

PROTECT

<b>Fraud Investigation Service</b> <b>Deputy Director Central Coordination Team</b> <b>Fraud Forum Minutes</b> <b>Date: 22 September 2015</b> <b>Time : 11.00 – 13.00</b>	<b>Venue: Euston Tower, London</b> <b>Room: 13:6/7</b>
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Attendees			
Richard Jackson Deputy Director FIS (Chair) HMRC	Simon York Director (FIS) HMRC	Declan Greaney HMRC	Hannah Wickstead HMRC
Graham Ranson HMRC	Anne Aldridge HMRC	Dave Elson HMRC	Tom Rodnicki HMRC
Simon Vincent HMRC	Arnold Homer (ATT)	Robert Maas (ICAEW)	Ian Browne TaxAid
Gary Rowson (TIPG)	Andrew Watt (TIPG)	Gary Ashford (CIT)	Harry Travers (TIPG)
Con Kelly (AAT)			Pauline Brookes HMRC (Minutes)
Apologies			
Chas Roy Chowdhury (ACCA)	Steve Botham (CIOT)	Gina Tierney HMRC	

Agenda Item		Actions and Decisions
<b>1</b>	<b>Welcome and Introductions</b>	
	HMRC's Fraud Investigation Service (FIS) Deputy Director (Chair) welcomed the group to the meeting and all attendees introduced themselves and their roles.	
<b>2</b>	<b>An Introduction to FIS</b>	
	<p>HMRC explained that the Fraud Investigation Service (FIS) was newly formed, and was HMRC's response to the most serious fraud and non-compliance. HMRC's top level plan is to develop our capability, including areas such as Offshore work; Volume Crime and mass market evasion. HMRC will be looking into the circumstances in which we investigate in both civil and criminal cases. HMRC will also look at tax crime and how we can reduce the incentives to commit. HMRC's FIS Director advised the Agents bodies that he was keen to hear their thoughts, and while the coming together of Criminal Investigations and Specialist investigations was a big move, FIS is a step beyond that and will impact on Organised Crime by using a sophisticated blend of interventions. While this is still early days, Simon has clear ideas and said there will be real opportunities.</p> <p>Reactions from the Agents bodies were that the bringing together of SI and CI is a positive move; this was an enormous agenda, and they wanted to know what the potential changes to COP9 would be.</p> <p>HMRC advised the Agent bodies that FIS will be involved in the new disclosures work; the Summer Budget had given more investment and more prosecutions are expected; HMRC will be using Regulatory processes such as the Anti Money Laundering Regulations more.</p> <p>The Agent bodies asked whether research had been carried out to see why</p>	

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	<p>people came forward regarding LDF and Offshore disclosure, and whether it was because they were “scared”.</p> <p>HMRC advised that we want to encourage people to come forward and explain to them the consequences of them not coming forward, rather than scare them. Our response, in general, will be tougher, as we will be using different criteria, but there will be activity and publicity around that. A COP9/CDF session will follow later. There will not necessarily be immunity from prosecution for any future disclosure opportunities.</p> <p>A review is being carried out to look at why and when people come forward. The existing offshore disclosure facilities will be closing in December 2015 and in 2017 the CRS data will be arriving.</p> <p>The Agents asked if by removing the incentive, is the reason for coming forward that HMRC is getting better information. Clients would need assurance that they will not be prosecuted. Incentivised and better penalties will go and the only incentive would be to avoid a criminal prosecution. The Agents felt that if FIS deals with cases that are non-fraudulent, the FIS title in the letter head may make this more difficult to sell to customers. Effective immunity is the thing that gets people to come forward and post the LDF facility.</p> <p>The Agents expressed concern regarding small companies and businesses, who, believing the publicity that HMRC are short staffed, presume that they are too small for HMRC to bother investigating, so may decide not to bother coming forward.</p> <p>HMRC responded that they will use their media/comms teams – the majority of people are compliant – we will continue our approach but underpin that this is in the most serious cases. We are trying to change behaviour. With regards to resources, there has been investment in tackling organised crime, and with that investment, we will be expected to do more.</p> <p>HMRC said that the name Fraud Investigation Service covers the majority of the work that we do – this includes crime and major fraud, and some other moves are underway in Enforcement &amp; Compliance. Marketed Avoidance will remain with Counter Avoidance.</p>	
<b>3</b>	<b>COP9 Update</b>	
	<p>HMRC gave an update on COP 9 – going forward we will continue to use COP9 to the best effect; it works well for accountants; their clients and HMRC. COP8 no longer says that it is used in cases where HMRC do not suspect fraud; it states that it is used when HMRC do not offer the Contractual Disclosure Facility. There have been 2 prosecutions into COP9 related cases, one for failing to make a full disclosure within the terms of CDF and one who was given the opportunity to disclose their fraud within the CDF but chose not to.</p> <p>HMRC detailed the 2 successful prosecutions, with tax losses of £2m. There are a number of other cases at various stages prior to court hearings. HMRC will continue to criminally investigate those who seek to abuse the CDF or fail to engage with it when offered. The message is that that people should take the opportunity of CDF when offered.</p> <p>The Agents felt that this was an important message and they will advise clients that a prosecution may happen.</p> <p>HMRC asked the Group if they were aware of these cases and if they felt that a comms in the professional press would be helpful. HMRC is having ongoing discussions with HMRC’s Press Office.</p> <p>The Agents said that they were keen to work with HMRC to inform press. They stressed the need to reach those who were not coming forward for disclosure, but</p>	<p><b>Action Point 1</b> Hannah Wickstead to lead on communication on the CDF related prosecutions. Andrew Bennett (Comms) to assist and consider where articles would be useful (taxation, tax journal, legal).</p>

