

Compliance Reform Forum

Note of meeting held on 26 November 2014

Agent members

Chas Roy-Chowdhury	Association of Chartered and Certified Accountants
Glenn Collins	Association of Chartered and Certified Accountants
Jeremy Nottingham	Association of Accounting Technicians
Will Silsby	Association of Taxation Technicians
Andrew McKenna	Chartered Institute of Taxation
Stephen Relf	Chartered Institute of Taxation
Robert Maas	Institute of Chartered Accountants in England & Wales
Andy Tall	Institute of Chartered Accountants in England & Wales
Elsbeth Orcharton	Institute of Chartered Accountants Scotland
Samantha Mann	Chartered Institute of Payroll Professionals
Robin Williamson	Low Incomes Tax Reform Group
Ian Browne	TaxAid
Gary Rowson	Tax Investigation Practitioners Group

HMRC members

Jennie Granger (Chair)	Director General, Enforcement & Compliance
Paul Gerrard (co-Chair)	Director, Enforcement & Compliance Strategy & Change
Jeremy Tyler	Deputy Director, Business Customer & Strategy
Ralf Cook	Local Compliance
Jane Howard (Secretary)	Local Compliance

Guests

Pedro Wrobel	Deputy Director, Debt Management & Banking
James Dunstan	Debt Management & Banking
Kirsten Reeves	Enforcement & Compliance Strategy & Change
Dorothy Brown	Director, Personal Tax Operations

Apologies

Agent members: Brian Palmer (AAT), Paul Hill (ATT), Bob Davies (CIOT), Sue Cave (FSB), Jane Moore (ICAEW)
HMRC: Melissa Tatton, Local Compliance

Issues covered

New banking contract
Tax gap workshop
Behavioural insight
Direct recovery of debt
SA filing peak
Counter-Avoidance activity
CRF sub-group updates
Action points

Welcome and introductions

1. Jennie Granger (JG) welcomed everyone to the meeting and offered apologies on behalf of those unable to attend.

New banking contract

2. HMRC said customers who pay electronically may be impacted as a result of a new Government Banking Service contract. The current contract was being re-tendered with any new contract likely to be awarded in spring 2015. Any impact would not be until autumn 2015. HMRC has begun high level planning to ensure a smooth transition to a new supplier with minimal disruption for customers whilst maintaining cashflow to the Exchequer.

3. CRF members indicated their willingness to be involved in any implementation planning and HMRC will keep CRF informed of developments.

Tax gap workshop

4. Before the meeting CRF members had taken part in a tax gap workshop with HMRC representatives to look at the headline results published in October 2014 and to discuss ideas for reducing the tax gap. Attendees felt the workshop had been useful. HMRC was keen to continue talking to agent and customer bodies about the tax gap and to hear views on the department's approach to tackle it. It was agreed this was an issue that CRF should regularly re-visit. In the meantime, workshop attendees were invited to submit any further thoughts on the information shared at the workshop.

Use of behavioural insights

5. HMRC said the Promote Prevent Respond compliance strategy will increasingly influence investment decisions as HMRC looks to design systems and products that help customers to get their tax affairs right first time and update how HMRC responds to compliance risks.

6. One way of improving compliance is to use insights about how people behave and what they do. HMRC illustrated how they are using key techniques to influence how people behave such as keeping letters simple and easy to understand and letting people know what information it already holds. It has also begun to test how digital prompts such as text messages can be used to remind people to file or pay on time.

7. Agent representatives were concerned that too much simplification could inadvertently cause mistakes or error by omitting information that some customers need. HMRC recognised that they will need to tailor their approach for different customers and that agents have a key role in influencing customer behaviour. They were very interested in any ideas agents may have for influencing customer behaviour.

8. Agent representatives felt it was important that people were aware not just of the information HMRC holds but how HMRC uses that information. They were also keen that HMRC makes clear its plans for making more use of digital technology to contact customers so that customers recognise genuine HMRC contact.

Payment compliance

9. HMRC shared a breakdown of how tax due is collected. The vast majority of people pay their tax in full and on time. Last year, £506 billion in revenue was paid by around 35 million taxpayers. Around 90% was paid on time with only around £50 billion becoming a debt. A significant amount of that was subsequently paid after initial action by HMRC either by letter or other means to remind people of the debt, time to pay arrangements, restraint or court proceedings. Only a very small minority of people still refuse to pay what they owe despite having the money to do so.

10. Following the public consultation into the Direct Recovery of Debts scheme, the Government has made nine key changes to improve safeguards in response to concerns about the scheme being used in error and the potential impact on vulnerable customers. These are set out in full in the response document published on 21 November 2014.

