



House of Commons  
Treasury Committee

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# Appointment of Kathryn Cearnas as Chair of the Office of Tax Simplification

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**Twenty-Seventh Report of Session 2017–19**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 5 March 2019*

## The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue and Customs and associated public bodies

### Current membership

Nicky Morgan MP (*Conservative, Loughborough*) (Chair)

Rushanara Ali MP (*Labour, Bethnal Green and Bow*)

Mr Steve Baker MP (*Conservative, Wycombe*)

Colin Clark MP (*Conservative, Gordon*)

Mr Simon Clarke MP (*Conservative, Middlesbrough South and East Cleveland*)

Charlie Elphicke MP (*Conservative, Dover*)

Stewart Hosie MP (*Scottish National Party, Dundee East*)

Alison McGovern MP (*Labour, Wirral South*)

Catherine McKinnell MP (*Labour, Newcastle upon Tyne North*)

John Mann MP (*Labour, Bassetlaw*)

Wes Streeting MP (*Labour, Ilford North*)

### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

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Committee reports are published on the Committee's website at [www.parliament.uk/treascom](http://www.parliament.uk/treascom) and in print by Order of the House.

Evidence relating to this report is published on the inquiry publications page of the Committee's website.

### Committee staff

The current staff of the Committee are Sarah Rees (Clerk), Peter Stam (Second Clerk), Marcus Wilton and Dan Lee (Senior Economists), Adam Wales (Chief Policy Adviser), Matt Panteli (Senior Media and Policy Officer), Anne Stark (on secondment from HM Revenue & Customs), Tom Ludlow (on secondment from the Bank of England), Yasmin Raza (on secondment from the Financial Conduct Authority) Ria Gill-Williams (on secondment from the National Audit Office), Sarah Goodwin (on secondment from the Prudential Regulation Authority) Maciej Wenerski (Senior Committee Assistant), Nicholas Berry (Committee Support Assistant), and Andrew Young (Hansard Society Scholar).

### Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is [treascom@parliament.uk](mailto:treascom@parliament.uk).

You can follow the Committee on Twitter using [@commonstreasury](https://twitter.com/commonstreasury).

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## Introduction

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1. The vacancy as Chair of the Office of Tax Simplification (OTS) arose from the departure of Angela Knight who served from December 2015.
2. The Treasury announced that Kathryn Cearnas had been appointed as Chair of the OTS on 26 February 2019. Her appointment takes effect from 18 March 2019.<sup>1</sup> The initial appointment is for 5 years and she could be appointed for a second term.
3. In this Report, the Committee has considered the suitability of Mrs Cearnas for this role against the criteria of personal independence and professional competence.
4. The Committee took oral evidence from Mrs Cearnas on 5 March 2019. She provided a full CV and answered a written questionnaire prior to giving oral evidence. The Committee would like to thank Mrs Cearnas for this evidence, which has been published on the Treasury Committee website.

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<sup>1</sup> HM Treasury, News story Kathryn Cearnas OBE appointed as new Chair of the Office of Tax Simplification, published 26 February 2019

# The appointment of Kathryn Cearnas

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## Background on Kathryn Cearnas

5. Kathryn Cearnas was the Deputy Chairman of the Institute of Chartered Accountants in England and Wales's (ICAEW's) Financial Reporting Board and resigned her position upon appointment to the role of Chair of the OTS. She currently holds 12 appointments at various entities, including Chair of Audit and Risk Committee, Highways England, Member of External Audit Committee, International Monetary Fund and Non-executive Board Member, member of Audit Committee, Companies House. She was awarded an OBE for voluntary services to Government Financial Reporting.

6. Mrs Cearnas has previously been the Chairman of the ICAEW Financial Reporting Committee, the Independent Chairman of the Financial Reporting Advisory Board of HM Treasury, and a Consultant Accountant at Herbert Smith Freehills LLP. She is a Chartered Accountant and has sat on a sub-committee of the former Accounting Standards Board as part of the Urgent Issues Task Force.

## Oral evidence

7. In the oral evidence, the Committee questioned Mrs Cearnas about her prior experience and her suitability for the post. Topics covered during the session included:

- How she came to apply for the role
- Her fit for the role
- How to improve the tax system for the public
- Her thoughts on a 'fit for purpose' tax system
- Her thoughts on the main challenges in the tax system
- Her experience as a Chair
- Her other commitments and their interaction with this role
- What tax simplification means and why tax should be simplified
- The closure of tax offices
- Scope for the simplification of the tax code
- What she hopes to achieve during her tenure as Chair
- The engagement strategy of the OTS
- The relevance of the OTS to the tax paying public
- Potential use of technology and social media to improve outreach
- Use of technology and the impact it will have, including simplification

- Previous experience at Companies House
- The impact of the change of personnel at the OTS
- Opportunities for culture change
- Potential to change the goals of the OTS
- How she will identify when a change in Chair is required
- Resourcing of the OTS

## **Conclusion**

8. The Committee is satisfied that Kathryn Cearns OBE has the professional competence and personal independence to be the Chair of the Office of Tax Simplification. We wish her every success in her new role.

