

# MINUTES

## BUSINESS TAX FORUM

25<sup>th</sup> November 2013, 10:00-12:00  
100 Parliament Street – 2/66

<b>Chair:</b>	<b>William Morris</b> Jim Harra	<b>General Electric</b> <b>Business Tax</b>	<b>CBI</b> <b>HMRC</b>
<b>Secretariat:</b>	<b>Ian Brimicombe</b> <b>Zuber Anwar</b> <b>Ian Quelch</b>	<b>AstraZeneca</b> <b>BC&amp;S</b> <b>BC&amp;S</b>	<b>100 Group</b> <b>HMRC</b> <b>HMRC</b>
<b>Attendees:</b>	<b>John Connors</b> <b>Jean Sharp</b> <b>Iain McKinnon</b> <b>Paul Morton</b> <b>John Bartlett</b> <b>Chris Davidson</b> <b>Melissa Tatton</b> <b>Judith Knott</b> <b>Ian Stewart</b> <b>Theresa Middleton</b> <b>Fergus Harradence</b> <b>Aziz Yusuf</b>	<b>Vodafone</b> <b>Aviva</b> <b>HSBC</b> <b>Reed Elsevier</b> <b>BP</b> <b>CTISA</b> <b>Large Business Service</b> <b>CTISA</b> <b>Indirect Tax</b> <b>Business Customer &amp; Strategy</b> <b>Business &amp; International Tax</b> <b>Business Environment</b>	<b>100 Group</b> <b>100 Group</b> <b>100 Group</b> <b>CBI</b> <b>CBI</b> <b>HMRC</b> <b>HMRC</b> <b>HMRC</b> <b>HMRC</b> <b>HMT</b> <b>BIS</b>
<b>Guests:</b>	<b>Mark Speed</b> <b>Mike Howe</b> <b>David Edney</b>	<b>Local Compliance</b> <b>Large Business Service</b> <b>CTISA</b>	<b>HMRC</b> <b>HMRC</b> <b>HMRC</b>
<b>Apologies:</b>	<b>Kevin Fletcher</b> <b>Janine Juggins</b> <b>Abdul Nabi</b>	<b>Local Compliance</b> <b>Unilever</b> <b>Marks &amp; Spencer</b>	<b>HMRC</b> <b>CBI</b> <b>100 Group</b>

### 1. Welcome, adoption of Minutes and Action Point Update

There were no comments on the minutes. Ian Quelch Provided an update on the ‘Joined Up’ Action Point, agreeing for HMRC to report back at the next meeting.

### 2. Large Business Review

Mike Howe led this item explaining that this was a review of how we operate large business work and the internal organisation. Mike explained the existing CRM/CC operational structure. Mike then went on to explain the outcomes were to bring together the CRM business under an enlarge Large Business Directorate leaving the operating model below CRM businesses for consideration under mid size. Mike emphasised that the strategy or approach was not changing and would instead strengthen the way we operate in terms of deploying resources. the timeline was set for the beginning of April 2014. Mike also emphasised that work would be done to minimise any impact on business during the restructure.

Business welcomed this a sensible piece of internal work and suggested that some comms with business would be worthwhile to reiterate the points made. It was explained that this would be done through CRMs and that agents would be contacted as well.

### **3. Mid Size**

Ian Quelch provided an update regarding the mid-size work. Between 2012-3, Business Customer & Strategy in Business Tax led a cross directorate HMRC team to increase our understanding of mid size businesses. From extensive internal and external research (including quantitative), we have built detailed customer insight on around 38,000 businesses with turnovers between £10m and £200m and/or more than 20 employees – in particular around their key characteristics, life events, interactions with HMRC and their use of intermediaries. The intention was to publish the research on the HMRC internet.

Underpinned by this enhanced customer insight, HMRC is developing a new strategic approach to mid-size businesses enabling us to manage and improve risk, compliance and customer service within this business population by i) providing tailored responses to the different customer segments within the population; ii) identifying and responding more effectively and closer to real time to customers' diverse risks, needs and behaviours and iii) Maximising opportunities to improve our customer service and support business growth. We are working at pace to operationalise this from April 2014 onwards.

Business highlighted the 'large business' remit of the forum but nevertheless acknowledged the level of work HMRC is investing in improving engagement with this Mid Size population and offered to help HMRC in anyway possible.

### **4. Tax and Procurement**

David Edney had circulated 3 questions prior to the meeting about the review of the tax compliance and procurement policy. David reminded the meeting about the aim of the policy being primarily to influence behaviour for the future, and that Ministers were keen to understand the impact and any difficulties around this. David also mentioned that it was early days and earlier input would make it easier to make any necessary adjustments going forward.

Business also noted that it was early days, but broadly agreed that it had not had an undue impact as procurement was already complex, and the tax requirements were clear and well understood. Some businesses had raised concerns around whether this could be used in negotiations of contracts to put pressure on contractors. David emphasised that the rules were as laid down in the procurement practice note and that departments had been reminded that they should not go beyond the rules as set down – HMRC had been delivering a programme of seminars to departments to help them with applying the rules. David thanked the forum for their comments.

### **5. International Tax Update**

Fergus Harradence led, explaining that BEPS was going to timetable and was making reasonable progress. An update was provided on Working Party 11 and the Digital Economy Task Force, and it was explained that there would be no further meetings until 2014. The process of engaging non OECD countries was progressing well. With regard to country by

country reporting, it was important to ensure that the European Parliament view on CBC reporting wouldn't contradict the outcomes from the OECD.

Business expressed that they felt less confident, holding concerns around what is very complex work.

## **6. Country by Country Reporting**

Will Morris led this item, referring to Action Item 13. This, he noted, had two quite separate sentences. One related to transfer pricing documentation (the Transfer Pricing Master file and local requirements) and the second to a new high-level risk assessment tool (which came, originally, from the June 2013 G8 communique). It was explained that the aim of the latter was to give a high level assessment and roadmap to give countries some overview of what is going on across the group. It was also mentioned that some key numbers were the focus at the OECD including turnover and employees. It was explained that the idea was for this to be a high level tax tool to enable government to ask high level tax questions and that it should be designed so as to be easily constructed from either statutories or consolidated accounts, depending on the systems of a particular group. Several other questions were raised in regards to producing a template for comment by Spring and how to make this useful for both sides.

Business emphasised that a pragmatic approach was necessary due to different country requirements and that this could have huge implications with no added value for investors and the need to align with International Accounting Standards. HMRC emphasised that UK IFRS was relatively straight forward to disclose.

Will Morris mentioned a OECD meeting in Paris and that it was more important for companies to be consistent across a whole group for comparison than between companies. WM stressed that the bottom up approach was the approach the OECD appeared to be taking, it may be useful to get concerns not just from the UK but from other countries (e.g. US). It was acknowledged that it was early days and that it is likely that eventually there is likely to be a compromise on country by country reporting.

HMRC agreed to take the point around the need for flexibility forward to an upcoming discussion on these topics.

## **7. AOB & Close**

The next meeting was confirmed for March 7<sup>th</sup>. It was agreed for the next meeting to include:

- Tax Gap Update
- Joined Up

The need to refresh the BTF Terms of Reference was also highlighted.

### **Action Point: BTF Secretariat to review Forum's Terms of Reference**