

**Compliance Reform Forum**  
**Note of meeting held on 18 August 2015**

**Agent members**

Chas Roy-Chowdhury	Association of Chartered and Certified Accountants
Glenn Collins	Association of Chartered and Certified Accountants
Brian Palmer	Association of Accounting Technicians
Paul Hill	Association of Taxation Technicians
Will Silsby	Association of Taxation Technicians
Margaret Curran	Chartered Institute of Taxation
Andrew McKenna	Chartered Institute of Taxation
Bob Davies	Chartered Institute of Taxation
Jane Moore	Institute of Chartered Accountants in England & Wales
Andy Tall	Institute of Chartered Accountants in England & Wales
Charlotte Barbour	Institute of Chartered Accountants Scotland
Samantha Mann	Chartered Institute of Payroll Professionals
Joanne Walker	Low Incomes Tax Reform Group
Caroline Miskin	TaxAid
Gary Rowson	Tax Investigation Practitioners Group

**HMRC members**

Jennie Granger (Chair)	Director General, Enforcement & Compliance
Paul Gerrard	Director, Enforcement & Compliance Strategy & Change
Melissa Tatton	Director, Local Compliance
Simon York	Director, Criminal Investigation
Ralf Cook	Local Compliance
Sean Rodger (minutes)	Enforcement & Compliance Strategy & Change

**Guests**

Lin Homer	Chief Executive
Andrew Willis	DMB Policy & Strategy Team
Chris Mullen	DMB Policy & Strategy Team
Niran Khera	Deputy Director, Enforcement & Compliance Strategy Unit
Philippa Madelin	Assistant Director, Centre for Offshore Evasion Strategy

**Apologies**

Agent members: Sue Cave (FSB)

HMRC members: Pedro Wrobel (Deputy Director, Debt Strategy)

**Issues Covered**

Compliance of the future  
Direct Recovery of Debts and Vulnerable Customer Unit  
New Compliance Directorates  
Summer Budget 2015 compliance measures  
Consultations  
Offshore strategy  
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.

## **Compliance of the future**

2. HMRC provided an introduction to the compliance of the future programme, designed to shape and modernise compliance activity. HMRC outlined six key drivers behind this programme explaining the aim is to make it easier for customers to be compliant and harder to be non-compliant. Compliance of the future will be underpinned by the intelligent use of data, digital tools and investment in training for compliance staff.

## **Direct recovery of debt and Vulnerable Customer Unit**

3. HMRC provided an overview of the consultation timeline for the Direct Recovery of Debts scheme. HMRC explained a pilot project will be launched for a small number of cases once Royal Asset has been received. It is expected this pilot will start in late November 2015. HMRC outlined the safeguards built in as part of the scheme, including the use of HMRC's Vulnerable Customer Unit.
4. CRF members expressed some concerns not all the safeguards been written into primary legislation. CRF members suggested a sub forum should be created during the implementation and testing of the Direct Recovery of Debts scheme to explore how the scheme will work. HMRC agreed to set up a sub forum.
5. CRF members said they would like to understand more about HMRC's approach to vulnerable customers. HMRC agreed to circulate information on the Vulnerable Customer Unit to CRF members and add this to the agenda for the next CRF meeting.

## **New Compliance Directorates**

6. HMRC announced, as part of its Compliance for the Future programme, the creation of a number of new directorates. The creation of these new directorates will allow HMRC to design systems, products and responses to compliance risks from a customer point of view, rather than by individual tax regimes.
7. Local Compliance will be restructured to form two new directorates, Individual and Small Business and Mid-sized Business and Wealthy.
8. HMRC will create the Fraud Investigation Service, bringing together the 4000 people currently working in the Criminal Investigation and Specialist Investigation directorates. In bringing these two areas together, HMRC has the opportunity to create and implement new ways in tackling non-compliance.
9. CRF members raised a concern as to whether some work currently undertaken in Criminal Investigations and Specialist Investigations would sit comfortably in the new Fraud Investigation Service. HMRC advised work is ongoing to determine the finer details and an update would be provided at the next meeting.