# Formal minutes

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**Tuesday 5 March 2019**

Members present:

Nicky Morgan, in the Chair

Mr Steve Baker	Stewart Hosie
Colin Clark	Catherine McKinnell
Mr Simon Clarke	Wes Streeting
Charlie Elphicke	

Draft Report (*Appointment of Kathryn Cearnas as Chair of the Office of Tax Simplification*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.

*Resolved*, That the Report be the Twenty-Seventh Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 12 March at 9.00am



## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

### Tuesday 5 March

**Kathryn Cearnas**, Nominated Chair, Office of Tax Simplification

Q1–36

## Published written evidence

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The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

OTS numbers are generated by the evidence processing system and so may not be complete.

- 1 Office of Tax Simplification (OTS0001)
- 2 Office of Tax Simplification (OTS0002)

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the publications page of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2017–19

First Report	Appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking at the Bank of England	HC 472
Second Report	Appointment of Professor Silvana Tenreyro to the Bank of England Monetary Policy Committee	HC 471
Third Report	The Solvency II Directive and its impact on the UK Insurance Industry	HC 324 (HC 863)
Fourth Report	Transitional arrangements for exiting the European Union	HC 473 (HC 850)
Fifth Report	Autumn Budget 2017	HC 600 (HC 757)
Sixth Report	Appointment of Elisabeth Stheeman to the Financial Policy Committee	HC 758
Seventh Report	Student Loans	HC 478 (HC 995)
Eighth Report	Appointment of Charles Randell as Chair of the Financial Conduct Authority and the Payment Systems Regulator	HC 838
Ninth Report	Childcare	HC 757 (HC 1196)
Tenth Report	Re-appointment of Alex Brazier to the Financial Policy Committee	HC 936
Eleventh Report	Re-appointment of Donald Kohn to the Financial Policy Committee	HC 937
Twelfth Report	Re-appointment of Martin Taylor to the Financial Policy Committee	HC 938
Thirteenth Report	The Motability Scheme	HC 847
Fourteenth Report	Re-appointment for Gertjan Vlieghe to the Monetary Policy Committee	HC 1056
Fifteenth Report	Women in finance	HC 477 (HC 1567)
Sixteenth Report	Appointment of Bradley Fried as Chair of Court, Bank of England	HC 1319
Seventeenth Report	Appointment of Professor Jonathan Haskel to the Monetary Policy Committee	HC 1318
Eighteenth Report	Appointment of Andy King to the Budget Responsibility Committee of the OBR	HC 1340

Nineteenth Report	Household finances: income, saving and debt	HC 565 (HC 1627)
Twentieth Report	Appointment of Jill May to the Prudential Regulation Committee	HC 1511
Twenty-first Report	Appointment of Professor Julia Black to the Prudential Regulation Committee	HC 1512
Twenty-second Report	Crypto-assets	HC 910
Twenty-third Report	Re-appointment of Sir Jon Cunliffe as Deputy Governor for Financial Stability at the Bank of England	HC 1626
Twenty-fourth Report	SME Finance	HC 805
Twenty-fifth Report	The UK's economic relationship with the European Union: The Government's and Bank of England's Withdrawal Agreement analyses	HC 1819
Twenty-sixth Report	Budget 2018	HC 1606
First Special Report	Transitional arrangements for exiting the European Union: Government Response to the Treasury Committee's Fourth Report	HC 850
Second Special Report	The Solvency II Directive and its impact on the UK Insurance Industry: Bank of England Response to the Committee's Third Report of session 2017–19	HC 863
Third Special Report	Autumn Budget 2017: Government and Office for Budget Responsibility responses to the Treasury Committee's Fifth Report	HC 757
Fourth Special Report	Student Loans: Government and Office for National Statistics responses to the Committee's Seventh Report	HC 995
Fifth Special Report	Childcare: Government Response to the Committee's Ninth Report	HC 1196
Sixth Special Report	Women in finance: Government Response to the Committee's Fifteenth Report	HC 1567
Seventh Special Report	Household finances: income, saving and debt: Government Response to the Committee's Nineteenth Report	HC 1627
Eighth Special Report	Government and Financial Conduct Authority Responses to the Committee's Twenty-Second Report: Crypto-assets	HC 1627
Ninth Special Report	Government and Financial Conduct Authority Responses to the Committee's Twenty-Fourth Report: SME Finance	HC 1873