Minutes of High Net Worth Unit (HNWU) External Stakeholder Forum
29 September 2014

Chair: Ann Roberts, Head of HM Revenue & Customs (HMRC) High Net Worth Unit

Venue: 100 Parliament Street, London

Attendees:

External Stakeholders

Alan Gourley	Northern Ireland Tax Committee
Ann Elmer	Association of Tax Technicians
Annette Newell	Frank Hirth plc
George Hodgson	Society of Trusts and Estates Practitioners
Malcolm Offord	The Association of Independent Expatriate Tax Practitioners
Mark Levitt	Institute of Chartered Accountants of England & Wales
Martyn Gowar	Chartered Institute of Taxation
Matthew Burton	Estates Business Group
Neil Grant	Coutts and Co
Penelope Lang	Institute of Chartered Accountants for Scotland (ICAS)
Penelope Williams	Law Society of England and Wales
Rachael Arning	Citigroup

HM Revenue & Customs (HMRC)

Ann Roberts	HMRC High Net Worth Unit (HNWU) - Chair
Alan McGuinness	HMRC Specialist Personal Tax Policy (SPTP)
Angela Russell	HNWU
Celia Clark	HNWU
David Edney	HMRC Counter Avoidance Directorate (CAD)
David Tarelli	HNWU
Debbie Akroyd	HNWU
Dylan Montell	HNWU
James Maidment	HNWU
Jim Aitken	HNWU
Kieron Storey	HNWU
Louise Roberts	HNWU
Marie Mannion	HNWU
Pete Fellows	HNWU
Stephen Crockett	HNWU - Note Taker

Apologies

David Mellor	Chartered Institute of Taxation
Robert Van Geffen	Association of Financial Markets in Europe

1. Welcome and Introductions

Ann Roberts (AR) welcomed forum members to the meeting and asked for brief introductions from those present. AR expressed her thanks to people who'd travelled and taken time out of their schedules to attend the meeting and said she was

pleased to have a chance to introduce the majority of HNWU's senior leadership team to the forum at this meeting. AR added that she was aware there had been a significant amount of commentary in the press recently in relation to the wealthy and alleged tax avoidance but pointed out that she would be unable to comment on any such press speculation.

2. Matters arising from the minutes of the last meeting

The summary from the last teleconference had already been agreed with no further amendments.

3. Agenda Items

a) Avoidance Issues

AR introduced Louise Roberts (LR) as HNWU's lead on Accelerated Payment issues & Kieron Storey (KS) as HNWU's lead on GAAR related issues. KS explained that HNWU's approach was to use its Customer Relationship model to improve voluntary compliance where possible. HNWU avoidance strategy seeks to prevent avoidance at the outset where possible but where it persists we will gather intelligence to help detect it early and we will counter it effectively through challenge. Legislation such as the GAAR could be used to challenge the most abusive schemes. A summary of the GAAR legislation was given and KS said there had been no use of GAAR in HNWU thus far, although it is early days since legislation came into effect. Customer Relationship Managers (CRM) in HNWU are able to discuss issues surrounding commercial transactions with customers and their accountants but are not able to give definitive clearance on whether something is covered by GAAR. A reminder was given by David Edney (DE) that the GAAR only applies from 2013-14 onwards.

LR said that Accelerated Payments notices (brought in by Finance Act legislation 2014) for HNWU customers were all being put together and sent from within HNWU from the customer's usual office. It's possible to appeal against penalties but not against a notice, again via their usual HNWU office. The HNWU CRM model remains and any questions should be directed from customers to their CRM. If a customer has avoidance related risks in their tax affairs and wants to discuss what Accelerated Payments may mean to them, they can phone their CRM to discuss- CRMs can ringmaster all avoidance risks that the customer is involved in.

LR added that once Accelerated Payments Notices have been sent the timescale for payment is fixed so it's best for HNWU customers to discuss with their CRM at an early stage before getting letters where possible.

