

MINUTES

MID-TIER AGENTS FORUM

Tuesday 9th December 2014 (10:00am-12:00pm)
Room 2/66, 100 Parliament Street, London SW1A 2BQ

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| Chair: | Theresa Middleton | HMRC (Business Customer & Strategy) |
| Secretariat: | Mark Schools | HMRC (Business Customer & Strategy) |
| Attendees: | Andrew Hubbard Tim Lyford Tori Magill Lindsey Wicks Stephen Nixon | Baker Tilly Smith & Williamson Mazars Grant Thornton Crowe Clark Whitehill |
| | Mary Purcell Mike Pettit Chris Simpson Denise Walsh | HMRC (Business Customer & Strategy) HMRC (Large Business) HMRC (Counter Avoidance) HMRC (Business Customer & Strategy) |
| Speakers: | Janet Abeysundera Rebecca Hall | HMRC (Business Customer & Strategy) HMRC (Business Customer & Strategy) |
| Apologies: | Lisa Macpherson Jacquelyn Kimber Mark McGarry Ian Stewart Mike Crabtree Hugh Hedges Jeremy Tyler | BDO Moore Stephens Saffery Champness HMRC (VAT) HMRC (Specialist PT) HMRC (Central Policy) HMRC (Business Customer & Strategy) |

1. Welcome and introductions.

Theresa Middleton (TM) 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.

All action points from the previous meeting were closed.

Action Point 1. Jeremy Tyler (JT) to take forward the need to provide agents with more information about AOSS.

Action Point 2. JT to confirm that the AOSS project team do understand the differing needs of agent firms of different size.

Both action points taken forward by JT and communicated with AOSS project team.

Action Point 3. Mark Schools (MS) to arrange for Small Business Strategy update to be sent electronically with minutes to all forum members.

Small Business Strategy update issued by MS with previous minutes and a further update will follow later in the meeting.

Action Point 4. Fiona Hay (FH) to arrange for updated guidance to be sent to all agents.

Guidance sent out by FH following last forum.

Action Point 5. MS to issue placeholders to all members for future meetings.

Placeholders sent for 9th December 2014 and 10th March 2015.

3. Agents Strategy

Denise Walsh (DW) provided an update on Agents Strategy, highlighting the link to the Agents Online Self Service (AOSS) update which will follow.

DW stated that agents provide a valuable service, so HMRC is keen to build relationships and support agent activity. AOSS is the main exemplar to help support this activity and HMRC continues to tackle avoidance, evasion and tax errors, working with compliant agents with the incentive of rewards for positive agent behaviour. There are 4 key areas under development:

- 1) AOSS - This is being built with incremented stages providing access for agents to transact with HMRC and manage their clients' tax affairs. Agents will be able to access this once they have data cleansed their client list.
- 2) HMRC is continuing to develop its understanding of the agent market, including commissioning research on future business models.

3) Standards – HMRC is working with the agent community and the professional bodies to agree high standards, ensure agents adhere to them and have measures in place to address any unprofessional conduct. This includes working with professional bodies on the next update of the Professional Conduct in Relation to Taxation document. AOSS will provide us with data to tackle those who are bringing down the reputation of agents. Clearer communications is important.

4) Compliance Framework – This will help to establish different activities that agents can do, what standards they need to achieve to be able to do those activities and how HMRC can provide support to their needs. We are developing options to incentivise agents to manage more compliance activity on behalf of their clients. HMRC is working with software developers to include risk triggers which will pick up obvious errors and prompt the user.

There will be an evaluation in spring but in the meantime there are other pilots being looked at to incentivise agents.

4. Agents Online Self Service (AOSS)

Janet Abeysundera provided an update on the AOSS alpha stage update and how testing was being carried on the private beta. Presentation slides were shown to the group, providing details of the following:

- What is alpha – an explanation of what the alpha stage involved.
- What HMRC did – including an overdue cleansing exercise.
- What we learnt – Agents biggest need was for HMRC to look at PAYE as the starting point. A prototype built and tested on agents was very well received with 26 service standards passed.
- Challenges faced
- Successes
- Prototype – extensive housekeeping will need carrying out to improve the quality of data. Terms and conditions will be agreed on login.

Whilst acknowledging the progress demonstrated so far, agents expressed their concerns that the project has appeared to be drifting and that issues captured need to be remembered and dealt with. TM reassured the group that HMRC has a firm commitment to ensure customers can interact with HMRC online, recognising that time is an issue.

