

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting

Date: 10th May 2018

Time: 13.00 – 16.00

Location: 2/66, 100 Parliament Street, London, SW1A 2BQ

Advisory Board attendees: Teresa Graham, John Whiting, Roger Southam, Alastair Keir, Paul Aplin, Graham Rogers, Paul Morton, Rebecca Benneyworth, Violetta Parylo

Apologies: Malcolm Bacchus, Karen Thomson, Dan Olley, Rt Hon Mel Stride MP

HMRC & HMT attendees: Ruth Hopkinson, David Richardson, Jan Owens, Madeline McGrillen, Asif Bukhsh (Secretariat)

Guests: Claire Sheehan, Ajit Philipose, Rebecca Hall, Justin Savage, Denise Togher

Observing: Eileen Rafferty (OTS), Dr Maja Brkic, Rebecca Hill

1. Welcome and Apologies

- Teresa Graham (TG) noted apologies from FST who could not attend due to urgent parliamentary business, Malcolm Bacchus, Dan Olley and Karen Thomson.
- TG extended an official thank you to Allison Harper, [who recently stood down from her ABAB role], for all her hard work especially as Chair of the Tell ABAB and member of the EU EXIT Working Group. The Board wished her well.
- TG welcomed Violetta Parylo, Finance Director at RICS to the Board.

2. Review of action/issues log

- TG reviewed the action log and agreed that all action points were closed as they had either been resolved or were agenda items.

3. Update from the working groups

3.1 Tell ABAB Working Group

- Malcolm Bacchus is now confirmed as Chair of the Tell ABAB WG
- Latest Tell ABAB report published on 13th April 2018 on GOV.UK.
- Work on Tell ABAB 2018 Survey has begun, with intension to extend the reach of the survey
- Roger Southam (RS) suggested asking participants to identify what tools businesses use to help them comply with their tax obligations.
- Rebecca Benneyworth (RB) suggested asking if digital accounts are helping businesses reduce burden
- Next meeting in July will agree and set timeline.

AP1: Suggestions to be included in 2018 Tell ABAB Survey.

3.2 Customer Experience Working Group (CEWG)

- 20th March meeting included a software demonstration by Coconut, a developer offering a business current account managed via a phone app.
- 19th April meeting, helpful discussion seeking CEWG member's views on HMRC segmentation approach for the CT Impact Assessment.
- Impact Assessment - the RTI lessons learned paper sets out a series of questions discussed with CEWG to help assess HMRC progress in delivering MTDfB against lessons learnt from impact assessment work.
- RS applauded the 'honesty coming through from HMRC' providing early information and making service and delivery better, and commending 'the excellent customer journey work [Inheritance Tax] demonstrated to the CEWG.
- PA supported the 'good attitude' from MTDfB's, commenting that legislation and regulation often moved at a far faster pace than the technology that should support it e.g. Trust Registration Service.
- RB asked if iXBRL in Corporation Tax (CT) be replaced under MTDfB if the design of CT was from the user's journey - She advised she would consider the issue and report back at the November Board meeting.
- Next CEWG meeting on 16th May

AP2: CT/iXBRL online filing feedback in November, add to forward look

3.3 EU Exit WG

- Rebecca Hall (RH) summarised current position with EU Exit negotiations and the agreement over the implementation period. She advised negotiations for the June council were progressing. HMRC have been working on detailed project plans and will have additional revenue to support this work in 2018/19. She advised the customs declaration service was progressing on schedule.
- GR advised EU Exit WG have raised the point of what support mechanisms would be in place if a 'hard' Brexit happened.
- RH thanked the work and support her team have received from the EU EXIT WG.

4. Office of Tax Simplification (OTS) Update

Paul Morton (PM) provided an overview of OTS current work programme, including how they are taking forward the Business lifecycle review with a focus on life events (e.g. taking on a new employee). Other work areas include:

- Capital Allowances
- Income from Savings Landscape
- Inheritance Tax
- Lower/Middle Income Tax – non business
- Guidance – non strategic
- GIG economy platforms for self-employed
- Looking at Technology used to help businesses in New Zealand, and the practises their revenue department provide, including a taxpayer's advisory panel, which is a platform for tax simplification for small businesses.

- Jan Owens (JO) suggested co-ordinating with HMRC's Master Customer Journey team who are already looking at this and who would be happy to collaborate with OTS.

