

# MINUTES

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## MID-TIER AGENTS FORUM

Tuesday 10 June (10:00am-12:00pm)  
Room 2/66, 100 Parliament Street, London SW1A 2BQ

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<b>Chair:</b>	<b>Ian Quelch</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Secretariat:</b>	<b>Mark Schools</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Attendees:</b>	<b>David Barton</b>	<b>Baker Tilly</b>
	<b>Stephen Nixon</b>	<b>Crowe Clark Whitehill</b>
	<b>Jacquelyn Kimber</b>	<b>Moore Stephens</b>
	<b>Lisa Macpherson</b>	<b>BDO</b>
	<b>Jonathan C Riley</b>	<b>Grant Thornton</b>
	<b>Tori Magill</b>	<b>Mazars</b>
	<b>Hugh Hedges</b>	<b>HMRC (Central Policy)</b>
	<b>Mary Purcell</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
	<b>Jeremy Tyler</b>	<b>HMRC (CT International &amp; Stamps)</b>
	<b>Chris Simpson</b>	<b>HMRC (Counter Avoidance)</b>
	<b>Mike Pettit</b>	<b>HMRC (Large Business)</b>
	<b>Annie Bush</b>	<b>HMRC (Specialist PT Assets &amp; Residence Policy)</b>
<b>Speakers:</b>	<b>James Pretty</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
	<b>Bharat Halai</b>	<b>HMRC (BT Change)</b>
	<b>Jim Holburn</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Apologies:</b>	<b>Tim Lyford</b>	<b>Smith &amp; Williamson</b>
	<b>Andrew Hubbard</b>	<b>Baker Tilly</b>
	<b>Tim Davies</b>	<b>Mazars</b>
	<b>Mark McGarry</b>	<b>Saffery Champness</b>
	<b>Theresa Middleton</b>	<b>HMRC (Director, Business Customer &amp; Strategy)</b>
	<b>Denise Walsh</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
	<b>Kevin Fletcher</b>	<b>HMRC (Local Compliance)</b>

## **1. Welcome and introductions**

The chair welcomed attendees to the meeting and introductions were made.

## **2. Minutes of last meeting & matters arising**

There were no amendments to the minutes of the last meeting and the minutes were adopted.

All action points from the previous meeting were closed. The only outstanding action point related to the update on the OECD work on Base Erosion and Profit Shifting (BEPS). Dan Patrick has made the agreed additions and would like to advise attendees to keep tabs of the BEPS Stakeholder Calendar for future consultation opportunities. In terms of formal responses, we expect that the OECD will issue these on their website.

**Action Point 1 – MS to send link to the BEPS stakeholder calendar.**

## **3. Agents Strategy**

James Pretty (JP) provided an update on Agents Strategy, outlining how this fits with the Agents Self Service. Agents Strategy is about the longer-term relationship with professional agents and tax software producers. A shift to digital is the immediate driver for this but it also reflects a realisation that HMRC has not effectively utilised the good work that agents do in the past.

Key elements will be an enhanced focus on quality work carried out by agents, the application of professional standards and ethics to their interactions with HMRC and greater recognition of the role that Professional Bodies play in promoting and assuring Professional Standards.

Lisa Macpherson (LM) questioned how we would round up non-compliance.

JP stated the need to work with the Standards Committees and do more to incentivise and encourage agents to adhere to codes of ethics and professional standards like the Professional Conduct in Relation to Taxation (PCRT).

Jonathan C Riley (JCR) raised a question about regulations, especially naming and shaming.

JP confirmed that provisions for disclosing details about deliberate offenders would remain a part of HMRC's approach to tackling the worst types of behaviour but that it was also important to develop better information sharing arrangements with professional bodies.

Lisa Macpherson asked if we have a feel for the number of agents with poor compliance. IQ confirmed that AOSS will bring together all agents and their clients across all heads of duty while recording all transactions with HMRC. This ability will complement and enhance improved compliance performance data to enable a clearer, cleaner and more comprehensive sense of this than ever before.

