

Benefits and Credits Consultation Group meeting 25 September 2013

Attendees

HM Revenue & Customs (HMRC)

Sophia Ashraf (Observer)	Peter Robinson
Paul Becker	Craig Mason
Andrew Burland	Darren Snowball
Helen Latham	Tom Smith (Chair)
Anne Martin	Derek Tilstone
Gary Moore	Alison Walsh

Representatives

Maureen Arthur	National Association of Welfare Rights Advisers
John Andrews	Social Security Advisory Committee
Matthew Cooper	Citizens Advice
Eddy Graham	Child Poverty Action Group
Will Hadwen	Working Families
Jenny Hammond	Advice NI
Jane Hayball	Local Government Association
Sue Royston	Citizens Advice
Victoria Todd	Low Incomes Tax Reform Group

Apologies

Fran Bennett	Oxford University
Caroline Davey	Gingerbread
Richard Exell	TUC
Joy Flynn	Shelter
Jane Moore	Institute of Chartered Accountants of England & Wales
Bernie O'Gorman	Local Government Association
Sam Royston	Children's Society
Jason Piper	Association of Certified Chartered Accountants
Robin Williamson	Low Incomes Tax Reform Group
Mark Willis	Child Poverty Action Group

1. Welcome and introductions

Tom Smith welcomed everyone to the meeting. The minutes from the meeting on 24 July 2013 were accepted as a true and accurate record.

2. Representatives' issues

Participation in education to age 17

HMRC said that:

- there was no change to actual Child Benefit (ChBen) rules
- all relevant forms and leaflets updated
- traineeship and web guidance updated
- identified gap in guidance to be corrected – to tell customers that their Working Tax Credit claim will end where they are not working 30 hours a week and their last child leaves education
- regulations to be changed in January to reflect voluntary work – HMRC will provide information note for intermediaries to cascade to advisers
- HMRC confirmed they will advise intermediaries where information provided to the consultation group should not be shared further

3. Update on Enquiry Centre pilot

HMRC said they would include a written update with the minutes.

Representatives asked if the identity assurance pilot being introduced in PAYE would impact Benefits and Credits processes where customers were required to report in person. HMRC said they would check and provide an answer.

4. Use of Real Time Information (RTI) for tax credits

HMRC explained that RTI would be used for the first time from April 2014 as part of the tax credits annual renewals process to help ensure that awards are calculated using the correct income. The possibility of using RTI in-year, to help customers and HMRC maintain up to date information, remained under consideration.

Representatives' concerns included:

- customer communications and understanding about the impact of the £100 Statutory Maternity Pay (SMP) disregard when calculating income
- the number and types of exceptions in the use of RTI data
- customer misconception that HMRC would hold all relevant information
- clarity of information and customer requirements in communications/notices
- the importance of avoiding overpayments and compliance consequences

HMRC said they would:

- check and confirm messaging related to the £100 SMP disregard when calculating income
- provide a list of exceptions where RTI data could not be used
- provide example of the wording used on award notices
- consider an interim meeting, if required, before the next full B&C Consultation Group meeting

5. Process Owner issues

Child Benefit (ChBen) iform

Pilot: customers/children remaining in UK

HMRC circulated an example of the existing ChBen on-line claim form and the new approach and highlighted the main changes and benefits:

- customers will be able to see at a glance progression through the claim form
- more clearly presented questions
- questions only related to customers' current circumstances
- additional questions about arrival/living in the UK only presented where relevant. HMRC said they would send expanded examples of additional questions prompted by customers' answer
- improved help available on the actual form. HMRC said they would include help text on the specific question in the child section 'does the child live with you'
- additional questions about a child's circumstances only presented where relevant
- personalisation of the form with related questions showing the child's name
- no bank details requested if claimants are already in receipt of ChBen
- customers are advised that they can save the form
- reduction in partly completed forms so less customer contact required.

HMRC said that the form couldn't be submitted electronically as sight of birth certificates was still required. The form must still be printed and posted. HMRC said methods of actively promoting the new form are currently being considered.

HMRC outlined a pilot intended as re-assurance that ChBen payment is administered correctly where claimants have left the UK. The letter to be used during the pilot was circulated for discussion. HMRC agreed to amend the letter to include a telephone contact option for customers to discuss problems where necessary.

HMRC also agreed to discuss amendments to the letter required for use in Northern Ireland.

6. Mandatory Consideration of Revision before Appeal update

HMRC said

- wording for communication products, forms and leaflets would be shared with the group for input and feedback
- the new process will only apply on or after the date on which regulations come into effect, probably 1 April 2014.

Representatives requested early sight of communications products. They considered the new process to be complex and HMRC agreed to share a flowchart of the process. They also asked HMRC to consider having an agreed turnaround target for dealing with mandatory reconsideration requests.

7. Tax free childcare

HMRC circulated a slide pack (attached) to inform discussion on Tax Free Childcare. HMRC confirmed:

- consultation period 5th August 2013 – 14th October 2013
- the initiative is intended as a work incentive for parents who are deterred from working because of high childcare costs
- HMRC were working closely with DWP to consider the interaction between Tax Free Childcare and Universal Credit
- the importance of clear customer communications to ensure parents were able to make an informed choice

Representatives highlighted that not all childcare providers accepted vouchers. They also considered that it would be crucial to get right the definition of 'work' for self employed parents at the start of the process in order to give such parents sufficient certainty when claiming Tax Free Childcare.

8. Operational update

HMRC circulated the quarterly update covering:

- Renewals 2013
- Processing timeliness
- Age of cases
- Appeals
- Disputed overpayments
- Complaints
- Error & Fraud Additional Capacity Trial (EFACT).

HMRC said they would check and confirm whether timeliness processing days referred to working or calendar days. They also agreed to send a link to the on-line processing times help tool.

Representatives had ongoing concerns about the revised wording on the appeals triage letter and referred to a recent posting on an external website. HMRC confirmed that the original letters were no longer in use and representatives said that they would try and obtain further details to help HMRC investigate. Representatives considered the current wording on the triage letter too general and HMRC agreed to review.

Representatives asked whether appeals submission times and consideration referred to HMRC processes or the Appeals Tribunal. HMRC said that they would check and confirm.

9. Topical update

Action points: Jul1308 - representatives again raised the question of HMRC current practice on enforcement in respect of Childcare claims – i.e. treating money received in excess of actual expenditure as an overpayment. HMRC confirmed that they would continue the current practice and explained that to pay Childcare claims in excess of actual expenditure was against Parliament’s intent as set out in the Tax Credits Act (which refers to charges “incurred”).

Representatives emphasised that the current customer guidance and calculator (as well as the Regulations) made no mention of this and directed customers to make estimates where appropriate to their circumstances. Compliance officers were subsequently contacting the same people where actual expenditure was less than what had been originally estimated and calling it an overpayment. HMRC confirmed that they would still look to recover overpayments in this way and agreed to review the relevant guidance. HMRC also confirmed they would take any further action necessary, including consideration of amending the Regulations to put the position beyond doubt.

Jul1303 – Representatives said they would carry out further case analysis following HMRC’s response on lessons learnt as a result of Undisclosed Partner cases submitted as part of the Citizens Advice escalation route.

Jul1311 – HMRC agreed to clarify their adviser guidance around suspending recovery in relation to disputes and appeals cases. Representatives considered it important that policy changes should be clearly communicated to advisers.

10. AOB

HMRC asked representatives if any further points relating to the meeting could be submitted in writing to the B&C Consultation Group Secretariat.

The next meeting of the Benefits & Credits Consultation Group will be held on 27 November 2013.