## **Lin Homer**

10. Lin Homer outlined the scale of change HMRC is currently undergoing. Lin expressed her view stakeholder forums are a valuable tool for agents to challenge and be involved in co-designing the future department. HMRC will increasingly be using different methods through specialists, digital and data tools to undertake its compliance activities and welcomes input from stakeholders.

## **Summer Budget 2015 Compliance Measures**

11. HMRC provided an overview of the compliance measures announced in the Summer Budget 2015. The measures signal the way HMRC intends to approach compliance in the future making the process more streamlined by utilising digital technology whilst strengthening consequences of non-compliance. The measures announced are a key part of tackling in-balances in the tax system to bring in additional revenue of £5billion up to 2019/2020.
12. The new compliance measures include investment of additional resources to tackle tax evasion in the hidden economy, supported by new data (such as electronic payment providers and digital intermediaries) to make it harder for businesses to operate without being registered for tax. This will also include the introduction of a new digital disclosure facility available to all customers.
13. The compliance measures provide for additional investment in HMRC's ability to tackle non-compliance across small and mid-size businesses, public bodies and affluent individuals.
14. Investment to strengthen HMRC's ability to police the National Minimum Wage was also announced in the Budget, with the creation of a dedicated field force team and funding for dedicated analytical resource to tackle illegal working.

## **Consultations**

15. HMRC outlined the consultations which are currently open for comment including:

- Tackling the Hidden economy
- Strengthening sanctions for tax avoidance
- Improving large business tax compliance
- Tackling offshore evasion
- Tackling illicit tobacco

16. CRF members felt it would be useful to hold a workshop to discuss the consultation documents in greater detail. HMRC agreed to set up a workshop for CRF members to discuss the live consultations.

## **Offshore Strategy**

17. HMRC gave an overview of the announcements in the March budget around the closure of the Lichtenstein disclosure facility, along with new powers announced in the summer budget as part of the tackling offshore tax evasion strategy. These new powers will provide new criminal offences for both offshore evaders and agents who fail to prevent the facilitation of evasion. New powers will also include civil sanctions for enablers of offshore evasion, which will be aligned with the wider review on HMRC penalties. HMRC explained the new voluntary disclosure facility will involve higher penalties with no

immunity from criminal prosecution. HMRC will look to carry out small scale pilots, using the data already held, encouraging customers to seek a tax health check from their agent if they have offshore affairs.

18. CRF members asked whether a generic voluntary disclosure exists as recent campaigns had focused on individual sectors. HMRC advised the voluntary disclosure scheme is not limited to the sectors involved in campaigns. The current campaign approach enables HMRC to highlight specific sectors helping them to bring tax affairs up to date. HMRC will report back regularly to CRF on the voluntary disclosure facility and campaigns.

### **CRF sub-group updates**

19. Business Record Checks (BRC). HMRC said a decision on any further activity is due by the end of September 2015.
20. Campaigns. CRF members commented they would like further information on the National Minimum Wage campaign and found this sub-group useful.
21. Fraud forum. The new Fraud Investigation Service, bringing together HMRC's Criminal Investigation and Specialist Investigation work, and how COP9 work will be carried out is scheduled to be discussed at the next meeting on the 22 September 2015.
22. Record Keeping Penalties. Work in this area has been put on hold pending the decision on business record checks.

### **Action Points**

23. Membership of the IR35 forum (CRF 26.11.14 AP01). CRF members were disappointed with the response from HMRC. HMRC agreed to contact to the chair of the IR35 forum to determine whether CRF members could attend.
24. Schedule 36 authorisation requests (CRF 26.11.14 AP02). Low Income Tax Reform group raised a question as to whether the new quality assurance process will give a valid sample. HMRC explained this will provide more accurate data and quality control over the previous manual recording system.

### **Next Meeting**

25. The next CRF Meeting will take place in early December 2015. HMRC will issue invites shortly to CRF members.

<b>Action Points</b>	<b>Detail</b>
AP1	HMRC to circulate guidance on departments approach to vulnerable customers and contact details for the Vulnerable Customer Unit.
AP2	HMRC to set up a sub group around Direct Recovery of debts and issue invitation to CRF members.
AP3	HMRC to set up a workshop for CRF members on live consultations.
AP4	HMRC to follow up opportunity for membership of IR35 forum.