

## ADMINISTRATIVE BURDENS ADVISORY BOARD

### **Minutes of Advisory Board Meeting 7<sup>th</sup> February 2018**

**Minutes of meeting on 7<sup>th</sup> February 2018**

**13.00 – 17.00**

**2/66, 100 Parliament Street, London, SW1A 2BQ**

**Advisory Board attendees:** Teresa Graham, John Whiting, Roger Southam, Alastair Keir, Karen Thomson, Dan Olley, Malcolm Bacchus, Paul Aplin, Graham Rogers, Paul Morton

**Apologies:** Rebecca Benneyworth, Allison Harper

**HMRC & HMT attendees:** Steven Hawes (HMT), David Richardson, Elaine Benn, Jan Owens, Neil Chattell, Asif Bukhsh (Secretariat)

**Apologies:** Jan Owens

**Guests:** Claire Sheehan, Ajit Philipose, Lucy Pink, Duncan Calloway/Olly Toop, Angela Brown/ Antonio Zagara, Sean Rath, Justin Savage,

**Apologies:**

**Observing:** Eileen Rafferty (OTS), Joanna Baldwin (Charter Committee), Mary Croghan (HMRC), Rebecca Hutton (HMRC)

## **Welcome and Apologies**

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Rebecca Benneyworth and Allison Harper and Jan Owens.

### **Review of action/issues log**

1. TG reviewed the open action items and agreed that all action points could be closed as they had either been resolved prior to or will be addressed at the meeting. Any feedback on AP003 to be forwarded to the ABAB secretariat.

### **Update from the working groups**

2. TG advised the Board that the Tell ABAB report was almost final but some points needed to be finalised and clearly reflected ABAB view –, once incorporated the report will be completed. and published
3. Paul Morton (PM) advised he was aware of two pieces of work that were looking at guidance from the FST. The first is a major review of guidance and the second is a longer term review of guidance by OTS.

### **AP: Finalise Tell ABAB Report**

#### **EU Exit**

4. Lucy Pink (LP) summarised current position with EU Exit negotiations, advising that the following two points were being consider: understanding the transition period and the time to implement for businesses. HMRC's preparations continue and the Customs Bill is going through the Parliamentary process.
5. ABAB EU Exit working group had been set up and had concentrated initially on the Agent community and SME's to consider what impacts and support models could be developed.
6. Graham Rogers (GR), the chair of the EU Exit working group summarised the first meeting advising that communications would play a key role. The next meeting would include a deep dive on customs/border issues and continue the communication discussions.
7. LP advised there were some general milestones in the process which include legislative changes and that HMRC had a strong voice in Government in that conversation.

#### **HMRC consultation documents for Interest and Penalties**

8. Oliver Toop (OT) and Duncan Calloway (DC) covering late submission penalties (LSP) and interest harmonisation and sanctions.
9. The late payments penalties (LLP) would be a two charge system which would encourage payments. Behavioural science is being used to inform their approach with the aim of creating a fair, simple and effective system.
10. LSP's will be based on a points based system with one off waiver for careless late submission
11. DC explained Interest approach and LPP's with two separate charges using a 15/30 day milestones while retaining reasonable excuse provisions.
12. ABAB raised questions around using 15 day markers when business owners may be on leave and the possibility of multiple penalties being issued. They also asked how this would support compliance.

13. OT advised the process would include messaging to encourage good behaviour and more powers to review penalties.
14. Some members stated there was a sense of 'fear' when dealing with HMRC.
15. Dan Olley (DO) asked how success would be measured and ABAB offered to assist with what success may look like.
16. OT advised they would look at a post implementation review (PIR) with the Treasury.