Observations raised by forum members

Panel members commented that -

- They would be interested to know the proportion of HNWU customers involved in Avoidance schemes compared to the general population – KS/LR to follow up.
- They would find it helpful to know if there was any date when avoidance related settlement opportunities would expire – AR said HNWU are unable to comment on this, as a wider policy matter. DE added that current settlement offers had been published, including an 'end date' where one has been announced.
- It would be good to know if all DOTAS scheme numbers have now been published – LR replied that they would be refreshed/updated quarterly as this is an ongoing process.
- Will all schemes have Accelerated Payment notices sent if they have a DOTAS number? DE advised that the legislation permits AP notices to be issued but does not require them, so HMRC cannot definitively say that any particular scheme will receive an AP notice.
- Members asked if it was possible to name schemes rather than just the DOTAS numbers – DE noted that there was sometimes no identifying name given so there are practical issues.
- Concerns were raised about potential cash flow issues and potential penalty charges and whether these are always being allocated against the Self Assessment system in the best way. AR reminded forum members that HNWU are trying to help as much as possible re practicalities through the CRM approach so urged agents to talk to the relevant CRM at an early stage if their customer has any concerns regarding accelerated payments. HNWU and DMB are trying to manage any issues as effectively as possible.
- There had been a delay in the timing that some customers seemed to be receiving notices compared to others in the same scheme – this was said to be unavoidable to some extent due to different offices sending letters, postal service etc but there should be no extreme timing differences.

b) Developments in the HNW Unit & Digital Transformation

AR summarised some recent developments in HNWU including new members of our leadership team (Kieron Storey, Lead CRM for Washington HNWU, David Tarelli Lead CRM for East Kilbride HNWU, Angela Russell Lead CRM for Birmingham HNWU and Celia Clark for Portsmouth HNWU, plus James Maidment, Head of Business Delivery & Debbie Akroyd Head of Operational Delivery). AR was pleased to be able to introduce the new members of the team to forum members. AR added that the Bereavement team previously based in Edinburgh were now based in Birmingham HNWU and the other work from the Edinburgh office had been spread across our HNWU teams. The code of governance for tax disputes was now in place and applies to HNWU. There is a senior governance board in place. AR introduced Debbie Akroyd (DA) to explain more about HNWU's Digital Transformation.

DA explained that HNWU are looking to use digital technology more in our day to day business to increase our efficiency and in line with HMRC's wider aim to become a more digital business. DA added that she was keen to get forum members input and suggestions regarding what we can do better to help our agents and customers. Portsmouth and Washington HNWU are currently in the process of trialling a paper lite office including a refined email process, scanning of post, e-storage and central print service. HNWU are also looking to get involved in more HMRC pilot schemes such as 'My Tax Account'. A new upgraded secure email system is being developed and HNWU are hoping to be a part of the pilot and would welcome the support of Agents and customers to test this. HNWU are raising awareness of the benefits of using email more amongst our people. HNWU staff are to have 2 monitor screens each in the near future and Windows 7 on work desktops to help with the digital transition.

Feedback provided by forum members

The following observations and feedback were given:

- There is a big demand amongst agents and customers to use more email as it is faster and reduces postal delay. Few agents still using faxes, most traffic by email when not to HMRC.
- Agents experience dealing with Clearance team in HMRC by email has been very positive overall.

- Consensus that E-storage etc has made offices more efficient where in use by agents so forum members would encourage us to look seriously at this.
- Some forum members offered to speak with DA to give more of an insight of how Digital works in practice in their offices.
- Members happy to be involved in developing the digital agenda.
- Digital office would need a culture shift to the way people communicate and handle their workloads.

c) Developments following HNWU's Compliance Redesign Process

Dylan Montell (DM) explained that HNWU undertook program to re-engineer our compliance and risking process as we aimed to better understand our customers and use our improved knowledge and also to ensure we were continuing to make the most efficient use of our resources. As a result of the program, DM has now been appointed as HNWU's Head of Risk and a new more joined up approach to risking was being taken by HNWU involving Specialist Personal Tax and wider HMRC. A HNWU Strategic Risk Panel has been created to obtain HMRC wide input into our risking strategy and customers were being classified as higher or lower risk to HMRC. HNWU teams had reviewed their customer base to identify risk levels of each customer and would continue to do so on an annual basis and as any information came in to change our views. DM pointed out that if a customer was classified as high risk that did not necessarily mean they would be under enquiry, it was more a decision based around complexity of their affairs, behaviour surrounding tax obligations and amount of tax at risk to HMRC. HNWU's approach remains to engage with our customers first where possible and to address risk in a voluntary collaborative way where possible. We do, however, challenge those customers that do not comply.

