

# MINUTES

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## MID-TIER AGENTS FORUM (MTAF)

Tuesday 9 September 2014 (10:00am-12:00pm)  
Room 2/66, 100 Parliament Street, London SW1A 2BQ

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<b>Chair:</b>	<b>Jeremy Tyler</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>Andrew Hubbard Tim Lyford Lisa Macpherson Tori Magill Mark McGarry Stephen Nixon</b>	<b>Baker Tilly Smith &amp; Williamson BDO Mazars Saffery Champness Crowe Clark Whitehill</b>
	<b>Mike Crabtree Hugh Hedges Marian Kitson Mike Pettit</b>	<b>HMRC (Specialist Personal Tax) HMRC (Central Policy) HMRC (Local Compliance) HMRC (Large Business)</b>
<b>Speakers:</b>	<b>Simon Baker James Dunstan Pedro Wrobel Lesley Fairweather Wayne Strangwood Fiona Hay</b>	<b>HMRC (Chief Digital &amp; Information Officer Group) HMRC (Debt Management &amp; Banking) HMRC (Debt Management &amp; Banking) HMRC (Local Compliance) HMRC (CTIS) HMRC (CTIS)</b>
<b>Apologies:</b>	<b>David Barton Jacquelyn Kimber Jonathan C Riley Theresa Middleton Annie Bush Ian Stewart Chris Simpson Denise Walsh</b>	<b>Baker Tilly Moore Stephens Grant Thornton HMRC (Business Customer &amp; Strategy) HMRC (Specialist PT Assets &amp; Residence Policy) HMRC (VAT) HMRC (Counter Avoidance) HMRC (Business Customer &amp; Strategy)</b>

### **1. Welcome and introductions.**

Jeremy Tyler (JT) welcomed attendees to the meeting and introductions were made.

### **2. Minutes of last meeting, matters arising and action points.**

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.

#### **Action Point 1 – Mark Schools to send link to the BEPS stakeholder calendar.**

The link was sent out with the minutes from the previous meeting.

#### **Action Point 2 – Mark Schools to ensure all agents are provided a copy of the AOSS briefing notes.**

Copies of briefing notes were also issued with the minutes from the previous meeting.

#### **Action Point 3 – Ian Quelch to email forum agents to request volunteers for Insight for HMRC.**

Email sent by Ian on 10th June 2014 for willing volunteers from the agents to provide their views.

### **3. Update on Mid-Size.**

Marian Kitson (MK) introduced herself as the new head of HMRC's Mid-Size Business (MSB), taking over from Kevin Fletcher. She also introduced Lesley Fairweather (LF) to the forum who would provide an update on the new MSB customer engagement route and answer any questions.

Mid-size businesses have an annual turnover in excess of £10m or more than 20 employees. For the largest and most complex businesses engagement with HMRC will continue to be handled by a Customer Relationship Manager (CRM) in Large Business (LB). However, one of the key findings from HMRC's enhanced customer insight into mid-size customers was that an ongoing relationship with a nominated individual is not a requirement of mid-size businesses nor is it cost effective. However appropriate contact and enhanced access to specialists at 'life-cycle' events is a key business need.

Based on this understanding, MSB are implementing a new strategic approach for mid-sized business customer engagement; providing more targeted access to HMRC specialists to support growth and to help businesses to pay the right tax at the right time.

HMRC are expecting most mid-size customers will self-serve for the majority of the issues that they face using online published guidance and specialist helplines, and eventually through digital channels. For mid-sized business who want to get in touch for issues they cannot self-correct, MSB have listened to their feedback about needing to spend time running their businesses and wanting improved access to tax specialists. As a result MSB are introducing a direct email contact from the MSB web page for non-routine enquiries. This will link to a team of tax specialists in Euston Tower as the first line triage, supported by a second team in Bristol who will deal with more complex technical issues, providing a temporary enhanced relationship if required. MSB are launching this as a test and learn and will be capturing feedback and refining the processes if necessary over the next few months.

Questions were raised about the prioritising procedures, which LF confirmed would be within standard HMRC turnaround expectations.

There were concerns about security processes, with an example provided where a new Director could contact HMRC but would not necessarily appear on our records. LF confirmed that strict security procedures would be followed and data security will be observed in all cases, as always. If there were any concerns regarding the authority of a contact, a response would be sent by post to the company's business address. In line with Departmental guidelines, no sensitive data would be sent by email.

