



REPORTING COMPANY PAYMENTS TO PARTICIPATORS

Issued 09 June 2026

ICAEW welcomes the opportunity to comment on the consultation on reporting company payments to participators published by HM Revenue and Customs on 19 March 2026, a copy of which is available from this [link](#).

MAJOR POINTS

- ICAEW considers that the proposals would impose a **disproportionate administrative burden** on compliant businesses while being unlikely to deliver a material reduction in the small business tax gap. Members believe these burdens would arise even where businesses operate highly digitised systems. HMRC should first consider the extent to which the information sought is already available before introducing any new administrative requirements for businesses.
- In ICAEW's view, reducing the small business tax gap requires a **credible risk of enquiry** supported by targeted and proportionate compliance activity undertaken by appropriately trained HMRC staff. Such activity should focus on high-risk behaviours rather than volume-based data collection and should minimise disruption for compliant businesses. Members also believe that meaningful compliance interventions are more likely to address deliberate non-compliance and the hidden economy than the measures proposed in the consultation.
- ICAEW considers that any **reporting obligations should focus on transfers of value** to participators, rather than all transactions involving participators. Members recognise that certain additional information could assist HMRC and note that some aspects of the consultation could potentially be implemented with relatively limited changes to the existing corporation tax return.
- Members continue to express broader concerns regarding the increasing direction of travel towards large-scale data collection by HMRC. Businesses may incur significant administrative costs in compiling information while HMRC may lack the resource capacity to analyse this effectively or use appropriately. ICAEW believes careful consideration should therefore be given to the scope and proportionality of these requirements.
- ICAEW considers that the proposals are inconsistent with the government's growth agenda and would place unreasonable administrative demands on businesses, particularly smaller companies. We reiterate the concerns raised in our [Autumn Budget 2025 representation](#), **doing business in the UK is too uncertain, too difficult, and too expensive**.

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INTRODUCTION

1. This consultation focuses on five distinct areas and the response is divided into these as follows:
 - a. Understanding of relevant technical issues by close company population including:
 - i. Close company definition
 - ii. Loans to participators rules
 - iii. Corporate law
 - b. Use of professional advisers and support
 - c. Data matters including:
 - i. Gathering and retention
 - ii. Provision of data to HMRC
 - d. Administrative impact
 - e. Penalties

UNDERSTANDING OF RELEVANT TECHNICAL ISSUES

Question 1) Is the close company definition well-understood in the small company population? Are companies always aware whether they are close?

2. Members generally consider that the close company rules are not well understood among smaller companies. In most cases, businesses rely upon professional advisers to identify whether they fall within the close company regime. The rules are complex, particularly for business owners without a financial background. Practical application can also be difficult in family-owned companies and structures involving connected shareholders.

Question 2) Are the loans to participators rules well-understood in the small company population?

3. Members indicated that the loans to participators rules are not widely understood within the small business population and that many businesses require professional advice in this area. Members also observed that some small business owners do not fully appreciate that a company is a separate legal person distinct from its shareholders, which can create confusion when managing company and personal finances.

Question 3) Do small companies have a good understanding of relevant corporate law? For example, about when it is permissible to issue a dividend?

4. Members considered that corporate law requirements in this area are generally not well understood by smaller companies and that professional advice is commonly required in order to ensure compliance.

USE OF PROFESSIONAL ADVISERS AND SUPPORT

Question 4) Do small companies typically receive support from tax advisers or accountants with understanding their tax obligations and completing their tax return? If so, at what stage would the adviser be engaged, and what level of support is offered?

5. Many small businesses engage professional advisers who are members of ICAEW and other recognised professional bodies. Such advisers are subject to professional and ethical standards and play an important role in supporting compliance with tax and accounting

obligations. The involvement of appropriately qualified advisers can therefore help to mitigate compliance risks and improve the accuracy and timeliness of reporting.

6. However, not all small companies engage professional advisers, and the scale and quality of advice can vary significantly. For example, some businesses may only undertake a year-end process with limited advice throughout the year. Some businesses may use unaffiliated bookkeepers whereas other businesses may have more regular advice and engage a tax practitioner who may be affiliated to a professional body but not necessarily so. However, it is worth noting that there are some credible unaffiliated advisers providing advice in this area who have developed their skills by experience. These are an important part of the advice market, offering affordable compliance support to smaller businesses who may otherwise face significant cost pressures.

