

Minutes of the 86th JVCC meeting held on Monday 14 January 2013

10:30-13:00 in Room 2/39,

100 Parliament Street, London SW1A 2BQ

1	Agenda Item 1 - introductions and apologies	Ian Stewart
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1.1 IS welcomed attendees, among them a number attending their first JVCC meeting: Alex Millar, representing the Association of Accounting Technicians; Casey Baird representing the Finance & Leasing Association; Rhiannon Churchill, representing the Institute of Chartered Accountants in England & Wales; Julian Ogden, representing the VAT in Industry Group; and Lee Hurst, representing the One Hundred Group. Ian also welcomed Martin Scammell, representing the British Property Federation (BPF) at the BPF's first meeting as a member body of the JVCC, and Martin Shah, from the Law Society of England & Wales, shadowing Gary Richards.

A list of attendees and apologies is at appendix A.

2	Agenda item 2 – minutes of the last meeting; review of action points; matters arising	Ian Stewart Jon Riley
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2.1 Minutes of the meeting of Tuesday 17 July had been agreed via correspondence and the final version published on the HMRC website.

2.2 JR gave an update on the one outstanding action point. Details are in Appendix B.

3	Agenda item 3 – International Update	Mike Cunningham, Ian Broadhurst
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International VAT/GST Guidelines

3.1 MC gave an update on ongoing work on OECD International Guidelines for VAT/GST rules for international cross-border trade and alerted JVCC members to a number of publications already available on the [OECD](#) website; among these *What are the OECD VAT/GST Guidelines?*, which explains the project and a *Draft Commentary on International VAT Neutrality Guidelines*.

3.2 He explained that the next draft consolidated version of the OECD International VAT/GST Guidelines, incorporating the application of the B2B main rule to multiple location businesses and the implementation of specific rules, was expected in early 2013. JR will circulate a copy of the document to JVCC members once published. [Post meeting note: a PDF version of the draft was sent to members on 12 February.] Further work on the Guidelines planned for 2013-14 includes tax avoidance, B2C services and dispute resolution.

3.3 MC also reported back on the first meeting of the OECD Global Forum on VAT held in Paris on 7-8 November 2012. More than 90 delegations participated, with representatives of over 80 countries and international organisations from around the world. The key focus of debate was double taxation and double non-taxation resulting from the uncoordinated interaction of national VATs at international level.

3.4 The Forum concluded that there was a strong need for internationally agreed principles and guidelines to help ensure that VATs interact consistently to facilitate rather than distort international trade. Delegates considered that the work on the International VAT/GST Guidelines provided the ideal basis for the development of such global standards. It was agreed that the Forum's key objective should be to build the widest possible international consensus on the Guidelines as the future international standard for applying VAT to cross-border trade, so as to minimise the risks of double taxation and unintended non-taxation.

3.5 A comprehensive set of Guidelines will be presented for endorsement by the Global Forum on VAT at its next meeting in early 2014, which Japan has offered to host.

EU work on the Commission White Paper on the future of VAT

3.6 Following agreement at ECOFIN in May 2012 of Member States' conclusions on the EU VAT Strategy, MC advised that work was now underway on the priority areas with a view to establishing specific initiatives. To facilitate this the Commission has set up two new groups which will work in parallel and with access to the same information. One is the Group on the Future of VAT (GFV), a government group, and the other the VAT Expert Group (VEG), which comprises business and other stakeholders.

3.7 Working with Member States in the GFV and with the VEG the Commission has begun to look in detail at the different possible ways to implement the destination

principle. MC explained that the focus of the GFV, which met in November 2012, was on cross-border B2B goods. The UK, however, favoured a twin track approach, to deal with current irritants and problems with VAT rules on cross-border transactions in goods, while at the same time continuing more comprehensive work which had begun in the GFV and VEG.

3.8 At their next meetings, on 24 and 28 January respectively, the VEG and GFV will focus on the EU Standard VAT Return. In addition, both groups will look at areas of competition between the public and private sectors, the intention being that an initial discussion will be followed up by a FISCALIS seminar in April 2013.