JP confirmed that he or one of his colleagues in the Agents Strategy Team would be happy to come back anytime to elaborate and provide further updates.

#### 4. Agent Online Self Service (AOSS) – what this means for agents.

Jim Holborn updated the forum on the work to deliver new agent services and how by the end of this year we expect to be able to test the following services (known as private beta) with a small number of agents:

- A secure digital agent registration service;
- Agents will be able to see authorised client data and services in one place through a **personalised cross-tax homepage**. This will:
  - Allow agents to tailor the information they see about their clients to fit their business need.
  - Also mean that where an agent is acting for a client in respect of more than one type of tax they will no longer have to navigate multiple systems to access each service they need.
  - Added functionality- for example revoking, amending permissions, payments/ repayments, guidance, tools
- A new end-to-end digital authorisation service to make it easier and faster for agents to let HMRC know when they take on a new client and amend client authorisations across the main tax regimes;
- Migration of agent/client data to the new service. Over the last couple of months we've been looking at migration options and researching which options will have the least admin burden impact on agents.

If the initial testing goes well we'll then expand the new service to more agents (public beta) during 2015 and we'll continue to make more services available to agents as they are introduced.

This is an ambitious project and AOSS remains on track and we are committed to delivering digital services for agents. The high level timelines for this project are to deliver the:

- Alpha in the Summer 2014
- The Private Beta in the Autumn 2014
- The Public Beta in the Spring 2015

IQ stated the intention to have MTAF member firms involved with an upcoming workshop. All present should receive invites.

Annie Bush asked if the testing will be expanded moving forward.

This was confirmed with IQ emphasising the need to keep conversations and involvement going, keeping agents sighted of developments to ensure this works for them and their firms.

David Barton (DB) raised concerns over the involvement and commitment required of their IT people.

IQ acknowledged the impact of changes on business systems and the requirement on HMRC to keep everyone sighted of developments.

Bharat Halai confirmed that copies of the briefing notes will be provided to attendees.

**Action Point 2 – MS to ensure all agents are provided a copy of the briefing notes.**

## **5. Tax Transparency**

Tori Magill (TM) introduced herself and expanded on her background.

She explained that Mazars were conscious of the current reputational issues around tax advice and felt a need to focus on greater tax transparency. She handed out copies of the booklet “Tax Transparency – The Mazars response to the debate” to show the work carried out by Mazars in this field.

Mazars proposed the ‘Trusted Tax Adviser Charter’ and were interested in promoting a discussion around ethical tax advice and public choice. Tori confirmed that Margaret Hodge will be chairing an event in July to discuss this topic and that Mazars were keen to work with professional bodies.

JCR raised concerns with the possibility of small firms being able to sign up for £70 a year which would dilute the public appreciation of professional tax advisors. He also had concerns about the timing of the debate just before summer recess and there were divisions within the group over the kitemark.

TM stated that this is what agents should be doing each day and emphasised the need for greater transparency for their clients.

SN mentioned the fortunes made by tax avoidance schemes and the need for this to be properly regulated. IQ confirmed that HMRC had no intention to regulate.

TM clarified that this was not marketing by Mazars. It was working jointly to give other stakeholders the opportunity to have a voice and restore trust in agents.

IQ expressed gratitude to TM contributing to the agenda, with this being only the second occasion in his time attending the forum where a firm had brought and led an agenda item.

**Tori has confirmed that Mazars have reworked the proposal slightly to take account of feedback received and would like to express her thanks to the forum for their contributions.**

## **6. Recent avoidance schemes in the press – what we are doing.**

Chris Simpson provided an update on tax avoidance, with this being a very current issue in the press. He highlighted public sentiment and opinion as key factors in its prominence and how this has raised political interest in the debate; drawing comparison on how a newly qualified teacher in England & Wales earning £21,804.00 and paying tax and NIC's of £4020.00 would be feeling compared to someone earning forty times this amount who may be paying a much lower tax rate.

