

MINUTES

MID-TIER AGENTS FORUM

Monday 15th June 2015 (14:30 - 16:30)
Room G/57, 100 Parliament Street, London SW1A 2BQ

Chair: Jeremy Tyler HMRC (Business Customer & Strategy)

Secretariat: Benjamin Douglass HMRC (Business Customer & Strategy)

Attendees: Richard Jones Baker Tilly
Tim Lyford Smith & Williamson
Mark McGarry Saffery Champness
Jonathan C Riley Grant Thornton
Stephen Nixon Crowe Clark Whitehill
Lisa Macpherson BDO

Michele York HMRC (Business Customer & Strategy)
Ann Smith HMRC (Specialist Personal Tax)
Marian Kitson HMRC (Local Compliance)
Anna Thomas HMRC (Business Customer & Strategy)
Chris Simpson HMRC (Counter Avoidance)
Ian Stewart HMRC (VAT)

Speakers: Ian Moules HMRC (Business Customer & Strategy)
Angela Nagarajah HMRC (Business Customer & Strategy)
Tarik Johnston HMRC (AOSS)
Richard Hewitt HMRC (AOSS)
Jen Knowlson HMRC (Offshore Evasion Strategy)
Chris Simpson HMRC (Counter Avoidance)
Simon Moulden HMRC (Central Policy - Devolution)
Derek Hughes HMRC (Personal Tax Operations)

Apologies:

Jacquelyn Kimber Moore Stephens
Tim Davies Mazars
Theresa Middleton HMRC (Business Customer & Strategy)
Hugh Hedges HMRC (Central Policy)
Mike Pettit HMRC (Large Business)
Andy Leggett HMRC (Local Compliance)
Ian Stewart HMRC (VAT)

1. Welcome and introductions.

Jeremy Tyler [JT] welcomed attendees to the meeting and introductions were made.

2. Minutes of last meeting, matters arising and action points.

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

There were no direct action points from the prior meeting, however the agenda items reflected requests from the prior meeting.

3. Risk Trigger Pilot / Agents Strategy

Ian Moules [IM] provided an update on progress with the risk trigger pilot. He briefly discussed the outcome of the study, and highlighted that the formal report is due to be published on 18 July.

IM also confirmed that the Agent Strategy team will be looking to scope additional and more sophisticated pilot opportunities in the future.

Anna Thomas [AT] then presented the forum with the current draft of the Agent Differentiation framework, explaining that this represents the way in which HMRC is beginning to think about differentiating agents based on their behaviour. A discussion was held, with agents highlighting the need to consider the benefits this could provide to 'good' agents at the top end of the scale, in addition to allowing better management of concerns.

Agents were particularly concerned that becoming an assured agent would require them to agree with HMRC's interpretation of specific provisions. AT reassured the forum this was unlikely to be the case – and instead, this was likely to be based on transparency – developing a common understanding of any areas of disagreement, and having a more mature, open and honest relationship on these issues.

4. Agent Online Self-Serve (AOSS)

Angela Nagarajah [AN] introduced herself to the forum as the lead for Agent Online Self-Serve (AOSS), and apologised for her team being unable to attend the previous meeting due to illness.

She then presented the forum with a brief update on the latest AOSS position – explaining the structure and timing of the current private beta service, and highlighting the planned deployment of additional functionality (monthly breakdowns) on Wednesday 17 June. AN also highlighted that the volunteer list for agents to enrol in the service will be re-opening soon.

After the conclusion of this planned deployment, the AOSS team will then be working to develop further functionality, incrementally adding other heads of duty (including SA, CT and VAT). AN was unable to offer the forum a firm timeline for this, but highlighted that the team are working quickly to devise and develop these solutions, and she would hopefully be able to offer a timeline at the next meeting. Separately, AN offered to arrange demonstrations or presentations of AOSS on request.

ACTION: Secretariat to arrange update on timeline for next meeting.

ACTION: Secretariat to feed back any requests for demonstrations.

Tarik Johnston [TJ] then presented the forum with a demonstration of a customer journey within AOSS – the process that the agent will go through to be authorised to act for a client in respect of their tax affairs. Agents highlighted a potential security issue with verification of clients, and the

requirement to ensure larger agents (who may have multiple teams or offices) were considered in the registration process. AN confirmed that HMRC are aware of this issue, and are already feeding this into ongoing plans.

The forum also highlighted a potential issue with individuals who either cannot, or do not want to engage digitally. AN explained that the AOSS team are currently developing an 'assisted digital' journey to assist those who may not have the skills or capability to engage, but that further thought needed to be given to those who may not have a digital presence, and have no desire to create one.

5. Offshore Evasion

Jen Knowlson [JK] joined the meeting to update on offshore evasion, highlighting that good progress was being made, with over £2bn recovered through offshore tax evasion initiatives, and over 90 countries committed to begin automatically exchanging taxpayer information by 2018 under the Common Reporting Standard (CRS).

She highlighted that HMRC was continuing to look at what more they could do to tackle offshore evasion. FA 2015 introduced a number of changes to the offshore penalties regime, including extending the scope to include inheritance tax and proceeds of domestic evasion hidden offshore, and a new penalty of 50% of the taxes evaded for those who try to circumvent automatic exchange of information agreements. At the first Budget 2015, four consultations were announced on measures to tackle offshore evasion: enhanced sanctions for offshore evaders; new civil sanctions for enablers of offshore evasion; a new corporate criminal offence for failure to prevent tax evasion or the facilitation of tax evasion; and a further consultation on a strict liability criminal offence for offshore evasion.