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	<p>to also strike the right balance with those who are paying their taxes. With COP9, HMRC suspects and the client has to sign up to deliberate behaviour; CDF is an admission of fraud and has consequences for some professions. HMRC agreed to take this on board in their deliberations; HMRC values the Group's views on this difficult balance and will get some information in the professional press.</p>	
<b>4</b>	<b>An Introduction to the Digital Disclosure Service</b>	
	<p>HMRC explained that this is still at the high-level design stage and roll out will begin in April 2016.</p> <p>The Digital Disclosure Project involves the design and development of an IT solution for an automated web-based customer interface that would facilitate the automatic capture of disclosures from customers across all tax regimes and behaviour types.</p> <p>HMRC has seen a significant proportion of customers come forward voluntarily to disclose their past irregularities through Campaigns, Offshore and other disclosure schemes. Campaigns have brought in over £593m through voluntary disclosure opportunities over the past 7 years and each year HMRC receives more than 30,000 VAT error corrections from small businesses alone.</p> <p>As announced by the Chancellor in his summer 2015 Budget, the government will create a digital disclosure channel which makes it simple for taxpayers to disclose unpaid tax liabilities. The Digital Disclosure Project will deliver that channel. It will also provide the facility for customers to notify HMRC about an error with their VAT Returns.</p> <p>The Digital Disclosure Service aligns perfectly with HMRC Customer Centric Business Strategy and brings to life the compliance strategy around Promote, Prevent, and Respond. The service allows our customers to access our service to disclose tax liabilities, whilst risk assessing entries and prompting the customer to check entries which seem incorrect. The service will include guidance to help educate the customer and help prevent future errors. The service will move complex and high risk cases into Caseflow to be manually checked.</p> <p>The project will aim to deliver:</p> <ul style="list-style-type: none"> <li>A digital facility that allows customers to regularise their tax affairs by making the appropriate disclosure and associated payments.</li> <li>In built calculators for tax, interest and penalties; online guidance; help through web chat and pre-population to assist the customer in ensuring that the disclosure is correct in the first instance.</li> <li>Real time risking including transaction monitoring to identify the disclosures where follow up action is required.</li> <li>Automated acknowledgement and, in appropriate cases, acceptance of the disclosure.</li> <li>Automated processing of both the disclosure and the customers payment.</li> <li>Automated through put to Caseflow of cases requiring further work including allocation to the appropriate directorate work basket</li> </ul> <p>It will provide a one stop solution for customers to disclose tax liabilities to us. The one stop service will make it easy for our customers to make their disclosure, be informed of penalties, and pay the tax due. The service will allow customers to upload documents, which will be stored in Caseflow, removing the need to send documents in the post</p> <p>The Agent Group asked whether the system would be reliant on a UK passport or diving licence; HMRC agreed to confirm this.</p>	<p><b>Action Point 2</b> Tom Rodnicki to confirm whether taxpayers will need a UK Passport to verify themselves on the system.</p>

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<b>5</b>	<b>Review of Meeting</b>	
	<p>HMRC's Chair, commented that having looked at the previous meeting minutes, this meeting reflected the different pressures coming to bear on all. Additionally, the legal and moral agendas that are at play; HMRC has taken the Agents comments on board.</p> <p>HMRC feel that FIS has landed quite well; looking at the Digital facility; we will now need to land this in April 2016 and then review the usage going forward.</p>	
<b>6</b>	<b>AOB</b>	
	<p>i) No future meeting dates have been set yet although it had been agreed that they would be held quarterly. Previous Fraud Forum meetings have been held prior to the Compliance Reform Forum (CRF) meetings. The next CRF meeting is in October, so the next Fraud Forum meeting will likely be January 2016.</p> <p>ii) Following the refusal of a recent FOI request for the numbers of COP9 cases taken up for investigation, the Group asked for COP9 cases to be added to the next Agenda. HMRC explained that historically this information was not recorded on the management information systems. With the formation of FIS, we will be looking at what information we are recording.</p> <p>iii) The Centre for Offshore Evasion (COE) looks at Corporate Criminal Offences and Criminal Offshore Evaders rather than this Forum. The Agents asked that a COE representative be invited to attend the next Fraud Forum.</p> <p>iv) HMRC asked that "Consultation &amp; Enablers" to be added to the January Agenda</p>	<p><b><u>Action Point 3</u></b> Next Fraud Forum to be held on 21 January 2016.</p> <p><b><u>Action Point 4</u></b> COE representative to attend the next Fraud Forum.</p> <p><b><u>Action Point 5</u></b> Consultation &amp; Enablers to be added to the January Agenda (Graham)</p>
	<b>Next meeting: 21 January 2016</b>	