Chris said that teams in Counter-Avoidance were reporting that increasing numbers of avoidance scheme users were looking to settle up with HMRC and withdraw from avoidance. Many customers seemed more aware of the disadvantages of trying to avoid tax, including HMRC's

successes in litigation, the Finance Bill provisions relating to the payment of tax and concern about damage to a person's reputation in the eyes of the public. Chris said HMRC welcomed approaches from people interested in settling - including from those whose financial circumstances meant they wanted to discuss payment terms. There was potentially a role here for advisers in encouraging early dialogue.

Chris discussed the draft clauses in the Finance Bill relating to accelerated payments in the past. One goal behind the changes is to help good behaviour.

Stephen Nixon felt this change could lead to far less disclosures, with strong concerns that HMRC would be pursuing people for accelerated payments and this would potentially destroy disclosure. IQ asked if other agents agreed with this statement, to which there was general agreement.

Chris said it seemed likely that the provisions, if enacted, would make it harder to market an avoidance scheme which had to be disclosed under DOTAS. But this could be seen as beneficial. In addition, HMRC planned to consult on changes to the DOTAS rules and would welcome responses to that.

JCR asked if there was a risk that once tax had been paid, then HMRC would let cases drag. Chris replied that HMRC still wanted to pursue cases through to settlement or litigation and were seeking additional funding to support improved capacity for speeding up the litigation process.

## **7. CT Reform – item from forward planner.**

Jeremy Tyler provided an update on CT Reform, pointing out that the 'CT Roadmap' had been delivered. He highlighted the lowering of the CT rate to a single unified rate of 20% from April 2015.

Jeremy pointed out that whilst there were currently no plans for a 'Roadmap 2' there was continuing interest in CT Reform, for example, in the context of the BEPS work. He would be extremely interested in agent's thoughts on any areas that that should be considered.

DB pointed out that a race to the bottom with rates was dangerous, with possible consequences.

JT recognised that there were some downsides to rate reductions: the 20% CT tax rate triggers Japanese CFC rules, and as the rate falls so does the value of CT reliefs. But it was the Government's key lever for promoting growth and was clearly very popular with business.

JCR concluded that the new rates should be applauded but cautioned that there was a lack of education with society in general not understanding how tax system works.

There was general agreement that a Roadmap would be useful to help people with certainty and planning – certainty and fairness were viewed as more important than simplification.

## **8. Update on Mid-size**

Mary Purcell updated the forum on Mid-size business directorate, highlighting the significant change HMRC had made to their approach bringing together 1600 people to provide the technical expertise to support the new business group. She stated that the forum was an excellent opportunity to share with agents, gain their thoughts and see what their view of the mid-size population was.

IQ pointed out the different definitions for Mid-size across government and the wider community and explained Kevin Fletcher's role.

Mary stated that resource was now in place and we are developing the engagement model, how this will work and the best support mechanisms for Mid-size businesses. HMRC would be looking at complexities and life events and building on our understanding over the next few months. In the future HMRC would be interested in discussing the views of agents on risks within Mid-size businesses, either at the forum or bilaterally.

There was general positivity of useful engagement from the forum when asked if this was of interest to agents.

### **9. Any other business**

Ian asked the forum if there were any other items to discuss. With no other items he mentioned HMRC's long term planning, looking at where we need to be by 2020 / 2021. The Business Tax Senior Leadership Team will be reflecting and looking forward and will be looking to get some willing volunteers from the agents to provide their views. Volunteers would be needed over the next week to take part in interviews.

**Action Point 3 – IQ to email forum agents to request volunteers.**

The meeting concluded early at 11:45am.

### **Next Meetings:**

**September 9<sup>th</sup> (10-12)**

**December 9<sup>th</sup> (10-12)**