In addition, JK discussed the regulations being laid down for the implementation of the Common Reporting Standard, and the early closure of the Liechtenstein and Crown Dependencies disclosure facilities at the end of 2015. A new, global facility will be introduced in early 2016 for the period before CRS comes into force. Underpinning this will be a power to require financial institutions and tax agents to notify customers of the information being exchanged under CRS, opportunities to disclose, and the tough penalties for non-disclosure. JK expressed HMRC's desire to actively engage the tax adviser community to explore how this would work in more detail.

Specifically, she highlighted that it is likely that HMRC will lay primary legislation to establish a high-level power to require institutions and agents to notify, and then informally consult on the detail of the underpinning regulations through groups such as this forum. The forum discussed, expressing concerns that institutions/agents should not simply be made the mouthpiece of HMRC, and that the content and tone of the message would need careful consideration if it was to be compulsory. JK noted this, and agreed to let forum members know in due course how they can get involved in the various matters under discussion.

ACTION: Secretariat to distribute note from JK setting out consultation timelines.

6. EBT & Contractor Loans Settlements. Avoidance.

Chris Simpson [CS] provided an update on the EBT and Contractor Loans settlement opportunities. The EBT settlement opportunity, which has already brought in over £1Bn to the Exchequer, closed to new registrations on 31st March, and those who have registered need to reach a final settlement with HMRC no later than 31st July. In some cases, the Department

already has sufficient information to settle, but in others will we need participants to provide more information if they are to meet the (firm) deadline of 31st July.

The Contractor Loans settlement opportunity is open for registration until 30 June, with settlement by the end of September. CS highlighted that both settlements have very specific and concrete dates. HMRC contact details are 03000 534226 for the dedicated Contractor Loans helpline or email: cl.resolution@hmrc.gsi.gov.uk

CS also provided a brief update on accelerated payments, highlighting that HMRC is on track to deliver approximately 64,000 notices by Autumn next year. Payments are also on track. We are seeing a number of applications for judicial review, but the Department was prepared for and is robustly defending those. A significant hearing is expected in July.

CS also highlighted that the Department is, as far as possible, trying to listen to issues such as difficulty paying and take sensible views on that. Likewise, where customers are involved in a number of schemes at different stages but wish to settle them all, the team are trying to work with customers to make that possible. Chris was however keen to highlight that the Department will still be abiding by the terms of its Litigation and Settlement Strategy, and will continue to take a robust line on avoidance. The Department has a clear mandate to pursue avoidance and will be following that through. Resources are also being directed towards the litigation pipeline to prepare for an anticipated increase in litigation over coming months and years.

7. Scottish Rate of Income Tax

Simon Moulden [SM] joined the meeting to update on the planned introduction of the Scottish Rate of Income Tax [SRIT]. He highlighted that SRIT will begin, as planned, in April 2016, and that it will give the Scottish parliament the ability to raise & lower income tax rates in unison, but not individually. This will also only apply to earned income, but not to savings or to dividends.

SM also offered to re-circulate the guidance HMRC published on Thursday which sets out HMRC's intended interpretation of terms (e.g. 'residence'). This should provide considerably more clarity on interpretation.

ACTION: Secretariat to circulate guidance.

SM also highlighted that in light of the proposed further income tax devolution, the Scottish Government had decided not to require employers to display on P60s the amount of Scottish Income Tax paid.

SM also talked the forum through the next steps in the process. HMRC intends to compare its address data against third-party lists, and distribute letters to taxpayers in November/December. These will contain information on the upcoming changes, and will highlight to taxpayers that we hold a Scottish address for them, and to contact us if this is incorrect.

8. Any Other Business

A number of AOB items were raised.

Personal Tax – Delays in Response

Derek Hughes [DH] joined the forum to respond to queries about HMRCs customer service levels for both telephony and post. He explained that we've struggled to meet the service levels that customers require and this was being addressed at the highest levels of the business, with daily updates to the Department's Executive Committee. DH apologised to those agents and

customers who had struggled to get through or had experienced delays in our responses to letters.

DH explained that HMRC prioritises supporting customers around the tax credit renewals and SA filing deadlines and as a result we answered 89 per cent of tax credit calls on 31 July 2014 and 99.9 per cent of SA calls on 31 January and also continues to prioritise the dedicated agent helpline so this service was still operating as we would expect.

However, despite our best efforts, performance had been inconsistent. To improve customer service levels HMRC last year invested in new technology for both telephony and post and this year is recruiting around 3,000 additional staff to join customer service teams.

Finally, DH closed by reassuring the forum that service levels are improving, but accepted there was still more to do, and gave a commitment that good customer service is an absolute priority for HMRC.

Charities & Retail Gift Aid

Agents highlighted to the forum an issue where a number of charities had received letters from HMRC expressing concerns around their treatment of Gift Aid, and wanting to meet to discuss. When meetings were held, charities were informed that there were no such concerns, but HMRC instead just wanted to discuss. There was a feeling that this was underhanded and deceitful, and should not be something HMRC engages in.

HMRC attendees at the forum were not aware of this, but resolved to pick it up as an action.

ACTION: Ann Smith [AS] to find out the latest on this issue. Secretariat to send update.

Forward Look Plan and Next Meetings

Benjamin Douglass [BD] confirmed that a placeholder for the next meeting would be circulated shortly, and invited attendees to contact the secretariat to highlight any issues they wished to discuss at future meetings.

A number of attendees expressed a wish to be updated on FATCA.

ACTION: Secretariat to arrange FATCA update for the next meeting.