Question 5) Other than by engaging tax advisers, how else do companies find appropriate guidance or advice on these subjects?

7. Businesses may use GOV.UK guidance for simpler compliance matters. However, members considered that the issues addressed in this consultation are generally too complex for many businesses to navigate without professional assistance. As noted above, most businesses rely upon advisers to identify whether the close company rules apply.
8. Small businesses and start-ups often operate with limited financial and administrative resources. Founders frequently have little spare capacity to devote to compliance activities and may have limited funds available to invest in record-keeping systems and professional support. It is therefore important that the tax system remains as simple, stable and easy to administer as possible.
9. We are concerned that proposals of this nature risk increasing administrative burdens for businesses that are already resource constrained. Additional compliance requirements may divert time and resources away from productive business activities and could have the unintended consequence of reducing, rather than improving, overall levels of compliance. Careful consideration should therefore be given to whether the anticipated benefits of the proposals outweigh the additional costs and burdens imposed on affected businesses.

DATA MATTERS

Question 6) What challenges do tax advisers currently encounter in this space when handling company records and preparing returns? Are there examples available of 'good' or 'bad' client workflows?

10. Members noted in relation to the questions on data, client behaviours vary significantly, and that it is often difficult to apply prescriptive rules in all cases.
11. There is also broader concern regarding the extent to which HMRC is able to make effective use of the increasing volumes of data collected from taxpayers. Members cited the additional information form for research and development tax relief as an example where substantial data collection obligations have been introduced. Members are concerned that indiscriminate data collection, combined with the use of AI-based compliance tools, may increase the risk of unnecessary enquiries and time-consuming information requests, particularly where information is not reviewed by appropriately trained HMRC staff.
12. Well-functioning processes allow advisers sufficient time to prepare returns and submissions, while ensuring that clients can properly review the underlying information before filing. This approach also reduces the risk of excessive workloads being concentrated within finance teams during critical reporting periods.
13. Poor processes often arise where there is little distinction between the affairs of the company and those of its shareholders or directors. This may result in company bank accounts being used for personal expenditure and inadequate records being maintained. Such practices increase the risk of errors, additional compliance costs and difficulties in

establishing the correct tax treatment of transactions.

Question 7) What data do close companies currently keep about their transactions with their participators? How do companies currently keep track of Director's Loan Accounts?

14. We are advised that, in most cases, transactions are recorded within accounting software and subsequently reviewed and reconciled as part of the accounts preparation process.
15. Some shareholders may use company bank accounts and directors' loan accounts (DLA) to fund personal expenditure during the year, with the expectation that balances will subsequently be cleared by dividends where distributable reserves are available.

Question 8) How often do companies collect or collate this data? For example: daily, weekly, monthly or on an as-and-when basis. If infrequently, what safeguards are in place to ensure that all transactions are captured in the records?

16. This varies considerably between companies and members suggested there was not a typical timescale. Accounting records are generally maintained on a regular basis, with transactions being posted automatically through bank feeds or updated on a weekly, monthly or quarterly cycle, depending on the size and complexity of the business. While some very small businesses operating annual VAT accounting arrangements may update their records retrospectively, potentially up to a year after the transactions occur, this is uncommon where a professional agent is engaged.
17. In terms of safeguards to try and ensure a complete capture of transactions, these might include:
 - a. An adviser might send an information request, requesting details with a list of the types of transactions taxpayers need to flag as part of the tax return process.
 - b. Analytical review, seeking to verify any large, unexpected changes in nominal ledger accounts, checking for inclusion of personal expenditure where amounts have risen. Particular attention would be paid to higher risk accounts such as entertaining and travel and subsistence.
 - c. Advisers might request contemporaneous evidence of larger value items. For example, they may check that items were delivered to business premises not a private address and consider the nature of larger expenditure in more detail. But it would not be practical to expect advisers to check every amount, certainly lower-value items, as the cost of compliance would become untenable. Professional judgement needs to be exercised and reliance placed on the information provided by the taxpayer unless there is evidence to the contrary.
 - d. In most small companies the company bank account will be the starting point for the accounts preparation. Any amounts which do not appear to relate to the trade, will be coded to the DLA for discussion with the client.

