

# Minutes

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## MID-TIER AGENTS FORUM

Friday 28 March (10:00-12:00)  
Room G/16, 1 Horse Guards Road, London SW1A 2HQ

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<b>Chair:</b>	<b>Denise Walsh</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Secretariat:</b>	<b>Sam Shaikh</b>	<b>HMRC (Business Customer &amp; Strategy)</b>
<b>Attendees:</b>	<b>Richard M Jones Stephen Nixon Norma Chisholm Mark McGarry Tim Lyford David Barton Jonathan C Riley Mike Pettit Luke Liddiard Robina Dyall</b>	<b>BDO Crowe Clark Whitehill Moore Stephens Saffery Champness Smith &amp; Williamson Baker Tilly Grant Thornton HMRC (Large Business Service) HMRC (Cen Pol) HMRC (Cen Pol)</b>
<b>Speakers:</b>	<b>Denise Walsh Janet Abeysundera Daniel Patrick Sam Mitha</b>	<b>HMRC (Business Customer &amp; Strategy) HMRC (Business Customer &amp; Strategy) HMT HMRC (Cen Pol)</b>
<b>Apologies:</b>	<b>Jacquelyn Kimber Lisa Macpherson Tim Davies Theresa Middleton Ian Quelch Mike Crabtree Hugh Hedges Chris Simpson Ian Stewart Alan Tume Kevin Fletcher</b>	<b>Moore Stephens BDO Mazars HMRC (Director, Business Customer &amp; Strategy) HMRC (Business Customer &amp; Strategy) HMRC (Specialist PT) HMRC (Cen Pol) HMRC (Counter Avoidance) HMRC (Indirect Tax) HMRC (Large Business Service) HMRC (Local Compliance)</b>

## **1. Welcome and introductions**

The Chair welcomed attendees to the meeting and introductions were made.

## **2. Minutes of last meeting & matters arising**

There were no amendments to the minutes of the last meeting and the minutes were adopted.

All action points from the previous meeting were closed. The only outstanding action point came from Sept 2013 (Point 2) to provide a project update on Base Erosion and Profit Shifting (BEPS). This would be addressed in item 4 on the agenda.

## **3. Update on Agent Online Self Serve**

Janet Abeysundera (JA) provided an update on Authority Management (AM) and Identity Assurance (IDA) highlighting the critical dependency of the Agent Online Self Serve project on IDA. She provided an update on the recent 'Inception' phase; a series of workshops commencing 10<sup>th</sup> March 2014, that looked at prioritising key user journeys and identifying what Government interaction was needed in preparation for the Alpha phase.

Janet went through the slides and made the following additional comments:

- Agile methodology – a project is never complete; there is continuous feedback. It is then easier to make changes;
- Discovery phase looked at what are the user needs, how do people interact with Government;
- Following the Alpha phase- next step is a Private Beta where you invite an audience to test and then a Public Beta which covers a wider testing platform (anyone can sign up for user testing at that point). This is followed by a 'Go Live' phase;
- GDS worked with a number of Departments, not just HMRC, including Companies House, DWP, Insolvency Service, Intellectual Property Services, DVLA, to understand why they need Authority Management;
- Became clear that HMRC is far ahead of these other departments in that it has a need for this service now;
- Organisations – includes agents
  - Separation – after signing in with citizen IDA, became clear that people did not want to click on home and business identity – they wanted a clearer delineation between the two;
- Individuals – includes friends and family
  - HMRC debrief today on consultation to understand what key needs in this sector are;
  - Ongoing GDS work focusing on paid agents and organisations and businesses – Friends & Family dealt with as a separate workstream
- Clients do not want to do tax themselves – obvious point but important for us to understand why;
- Procurement plan for 'Inception' relates mostly to identity providers;
- User journeys - 9 scenarios developed – one for each persona;
- Core prioritised journeys: Identified 5 key journeys that were prioritised – what are the key points in the journey that could cause a problem?
- Different scenarios for agent claims authority over a client
  - Agent instigating adding a client;
  - Agent already has citizen IDA but client does not;
- User research: including HMRC Agent panel members;

- Other interested parties: have to share progress at each stage with OGDs who have an IDA need as well;
- Alpha phase commenced 24<sup>th</sup> March. GDS user researchers have met with HMRC colleagues to agree plan – Val Barton is the contact;

Stephen Nixon (SN) questioned how multiple agents and changing agents would play into this space. JA stated considerations for these scenarios are very much on the radar.

