

Minutes of the 90th JVCC meeting held on Thursday 6 February 2014

13:30-15:30 in The Auditorium,
1 Horse Guards Road, London SW1A 2HQ

1	Agenda Item 1 - introductions and apologies	Ian Stewart
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1.1 IS welcomed attendees, among them Tariq Oozeerally, new Association of International Accountants representative, and Neil Warren, Association of Taxation Technicians, deputising for Stephen Taylor.

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 Thursday 8 November had been agreed via correspondence and a copy was available on the HMRC website.

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

3	Agenda item 3 – EU issues	Ian Broadhurst Angela Morton
	Commission Proposal for a Standard VAT Return	
	Commission Consultation on Review of Existing VAT Legislation on Public Bodies and Tax Exemptions in the Public Interest	

Commission Proposal for a Standard VAT Return

3.1 IB provided JVCC members with an update on discussions to date in Council. At the initial meeting, held under the outgoing Lithuanian Presidency, most Member States had welcomed the proposal and shared its objectives, but had taken the opportunity to raise concerns specific to them. The UK's overall position remained that we would support an outcome that offered real benefits for UK businesses trading across the EU and at the same time ensured there was no increase in overall burdens for UK businesses.

3.2 Among the technical concerns raised by Member States at the first meeting were: issues around the frequency of returns and the timing of payments – in particular payments on account and the SME threshold for quarterly returns; the potential loss of annual return information and consequent impact on compliance and audit activity; comitology; and a potential increase in burdens for non-taxable/exempt persons. Some Member States had also expressed legal concerns over subsidiarity and proportionality.

3.3 A room document was circulated ahead of the second meeting, the first under the new Greek Presidency, with the aim of teasing out positions on the key aspects of the proposal. Deadlines for payments and submissions were discussed at the meeting and IB reported it was likely that a compromise could be found on both issues. Return periods were also discussed and it was anticipated that most Member States should be able to agree a framework here, with further compromise likely on the threshold.

3.4 A number of Member States sought clarification about flexibility for the inclusion of additional information on the VAT Return. The UK intervened on Section 33 VAT refund claims and although initial reaction from the Commission was not positive it was hoped that a compromise could be found. There was also a proposal from the UK that instead of reverting to the comitology process, a technical group should examine the missing technical detail, such as error corrections. Reaction to this had been favourable and the UK will continue to press for it at the next meeting.

3.5 IB advised that discussions had still to take place on the core of the Commission's proposal, namely the number of boxes on the VAT return and the information that should be included in each box. Reaching a common agreement on these issues was expected to be difficult and as part of the discussions the UK will again press for a strong commitment to the EU Web Portal, as we consider the Portal to be of particular importance to support a number of initiatives. IB said he would welcome JVCC Members' views on developments and comments could be sent to JR.

Commission Consultation on Review of Existing VAT Legislation on Public Bodies and Tax Exemptions in the Public Interest

3.6 Any response from the UK to the consultation document will be coordinated by HM Treasury. It was unlikely that a response would go wider than restating the UK's support for modernising the current system and reducing distortions of

competition. The UK's position was well known to the Commission and the consultation was as much seeking views that were not known. IB added that the period of the consultation had recently been extended by the Commission to 25 April 2014.

4	Agenda item 4 – HMRC Guidance on Incorrect Advice to Customers	Pete Woodham
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4.1 PW advised that the Commissioners for Revenue & Customs Act 2005 and various tax acts were the starting point for HMRC guidance, while legitimate expectation was primarily guided by case law. There had been no recent changes to either HMRC policy on incorrect advice or our published guidance and remittance of tax was currently agreed in over one third of cases. PW asked JVCC members for their views on whether HMRC was applying the law and its guidance consistently and fairly.

