

Compliance Reform Forum

Minutes of meeting held on 3rd April 2018,
100 Parliament Street, Westminster, SW1A 2BQ

External Attendees:

Chas Roy-Chowdhury: Association of Chartered and Certified Accountants

Susan Cattell: Institute of Chartered Accountants of Scotland

Gary Ashford: Chartered Institute of Taxation

Brian Palmer: Association of Accounting Technicians

Anne Davis: Institute of Financial Accountants.

Will Silsby: Association of Taxation Technicians

Joanne Walker: Low Incomes Tax Reform Group

Andrew Tall: Institute of Chartered Accountants in England and Wales

Ian Browne: TaxAid

Samantha Mann: Chartered Institute of Payroll Professionals

Sue Cave: Federation of Small Businesses.

HMRC Attendees:

Mary Aiston (Chair): Director Wealthy and Mid-Sized Business Compliance

Janet Alexander (Co-Chair): Director Individual and Small Business Compliance

Vicky Gaulter: Director Customer Compliance Finance and Planning

Helen Cook: Counter Avoidance

Lauren Court: Interim Deputy Director Customer Compliance Strategy Unit

Dave Rasmussen: Customer Compliance Strategy Unit

Umair Wazir: Secretariat

Jo Osborne: Secretariat

Speakers:

Miriam Waddimba: Customer Strategies and Tax Design (CS&TD)

Camilla Metcalf: HM Treasury (HMT)

Simon Habesch: Customer Compliance Strategy Unit (CCSU)

Eilidh MacFarlane: HM Treasury (HMT)

Rebecca Hutton: HMRC Transformation

Apologies:

Penny Ciniewicz – Director General Customer Compliance

Julie Elsey: Interim Director Counter Avoidance

Agenda Items

1. Update on pilots in Wealthy and Mid-sized Business Compliance (WMBC): WMBC's approach to interventions
2. Call for Evidence announced at Spring Statement 2018.
3. Encouraging compliance by users of online platforms
 - Cash and digital payments in the new economy
 - MTD for Business Update
4. Update on responses received from stakeholders on the role of the Compliance Reform Forum

Welcome and introductions

1. Mary Aiston (MA) welcomed everyone and gave apologies on behalf of Penny Ciniewicz (PC). MA shared some insights and observations PC had made during her first months back in HMRC. She had been impressed by the level of professionalism and the range of work undertaken, noting how things have changed in recent years and the expansion of different approaches used in compliance.
2. MA outlined the agenda and introduced the HMRC representatives.

Update on pilots in Wealthy and Mid-sized Business Compliance (WMBC): WMBC's approach to interventions

3. MA gave an overview of the evolving approach to visiting customers adopted by WMBC, highlighting the range and complexity of customers covered by WMBC and different models for engaging with customers. Consequently one size would not fit all.
4. The pilots currently being run by WMBC focus on VAT and Employment Duties. They look to explore the use of innovative approaches to interventions, making the best use of modern technology, minimising impacts for customers and ensuring most cost effective use of public money. This included carrying out some interventions from the desk with no visit and in other cases, splitting the visit from the back office work with a different person doing that in a different part of the country.
5. Members asked whether there was an intention to 'subcontract' work to Revenue Scotland. MA stated that there was no current plan for Revenue Scotland to undertake interventions on behalf on WMBC.
6. The members questioned how the handover between the face to face intervention and desk based casework was managed. They highlighted concerns regarding the time period for handover, citing potential issues with initial face to face perceptions being lost once cases were transferred. MA assured members that the handover period was critical and took place as close

to the visit as possible. Caseworkers based their conclusions on evidence not their personal impressions.

7. Members asked whether telephone interventions were recorded and whether this constituted a taped interview. MA assured members that the telephone conversations were not recorded.
8. The value of face to face interventions was discussed with members asking whether these would still be available, with conference calls being offered when customers wanted their agent to be present. MA agreed that conference calls were possible acknowledging customers' right to have representation. Face to face meetings remained part of HMRC's approach to interventions and were still used where required.
9. Members raised the issue of security when books and records were held remotely. MA reassured members that security issues are viewed seriously and appropriate solutions were in place.
10. MA concluded saying that feedback from customers was that most were unaware that HMRC's approach had changed. Feedback from customers and members of staff would be used to influence development of the approaches. She expected this to be an ongoing exercise.

Call for Evidence announced at Spring Statement 2018.

- **Encouraging compliance by users of online platforms**
- **Cash and digital payments in the new economy**

11. MA introduced Simon Habesch (SH) from CCSU; Miriam Waddimba (MW) from CS&TD; Camilla Metcalfe (CM) from HMT and Eilidh MacFarlane (EM) from HMT. They presented two calls for evidence (CFE). Both had been announced at the Spring Statement on 13th March 2018. She noted this discussion was intended to complement and encourage discussions on the CFEs with the policy experts, not to replace the need for representative bodies to give formal responses to the CFEs which run to the 5th June 2018.
12. MW outlined the **CFE on encouraging compliance by users of online platforms**. This was a growing area of the economy, examples included online transport booking platforms, online food delivery platforms and online hotel booking agents. HMRC is keen to join up with the work already underway on this issue in the Organisation for Economic Cooperation and Development (OECD). In response to a question, she noted this CFE wasn't prompted by, or linked to, the impact of the UK leaving the EU.
13. A wide ranging discussion followed covering whether the CFE would focus on large or small platforms and the different business models use of these platforms prompted. The team confirmed that technology companies were included in the CFE.