Tim Lyford (TL) was interested to understand the thought processes that were reflected in the personas. He asked whether the 9 scenarios referenced could be shared with Agent Representatives to ensure that as users they reflected the reality.

JA referenced some examples – (i) organisation - partnership where one partner had an accident and had to delegate authority immediately (ii) CEO of a company – small business that grew and required multiple agents to do different things.

Agents said they needed to understand how the alpha phase develops to understand what development they needed to do as agent bodies.

SN – reference to some clients being very security conscious; data kept on separate databases – concern for MTAF members.

JA signposted agents to GDS blog which provided regular updates on IDA and AM.

**Action Point 1 – JA to consider sharing personas and scenarios indentified for the Inception phase with agents –closed (see separate email);**

**Action Point 2 – SS to circulate Val Barton's details along with the minutes for agents to volunteer for user testing- closed (see separate email);**

**Action Point 3 – SS to send link around for GDS blog- closed (see separate email).**

### **Update on Agents Strategy**

Denise Walsh (DW) updated the forum on the development of the Agents Strategy work since taking the review to ExCom in January and shared the core script. She made the following additional points:

- Some taxpayers will do more online and some will continue to use agents for certain activities. We are designing our services for end-user customers as if agents were end-users;
- We are doing more work on market understanding – as is and future market trends – including understanding business expectations. We are focusing on developing a framework for segmenting agents that includes the market segment(s) their clients operate within and actual agent behaviour. We will tailor our response whether that is educational support, compliance, toolkits, or more hard edged compliance interventions;
- This will be underpinned by standards. HMRC want to work with agents to maintain high standards. The publication of the Professional Conduct in Relation to Taxation document (sponsored by Professional bodies and endorsed by HMRC) has taken forward these discussions and they will continue;
- Timing heavily dependent on IDA – aim is to start getting agents online by the end of this financial year (April 2015)

TL expressed concerns on the segmentation piece and suggested HMRC is opening itself up for criticisms of 'regulation by the back door'. He stressed the need for open dialogue to understand

the grounds of our categorisation. Suggestion that we are creating a monster and with certain agents 'registered' with HMRC. DW agreed that transparency was needed and acknowledged the challenges. She affirmed that segmentation here was not about regulation but about assurance. We are keen for agents to do more for their clients but we also need to ensure that robust measures are in place to prevent cyber-crime.

SN made the point that sometimes agents do not have full control over rogue agents – this has also been the case for HMRC in the past. He gave the example of non-existent refunds being charged by an agent which was HMRC's fault. His contention was that if such activity was to occur after HMRC went down this new route, it would inevitably be the fault of the agents.

Mark McCaffrey asked for details on the timelines of this work programme. DW confirmed that the market understanding piece would take a few months and proposals for a compliance framework will be finalised after that. In the longer-term, there is a dependency on AOSS being delivered. DW said she was conscious that the next meeting isn't until June and would be happy to have bilaterals with MTAF members in the meantime.

#### **4. Update on the OECD work on Base Erosion and Profit Shifting**

Dan Patrick (DP) delivered a presentation on BEPs.

Agents raised concerns over the short timeframes for responding the consultations – and asked if they could be extended? They also wanted a sense of when the formal response to the consultation would take place so that they could forecast what resource was needed for agents.

Jonathan Riley highlighted the importance of the global perspective and requested that we keep them informed about BEPS not only from the UK perspective, but its impact across broader international organisations too.