Question 9: How many separate transactions might occur annually in an average close company in relation to a single participator?

18. Members indicated that there are no averages or 'typical' amounts. It can vary considerably and much depends on the dynamic of the individual company.
19. For example, if a credit card or personal bank account is used for both corporate and business transactions, there may be many transactions every day – every single business transaction can in theory result in a loan to/from the shareholder. At the other extreme the only transactions with participators may be annual dividends.
20. However, it is worth noting that advisers cannot be expected to be aware of every single transaction undertaken with individual participators. A self-assessment system relies, to a

significant degree, on taxpayers providing accurate and complete information. The compliance costs in undertaking a full audit to verify identification of every transaction could result in costs that are untenable for small businesses, leading them not to seek professional advice. Our members are therefore unable to comment on the total quantum of transactions.

Question 10: What is the general size and frequency of these transactions?

21. Please refer to Question 9, there are no averages or 'typical' amounts.
22. However, to illustrate how the proposed rules may create greater practical difficulties for some business structures due to the volume and frequency of transactions, members considered it helpful to refer to the farming sector, although similar issues may arise more widely across other industries.
23. Members noted that it is common for farming operations to be carried on through partnerships, with the partners also owning a separate contracting company undertaking work for the farm and third parties. For example, the contracting company may own machinery and employ staff. In such arrangements, there may be a substantial volume of transactions between the partnership and the company which, on the face of the proposals, could potentially fall within the reporting requirements.
24. Members also observed that some farms, albeit a minority, operate through corporate structures where the company owns the farmhouse. In these circumstances, certain expenditure, such as utilities and insurance, may initially be incurred at company level before an appropriate private use adjustment is made in respect of the farmhouse. Although private elements would ordinarily be reflected through the DLA, this could nevertheless result in a significant volume of reportable transactions.
25. Members considered that these types of complexities, where participators own associated businesses, premises, or connected entities, are not confined to the farming and agricultural sectors and will require further consideration. ICAEW therefore suggests that payments arising in the ordinary course of trading activities at market value or where there is no transfer of value should be excluded from the reporting requirements.

Question 11: How many participators might an average close company be undertaking transactions with?

26. Please refer to Question 9, there are no averages or 'typical' amounts. There are many companies that have a single shareholder or are owned by a married couple and, consequently, transactions would typically involve only one or two participators. However, companies that have been passed through successive generations, have wider family ownership, or are subject to private equity investment may have a significantly larger number of participators. Any requirements in this area should therefore recognise the diversity of ownership structures across the business population and avoid imposing disproportionate administrative burdens on those companies with more complex shareholder arrangements.

Question 12: Are there any categories or types of participators, or types of transactions themselves, where it may not be practical or beneficial to provide details to HMRC?

27. It is worth highlighting that not all close companies are small. Though some of the tax risks around extraction can be pertinent to close companies of any size, particularly where the participators are connected, typically larger companies obtain a significant amount of professional advice which can assist in mitigating these risks.
28. We understand that the proposed rules can also apply to highly regulated companies that are close only by virtue of their ownership by a fund or private equity investor. This needs careful thought and we would urge consultation with the relevant sector experts to understand the technical detail about how and when this might apply.

