

MINUTES

BUSINESS TAX FORUM

20 October 2014, 14:00-16:00
G26 1 Horse Guards Parade

Chair:	Jim Harra William Morris	Business Tax General Electric	HMRC CBI
Secretariat:	Ian Brimicombe Dave Matthews Mary Purcell	AstraZeneca BC&S BC&S	100 Group HMRC HMRC
Attendees:	Jean Sharp Paul Fox Abdul Nabi Iain McKinnon Paul Morton John Bartlett Lesley Fairweather Judith Knott Jeremy Tyler Jon Sherman Ian Stewart Fergus Harradence Aziz Yusuf	Aviva Diageo Marks and Spencer HSBC Reed Elsevier BP Local Compliance Large Business BC&S CTIS Indirect Tax Business & International Tax Business Environment	100 Group 100 Group 100 Group 100 Group CBI CBI HMRC HMRC HMRC HMRC HMRC HMT BIS
Guests:	Aidan Reilly Peter Steeds Nick Catton Dave Allen	CTIS CTIS KAI Tax Gaps & Indirect Taxes KAI Tax Gaps & Indirect Taxes	HMRC HMRC HMRC HMRC
Apologies:	John Connors Claire Jordan Janine Juggins Theresa Middleton	Vodafone Diageo Unilever Business Customer & Strategy	100 Group 100 Group CBI HMRC

Agenda Items		Start	Dur.
1	Welcome, adoption of Minutes & Action Point Update – Will Morris	14:00	10m
2	CBI Business update - Will Morris	14:10	10m
3	Clifford Chance Survey – Paul Morton	14: 20	10m
4	Tax Gap - Nick Catton / Dave Allen	14:30	20m
5.	BEPS update and discussion of current issues – Peter Steeds / Aidan Reilly / Fergus Harradence	14:50	55m
6.	Discussion and planning for future topics – Will Morris	15:45	10m
9.	AOB & Close – Will Morris	15:55	5m

1. Welcome and Adoption of Minutes

Will Morris welcomed everyone to the meeting.

The July BTF minutes were adopted without any amendments suggested. It was confirmed post meeting that action points arising from the last meeting have been dealt with.

2. CBI business update

Will Morris updated the meeting on the progress around the CBI Business Debate, which had a soft launch in August. The website went live in September [What's the value of business to the UK?](#)

Tax is the current issue on the web site. There was a discussion around the desire for an ongoing debate in the wider community; and for a re-informing through the debate, over time, on role business plays paying tax.

There was recognition that HMRC would need to remain neutral in any discussions. However neutral contributions to help continue the debate were discussed.

Action Point – Jon Sherman agreed CTIS would review and consider the need to update the fact sheets already prepared on tax.

3. Clifford Chance Survey

Paul Morton summarised the high level results in the survey. This led to a general discussion within the room. It was felt that although participants to the survey may have particular angles there were some issues that needed discussion. The majority of businesses in the meeting felt that in the last 5 years there has been a significant improvement in working with HMRC through CRMs. There was a definite perception from some businesses, however, that CRMs appeared less empowered to make decisions than previously, and that this led to a lack of clarity around decision making and general communication on cases/issues.

There was a recognition that the economic environment and external pressures would influence some of HMRCs approaches longer term. A concern was raised that if the perception of a disconnect in communication between businesses and HMRC continued, this could impact on co-operative compliance, leading to significant consequences.

Judith Knott confirmed that there is no deliberate change in approach or strategy. She stated that HMRC needed to follow the published governance within Litigation and Settlement strategy, but business should continue to focus on working with their CRM in the first instance.

Action Point – Judith Knott and Dave Matthews to talk to businesses about this in more detail and time to be allocated at the next meeting to discuss.

4. Tax Gap

Nick Catton discussed a slide pack on the latest Tax Gap figures, including the long term trend on reduction. The up to date data included the changes from previous years, key areas which had led to change, including VAT and Tobacco. The presentation also covered tax gap by customer group and behaviours.

Nick Catton pointed out that the UK is the only country to publish an annual tax gap and that HMRC saw it as a commitment to transparency in our processes.

There were some questions around the impact of BEPS on the tax gap. Nick confirmed that currently this was outside the tax gap figures. There was also a discussion on how automatic reporting from Banks could or should be used to improve the tax gap.

5. BEPs update

Fergus Harradence led with the main development since the last meeting: publication on 16 September by OECD of the first series of reports of actions. These constituted some policy agreements, but whilst the basic policy might be set, it is important business engages with opportunities for policy/technical consultation to help shape implementation. There is still a lot of work ongoing with OECD on implementation and more guidance with follow after this work is completed.

In 2015 the focus would be Transfer pricing, in particular risk and capital, permanent establishment rules, interest deductibility, CFCs and Digital Economy

Aidan Reilly emphasised the need to ensure business were in touch providing information to help HMRC get it right at key stages in the work and was keen to check stakeholder engagement. Business replied that recent stakeholder events they had attended had been 'excellent'. The UK approach reflected a very sophisticated understanding of businesses.

Both business and HMRC agreed that it was important to recognise that UK were not the only voice at these discussions and the need to encourage the participation on both sides within other Fiscs.

In relation to the work of WP6 Peter Steeds summarised where it has got to across its workstreams. WP6 had met in October and were working on a proposal setting out options/consultation on treaty exchange and local filing. This was likely to form part of conversations with business in November. There was also further work around Intangibles, risk and characterisation. More information was due to be released in December followed by a short consultation. Pricing commodities was also on the agenda – with a public discussion before the end of the year. This is a very tight timescale.

Business raised concerns around the general timetable and around the scale of information that would be required, and suggested that a risk based approach would be preferable. Whilst supplying data is not an issue, the issue of reconciliation creates additional time consuming complexity. There were also concerns raised around how reciprocal arrangements would operate in other countries. Business also made the case for the information sharing to be linked to acceptance of other elements of the package (e.g., dispute resolution).

Will Morris commented that he thought OECD would be looking at interest allocation after an approach from USA.

6. Discussion and planning for the future

Will Morris asked for views on the current structure and content of BTF.

Judith Knott reminded the meeting of the Large Corporates Forum, which has kicked off again for more operational issues. A general reminder was given that any operational concerns from business are better raised in real time.

Jim Harra confirmed the value for him of the BTF was the opportunity to find out what's working and for HMRC to listen first hand to business and their current thinking. From HMRC's viewpoint this provided value in continuing the BTF.

The general view from business was that the current format of a number of issues was more useful, rather than one topic. What also added value was the structure was based on face to face discussion rather than a raft of paper.

The consensus was for the current structure to remain, with the focus on strategic issues not granular detail.

Action point: The meeting agreed to a formal review of the BTF.

7. Any Other Business and Close

Will Morris discussed the work of BTF Legislative Sub-committee. There had been a meeting with Andy Stewardson recently and the committee was due to re-convene early November with a final meeting 3 weeks later. This was moving forwards.

The next meeting will be after the Autumn Statement in late January 2015, a date will be circulated as soon as possible.