Inaugural meeting of the EU VAT Forum

3.9 IB advised that membership of the Commission-chaired [EU VAT Forum](#) had now been confirmed and details published on the Commission website. The Forum is designed to facilitate discussions between Member States' tax authorities and business representatives about the functioning of the current EU VAT system, and the Commission is hopeful that it will come to be seen as a place where tax authorities and business can, on a voluntary basis, meet informally to discuss practical VAT issues with a cross border dimension which cannot be addressed elsewhere. The Commission has confirmed, however, that the Forum's remit does not extend to discussion of any legal issues, with responsibility for such matters sitting with the VAT Committee.

3.10 The UK was very supportive of the establishment of the EU VAT Forum and will work hard to help make it a success. IB said it was hoped that the Forum will push forward a number of issues that are of concern to business, but stressed that the Forum is in addition to and not a replacement for current UK practice.

3.11 The first meeting of the EU VAT Forum was being held on 15 January and was largely focused on agreeing terms of reference for the group, including those on disclosure, as well as the prioritisation of future agenda items. In response to the suggestion from Chas Roy-Chowdhury that JVCC meetings might be scheduled to fit around the VAT Forum, IB explained that in HMRC's view there was no clear reason or advantage to be gained from doing this. The JVCC covers a broad spectrum of issues of interest to all UK stakeholders and as such should continue to meet to a timetable that reflects members' priorities.

Implementing Regulation of VAT Place of Supply

3.12 Turning to the EU VAT Implementing Regulation, IB advised that from 1 January 2015, all businesses in the telecoms, broadcasting and e-service sectors selling to UK customers will have to apply UK rules and pass on VAT to the Government at the UK rate. This was the final part of the VAT Package and it is expected that the UK will receive an additional £300 million VAT per annum as a result of these changes.

3.13 UK businesses in these sectors were gearing up for the changes, which will have a major impact on the way they conduct business. Although the Mini-One Stop Shop registration and declaration system should help to significantly minimise business compliance burdens, it was the case that from 1 January 2015 businesses will potentially need to understand and comply with the rules of all 27 Member States. To assist in this process, the Commission has issued a proposal to amend the existing Council Regulation 282/2011, designed to ensure that the forthcoming place of supply changes are applied consistently across the EU.

3.14 IB said that all Member States were keen to agree the measures as soon as possible so as to ensure a clear lead in to 1 January 2015. He added that, as part of the proposal, the Commission had also included a number of agreed VAT Guidelines, principally on services related to immovable property. A Revenue & Customs Brief was issued last year on changes to UK domestic policy which reflects the agreed guidelines and no further changes are envisaged.

4	Agenda item 4 – VAT Registration Transformation: customer feedback	Auriel Smith, Rani Ranjit
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4.1 VAT online registration went live on 31 October 2012 and from that date customers have been able to go online to register or deregister for VAT and notify of changes (variations) to their VAT registration details. AS advised that as at the end of December 83% of applications to register, 28% of deregistration applications and 36% of variations were being submitted online. She thanked JVCC members for their support in promoting this new service.

4.2 HMRC had been carrying out user testing since the launch of VRT and as a result of feedback received changes have been made to ensure questions were as clear as possible; that compulsory fields were clearly indicated; and that links to specific help were highlighted. In addition, AS explained that navigation options had

been simplified and more explanatory text had been added to the main landing pages.

4.3 As well as calls to customers who had just enrolled to use the service, some of those continuing to use paper channels have also been contacted so that HMRC could try to better understand the reasons for this and to see if they could be encouraged to move online. Many said they were not aware of the online service and they would consider using this option in the future. AS said that the response from customers and external stakeholders had generally been very positive and she asked JVCC if this mirrored feedback they had received from their members.

4.4 MS raised a concern about the user-friendliness of the VAT1614A iform and the fact that it was not possible to browse the form during completion. AS explained that HMRC was aware of this issue and that steps were being taken to address it as part of the wider iForms development.

5	Agenda item 5 – Enhanced Digital Services for SMEs	Auriel Smith, Rani Ranjit
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5.1 In his Autumn Statement 2012 the Chancellor of the Exchequer announced a package of three measures that will contribute to HMRC moving to a “digital by default” organisation. One of the measures was a digital package for business that will provide a more joined-up digital experience for HMRC’s SME customers.

