

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting

Date: 14th August 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, Malcolm Bacchus, Karen Thomson, Paul Morton, Rebecca Benneyworth

Apologies: Graham Rogers, Violetta Parylo

HMRC & HMT attendees: Ruth Hopkinson, Ruth Stanier, Elaine Benn, Madeline McGrillen, Kevin Brown, Asif Bukhsh (Secretariat)

Guests: Rebecca Hutton, Lucy Pink, Tina Gallagher, James Beecroft, Angela Brown

Apologies: Clare Sheehan, Ajit Philipose

Observing: Eileen Rafferty (OTS), Clare Cowie

1. Welcome and Apologies

- Teresa Graham (TG) noted apologies from Graham Rogers, Violetta Parylo, Clare Sheehan, Ajit Philipose
- TG welcomed Ruth Stanier (RS) as the new Director for CS&TD
- RS detailed her background, highlighted key priorities and welcomed the opportunity to work with ABAB

2. Review of action/issues log

- TG reviewed the action log, agreed all action points were closed as either resolved or were agenda items

Update from the working groups

3. Tell ABAB Working Group update

- Malcolm Bacchus (MB) gave a summary of the themes for this year's survey and asked for comments on paper circulated
- TG suggested including an option for solutions/improvements
- Paul Aplin (PA) suggested bringing forward the launch date of the survey to identify the big issues in a more timely manner so as to influence future work programs

4. Communications Working Group Update

- Alastair Keir (AK) gave a summary of the first working group meeting held on 26 June, which set out the terms and scope of the group, with the aim to raise ABAB's profile across HMRC
- Actions agreed - surveying previous attendees for feedback and engaging with senior leaders to promote and blog about ABAB

5. Customer Experience working group (CEWG)

- Roger Southam (RS) advised the Board of the upcoming CEWG meeting which would look at SDLT issues and Late Submission Penalties

6. MTD Update

- Rebecca Hutton (RH) gave a programme update which included the following:

MTD VAT Notice 700/22 was published on 13 July 2018

Making Tax Digital Communication Pack for Stakeholders and a page listing some of the software developers was published on GOV.UK on 13 July 2018

Currently working on further draft guidance and continuing to engage with businesses and other stakeholders

ITSA

- Income Tax pilot is in public beta and open to sole traders and landlords. GOV.UK has guidance for business and agents to sign up, a list of available software and Help and Support content. They are not encouraging customers to join if they have additional sources of income to report
- The number of market ready software products remains at 4 as vendors focus on VAT
- A free version of an existing product is being developed
- For on-boarding, the priority for 18-19 is to increase volumes from the most digitally willing and able segments for whom MTD for Income Tax carries minimal admin burden e.g. already keeping digital records
- RH welcomed ideas from the group on ways to identify and target such customers

VAT

- VAT Pilot commenced in April 2018 and is currently in an invite only beta phase, where they are testing the service with a number of businesses, agents and software providers. The pilot will be opened up to more businesses and agents to join later in 2018
- They are working with over 150 software providers who have said that they will have products ready for April 2019
- VAT Notice, Communications Pack and details of some of the software developers working with them were published on GOV.UK 13 July 2018 – further guidance/communications activity to follow.

- More than 40 of these suppliers have said that they will have software ready during the first phase of the pilot and we have reviewed a similar number of prototype products
- They have received a number of successful sign ups and submissions from both businesses and agents
- Exemptions for MTD will be considered on a case by case basis via the VAT Helpline – previous digital exemptions to be carried over
- RH then shared a summarised timeline for communications
- PA highlighted training costs and its impact and advised if they were not ready for April to consider a soft landing

7. Master Customer Journeys

- Tina Gallagher (TiG) introduced and co-presented the SA Debt Customer Journey
- James Beecroft (JB) led the Board through the 'as is' journey map through to the 'to be' journey, highlighting pain points, contact points and customer emotion at each stage
- The Board were particularly impressed as the work was 'so refreshing' and demonstrated that HMRC "actually get it"
- RS advised the challenge is how to convert this insight into policy and design changes that will make a difference

8. Office of Tax Simplification (OTS)

Paul Morton (PM) highlighted the recently published Annual Review and provided an outline of current work:

- Two reviews requested by Chancellor
 - 1) Inheritance tax review
This has generated considerable public engagement. 3000 people responded to the survey and many written responses were received. A two-stage report is planned. Administrative aspects of the tax will be considered in a first report, to be published in advance of the Budget. A further report will look at potential policy changes.

<https://www.gov.uk/government/consultations/inheritance-tax-review-call-for-evidence-and-survey>

- 2) Review of the business lifecycle
This review will focus on the practicalities of dealing with tax, from registration through record-keeping, calculating, filing and paying tax. It will look also at some of the additional complexities that can arise as a business develops, such as taking on a first employee, dealing with BiKs or claiming tax reliefs, and selling overseas. A Call for Evidence is planned for mid-October, and the report should be issued in spring 2019.

<https://www.gov.uk/government/publications/chancellor-requests-further-ots-review-of-the-business-lifecycle>

- PM advised there were three further papers:

Technology: this will take a strategic view at future potential technologies. Will also consider key questions, such as where does responsibility lie in cases where an individual has engaged with tax through a platform or platforms, and options to fund tax-specific software. Report to be published in the autumn

Guidance: OTS are taking a strategic look at ways to deliver information to customers: this complements HMRC's programme of updating core guidance for customers and agents work

Life events: this will take a lifecycle approach to an individual's interaction with tax. Focusing on people in lower and middle-income brackets and key life events that require interaction with tax, such as starting a first job, changing jobs, small expense allowances and claims and having children

- EB advised as part of their customer journey work they had looked at Business life events and could collaborate on this

AP1: Board would be interested in hearing more from the Technology Advisory group in OTS. Invite them to a future Board meeting – update Forward Look

9. Small company simplification

- Angela Brown (AB) referenced the recent OTS report and explained that the small business team were considering individuals engaged through online platforms and wanted to ensure that the tax system reflects and keeps pace with growth and innovation, and meets the changing needs of these new business customers
- She advised there is a vibrant ecosystem of software and apps that can support customers in meeting their obligations; providing them with a real time experience of collection and reporting to address significant error and evasion tax gaps and also reduce admin burdens for those businesses. She asked Board members to reflect on what the benefits/challenges may be
- The Board suggested that a 'pay as you go' model might be welcomed by some small businesses but deductions should always go direct to HMRC and made available for payment against all taxes. There were mixed views as to which approach would work better, and concerns about hard boundary rules, but the overall objective must be to make tax compliance much simpler and more coherent for the business.

10. EU Exit

- Lucy Pink (LP) outlined the white paper for a future partnership. Planning continues for a 'no-deal' scenario. On the Customs model they are continuing to work with stakeholders and looking to raise awareness with those who trade with the EU
- Technical notes will be used as one method of communication as well as considering other routes

- MB raised concerns around practicalities at the Border, which LP advised would be addressed by the Border delivery team who would look at moving to a new Customs Declaration Service

AP2: Review of white paper at the next EU Exit working group meeting

11. AOB

- iForms: MM provided an update of on-going i-Forms work within HMRC which is being monitored via Agent forums

AP3: Board would like regular update on progress of this work- update Forward Look

- P11D's: MM provided an update. It was agreed to take off-line to investigate further

AP4: Board would like an update on current burden on business of this process – update Forward Look

Next meeting

The next meeting will be held on the 8th November 2018, from 13.00 – 17.00 in Room tbc, 100 Parliament Street.