4.2 DC said that in his experience HMRC's approach was neither consistent nor objective, the perception being that HMRC was seeking to minimise the amount of tax remitted. PW explained that HMRC's processes for dealing with incorrect advice cases had been centralised so as to ensure a more consistent approach. One of the key considerations in every case was fairness and if it was clear from the facts that tax should not be collected from a business then HMRC would not do so. PJ commented that there was a perception that most internal reviews would find in favour of HMRC and in those circumstances the cost of any further action would be a deterrent to the taxpayer. PW said that he would welcome any examples where it was felt that the guidance had not been applied fairly and consistently.

5	Agenda item 5 – HMRC Complaints Handling	Colin Shingler
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5.1 CS explained that he was responsible for HMRC's Complaints Policy & Strategy and the working relationships with both the Adjudicator's Office and the Ombudsman. HMRC received about 70K complaints per year on issues such as delays, mistakes, and system and process failures, predominantly from HMRC's largest customer-facing business areas, Personal Tax and Benefits & Credits. HMRC had a two-tier internal review process after which, if the customer remained dissatisfied, they could take their complaint to the Adjudicator and then to the Ombudsman (via their MP). There were few referrals to the Ombudsman.

5.2 An internal review of HMRC's Complaints system was carried out, primarily to address delays in the process and the volume of cases escalating to the Adjudicator. The main causes for failings in the system - inconsistent working of cases; ineffective feedback loops; and a lack of ownership of individual complaints - had been identified and the first phase of activity to improve the process would be completed at the end of the 2013-14 financial year.

5.3 CS reported that HMRC was on track to deliver its targets of a sustained shift in performance. These included improved turnaround times for substantive replies, with over 80% of cases now meeting a 15 day response target, and a significant reduction in the escalation of cases to the Adjudicator. Additional staff had been seconded to the Adjudicator's Office. All of those staff had completed a bespoke training programme and report directly to the senior management team at the Adjudicator's Office – this ensures impartiality.

5.4 Next steps were to sustain improvements in performance and to move into more interactive complaints handling with greater focus on the impact of HMRC actions. Further external consultation will be carried out to find out if there is more HMRC could be doing and if there were still gaps in the process.

5.5 DC expressed concerns that HMRC were wrongly treating requests from agents for further information as complaints. Where there was any uncertainty HMRC should first contact the customer or agent to establish the grounds for a complaint. He also said that HMRC should accept responsibility when something had gone wrong rather than the blame for any failing being attributed to an individual member of staff. CS said he would take away these points and feed them into the ongoing complaints improvement work.

5.4 Several members commented that rather than revert to email, HMRC should be more proactive in contacting customers and agents by telephone when additional information or clarification was needed. Both CS and IS said that this was very much the approach HMRC was advocating, and IS cited the example of the VAT Registration Service and telephone contact made in respect of applications to register for VAT.

6	Agenda item 6 – Identity Assurance and Authority Management & Agent Online Self Serve	Janet Abeyunderssa
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6.1 JA provided an overview of the Identity Assurance and Authority Management project. She explained that HMRC was part of a cross-government team, led by the Government Digital Service, which was looking at secure access for customers to government online services once the Government Gateway has been decommissioned.

6.2 The project had just reached the end of its "discovery" phase, during which a range of organisations, agents and individuals were consulted about their current interactions with government online services, delegation, and the use of third party software, in order to assess their future needs. The next phase ("alpha") will see the development and testing of a working prototype and JA invited expressions of interest from any JVCC members interested in taking part.

7	Agenda item 7 – Tax for My Business	Asma Mani
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7.1 AMa gave a visual run through of "Your Tax Account", one of several digital exemplars being developed as part of the government's Digital by Default agenda. "Your Tax Account" will make it easier and quicker for customers to manage their tax affairs by providing access to their tax accounts and links to tailored guidance. In addition, there will be a personalised tax calendar with filing deadlines and a function that will allow customers to change their address details online.

