

Minutes

MID-TIER AGENTS FORUM

5 July 2016 Time: 10.00-11.45
Room G57, 100 Parliament Street, London SW1A 2BQ

Chair: Jeremy Tyler HMRC (Business Customer & Strategy)

Attendees:

Andrew Hubbard – RSM UK
Tina Ritches - Smith & Williamson
Sue Bill – Moore Stephens
Nicola Mandale - Grant Thornton
Mark McGarry - Saffery Champness
Jonathan Brecker – Grant Thornton

HMRC Attendees:

Madeline McGrillen – HMRC (Digital Agent Engagement)
Sara O’Byrne – HMRC (Large Business)

Speakers: Veronica Fell – HMRC (Transformation)
Jennifer Haslett –HMRC (TPA, Offshore Evasion)
Stephen Taylor – HMRC BC&S, Lead on Agent Strategy)
Phil Gilbert - (Counter Avoidance)

Apologies: Claire Emery - HMRC (Wealthy and Mid-size Business)
Adrian Cooper - HMRC (Personal Tax)
Barbara Conroy – HMRC (CenPOL)
David Porter – BDO

1. Welcome and Introductions

Jeremy Tyler (JT) welcomed attendees to the meeting.

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

The April 2016 minutes were not previously agreed due to a request for clarification on a sentence within the Agents strategy article. The forum queried the 2nd sentence in the Standards topic. This has been reviewed and now reads

“Until that time standards had only been articulated by the professional bodies for their members. This meant non-professional body members were not bound by any standards.”

**AP1 – The Forum members to agree the April 2016 Mid-Tier Agents Forum minutes.

An action point from the last meeting concerned the December 2015 minutes, this has now been actioned and the minutes were agreed.

3. Agents Strategy Update

Steven Taylor (ST) provided an update on a number of topics including data exploitation and agent's standards.

Agents Standards

ST was pleased to report that following discussions between HMRC and the profession a consensus was forming on how to strengthen professional standards on tax avoidance. Jeremy Tyler (JT) confirmed that he had a teleconference with ICAEW and CIOT on next steps such as raising awareness of the new standard, once published; and extending this strand of work to others outside of the tax and accountancy profession such as the legal profession.

Data exploitation

ST confirmed that the team will be expanding the agent's data exploitation research to include a comparison of behaviours of agents that were members of professional bodies against the behaviour of non-members. The hypothesis being tested is whether standards are higher amongst professional body members. ST advised that this data would feed into the ongoing work on the role of professional regulation and the proposal to protect professional title such as “tax adviser”.

Agent services

ST also provided an update on agent services, on behalf of Angela Nagarajah who was unable to attend the meeting.

1. Trials of the Agent Services (AS) beta service for PAYE liabilities and payments continue. To date 4000 agents have joined the service. The user satisfaction rate is high at 75% and agents continue to provide valuable feedback and suggestions for improvements.
2. A web chat for PAYE liabilities and payment views will be available from 14 July for agents from Monday to Friday during office hours 08.00- 18.00.
3. The webinar of the recent Agent services “talking points online meeting” is available.

The forum raised a couple of points that will be fed back to Angela Nagarajah:

1. Whether the digital service will recognise that clients sometimes appoint multiple agents, sometimes within the same Head of Duty.
2. The lack of timelines was proving frustrating, with I.T. departments unable to progress the software need for implementation.

4. Disguised remuneration

Philip Gilbert (PG) provided an update on the Budget 2016 Disguised Remuneration Announcements and confirmed that the consultation documents would be published in the next few weeks.

PG referring to the slide presentation attached explained the context and implementation of the proposed legislation. PG stressed the importance for all investors in disguised remuneration schemes to engage with HMRC and requested the forum members to consider any clients that may be affected. PG confirmed that HMRC were considering a registration /disclosure scheme with details to be announced shortly if this was agreed. Again if agreed, HMRC intended to publish settlement examples and templates for settlement to help users consider settlement.