5. Making Tax Digital

5.1 Programme Update

Ajit Philipose (AP) provided a Programme update including:

- The Value Added Tax (Amendment) Regulations 2018 were laid before Parliament on 28 February 2018, coming into force on 1 April 2019.
- Published Commissioner's Directions on GOV.UK on 14 March, came onto force on 16 March. These directions are needed to enable customers subscribed to MTD for income tax to consent to receiving information from HMRC electronically, and to enable HMRC to accept information provided by these customers as meeting their income tax obligations.
- Published Terms of Use on 28 March 2018 which revised earlier Terms of Collaboration. These lay out the requirements for software developers working on MTD-compatible software.
- Draft VAT Notice sent to stakeholders on 10 April for comment. We're now making changes according to feedback received and expect to publish the final version before summer recess.
- MTDfB continue to work closely with businesses, representative bodies and developers to ensure smooth transition to, and successful implementation of, MTDfB
- RS suggested the VAT Notice may need to be trimmed back. Clare Sheehan (CS) advised she was considering using the Partner Pack to provide an overview with the VAT Notice acting as a more detailed guide for Tax Agent and professional bodies who have asked for and required more guidance.

5.2 Making Tax Digital Pilots

- The public beta phase of the Income Tax pilot started in March for sole traders with income from one business (and their agents). We will work with software providers to add more functionality as the pilot progresses, allowing a wider range of businesses to join.
- The private phase of the VAT pilot started in April 2018, building on earlier small-scale technical testing. We are now inviting a small number of businesses who meet the initial eligibility criteria to join, with access being gradually expanded on an iterative basis.
- The VAT pilot will be gradually widened as more functionality is delivered, allowing flexibility for improving the system, and enabling HMRC to identify and address any issues as early as possible, ensuring the system is thoroughly tested before any businesses are mandated to use it.
- There are in excess of 130 developers that have registered an interest in building VAT products, and we expect over 30 products available when we open up the pilot later this year.

- As well as testing that the IT works, the pilots will help us learn from our volunteers so we can improve the service and ensure the guidance and support we put in place is right to support businesses and agents in making a smooth transition.
- The experiences of the pilot will also help inform our Comms plans as we start building greater awareness, helping businesses and agents prepare for mandating of VAT.

6. Agents and Small Business Survey

- Denise Togher (DT) introduced the Agents and Small Businesses survey results, which suggested HMRC focus should be on applying penalties fairly and compliance, explaining this was about giving businesses the opportunity to contest or provide an explanation before a penalty was applied.
- What other areas would ABAB members suggest looking at:
- John Whiting (JW) explained experience can vary as in the case of iForms where there doesn't appear to be any baseline standards, and you can get extremes of views depending how well or not it has been designed.
- Master customer journeys - would be useful to share details of journey already undertaken and those planned with timelines.

AP3: Master Customer Journey team: to share Journey timeline and present at August Board meeting, add to Forward Look

AP4: Review of iForms add to Forward Look

7. Update on Tax Admin Burdens Reduction

- Justin Savage (JS) set out the next steps for considering the qualitative impacting of new measures and products and how that might be implemented, and asked for Boards comments/suggestions, particularly on what success might look like, and how it could be measured:
- PM advised OTS were looking at the user experience and using a complexity index.
- Graham Rogers (GR) gave an example of poor customer experience concerning P11Ds in relation to payrolling benefits in Kind(BiK) particularly Car and Health benefits, and if process involves additional admin burden, which TG requested be addressed (see action point).
- Alastair Keir (AK) suggested when considering new taxes, more focus should be given to reduce complexity at that stage. JW supported this view.
- TG asked how you could measure fairness when there is a prevalent fear factor when dealing with Tax.
- Members highlighted that external factors need to be understood, focussing on the small things which can have a disproportionate impact on confidence (e.g. Acknowledging correspondence from business, managing expectations, more certainty, more re-assurance and messaging all playing a key role).
- JS thanked the members for their input and advised he will report back to ABAB in November.

AP5: Update to be provided on P11D's BiK process

AP6: JS will share methodology in November, add to forward look

8. Consultation Master List review

- TG summarised the 15 open HMRC consultations, five are being reviewed by OTS.
- ABAB agreed no action required on other consultations.

9. HMRC's transformation programme prioritisation

- Jan Owens (JO) provided an update on HMRC Re-prioritisation, following Jon Thompson and Jim Harra's attendance at 30 April Public Accounts Committee hearing. JO highlighted priority areas included EU Exit, Development of the new Customs Declaration Service, VAT projects and MTDfB work
- TG advised it would be helpful to understand how Business's capacity to absorb change can be measured, as this is linked to customer experience

9. AOB

- How will GDPR effect ABAB? Will it impact sharing information (e.g. sharing Tell ABAB survey details with OTS)?
- TG reviewed Forward Look topics and updated Board on the Communications WG, which AK will Chair and include PA, PM and TG.
- Dr Maya Brkic (DrMB) gave an overview of how Behavioural Insight can help to maximise revenue, support businesses to move to digital, develop efficiencies and how Behavioural Insight could support ABAB.
- TG thanked everyone for their attendance

AP7: Behavioural Insight team to attend future ABAB meeting – add to Forward Look

Next meeting

The next meeting will be held on the 14th August 2018, from 13.00 – 17.00 in Room 2/66, 100 Parliament Street.