Any agents interested in a more detailed presentation / demonstration should register their interest through Mark Schools (MS).

5. Tax Avoidance Issues

Chris Simpson provided an update to the forum on tax avoidance issues, highlighting the significance of the Accelerated Payments programme. The level of public interest has highlighted the importance of robust action from HMRC. Over a 2 year period we expect to issue 43,000 accelerated payment notices that will bring into charge over seven billion pounds in previously avoided tax and NICs.

Since the end of August when HMRC started to issue notices, we have approximately 250 million in charge.

CS stated that that HMRC are open to discussions about time to pay. He encouraged those with genuine difficulties in funding payment in full to get in touch early to discuss time to pay. They would find HMRC reasonable and willing to listen. Similarly, early experience suggested that faced with an AP notice some customers wanted to discuss settling their case completely.

The NICs enabling legislation should be in place shortly which would allow HMRC to issue notices charging NICs as well as tax. CS said HMRC was aware that some groups were contemplating legal action. This was something we expected and were prepared for.

The issue of final settlement was raised by the businesses, with the need to get closure with no dangling threads where HMRC reserve the right to review again.

CS said that HMRC want to make it easier to settle, although it is difficult to cover all angles. Agents should feel free to contact CS if they have any thoughts, suggestions or further questions.

6. Update on Mid-Size

Mary Purcell (MP) provided an update on mid-size, stating that we were happy with the Autumn Statement announcement and the initial feedback.

There is ongoing internal work to ensure consistency when dealing with customers, looking at how we need to deploy resources. HMRC will be looking at central risking, considering the employment of resources and where personal intervention comes with mid-size customers.

The introduction of email contact for mid-size businesses was a new concept which has a low level launch initially. The choice of email route into the department followed feedback from mid-size customers about helpline waiting times.

We are interested in how we can support Fast track 100 for growth agenda and growing businesses. A trial will commence in January 2015 looking to shape how we approach our customers to support rapidly growing businesses. There was some feedback from Agents on concerns whether they would be aware of any contact with their customers. MP promised to feed this into the development work and come back with an update at a later meeting.

HMRC are looking to improve cross-government working and are currently exploring links with UKTI to help the mid-size population.

There will be focussed surveys around mid-size to provide a better sense that we are doing things right in terms of support and will be interested in any feedback from forum members and their clients.

7. Small Business Strategy Update

Rebecca Hall (RH) provided some background, confirming that the current SME strategy which has been in place since 2010 officially runs out in March 2015, so it is a good time to refresh our approach to small businesses. The previous strategy was very much based on customer segmentation i.e. rule breakers and willing but needs help.

In terms of timescales, we are looking to have the new strategy ready for the upcoming Spending Review and agreement with Ministers.

There are internal and external drivers for the new strategy. The internal driver is preparing for the long term future, how we can make better use of data and digital capability. The external driver is a forward look to 2020 and beyond, looking at how things are diversifying with employment patterns to enhance our current traditional strategy and keep pace with the developing world of digital. Our key objectives are to improve customer experience whilst collecting the right amount of revenue and building cross-government working.

Key issues we are currently encountering are use of data to target communication and education for small businesses. We need to look at use of digital to create a personalised approach for this different population and simplify tax to support them. We will also be looking to support small businesses which are nearing the boundary for mid-size and how this transition is managed as simply as possible. Any views would be welcome on this particular challenge.

8. Autumn Statement

The group were asked if anyone had any thoughts on the Autumn Statement announcements. Diverted Profits Tax was raised, with the forum pondering on how this will work.

9. Any Other Business

Promoters of Tax Avoidance Schemes (POTAS) Legislation

Chris Simpson (CS) provided a quick update from the Promoter Delivery Channel in Counter Avoidance on implementing the new POTAS legislation and our approach to promoters, achieving the balance between growth and encouraging people to do business in the UK and employ people here.

There are a minimal amount of conduct notices issued estimated to be in the region of 20 each year, providing opportunity for non-compliant customers to change their behaviour.

More work will be carried out to get the definition right and police those who promote marketing schemes.

If anyone would like to know more or has any questions, please feel free to contact Mark Schools. We will look to include a further update at the next forum.

Next Meetings

Placeholders have been sent for the next meeting on 10th March, 10:00 – 12:00.

TM stated that a further update on mid-size would be provided at the next meeting and FATCA was suggested as another relevant future item before the meeting was closed.