**Action Point 4– DP to add an additional column to set out the timetable for consultation responses, including setting out when the formal response will be published and indicating when agents could be consulted after that point.**

#### **5. Budget Review**

Sam Mitha (SM) provided an update on the budget, outlining the main measures announced by the Chancellor including on personal tax and pensions. He introduced Robina Dyall as his successor. The key points were:

- Presentation began by focus on the budget process – the close collaboration between HMT and HMRC. HMRC encourage Ministers to make time for consultations, which allow us to refine our policies;
- HMRC is unique in that officials (not solicitors) instruct office of parliamentary counsel (although with close liaison);
- Quality of legislation reflects the quality of instruction;
- A key role for HMRC is the collective memory of the tax system: it is important to think about what has happened before;
- Media – lots of effort put into understanding the public perception before budget; generally the budget was well-received;
- The budget reflects the ministerial policy agenda – to allow businesses to continue to grow to sustain the economy;
- MTAF members should be aware of the budget finance bill (published 27/03/14);
- Where we are in the electoral cycle plays a key role – as does the context of a coalition government;
- Backdrop of an economic and fiscal context. Budget heavily influenced by the fact that we are in the middle of a deficit reduction.

Budget Headlines:

- Personal tax; increase in personal allowance;
- Pensions changes – most far reaching for a generation;
- Biggest changes in business tax - Annual investment allowance – positive response from agents. MM questioned why it goes up and down – SM replied that there is economic evidence to suggest temporary changes have a more positive impact and less deadweight cost;
- Accelerated payments was also a big measure – Ministers are keen to hear from agents about their reaction

**Action Point 5 – SS to circulate Robina Dyall's details to forum members- closed (see separate email).**

TL questioned if HMRC was becoming too authoritarian with such measures as taking money from bank accounts. Robina Dyall encouraged agents to focus on the detail; for e.g. in the case of bank accounts, taking money from the accounts will never be the first option, and customers will be given a number of chances to pay. TL understood this but stated that it was still a concern.

Sam Mitha requested agents to respond to the consultation as we need the expertise of MTAF members

## 6. AOB

### a. Mid-size Businesses

DW set out the new strategic approach for Mid-Size Businesses (MSBs). The key points were:

- HMRC commissioned external research in November 2012 undertaking a qualitative and quantitative study to increase our customer understanding of the mid-size business population;
- Using this customer insight, from April 2014 HMRC will be transitioning to a new strategic approach for mid-size businesses. It will put the customer at the heart of what we do and looks at improving and managing risk, compliance and customer service within this population;
- Based on the quantitative research, we identified that that an ongoing relationship with a nominated individual is not what most businesses need from HMRC- but appropriate contact –including to specialists- at life events is a key need;
- We are developing our focus on promoting incentives and reliefs as part of the growth agenda.

**Action point 6- DW to liaise with HMRC leads on Mid-size Businesses and come back with more detail on the reasons why CRMs will not be extended to MSBs. Email sent and DW will add to the June agenda to unpack in more detail.**

CBI Tax regime complexity – JR suggested a separate discussion was needed here.

### b) Tax-free childcare

DW set out that the latest position on tax-free childcare. The key points were:

- The Government has announced the introduction of Tax-Free Childcare for working families and has published its response which provides more detail on the scheme. Work is now underway to draft the legislation which we expect to be presented to Parliament in June;

- Consultation is very short- between 27 March and 3 April, officials will be discussing the draft legislation with a small number of groups who have previously expressed interest in the scheme. If you have an interest and would like to be involved in this particular exercise, please contact the relevant email address (we will circulate it);
- The draft secondary legislation will be published for consultation in the summer, so there will be further opportunity to comment later.

**Action Point 7 – SS to circulate link for consultation on draft legislation for tax-free child care on 31 March, given the short deadline- closed.**

**c) Forward planner**

Group agreed to the proposed dates and will confirm with the secretariat if they cannot attend any of them:

June 10<sup>th</sup> (10-12)

Sept 9<sup>th</sup> (10-12)

Dec 9<sup>th</sup> (10-12)