

Notes of Wealthy External Stakeholder Forum

29th April 2019 at 100 Parliament Street, London

Attendees:

HMRC

Roger Atkinson (Deputy Director – Wealthy and Forum Chair)

Steve Crockett (Forum Secretariat)

Lauren Court (Wealthy Assistant Director – Central & South Region)

Michael Oliver (Wealthy Strategy Team)

Rikki Singh (Wealthy Portfolios & Technical)

Ian Young (WMBC Insight, Growth & Risk)

Chemeana Lacey (WMBC Insight, Growth & Risk)

Kathryn Robertson (Head of Policy, Stamps Taxes & ATED)

Reshma Prajapat (HM Treasury – Policy)

External Forum Members

Daniel Nesbitt (STEP)

David Hughes (CIOT)

David Mellor (CIOT)

Imogen Davies (Law Society)

Kate Willis (CIOT)

Mark Levitt (ICAEW)

Penelope Lang (ICAS & EBG)

Apologies

Adam Willman (AFME)

Alan Gourley (NITC)

Emily Deane (STEP)

Jamie Younger (EBG)

Malcolm Offord (AIETP)

Oliver Rowland (ATT)

1. Welcome and Introductions

Roger Atkinson (RA) was introduced to the forum as Interim Deputy Director – Wealthy and welcomed forum members. Attendees introduced themselves. Steve Crockett (SC) covered domestics and proposed agenda timings.

2. Wealthy Update

RA provided an update to confirm he had been in post as Deputy Director from early December 2018, following Nicole Newbury's promotion to WMBC Director. He summarised that he'd already made one visit to agents' representative bodies and planned further visits where this would be helpful to discuss any hot topics and support effective working relationships. RA noted that Requirement to Correct legislation and compliance work had been covered in the previous forum meeting and that there had been a delay in some notifications being received, however this delay had now been cleared.

RA said that the HMRC Wealthy External Research was also discussed at the last meeting. The conclusions of this research had been released today, on the gov.uk website [here](#). The research was commissioned in 2018 involving interviews with a mix of taxpayers and their agents. Key findings included taxpayer behaviour being influenced by a balance between wanting to contribute to society whilst being intolerant of a "punitive" tax regime. RA said that the 'Wealthy' population definition is referenced in the report. The definition had previously been annual Income of £150,000 or gross wealthy of £1,000,000. From 1st April 2019 this had changed to £200,000 income or gross wealth of £2,000,000 in any one of last 3 years. This was felt to be a good proxy for approximately the top 1% of individuals in the UK tax system, around 500k to 1million customers (varying year on year).

LC outlined our proposed approach to sharing information with rep bodies via the forum members on Wealthy 'upstream' activities to groups of our customers going forward. This will involve providing copies of sample generic letters, a summary of intended general audience/section of our population impacted and the issue we are intending to address through the letters. We would also provide some information on who is leading on the work within HMRC/Wealthy and on the approximate timing of letters being sent. Rep bodies would be able to share the information with their members. LC explained we are aiming to increase transparency through this approach and sought the feedback of forum members to the proposals. General feedback on the approach was broadly positive from within the room.

Michael Oliver (MO) provided an update on how the Strategy & Insight team are looking at the Wealthy taxpayer population and their agents to understand more about cooperative compliance, recognising both OECD guidance and how other countries have varying taxation strategy approaches to the Wealthy. MO said this work was still at a relatively early stage, but we are looking to develop our approach and keen to engage with forum members for input.

Forum members asked about HMRCs stance on tax penalties and their importance to HMRC as a revenue source. RA explained that HMRC would prefer people to get things right first time and pay the correct tax as this would be a better and cost effective approach for all involved. Penalties were charged in various circumstances to encourage compliance and penalise non-compliance.

3. Offshore Collective Investment Schemes

Ian Young (IY) and Chemeana Lacey (CL) gave a presentation on Offshore Collective Investment Schemes (OCIS) and sought feedback from forum members on the current environment and any concerns they and members/clients expressed. Members provided a range of feedback including:

- Offshore funds legislation leads to some transparency issues when beyond UK jurisdiction, it was felt by some members that it's sometimes hard for agents to get hold of enough information to make the correct decision, which should be taken into account by HMRC
- Frequent changes of legislation were generally considered unhelpful to taxpayers and agents trying their best to meet obligations
- Excess Reportable Income principles were felt ok by at least one member but it was felt it could be handled in a less complex way. For example, could responsibility be put on funds as it was often hard for individuals to know if they have a liability to add to their tax return in complex cases.
- When planning a proposed multiple customer mailing on Offshore Collective Investment Schemes, HMRC will consider if additional support through guidance or other media can be shared with the agent representative community to assist them in supporting their clients – members were broadly receptive to us considering such support.

4. Policy Consultation – Stamp Duty Land Tax & Non-Residents

Kathryn Robertson (KR) and Reshma Prajapat (RP) attended to hold a short session on the current SDLT consultation and said they were happy to listen to feedback to the questions raised in the consultation from forum members. Issues and queries raised included the following:

- Members asked to clarify the key target audience for the legislation – confirmed as Non-residents
- There was some discussion around intention or refund method being used in developing the policy
- More than one test on residence was cited as a concern by some members
- There was some discussion around consideration of citizenship and whether the 1% tax amount would lead to any restructuring of affairs
- There were some concerns raised around whether perceived student accommodation issues were valid and unintended impacts of the policy – KR said they would be interested in any evidence around that topic that rep bodies could provide them with to consider
- RP noted that if members had evidence that particular parts of the population will be adversely affected by the proposed policy that didn't seem to be anticipated, then she and KR would be interested in seeing that
- Some members raised close company attribution rules as complex to deal with due to their technical nature and there were concerns it would be very hard to get advice on this for individual cases within the proposed 14 day period. It was suggested this could potentially

lead to people paying tax that wasn't due because of the barriers / costs to obtaining the right advice quickly enough

KR and RP noted all comments from members, which would be considered within the terms of the consultation, and encouraged anyone with comments to submit a written response to the consultation. They thanked them for their input, noting they were open to further representations from rep bodies through the remainder of the consultation if there were any further views they should consider.

5. Hot Topics from Members

Members raised a number of hot topics including the following:

- IHT & Residential property held offshore, concern that genuine errors and difficulty with legislation changes and structures put in place over 20 years ago could be disproportionate with potential 200% penalties. Possible future topic for discussion at the forum.
- Offshore Income gains and changes in legislation impacting these plus future uncertainty were given as a hot topic with concerns from members around non domiciled taxpayers now leaving the UK.
- Life after 'Requirement to Correct' was raised by members with concerns around what happens if taxpayers make genuine errors in the future and how these will be interpreted/dealt with by HMRC.
- Use of Schedule 36 legislative powers was raised and perceived variability of when and how this is used in HMRC by some members – RA advised schedule 36 was something we would use to help stop delay in tax enquiries but depended on the circumstances. RA asked for forum members to let him know if there were specific examples of concerns in this area they wanted to raise from dealing with Wealthy teams.

6. AOB & Close

There being no further business, the meeting was closed. SC to be in touch with draft note of meeting/action points in due course and to confirm date of next forum – likely to be in October 2019. RA thanked all forum members present for attending and their input.

Action Points

- SC to share the link to latest gov.uk Trusts Registration Service ([TRS](#)) guidance after advising forum members this had been recently updated in response to various feedback received.
- SC to share notes of meeting for comment then publish on gov.uk
- SC to be in touch in due course to confirm a date and venue / agenda for the next forum