5.2 AS explained that the “Tax for My Business” [this is a working title] package will see the development of a personalised homepage from where SMEs will be able to access everything they need in a single place, with the content tailored to their business needs. Access will be by computer, tablet or smartphone and customers will be able to personalise their homepage by removing links that are of no interest to them. She added that the service will provide instant answers to simple queries and secure messaging for more complex and outbound communications. Pre-populated payment screens will make it easier to make payments to the right account at the right time and there will be an option of a tax payment calendar and or email/SMS reminders.

5.3 For agents and advisers this will be rolled out as part of the Agents Strategy. Agents will be issued with a Unique Agent Reference which will allow them to access information about only those taxes for which they have authority to act on behalf of their clients.

5.4 The “Tax for My Business” homepage will incorporate a “Learning Zone” [again – working title only] which will provide a single point of access to help and guidance for SME customers. In addition, HMRC was working in partnership with software developers to develop more digital tools, for example apps, to support SMEs. MS asked about the guidance that the “Learning Zone” will link to. AS advised that this had still to be decided but it may be all HMRC guidance currently available online. JO commented that many large businesses would find elements of the package useful. AS said it was envisaged that some of some of these digital services would be made more widely available.

5.5 A new stakeholder group was being set up to develop HMRC’s agent and SME online products and AS invited JVCC members to let JR have any expressions of interest in joining the group.

6	Agenda item 6 – Tax Administration Cost Reduction	Phil Sears
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6.1 In his Autumn Statement 2012 the Chancellor announced the introduction of a new Government target for HMRC to reduce tax administration costs to business by £250 million by March 2015. As part of the process of achieving this target, PS said HMRC would welcome suggestions from JVCC and members of their representative bodies about ways of improving VAT administration and reducing costs.

6.2 AM suggested some changes to pre-decision letters issued by HMRC which would make them more clear and prevent unnecessary contact with HMRC on the part of a customer and/or agent. Other suggestions put forward at the meeting included the development of a tool to help customers with partial exemption standard method calculations, system improvements to prevent cases where automatically-generated payment demand letters were issued in error, and the more timely distribution of VAT return reminders from HMRC. IS thanked JVCC members for their input and said that JR would be circulating a note inviting details of any further ideas. [Post meeting note: a note seeking further input from JVCC members was sent out on 25 January]

7	Agenda item 7 – Intelligent Telephony Automation Project	Emily Gravestock, James McBryde
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7.1 EG and JM provided an overview of Intelligent Telephony Automation (ITA) and the benefits for callers to HMRC that the new telephony system will bring once introduced. EG explained that ITA used voice recognition technology to get callers to the right place first time, but touch phone capability will also be available for those that need it. Callers will be asked a series of short questions in order to prompt the reason for their call and, subject to their responses, will either be directed to self-serve options or asked some security questions before being put through to an adviser. The adviser will see a pop-up screen which will provide details of the enquiry based on the caller's previous responses.

7.2 Thorough testing of ITA was being carried out to ensure that all UK regional accents were recognised and understood, and key words used by callers to HMRC have been incorporated into the system. A "live" test environment with thousands of callers will go ahead in March 2013 and it was anticipated that ITA will be rolled out later in the year. EG confirmed that the ITA system was already used by other Governments, the New Zealand Inland Revenue and numerous private companies based both overseas and in the UK.

7.3 TJ asked if the ITA system would let callers know their position if in a queue of calls. EG said she would take this away and added that a call back facility was also something that was being looked into.

8	Agenda item 8 – HMRC Review of VAT Disputes and Appeals Process	Glen Harling
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8.1 GH advised that a VAT disputes project was being carried out by HMRC's Dispute Resolution Unit (DRU). The DRU had been looking at the VAT disputes process to identify whether there were elements of the process or the handling of VAT cases that could be improved so as to reduce the number of disputes reaching the First-Tier Tribunal.†

8.2 Part of the project involved seeking feedback from external VAT experts in order to gain a better understanding of how the VAT disputes process could be improved from the customer's perspective. As a starting point the DRU was of the view that it would be useful to engage with the VAT Practitioners Group (VPG) and a letter and questionnaire was sent to the VPG Chairman in December for onward circulation to VPG members. GH explained that the DRU would now like to extend an invitation to all JVCC members to take part in this consultation.

