating in the Annual Conference and Exhibition.

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