The question was raised whether HMRC had concerns at the potential increase in customer queries. LF stated that the team would be resourced to deal with the numbers. She anticipated that in many cases the queries were likely to be relatively straightforward. She also commented that if customers feel the need for clarification or help, then the resolution of those issues will contribute to an improvement in overall compliance for those businesses who are striving to get it right. LF said that the process would have an inbuilt 'feedback loop' which would identify whether the same issues cropped up time and again. If they did, it would enable HMRC to review the relevant guidance critically to see if it needed clarifying.

In order to support growth, MSB plans over the next months to contact the fastest growing 100 businesses to offer support to ensure that systems and governance are keeping pace with expansion. MSB will also offer support to businesses submitting qualified SAO certificates to assist with strengthening systems and governance in order to gain conformance to expected standards.

#### **4. Agents Strategy Update.**

Jeremy Tyler (JT) provided an update on Agents Strategy, expressing that he wanted to gather thoughts and concerns from Agents as part of this agenda item. The update on recent developments would be coming from Simon Baker later on in the meeting.

HMRC recognises that there are a wide range of agents offering a variety of help to taxpayers, and HMRC would continue to support all these different business models. In addition our customer insight tells us that even with a sophisticated self-service system, many customer will still want the comfort of having an agent or someone else to deal with their tax affairs.

What HMRC will want to do is differentiate between agents according to their performance and behaviour. In other words, agents can expect to have a different relationship with us depending on whether they actively promote good tax compliance by their clients, offer only a basic service with little value-add from HMRC's perspective, demonstrate poor standards or actively promote boundary pushing or tax avoidance. And this is where Agents Online Self Service (AOSS) comes in, linking agent and client data.

A key issue is how we can provide further incentives to encourage positive and good compliance. For example, we are currently exploring the potential to be more open about the of risk triggers we use. This would give agents the opportunity to intervene (when they know a rule will be triggered) and help to drive up voluntary compliance.

In response the agents suggested that there would always be uncertainty about the levels of information required, with no-one being able to say unequivocally "that is right". Another key issue is that an agent acts in the best interest of their client, not the government or HMRC. JT said that he looked forward to further open discussion between HMRC and agents.

## **5. Agent Online Self Service (AOSS) – update on alpha testing stage.**

Simon Baker (SB) introduced himself as the IT Project Manager for AOSS, wishing to update on current thinking, timelines and gather feedback from the forum so far.

We are currently in alpha phase where we have a concept based on initial research and feedback from agents. Initial feedback suggested that the current Online Agent Authorisation (OOA) service was used by agents but does have some flaws which means that a large number of agents still revert to authorising their clients using the paper route.

Research gathered from a sample of agents has shown that agents would firstly prefer (rather than a new authorisation service) access to their clients liabilities and payments data for PAYE & VAT (they already have access to L&P data for SA & CT) as a priority. To achieve this HMRC would be asking agents to carry out cleansing and validating exercise for the clients that they currently represent (starting with PAYE), this will ensure that their records match HMRC's. Regular housekeeping was also suggested as a means to achieve this. Private beta will enable agents to participate in testing, inviting access through a secure link.

There were concerns from agents about the uncertainty of the timeline, the possibility of little notice before housekeeping (cleanse/validate) is required and the potential huge amount of work this could create for agents with large numbers of clients. Communication on the progress of AOSS has also been an overall concern.

SB explained that with the complexity of this project it is impossible to create a one-size fits all solution. It is vitally important to get the foundations correct and this can only be achieved with the help of agents. The following caveated timeline was also provided:

Alpha stage – due to finish end of October.  
First iteration of private beta – end of the year.  
Public beta – aim for spring 2015.

JT agreed that communication has been an issue and offered to take away the following action points:

**Action Point 1. JT to take forward the need to provide agents with more information about AOSS.**

**Action Point 2. JT to confirm that the AOSS project team do understand the differing needs of agent firms of different size.**

## **6. Direct Recovery of Debts (DRD).**

James Dunstan (JD) and Pedro Wrobel (PW) introduced themselves to the forum and provided an update on the proposals for Direct Recovery of Debts that the Chancellor announced at Budget 2014.

JD and PW described the intent of the policy to the forum: to collect what is due to the Exchequer from debtors who have the means to pay what they owe but are making the active choice not to. This will only affect a small population of debtors – about 17,000 each year in steady state. For comparison, Australia is one of a number of countries that has a similar power, and the Australian Tax Office exercises their equivalent around 15,000 a year, despite having a smaller population.

JD and PW also updated the forum on the safeguards the Government has proposed:

- Used after appeals against the underlying liability have been concluded or timetable for appeal has come to an end.
- Stringent safeguards will be in place, compared with international examples, including always leaving a minimum of £5,000 in a debtor's accounts.
  - A dedicated team with specialist training, particularly in handling the affairs of vulnerable customers.
  - Built in appeal rights against the use of DRD, to HMRC and to an independent body.
  - Time for debtors to get in contact with HMRC.
  - Compensation when mistakes are made.

