

Benefits and Credits Consultation Group meeting 21 May 2013

Attendees

HM Revenue & Customs (HMRC)

Amanda Aldridge	Kevin O'Hanlon
Jane Andrews (chair)	Mike Purvis
Anne Archer (observer)	Bil Rasool
Andrew Burland	David Skinner

Representatives

Maureen Arthur	National Association of Welfare Rights Advisers
Edward Graham	Child Poverty Action Group
Jane Hayball	Local Government Association
Karen Holmes	Turn2Us
Richard Lackrage	St Joseph's Hospice
Jason Piper	Association of Certified Chartered Accountants
Sue Royston	Citizens Advice
Victoria Todd	Low Incomes Tax Reform Group
Dean Walton	Social Security Advisory Committee

Apologies

John Andrews	Social Security Advisory Committee
Fran Bennett	Oxford University
Richard Exell	TUC
Jane Moore	Institute of Chartered Accountants of England & Wales
Bernie O'Gorman	Local Government Association
Gill Perks	Grandparents' Association
Robin Williamson	Low Incomes Tax Reform Group
Mark Willis	Child Poverty Action Group

1. Welcome and introductions

Jane Andrews welcomed everyone to the meeting. She explained that she was chairing the meeting in place of Tom Smith who was unable to attend this meeting.

Jane asked representatives if there was anything they wanted to raise from the minutes of the meeting on 15 March. There were no comments.

2. Representatives' issues

Correspondence in cross-border cases

Representatives said they had come across instances where cross-border customers in Northern Ireland and Eire did not receive correspondence about their claims. HMRC

- outlined the process for sending manual correspondence for these customers, including the requirement for Helpline advisers to refer queries to manual teams
- said that the position should have improved as the amount of work on hand at the International team decreased.

Representatives said they had recently seen cases where tax credits were refused as the customer's employment was not genuine and effective. HMRC said

- a small number of staff had made wrong decisions but have now been informed of the right process to follow
- Operational Managers would identify affected cases and reconsider the decision and asked representatives to send any cases they see to the Secretariat

Update on third party tax credit compliance interventions

Representatives said

- customers have received letters asking for child care information from more than a year ago

- they considered it unfair to ask for actual child care payment details when customers had been told to provide estimates using guidance provided by HMRC. They questioned HMRC using actual figures to amend awards
- HMRC are asking for figures for a tax year, whereas the customer may have calculated their costs over a different 52 week period

HMRC said they would consider representatives concerns about averaging using examples which representatives had provided following the last meeting on 15 March. They reminded representatives that customers still need to report changes in average childcare costs of more than £10.00.

Disputes time limit

Representatives asked for clarity on the 3 month time limit for disputing tax credit overpayments. HMRC said

- the change was introduced from April
- final award notices for 2012/13 will give customers 3 months to dispute any overpayments listed on the notice
- the aim is to no longer suspend recovery of an overpayment under dispute
- they will track disputes which are received in this initial period
- they will look for official error cases where decisions can be revisited up to 5 years after they are made
- they are still considering how to handle direct debt cases where an award notice is not issued
- where a customer has a change of circumstances after the award notice is issued but before the end of October there will be a further 3 month period to dispute recovery
- they will keep the Group informed of what is happening

Representatives

- said that they had been told that if dispute processing times increased significantly HMRC would reintroduce the suspension of recovery. They said that they were concerned as it is taking about 15 weeks to clear disputes
- asked if cases will be prevented from going into direct recovery where an appeal or dispute is made, as they had seen cases where this had happened. HMRC asked representatives to let them know if they came across cases where this had happened
- asked HMRC to provide information for CAB advisers to use when advising clients about the 3 month time limit and suspension of recovery. HMRC agreed to send this information
- reminded HMRC about consultation on the wording of products as they considered that the current wording is not adequate. HMRC agreed that this would happen
- asked whether Debt Collection Agencies make decisions about recovery when a customer says they are experiencing hardship. HMRC said they had already received a question about this and will reply to that query as soon as possible

3. Tax-Free Childcare: budget announcement

HMRC explained Tax-Free Childcare will replace the existing Employer-Supported Childcare scheme for working families who are not in receipt of tax credits and whose earnings are less than £150,000. HMRC outlined how Tax-Free Childcare will operate and asked representatives for their input into how this scheme should be implemented. They said there will be consultation about the scheme starting in June or July and asked representatives for their involvement in this