11. Agent representatives felt it had been a good consultation process and welcomed the changes. HMRC said they were very happy to receive any further comments and to work with representative groups on how to implement the new scheme. HMRC will report back regularly to CRF on how the scheme is operating.

SA filing peak

12. HMRC advised it was taking steps to improve how it handles the SA filing peak in the run up to 31 January. Action includes clearer guidance on the GOV.UK website,

improvements to the tax return, repeating last year's earlier dispatch of SA statements, better telephony and more flexible use of HMRC's workforce to deal with the demand. Typically, however, large numbers of people still leave filing until the last week putting pressure on HMRC and tax agents to submit returns on time. HMRC sought representatives' views on how to encourage people to file earlier and level the filing profile both for January 2015 and in the future.

13. Agent representatives suggested better and more publicity to identify the benefits of filing early and to dispel the myths about early filers being more likely to be picked up for enquiry, and a quicker process for obtaining taxpayer unique tax reference numbers. Longer term, pre-population of customer returns and action to reduce the SA return population were felt to be key areas to explore.

14. HMRC thanked representatives for their response and said they would seek volunteers to work with HMRC in more detail on how to reduce the SA filing peak.

Counter-Avoidance activity

15. A written summary was provided in advance of the meeting. Following the new legislation which came into force in July, HMRC begun to issue accelerated payment notices for payment of disputed tax upfront. Further technical consultation on the issue of conduct notices to high risk promoters is underway.

CRF sub-group updates

16. High volume agent (HVA) work. Following concerns expressed by ICAEW, HMRC is working with agent representatives to develop a bespoke process where a professionally qualified HVA is selected as part of the annual HVA work programme. Robert Maas felt there is a discrepancy between what HMRC thinks an agent should do and what an agent actually needs to do. As part of its Agents Strategy work, HMRC said it is working very closely with agent professional bodies to develop a shared understanding of the professional standards that agents are expected to meet.

17. Business records checks (BRC). The third period of test and learn activity is complete. A final decision on any further activity is awaited.

18. Campaigns. A new campaign aimed at those working in the solicitors' profession will be launched in December.

19. Dispute resolution. HMRC is working with external representatives on a form of words to raise awareness of the alternative dispute resolution process when notifying customers of a review decision.

20. Fraud forum. A revised Contractual Disclosure Facility (CDF) was launched at the end of June. Agent representatives remain concerned that there is no process by which customers can easily disclose non-deliberate inaccuracies. They asked for this to be included on the next CRF meeting.

21. Record keeping obligations (S12B). Work on guidance to ensure a consistent approach to record-keeping penalties across HMRC has been put on hold pending a decision on business records checks activity.

Action point update

22. Membership of IR35 Forum (CRF 26.02.14 AP2): Both AAT and ATT representatives were disappointed that they had not yet been given the opportunity to participate in this forum. HMRC noted the membership and terms of reference were still under review and would seek an update. **(AP1)**

23. Schedule 36 authorisation requests (CRF 26.02.14 AP5): HMRC to let agent representatives know how it will continue to monitor the number of Schedule 36 authorisation requests. **(AP2)**

24. Agents strategy (CRF 26.06.14 AP2): HMRC advised that consultation will primarily take place via the Joint Initiative Steering Group (JISG). CRF will be involved as appropriate.

25. Agent protocol (CRF 26.06.14 AP3): Following discussions with HMRC Executive Committee, individual agent representatives and JISG, it had been decided not to proceed with a formal agreement for issuing non-routine correspondence to represented customers but to replace it with high level guidance for HMRC staff. HMRC agreed to keep the guidance under review and said that any concerns should be referred to Jeremy Tyler, as the lead contact for HMRC.

26. Use of email (CRF 26.06.14 AP4): HMRC said it is not in a position where it can openly offer the use of email for all correspondence with HMRC. The offer to use email will come from HMRC on a case by case basis. Agent representatives asked whether there is a standard consent form for agents to obtain clients' permission. HMRC will look into this and provide an update on the use of email at a later meeting. **(AP3)**

27. Intervention centre (CRF 26.06.14 AP6): HMRC is developing its thinking about making more use of Compliance Centres and will keep agent representatives informed as part of sharing the overall compliance strategy.

Next meeting

28. 19 March 2015.

Action points	What
AP1	HMRC to follow up AAT/ATT membership of IR35 forum.
AP2	HMRC to advise how it will continue to monitor the number of Schedule 36 authorisation requests.
AP3	HMRC to check if standard consent form available for agents to obtain clients' permission to communicate with HMRC by email.