8.3 TJ remarked that it would be helpful if the criteria for ADR were set out so that advisers could be clear about which cases were suitable. GH said that refreshed ADR guidance was available on the HMRC website. [Post meeting note: a link to the guidance and a copy of the letter and questionnaire sent to the VPG were circulated to JVCC members on 25 January.] In response to other ADR questions raised by JVCC members, GH advised that ADR could be entered into post an appealable decision and that all external requests for ADR in respect of large and complex cases must be referred to the DRU for consideration and external applications could only be rejected by the ADR panel.

9	Agenda item 9 – Any Other Business	
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9.1 TJ asked if HMRC could provide some more background to the VAT Outstanding Returns Campaign launched on 9 January and if there was some significance in the timing of this exercise. IS explained that this was one of a number of campaigns launched by HMRC throughout 2012-13 aimed at improving customer compliance. The VAT Outstanding Returns Campaign was an opportunity for businesses to bring their VAT returns and payments up to date by 28 February 2013. By coming forward voluntarily by that date, businesses will be able to take advantage of the best possible terms and may incur a lower penalty.

9.2 The date of the next meeting was confirmed as Thursday 18 April 2013.

Appendix A

JOINT VAT CONSULTATIVE COMMITTEE (JVCC)

(Meeting no 86)

Monday 14 January 2013

10:30-13:00, Room 2/39

100 Parliament Street, London SW1A 2BQ

External Attendees

Rhiannon Churchill (RC)	Institute of Chartered Accountants in England and Wales
Lee Hurst (LH)	One Hundred Group
Julian Ogden (JO)	VAT in Industry Group
Dean Carey (DC)	Association of Chartered Certified Accountants
Alex Millar (AM)	Association of Accounting Technicians
Robert Killington (RK)	VAT Practitioners Group
Ruth Corkin (RC)	VAT Practitioners Group
Timothy Lloyd (TL)	Association of British Insurers
Gary Richards (GR)	The Law Society of England & Wales
Martin Shah (MSh)	The Law Society of England & Wales
Alex McDougall (AMc)	The Institute of Chartered Accountants of Scotland
Tony Jackson (TJ)	The Chartered Institute of Taxation
Richard Sharp (RS)	The Chartered Institute of Management Accountants
Trevor Steel (TS)	Chartered Institute of Public Finance & Accountancy
Stephen Taylor (ST)	Association of Taxation Technicians
Casey Baird (CB)	Finance and Leasing Association
Martin Scammell (MS)	British Property Federation

Apologies

Richard Baron	Institute of Directors
Leigh Francis	London & International Insurance Brokers Association
Philip Peberdy	Confederation of British Industry

HMRC/HMT Attendees

Ian Stewart (IS)	Director, VAT Directorate
Jon Riley (JR)	JVCC Secretary, VAT Directorate
Ian Broadhurst (IB)	VAT Directorate
Mike Cunningham (MC)	HM Treasury

Auriel Smith (AS)	BT Change Programme
Rani Ranjit (RR)	BT Change Programme
Phil Sears (PS)	VAT Directorate
Emily Gravestock (EG)	PT Change Demand Management
James McBryde (JM)	PT Change
Glen Harling (GH)	Dispute Resolution Unit

Apologies

Jill Hawkins	Business Customer and Strategy
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Appendix B

Current position on JVCC action points

AP ref	Detail	Current position
Action points from the meeting on 17 July 2012		
AP1/12	JR to look into whether HMRC has set a date for the implementation of changes to the VAT default surcharge system announced in Finance Bill 2010 and to report back to Neil Warren	Implementation will require significant computer system upgrades and this will be done as and when resources are available and a suitable opportunity presents itself. HMRC is now carrying out a refresh of the cost and benefits analysis of introducing the new default surcharge regime and will be seeking stakeholder input in due course. Our Internet message says "HMRC will inform you of the planned implementation dates for other taxes and duties [this includes VAT] when these dates become clear."