Views expressed by forum members

Forum members raised the following views and questions:

- Will customers having an overseas account or accounts make them high risk? DM answered not necessarily – we don't make assumptions on the reasons for people holding foreign accounts without looking at individual circumstances.
- Will HNWU be telling customers or agents if their customers are classed as High Risk. Views were expressed that there could be benefits to sharing this information, to be considered further.

d) The Work of ATED Team

Angela Russell (ACR) gave a summary of how the tax works following its' 2013 launch. She added that she had responsibility for the small multi grade team based in Birmingham that deal with the administrative and compliance aspects of ATED. The team currently expects to be handling between 11,000 and 13,000 ATED returns in 2015-16, rising to approx 27,000 by 2016-17. Some de-enveloping of properties is also anticipated. More returns had been received in the first year than anticipated so resources on the team and the systems they use were being expanded to deal with demand. Late payment issues were now being dealt with directly by the ATED team rather than through Debt Management & Banking. The team were looking to combine multiple properties into one return per taxpayer going forward if possible to make the process easier for customers.

Views expressed by forum members

- It would be useful to combine the ATED return filing date with the Corporation Tax return filing periods if possible – ACR noted this view to take away and consider with policy team.
- A feeling was expressed that agents weren't seeing or anticipating to see much in the way of de-enveloping from customers in the coming years.

e) Non Resident Capital Gains Consultation

Alan McGuinness (AM) updated on this consultation for forum members. He said that the consultation had ended in June 2014. Formal submissions were now being responded to and recommendations being put together for ministers to consider. Forum members can expect a response later in the Autumn 2014 from Ministers. AM added that the Consultation Document website had been updated to clarify that widely held corporates were expected to be out of scope of any charge. AM noted that concerns had been raised on Private Residence Relief but the aim is to avoid disturbing the position for UK taxpayers as much as possible.

Questions from forum members

Panel members raised the following queries:

- Will there be a withholding tax? AM answered that the proposals were not intended to be a strict withholding tax at this time. Non-resident taxpayers will be responsible for declaring their tax liabilities in the same way as UK taxpayers. PW said that the Law Society welcomed this.
- Would it be practical to police the proposed system and how due to the number of non-resident people some of which aren't registered for UK tax? AM said that HMRC would monitor compliance in the same way as for all other CGT liabilities.

f) HNWU Agent Survey 2014

Jim Aitken (JA) reminded forum members that the previous survey of HNWU Agents report remains on the HMRC website. A follow up survey is now being arranged. Approximately 800 agents of HNWU customers would be invited to participate with a similar question set to the previous survey. Agents will be given an opportunity to opt out and a random selection will be done with an independent company to conduct the survey by phone. The results of the new survey will lead to an updated report, to be shared with forum members in due course. The survey will take place in November – December 2014 with an aim to complete the report in around April 2015. We very much value the views of agents and customers and would therefore encourage you and your members to take part in the survey.

4. Any Other Business

It was agreed that face to face forum meetings are most beneficial and that the forum continued to serve a useful purpose. The forum will aim to meet every 3 to 6 months where possible going forward – next meeting to take place in February 2015 and will aim to include the following:

- Agent Survey Update
- Digital transformation of HNWU update
- Risk update
- Affluent / HNWU relationship
- A regular avoidance update slot on GAAR/Accelerated Payments in HNWU

Forum members to email the forum mailbox with requests for any further agenda items for next time and with any ideas re anyone else who they consider would be beneficial to have on the forum going forward.

Action Points

1. Forum members to email details of any suggested agenda items/potential new members to the forum email address.
2. Steve Crockett to arrange next forum meeting on HMRC premises in London for February or April 2015 if possible.
3. LR/KS to check if any information available that we can share re percentage of HNWU population involved in avoidance relative to wider taxpayer population.