Representatives said

- they are concerned about interactions with Universal Credit. HMRC said they are involved in discussions with DWP
- some customers will be entitled to child care through their Housing Benefit
- issues around self-employment could be addressed through better synchronisation with Universal Credit
- they had concerns that with a number of different schemes available customers could be confused. They suggested HMRC needs to help customers decide which scheme is best for them
- HMRC & DWP should engage with the British Bankers Association for assistance in resolving Universal Credits products and self-employment issues

Representatives remarked on the assistance being given to families with relatively high incomes given the general economic situation

4. Autumn statement

Full-time non-advanced education (FTNAE)

HMRC are introducing annual checks from April 2014 at ages 17, 18 and 19 to ensure young people in tax credits awards are in FTNAE. The aim is to reduce overpayments where tax credits are still in payment in respect of a young person who has left FTNAE.

Representatives asked why the Tax Credit Office do not use information already provided to Child Benefit about future education intentions. HMRC said they would look into this and would come along to a future meeting to report back and provide a further update.

Cross award recovery of debt

HMRC propose to recover debt relating to previous awards from current tax credits awards following a household breakdown, using the same rates of 10% or 25%, where the constitution of the household has not changed.

Representatives were concerned that there are equality issues, particularly for women. HMRC assured representatives they had carried out an Equality Impact Assessment for this change. HMRC said they were still considering policy implications around the introduction of this change and said they would share these with representatives.

Child care pilot

HMRC will undertake a pilot, between June and September 2013, on a limited number of customers, to confirm that their childcare costs are correct with a view to developing a process for full implementation from April 2014. They will confirm with child care providers and customers that the information provided is correct and amend childcare costs to reflect any changes. HMRC agreed to share the results of the headline pilot with the Group. HMRC pointed out the purpose of this pilot exercise is to help customers get their claim right and it is not a Compliance intervention.

Representatives said HMRC will need to contact customers where the information provided by the child care provider is different to the information provided by the customer.

5. Operational update, including Appeals & Renewals update

HMRC said representatives had been sent the update before the meeting.

Representatives asked

- whether tax credits claims are monitored for nationality. HMRC said they are not

- for further information about the number of appeals settled in Undeclared Partner cases. HMRC said they would provide information for Citizens Advice about the percentage of cases settled
- whether the target date for clearing appeals also refers to clearing older cases. HMRC confirmed that was correct
- whether HMRC would revisit the 580 cases where customers had withdrawn their appeal following receipt of the appeals triage letter that has now been replaced HMRC said they had made a commitment to consider these cases again
- they reminded HMRC that they had said they would revisit suspension in disputed overpayment cases if the Customer Waiting Time increased. HMRC said they would consider handling times as a factor but pointed out that suspending recovery could have behavioural impacts for customers and that around 95% of disputed overpayments are found to be recoverable. Low Incomes Tax Reform Group expressed concern that HMRC have not revisited suspension when waiting times have increased
- how HMRC will handle the recent Upper Tribunal decision dealing with restrictions to the Appeal period. HMRC said they would write to representatives about this
- whether systems flagged up when a customer was receiving Statutory Maternity Pay so that HMRC advisers would be able to see why earnings details might not necessarily match. HMRC said that advisers had a set of guidance explaining the circumstances and reasons why details may not always match
- what the current time is for getting appeals to tribunal. HMRC said they would find out and let representatives know

6. Topical update

HMRC said representatives had been sent a copy of the action point log and the Charter and Assurance updates before the meeting. They asked if representatives had any questions.

Sue Royston said CAB had sent a letter of complaint but the reply, although it contained an apology from the Secretariat, did not contain an apology from the Tax Credit Office. HMRC said they would feed this back to appropriate staff.

HMRC provided feedback on the Childcare and Stopping Tax Credits sub-group meetings. Representative asked whether any Universal Credits applications had been received for tax credits customers. HMRC said none had been received yet.

7. Any other business

Representatives said

- John Andrews had asked for information about hardship guidance and had not yet received a reply. HMRC said Tom Smith would be writing to John about this
- They were aware of a case where a customer had been allocated a National Insurance number but had been unable to obtain a claim form as the new National Insurance number did not yet appear on HMRC computer systems. HMRC asked the representative to send them details of the customer and they would look into this.

The next meeting of the Benefits & Credits Consultation Group will be held on 24 July.