The topic generated a lot of discussion including;

- 1) A perception that after 30.11.16 any growth would be accountable under the s731 stream. PG replied that, if there was no Para 59 agreement, a distribution from the trust would attract PAYE/NIC.
- 2) Whether the new proposals would apply to all transferable liabilities or just those mentioned in the Budget, PG advised that the proposals only concerned those mentioned in the announcements but that a wider view could be taken at the same time.
- 3) It was also suggested that it would be very helpful for the agents if HMRC published an example of what happens if an investor fails to settle.

5. Making Tax Digital

Veronica Fell (VF) provided an update on the proposed publication of the 6 Making Tax Digital (MTD) consultation documents which have yet to be published.

VF explained that whilst HMRC had not yet been in a position to publish the consultation documents, discussions had continued with our external stakeholders through our forum groups, presentation requests and visits to businesses and agents. It was felt, however, by the agent attendees that they had very little to discuss with clients in terms of getting them ready for the changes and also that the development of the API framework was pitched at too high a level.

Jeremy Tyler (JT) whilst understanding the agents' frustration explained that the consultation documents were being constrained by political uncertainty and we were unable to share the content. However HMRC recognises that the changes will affect people in different ways and we are developing our programmes accordingly.

The forum whilst very supportive of the MTD developments felt that HMRC was facing two big challenges;

- HMRC needs to articulate why quarterly reporting is required , it is felt by many agents that HMRC had not yet made this case,
- HMRC needs to articulate the case around compulsion for keeping records digitally for the smaller businesses.

The feeling was that MTD was moving too fast, the timelines were being squeezed too much in part due to the non-publication of the consultation documents which should have been published in February 2016.

6. Fiscal events

Sarah Smith (SS) is conducting an informal consultation on the usefulness of the Budget documentation provided by HMRC around fiscal events. Although SS was unable to attend the meeting she had previously sent a set of questions to all the members of the forum for discussion;

- What information do you require about new/adjusted tax measures at Budget, AS and 'draft legislation day'?
- Where do you get the information you need at the moment?
- What HMT and HMRC products do you use at Budget, AS and 'draft legislation day' (e.g. to support clients)?
- Why do you find these products useful? What aspects/parts of these products are particularly useful and which parts are less so?

The topic generated some discussion and the following issues were highlighted;

- The Overview of tax legislation and rates (OOTLAR) are too late,
- The TIIN's are not as insightful as they have been before,
- The placing of the documents on the Web causes problems due to the queuing of all the documents.
- It was also felt that all the documents should be in one place possibly with a contents list and a late postings list, due to a concern that a key document may be missed although it was commented that there is an alert system to prevent this very problem.
- On the positive side it was agreed that the page numbering of the draft clauses was an improvement.

It was agreed that if the forum members have any further suggestions these could be directed to SS via Michele York michele.york@hmrc.gsi.gov.uk (Secretariat).

7. Offshore evasion – update on corporate criminal sanctions

Jennifer Haslett (JH) introduced Steve Mason (SM) a new member of the Offshore team who has responsibility for working with businesses to prepare for the new offence.

JH provided an update on the Offshore Evasion work, including the announcement that the offence will be legislated for this year in the Criminal Finances Bill. The draft legislation on the corporate criminal sanction will be put before Parliament before the party conference recess with a second reading expected in October.

Guidance

The second consultation on draft legislation and guidance is due to finish on Sunday but JH advised that the team are happy to receive responses on Monday or Tuesday. JH advised that HMRC's guidance would be light and it would be helpful if the members of the forum could provide case studies, in particular trade specific cases that could be incorporated into the guidance. JH confirmed that all cases studies would be anonymised and would not be seen as a formal response.

Legislation

JH advised that a number of rep bodies were currently looking at drafting industry guidance and SM was working with them to consider a first draft. HMT will endorse the industry guidance as they did so with AML guidance.

Royal Assent can be expected early next year with the legislation coming into effect before September 2017 however the actual timing had yet to be decided.

JH more than happy to meet with companies to discuss good practice on the understanding of Chatham House Rules.

8. Any other business

MY advised the forum that the next two meetings would take place on;

- 13 September 2016
- 8 December 2016

Agenda item suggestions most welcome, please send to Michele York
michele.york@hmrc.gsi.gov.uk (Secretariat).