### **Making Tax Digital Programme Update**

17. Clare Sheehan (CS) gave an update on recent work including the Finance Bill, publication of a technical note on the 1<sup>st</sup> of December 2017 and a roundtable event with FST and stakeholders. She advised the income tax pilot work was ongoing with a focus on VAT using a controlled approach for when things go live. They continue to look at communications to raise awareness.
18. Ajit Philipose (AP) gave an update on the recent engagement with ABAB's Customer Experience Working Group (CEWG). They had discussed 'kite marking' of software and agreed that would be better for the market to pick this up. Work continues to develop the Terms of Collaboration (TOC) with input from the CEWG. Formalising the lessons learnt and incorporating this in HMRC approach will continue as part of CEWG remit.
19. AP extended an invitation to all ABAB Board member to join the CEWG on the March 20<sup>th</sup> for a software demo by a 'challenger bank' called Coconut.
20. DO asked how change control was managed with software providers.
21. AP advised there were relationship mangers for each developer.
22. Karen Thompson (KT) pointed out the need to pick up and follow through with what works in a pilot to the actual live release.
23. CS advised she would welcome ABAB's support in what was needed to raise awareness for April 2019 deadline for MTD reporting.

### **Simplified CT update**

24. Angela Brown (AB) summarised the discussions with stakeholder and highlighted a green paper due in the summer would consider both cost and benefits.
25. Simpler CT would help digital through simpler rules to support real time accurate tax.
26. She explained what a simpler tax code may look like with a default code with an option to opt out. AB welcomed ABAB's input to help consider some of the challenging design issues and to help quantify the money value to business.
27. She also welcomed ABAB's support to encourage HMRC/HMT to see this as a priority area.

### **OTS Update**

28. Paul Morton (PM) gave an overview of their current work programme with priorities focussing on user experience and technology. Papers include a business lifecycle review looking at business life events and taxes. They were considering in a 'gig' economy what role a platform provider may take.
29. Malcolm Bacchus (MB) commented on the complexity of the 'gig' economy where one may have several jobs.

30. Elaine Benn (EB) offered to take the Customer Experience Working Group (CEWG) through an Inheritance Tax customer journey.
31. HMRC are looking at improving wider customer experience and looking at tax simplification in other countries to identify best practise.

**AP: EB to present customer journey to CEWG on 19 April**

**Hidden Economy- Update**

32. Jamie Horton (JH) and Alex Wakefield updated ABAB on the second consultation which will look at options to tackle the Hidden Economy (HE) through public sector licensing by targeting specific sectors.
33. ABAB asked if this would add burdens on business. PM suggested an option may be to include this at the start when a business begins.
34. AW advised they were aiming to avoid duplication where possible and the focus would be using registration as a first step to compliance.
35. ABAB are supportive but cautioned against adding burdens.

**Review of ABAB's 17/18 Priorities and discussion of next Annual Report and 18/19 priorities**

36. TG asked members for input on direction and tone for the Annual Report.
37. She highlighted picking up on lessons from RTI. She summarised that they had reset the relationship with HMRC to be more engaging at the earliest stages.
38. AK advised there is still a view from small businesses that HMRC does not support small business.
39. PM commented ABAB should consider technology changes.
40. TG suggested the CEWG could pick up work again on the customer experience.

**Update on our development of qualitative insight on Admin Burdens**

41. Justin Savage (JS) explained they had two areas of research, one on small businesses and the other on foreign tax authorities.
42. The research looked at people's perceptions of tax and the effect on their behaviour. They considered how complexity is dealt with and how this is linked to how good the support structures are that businesses use to help them.
43. JS advised they would look at confidence measure scores for complexity models to understand what support small businesses need.
44. JS reference the Organisation for Economic Co-operation and Development (OECD) international research work and their consultations on digitalisation, automation, simplification and his involvement in leading some of this work.
45. OECD final report is expected to include analysis from other countries.
46. MB asked and JS confirmed customer data was available demonstrating their experience.

**AP: Review of survey results/trends to forward look**

**Expanding tax relief on training**

47. Sean Rather (SR) introduced his pre-consultation paper on expanding tax reliefs for training.
48. Government ambition is to support and develop skills for future productivity. They had reviewed previous attempts at approaching this and welcomed ABAB's input.
49. ABAB members reflected the impact time spent away from the office has and challenged the value that brings.
50. DO suggested that in a changing digital landscape the pace of delivering upskilling was too slow in the current system.
51. SR welcomed the feedback and thanked ABAB for their views advising they expected to publish the consultation in Spring this year.

**AOB**

52. TG summarised the forward look topics.
53. TG thanked everyone for their attendance.

**Next meeting**

The next meeting will be held on the 10<sup>th</sup> May 2018, from 13.00 – 17.00 in Room 2/66, 100 Parliament Street.