14. Members asked whether the CFEs would refer to learning from other countries, recognising that different jurisdictions had very different tax liabilities, such as varying VAT registration thresholds, which could cause complications in the UK.
15. Members asked HMRC to consider better joining up across the various digital consultations underway in order to avoid unnecessary duplication of comments and effort.
16. The use of educational messages, via the online platform, acting as prompts, was suggested by members. They thought this would be a good trigger for compliance messages.
17. MW and CM thanked the members for their valuable contributions and advised the insight that the members had provided would be used to inform the outcome.
18. EM introduced the **CFE on cash and digital payments in the new economy**, acknowledging that some taxpayers and some areas of the UK economy continued to rely on cash, noting also the growth of digital payments and the need to support both methods.
19. The session generated a wide ranging discussion. Members asked whether the CFE would look at the use of various denominations, with views divided on whether the £50 note should be phased out.
20. The use of small coin denominations was also touched on, with members highlighting charities' reliance on these and also cheques for donations. Members asked for charity responses to previous consultations on this issue to be taken into consideration.
21. Members asked whether the CFE would cover the limit placed on contactless payment. This would be helpful for small business who often rely on cash but incur added expense when banking. Security considerations in respect of increased contactless limits were also covered.
22. The members looked for the CFE to cover any impact of the General Data Protection Regulations (GDPR), noting the amount of data held by institutions regarding digital payments.
23. Members thanked the presenters for the opportunity to discuss the CFE. They asked for detail, if known, of the split between personal and business use of both cash and digital payments. This information would help inform their contributions. They noted the opportunity to link up with other consultations covering the same issues to avoid duplication and asked whether the CFE was looking at examples from other countries of cash and digital use.
24. MA thanked the presenters for their session and reminded members that the CFEs were open for comments until the 5th June.

Making Tax Digital for Business Update

25. MA introduced Rebecca Hutton (RH) from HMRC Transformation who gave an update on Making Tax Digital (MTD) for Business. She covered the ITSA and VAT pilots whilst noting that the controlled go live for the self-employed had recently been exited.
26. RH outlined the VAT pilot, and the planned 12 months soft landing period, allowing additional time for more complex businesses to comply. Other business as usual penalties, such as default surcharge penalties, would not be affected by the soft landing.
27. RH explained the work HMRC was doing with partners at Exeter University and Kantar Public on insight used to inform nudges and prompts. She summarised the continuing work with software developers on technical testing. She acknowledged that a lot of behavioural insight was needed across all the different nudges and prompts required. The current market ready software for ITSA does not include HMRC designed nudges, although software providers may choose to include their own nudges and prompts.
28. Members thanked RH for her update which stimulated discussion across a wide ranging area. Members highlighted their continuing concern regarding the readiness of software products. They noted the lead in time was critical; that the purchase of software was a commercial decision, not solely as a result of MTD and that business would usually seek to change software at the start of their reporting year not part way through: and requested the need for their clients to be able to future proof software against further iterations of MTD (as they would not want to have to buy more than one product).
29. Members raised concerns in relation to the impact the EU Exit may have on businesses who need to prepare to meet the timetable for mandation. RH reiterated the statement made by the Financial Secretary to the Treasury (FST) that MTD would be mandatory for VAT where businesses were over the VAT threshold in 2019 and that the scope would not be widened before 2020.
30. Members discussed the need for clear communications and raised questions regarding the ability to access material on GOV.UK, and in particular whether GOV.UK could host FAQs which their members found useful. Alternative ways of communicating FAQs were suggested, including use of Talking Points, and Agents Updates.
31. RH explained that it remains our intention for GOV.UK to host communications, and outlined the aims of the Partner Pack. She undertook to send the completed version to members.

AP RH to send the completed Partner Pack to CRF Secretariat for onward dissemination to members.

32. RH thanked members for the valuable points raised in discussion. She acknowledged the need for clear and accessible communication and noted members' concerns regarding software and lead times.

Update on member responses on the review of the Compliance Reform Forum

33. MA introduced Dave Rasmussen (DR) who thanked members for their valuable feedback. He invited those members who had not yet done so to share their views with the Secretariat.
34. He summarised the responses so far. Generally members were content with the CRF, valuing the forum as a means of engagement with HMRC. Members had identified areas where improvements could be made, particularly in the relation to the CRF sub groups and the links and referrals between them and the CRF. Feedback received would be fed into the wider HMRC review of engagement with Professional Bodies and Representative Organisations.
35. Members welcomed the opportunity to provide feedback, noting the number of fora across HMRC which covered similar issues and asking when they would be informed of the review. MA advised that it will take time to get the right level of engagement in place ensuring optimum value both for external members and HMRC. However, CRF could make some improvements ahead of that, for example, by tightening up arrangements on referrals to sub committees and sub committees reporting back.

Summing Up

36. Susan Cattell (SC) ICAS summarised the meeting on behalf of the external members setting out the key issues arising from the meeting, including:
 - a. The benefits of being informed about initiatives like the pilots developed in WMBC.
 - b. Having the opportunity to engage with Policy on developing areas.
 - c. Knowing that external members' feedback is received and valued.
37. She noted the importance of reviewing engagement as the CRF and the sub groups evolve, recognising the need to find consistency and efficiency between the fora. She emphasised the value members found in the CRF and its sub groups citing today's meeting as a good snapshot of how useful it was for all attendees.
38. MA thanked SC for her summary and helpful comments.

Next Meeting

39. The next meeting was scheduled for the 7th August 2018. However, MA acknowledged this may not be a convenient week for everyone. She invited members to advise the Secretariat of their preference and availability for a late June/early July meeting or the August meeting.