29. Similarly, some large professional partnerships could be caught by these proposals (eg, law firms) and we would urge HMRC to consider structuring the rules so that they are narrowly targeted to where there is a greater risk.
30. Where there is no transfer of value to the participator, we suggest no disclosure takes place. Trying to disclose every single transaction, particularly with no de minimis, would be impractical and onerous. Please see question 17 for context around administering the requirements in the proposed form. However, to assist HMRC in understanding why we consider this a reasonable approach, we provide below a list of the types of transactions that would require disclosing if the scope of the rules is not narrowed to transfers of value. We consider these represent items that pose limited or no tax risk and should therefore be excluded.
- i. Reimbursed expenses: Members noted that participators may incur expenditure on behalf of the company and subsequently seek reimbursement, including payments relating to employee business expenses such as business travel using approved scale rates. Please see Question 17 for further comments regarding the administrative challenges associated with reporting these types of transactions. Many members considered that travel and subsistence expenses incurred wholly and exclusively for business purposes should be excluded from the reporting requirements. Where travel-related expenditure is personal in nature, this should be reflected through the DLA or treated as a dividend.
 - ii. Repayment of loans: Members noted that many companies are partly financed through loans or current account balances provided by directors. These balances may subsequently be repaid over time, including through smaller instalments as company cashflow permits. Members advised that DLA information would generally not be difficult to provide to HMRC (please see Question 17 below), as these balances are ordinarily maintained through separate nominal ledger accounts. However, members considered that disclosure of this information could result in HMRC receiving significant additional volumes of data relating to transactions which present limited tax risk, and therefore wished to highlight this point for context.
 - iii. Stock / assets taken at market value: On a literal interpretation, for example, a shopkeeper/director buying a tin of beans from their own shop at full retail price might have to report this. While we accept that this is a rather blunt example, this illustrates the potentially wide scope of the proposed requirements and that they need to be properly targeted.
 - iv. Trivial benefits: Payments made in line with trivial benefits rules (as long as the limits are adhered to) are intended to reduce administrative burdens declarations, but they might also be caught by the proposed rules.
 - v. Please also refer to Question 10 regarding transactions occurring in the normal course at trading at arm's length.
31. Alongside categories of excluded expenditure, thought should also be given to a de minimis whereby no disclosure is made for small or trivial amounts, particularly where there is no transfer of value to the participator.

Question 13: How, and to what extent, are company and personal records currently aligned?

32. This generally depends on the quality of professional advice obtained. Where competent advisers are in place, this will often ensure any private expenditure is captured and disclosed on the personal tax return along with any amounts extracted from the company.

Question 14: How are these records currently kept?

33. Records are largely kept within the accounting system in a DLA. Any expense system should capture reimbursed employee expenses alongside the travel and subsistence nominal account.
34. However, as discussed in more detail at Question 17, records are unlikely to be kept in a format where they can simply be extracted and provided to HMRC with the level of detail requested.

Question 15: Do software products currently used by companies to prepare their accounts or tax return contain any functionality to help keep track of transactions such as shareholder loans, or possible charges under the loans to participators regime?

35. Members generally agreed that existing accounting software is capable of tracking these types of transactions. However, accurate identification and appropriate nominal coding of transactions remain essential. Members noted that software alone cannot ensure accurate outcomes where records are maintained by individuals without sufficient expertise or oversight, which is one reason many companies rely on professional advisers. Furthermore, as discussed in Question 17 regarding administrative burdens, many existing accounting systems are not configured to record payments by individual participator, particularly in circumstances where no extraction arises, for example where the transaction relates to a legitimate business expense.

Question 16: What would be the preferred way to transfer the required information to HMRC?

36. Members were keen that any new information requirements should build on existing tried and tested systems, so it should be provided on an annual basis and integrated with existing CT600 software. It would not be helpful to have a further registration or separate system/new login which would cause confusion, costs and the need to reconcile the information streams.

ADMINISTRATIVE IMPACT**Question 17: Do you expect this to cause any additional administrative burdens for your business? If so, how could they be minimised or removed?**

37. HMRC should first consider the extent to which the information sought is already available before introducing any new administrative requirements for businesses. For example, corporation tax returns are submitted with accounts in iXBRL format, which contain tagged financial information, including figures and accompanying notes. A significant proportion of close companies are small entities that prepare their accounts in accordance with FRS 102 section 1A. Under this accounting framework, companies are required to disclose related party transactions, including transactions involving directors and participators. These disclosures would typically encompass loans and other material related party transactions.
38. Given that much of the relevant information may already be available to HMRC through existing corporation tax filings and associated iXBRL-tagged accounts, HMRC should carefully assess whether additional reporting requirements would provide sufficient incremental benefit to justify the additional compliance burden imposed on businesses. Where existing data sources can meet HMRC's information needs, duplication of reporting obligations should be avoided to support a proportionate compliance framework.
39. We recognise that entities preparing accounts under FRS 105 are subject to more limited disclosure requirements. In particular, micro-entities are generally only required to disclose loans to directors, meaning that the information currently available in relation to

transactions involving participators and other related parties is significantly more limited than for entities reporting under FRS 102 Section 1A.