7.2 An initial launch of the service to around 750 volunteers was planned for later in February with a wider rollout set to go ahead from April. An assisted digital service was also being developed for individuals without access to a computer.

8	Agenda item 8 – Improving the VAT Customer Journey	Eileen Patching
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8.1 Indirect Tax Directorate is reviewing VAT processes to see how we can improve the end to end customer journey. As part of this work, EP explained that we would like JVCC members to let us know about any pro-forma VAT letters and any VAT forms that were causing particular difficulties for them or their clients. For example: had the letter been sent at the right time; was it clear what the customer was expected to do; were the language and tone of the letter appropriately pitched? We are looking for quick wins and a template for feedback will be circulated to

members by JR. [Post meeting note: template issued to members on Monday 10 March.]

9	Agenda item 9 – Any Other Business <ul style="list-style-type: none">• Draft VAT Information Sheet on Single or Multiple Supplies – update	Eileen Patching
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9.1 EP thanked those members who had commented on the draft VAT Information Sheet (VIS) on single or multiple supplies that was circulated on 18 December. The VIS was being rewritten to take on board comments received and once finalised would bridge the gap until a comprehensive revision of the guidance has been carried out.

10	Agenda item 10 – Review of Meeting	
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10.1 AM and NW said they would like to see a greater focus on technical VAT issues at the next meeting. It was suggested that a discussion on the implications of the recent ECJ decision in PPG holdings should be included on the agenda for the meeting in May and IS asked JVCC members to provide JR with details of any other topics they would like to see covered.

10.2 The next meeting will take place on Thursday 8 May 2014.

Appendix A

JOINT VAT CONSULTATIVE COMMITTEE (JVCC)

(Meeting no 90)

Thursday 6 February 2014

13:30-15:30, Auditorium

1 Horse Guards Road, London SW1A 2HQ

External Attendees

Casey Baird (CB)	Finance and Leasing Association
Dean Carey (DC)	Association of Chartered Certified Accountants
Rhiannon Churchill (RCh)	Institute of Chartered Accountants in England and Wales
Ruth Corkin (RC)	VAT Practitioners Group
Leigh Francis (LF)	London & International Insurance Brokers Association
Michele Hood (MH)	British Retail Consortium
Peter Jenkins (PJ)	Charity Tax Group
Alex McDougall (AMc)	The Institute of Chartered Accountants of Scotland
Alex Millar (AM)	Association of Accounting Technicians
Julian Ogden (JO)	VAT in Industry Group
Tariq Oozeerally (TO)	Association of International Accountants
Martin Scammell (MS)	British Property Federation
Richard Sharp (RS)	The Chartered Institute of Management Accountants
Trevor Steel (TS)	Chartered Institute of Public Finance & Accountancy
Neil Warren (NW)	Association of Taxation Technicians

Apologies

Helene Dinsdale	One Hundred Group
Lee Hurst	One Hundred Group
Alex Jackman	Forum of Private Business
Tony Jackson	The Chartered Institute of Taxation
Martin Shah	The Law Society of England & Wales
Stephen Taylor	Association of Taxation Technicians

HMRC/HMT Attendees

Ian Stewart (IS)	Director, Indirect Tax Directorate
Jon Riley (JR)	JVCC Secretary, Indirect Tax Directorate
Ian Broadhurst (IB)	Indirect Tax Directorate
Angela Morton (AMn)	HM Treasury
Pete Woodham (PW)	Central Policy

Colin Shingler (CS)	Central Customer & Strategy
Janet Abeysundera (JA)	Business Customer & Strategy
Asma Mani (AMa)	Business Customer & Strategy
Eileen Patching (EP)	Indirect Tax Directorate

Appendix B

Current position on JVCC action points

AP ref	Detail	Current position
Action points from the meeting on 8 November 2013		
AP5/13	PR to look into the possibility of an automated response from HMRC to acknowledge receipt of Option to Tax notifications	We are looking into this and will provide an update to JVCC in due course