The size of debts and individual circumstances would always be considered, with debtors having appeal rights and plenty of opportunity to hold conversations regarding hardship. The process would stop when debtors reach an agreement to pay what they owe or successfully object to HMRC.

JD and PW confirmed to the forum the scale of HMRC's activities each year:

- Amount collected annually by HMRC - £500bn
- Amount that is late and becomes debt - £50bn

The consultation ran from 6 May to 29 July 2014 with a significant number of meetings resulting in lots of very helpful comments and feedback. There was support for the intent of the measure – to collect what is owed to the Exchequer - but there were concerns about the ways in which HMRC might use this tool:

- The risk of HMRC error or inappropriate use.
- The need for independent oversight.

HMRC have learnt a lot from this feedback and the team are extremely grateful for all contributions. HMRC is considering the responses and working through how to make sure this is appropriately targeted against taxpayers who have the means to pay but have made an active choice not to pay. The model used in Australia and other administrations demonstrates that the threat of a power like this can act as a strong incentive for debtors to pay what they owe.

PW confirmed that wording of letters would be agreed with key stakeholders (including agents): the letters will outline debtors' positions and provide an opportunity to discuss their circumstances, pay what they owe, take impartial advice, or challenge the use of the power.

Next steps include publishing the Government response to consultation and draft legislation for further consultation.

## **7. Small Business Strategy Update.**

Due to other agenda items slightly overrunning, this item was not presented at the forum.

**Action Point 3. MS to arrange for update to be sent electronically with minutes to all forum members.**

Any questions from forum members related to the Small Business Strategy update can be sent to MS.

## **8. Any Other Business.**

### **Automatic Exchange of Information.**

Wayne Strangwood (WS) and Fiona Hay (FH) attended as speakers to update the forum on Intergovernmental Agreements (IGA's), automatic exchange of financial account information and to draw attention to the Agent Update pages which were sent to all members with the agenda.

WS emphasised that FATCA, and similar Crown Dependency / Overseas Territories rules, took effect i.r.o. accounts existing at / opened after 30 June 2014.

HMRC has been engaging with customers to publicise this, using our own channels and enlisting the FCA to help with this. Nonetheless, there is still some uncertainty around the scope and detail of the rules and some misconceptions.

Some press articles have been seen that demonstrate this – most concerning recently was one suggesting that all small family trusts are somehow caught by FATCA which is simply not true. The example quoted referred to a trust set up to purchase a property for somebody's daughter, and which generated no income – this could not possibly be a 'Financial Institution' for FATCA / CDOT purposes.

There was some discussion within the group at the meeting over the extent to which trustees were required to appoint discretionary managers and consequences for whether a trust would therefore be within scope of FATCA. WS referred them to the guidance, which was updated on 29 August and includes expanded commentary on trusts, and urged them to let us know if they had further questions on this point.

Contact details for Wayne and other members of the team:

Wayne Strangwood [wayne.a.strangwood@hmrc.gsi.gov.uk](mailto:wayne.a.strangwood@hmrc.gsi.gov.uk) – 03000 585496  
Charlotte Hopwood [charlotte.hopwood@hmrc.gsi.gov.uk](mailto:charlotte.hopwood@hmrc.gsi.gov.uk) – 03000 585950  
Chris Orchard [chris.orchard@hmrc.gsi.gov.uk](mailto:chris.orchard@hmrc.gsi.gov.uk) – 03000 514117  
Fiona Hay [Fiona.hay@hmrc.gsi.gov.uk](mailto:Fiona.hay@hmrc.gsi.gov.uk) – 03000 585882

**Action Point 4. FH to arrange for updated guidance to be sent to all agents.**

### **Forward Look Plan and Next Meetings**

MS confirmed the following 2 dates for future meetings.

**Tuesday 9<sup>th</sup> December 2014**

**Tuesday 10<sup>th</sup> March 2015**

**Action Point 5. MS to issue placeholders to all members for future meetings.**

On the forward look plan, there are three agenda items already identified for the next meeting. Impacts of the Autumn Statement, an update on tax avoidance and "Making Tax Admin work for the Digital Age". The forum were encouraged to contribute ideas for other potential items for the forward planner. There was a suggestion offered by Andrew Hubbard to review how the new rules on accelerated payment notices and follower notices were working in practice.

The meeting was closed by the chair at 12:00pm.