Given this, HMRC should consider whether any identified information gap could be addressed through a more targeted approach, rather than introducing a blanket reporting requirement for all close companies. Such an approach would better align any additional data collection with the specific areas where information is not already available to HMRC, helping to minimise unnecessary compliance burdens while ensuring that HMRC obtains the information it requires.

40. Members highlighted the impracticality of tracking and reporting every transaction with participators, especially for small businesses. Concerns have been raised about the administrative burden, the lack of a de minimis threshold, and the risk of over-reporting low-value transactions that do not represent real tax risks.
41. While technology can assist, software needs to be structured to enable the data to be extracted in the right way to generate the appropriate reports. As far as we are aware, there is no ready-made software that will take care of all aspects of these proposals. Furthermore, many small business owners may not have the financial and analytical skills to either set up the software or record the day-to-day transactions correctly. They will rely on their accountants who will have to review and rectify all data to produce the reports. These proposals will therefore increase compliance costs which will need to be recovered from the taxpayers.
42. To illustrate this, we thought it would be helpful to set out the proposed scope suggested in the consultation and consider each requirement in turn, providing some practical oversight as to why collating the information proposed could prove challenging. Please note our comments assume a digitised practice where both the practice and its clients hold digital records. However, it is important to note that while many companies use modern accounting software or expense capture apps, some may still rely on manual processes, making standardised data extraction even more difficult.
43. Scope in consultation document: *Details of transactions between the company and its participators, including cash withdrawals, loans, debts, dividends, other distributions and transfers of assets to and from the company.*
 - a. Directors' Loan

Typically, accounting software would be prepared such that there is a separate nominal code for a DLA with each participator. We are advised it would be relatively straight-forward to download a report to file with HMRC. While there would be extra time and costs to ensure the information was in a format suitable for HMRC's review, this should not be prohibitive, and we would expect a significant amount of work to be undertaken on the DLA anyway to ensure accuracy as this is a risk area in many privately-owned businesses. However, there are instances where DLAs are joint (for example, husband and wife) so these accounts would require further work.
 - b. Dividends

While typically a separate nominal code is retained for dividends, this is often for all participators and would need restructuring to report dividend payments to each individual participator. Reconciliations to trace dividends to participators will be performed as part of the personal tax return process on a tax year basis (this will not necessarily accord with the accounting year). While the personal tax adviser of the recipient of the dividend may be the same as the adviser of the company paying the dividend, this is not always the case. This proposal will therefore place an extra burden on the adviser to provide additional information to HMRC. Furthermore, director shareholders of a close company already have extra dividend disclosure requirements placed upon them as part of the personal tax return process from 2025/26. We would urge HMRC to try and utilise this information in the first instance.

c. Cash withdrawals

While members advise us that most clients do not typically withdraw cash, to capture this information in the scope HMRC is suggesting would require changes in accounting processes.

If cash withdrawals are personal drawings, these should be included in the DLA or dividends as appropriate (see a and b above).

Cash withdrawn to meet business expenses would be caught under the proposed disclosure requirement and this this would typically necessitate setting up separate nominal codes in the accounting software for each participator. To illustrate the point, if the cash was used for business travel, there would ordinarily be one nominal account for travel. Assuming this is a business expense there would be no need to code this to a particular participator in the nominal ledger. Members indicated that this type of situation involving cash to meet expenses would be unusual, but hopefully this example provides helpful context as to why providing information in the way HMRC is suggesting could be onerous and result in an increased admin burden.

d. Reimbursed expenses

There are a variety of reasons why a participator might settle amounts on behalf of the company from their personal funds including:

- i. Start-ups and small companies are often undercapitalised and/or have cashflow constraints. Owners may use personal funds (including credit cards and overdrafts) to support the company.
- ii. Owners often have a more favourable personal bank card for foreign exchange transactions and will use this when they are overseas on business to avoid fees and then look to the company for re-imburement.
- iii. Minor administrative reasons. For example, using their personal Amazon account to purchase business item or if the company bank card is lost or forgotten. On these one-off occasions the personal bank account will be used to fund a business expense and then re-imburement will apply from the company.
- iv. Many owners may be able to recharge some home office costs to the business.

These types of transactions will need further consideration. As described at c) above, there would be no need currently to code these transactions to a particular participator and therefore extra work would be required to do so. It is worth highlighting that these types of transactions, handled correctly, do not pose a tax risk. HMRC could therefore face a significant amount of data to review which is essentially both irrelevant and costly to compile. We would strongly urge HMRC to reconsider the scope of the disclosure.

e. Transfer of assets to and from the company

As discussed above, for micro-entities that prepare accounts under FRS 105, there is no requirement to report transfers of assets and all related party transactions. Therefore these transfers could potentially be disclosed, but subject to a de minimis of at least £1,000. . In certain industries it is common practice for goods to be extracted when past their sell-by date, but arguably the market value is nil. Furthermore, where private goods and company goods are bought at the same time, thought will have to be given as to whether this constitutes a transfer or if the goods were always intended to be personal. This could be difficult to verify.

44. We note that smaller entities frequently lack the resources available to larger businesses to obtain comprehensive compliance advice. Consequently, the associated costs represent a proportionately greater burden relative to their net margins. We consider that identifying amounts within the financial statements that constitute a transfer of value to participators would impose a significantly lower compliance burden than a requirement to disclose every individual transaction with a participator. Such identification is, in our view, a more proportionate approach and aligns with procedures that should reasonably be expected to be undertaken as part of the existing accounting and compliance process.
45. We would also recommend HMRC consider the companies house changes published 9 June available at this [link](#), requiring small companies and micro entities to file a profit and loss account. Given the timing of this publication, we have not had chance to consider the impact of these changes on tax matters in any detail but would urge HMRC to review them carefully to ensure there is no further duplication.

Question 18: In what circumstances might it be difficult for companies to provide identifying details of participators?

46. Members advise us that it would generally be highly unusual to be unable to identify a participator and when engaging with a new client, the failure to identify a participator would represent a 'red flag' under client take-on anti-money laundering (AML) procedures. However, companies may not hold the relevant identification documents and data around participators. Where this is needed in the ordinary course of business, for example, to open bank accounts, participators will often interact directly with the institution that made the request.
47. It is also worth noting that challenges can arise where participators arise by virtue of a loan balance but there is no formal share ownership or if participators have very small shareholdings such that there is no requirement to verify them for AML.

Question 19: Do you have a view on the relative administrative impact of this suggestion?

48. We refer to our comments at Question 17. In its current form, we consider that the proposal would impose a substantial administrative burden on taxpayers. The greatest impact would fall on those businesses and advisers who already maintain compliant systems and records. By contrast, entities that are not currently complying with record-keeping obligations are likely, whether knowingly or unknowingly, to continue failing to disclose the relevant transactions.
49. While we acknowledge that the requirement to schedule transactions may prompt some taxpayers and advisers to review entries in greater detail, members expressed a strong view that any such behavioural change would be marginal. In practice, they do not expect the measure to have a meaningful effect on reducing the small business tax gap, yet it would impose significant additional cost and administrative pressure on compliant businesses.
50. Members further observed that a material proportion of the small business tax gap arises from activity within the cash or hidden economy. It is clear that the proposed measure would have minimal, if any, impact on addressing tax evasion in these areas.

PENALTIES

Question 20: Do you anticipate any issues with the application of the normal CT penalty regime to this requirement? Can you see any scenarios where a more bespoke penalty regime might be more appropriate?

51. Under the normal CT penalty regime, penalties are calculated by reference to potential lost revenue. Accordingly, where a company fails to disclose an item, but no tax has been lost, because no extraction has occurred, or because the transaction has been correctly treated, for example through a dividend or the director's loan account, no penalty would arise. Members consider this to be an equitable outcome. Imposing a penalty in circumstances where there is no loss of tax would appear unduly harsh and inconsistent with the stated policy intent.

Question 21: Are you responding to this survey as:

- ***a business***
- ***a representative body***
- ***an agent***
- ***an individual***
- ***other (please provide details)?***

52. Please see introductory paragraphs.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory.** Tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
2. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
3. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
4. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
5. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
6. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
7. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
8. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
9. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
10. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see [Ten Tenets for a Better Tax System | ICAEW](#).