

**Compliance Reform Forum**  
**Note of meeting held on 8 December 2015**

**Agent members**

Chas Roy-Chowdhury	Association of Chartered and Certified Accountants
Brian Palmer	Association of Accounting Technicians
Paul Hill	Association of Taxation Technicians
Margaret Curran	Chartered Institute of Taxation
Andrew McKenna	Chartered Institute of Taxation
Jane Moore	Institute of Chartered Accountants in England & Wales
Andy Tall	Institute of Chartered Accountants in England & Wales
Robert Mass	Institute of Chartered Accountants in England & Wales
Charlotte Barbour	Institute of Chartered Accountants of Scotland
Samantha Mann	Chartered Institute of Payroll Professionals
Joanne Walker	Low Incomes Tax Reform Group
Robin Williamson	Low Incomes Tax Reform Group
Gary Rowson	OneE Group
Sue Cave	Federation of Small Businesses
Ian Browne	TaxAid

**HMRC members**

Jennie Granger (Chair)	Director General, Enforcement & Compliance
Melissa Tatton	Director, Individuals and Small Business Compliance
Niran Khera	Deputy Directors, E&C Strategy Unit
Sean Rodger (minutes)	Enforcement & Compliance Strategy & Change

**Guests**

Nicola Kay	HMRC – Spending Review Overview
Jeremy Tyler	HMRC – Making Tax Digital
Anthony Usher	HMRC – Data Led Compliance
Julie Elsey	HMRC – Tax Avoidance
Damian Lazenby	Secretariat with effect from 14 December 2015

**Apologies**

HMRC members: Paul Gerrard, Director E&C Strategy & Change

**Issues Covered**

Introductions  
Minutes and Actions  
Spending Review 2015  
Making Tax Digital  
Compliance for the Future Overview  
Data Led Compliance  
Autumn Statement  
Tax Avoidance

## Introductions

1. Melissa Tatton welcomed everyone to the meeting and offered apologies on behalf of those unable to attend.

## Minutes from the last meeting

2. HMRC issued the minutes of the last meeting on the 30 November. A number of members advised they had not received these. HMRC agreed to review and provide a copy to those who had not received the minutes.
3. CRF members expressed concern over HMRC commitment to the forum. HMRC reaffirmed its commitment and advised a permanent secretariat has been appointed and will start in the role from the 14 December 2015. The secretariat will undertake a review of the forum along with terms of reference and membership.

## Actions from the last meeting

4. Vulnerable customers and contact details for the Vulnerable Customer Unit (CRF 18.08.2015 AP1). HMRC have been working extensively with customer representative bodies throughout September and October and have used comments and input to finalise the guidance on HMRC's approach to vulnerable customers. Members asked when the guidance will be issued. HMRC advised this will be sent out shortly. **Action point to remain open until the guidance has been issued.**
5. HMRC to set up a sub group around Direct Recovery of debts and issue invitations to CRF members. (CRF 18.08.2015 AP2). HMRC set up an initial working group to attend workshops looking at the implementation of Direct Recovery of Debts, however discussions are currently ongoing how to best continue liaison on this issue and what the requirements are going forward. **Action point to remain open until requirements and decision made.**
6. HMRC to set up a workshop for CRF members on live consultations. (CRF 18.08.2015 AP3). HMRC held a consultation workshop on the 16 September 2015. **Action Point Closed**
7. HMRC to follow up on the opportunity for membership of the IR35 forum (CRF 18.08.2015 AP4). HMRC invited all CRF members to roundtable events in September 2015 on IR35 and a number of representative bodies are now represented on the IR35 forum. Agent members still felt that they had not had the opportunity to join the forum. HMRC agreed to take the issue away and liaise with the IR35 forum secretariat. **Action Point to remain open.**

## Sub Forums and Groups

8. Since the last meeting in August two sub groups have met – the Campaigns sub group and Fraud Forum. The minutes for the Campaign forum were issued on the 7 December 2015 and the fraud forum minutes will be issued shortly.

## Spending Review 2015 Overview

9. HMRC provided an overview of the 2015 Spending Review settlement. HMRC's settlement includes a total investment of £2.1billion made up of £1.3billion to fund our transformation over the 4 years from 16/17 to 19/20 and £800 million for evasion and non-compliance activities which were previously announced at the Summer Budget.
10. HMRC's transformation plans include rolling out digital tax accounts for individuals and businesses, more real time taxation and use of third party data and software to

remove the need to file a tax return. HMRC will improve the way we undertake compliance work through our Compliance for the Future programme, reform our corporate services, including modernisation of our IT and estate infrastructures and contribute to the wider government agenda.

11. As a result, the way HMRC governs transformation will change and a number of new transformation programmes have been created - Making Tax Digital for Individuals and Businesses, People and Locations, Tax-free childcare, Compliance for the future and customs transformation. These programmes will be overseen by the Director General for transformation. Underpinning these will be a number of cross cutting functions.
12. HMRC have committed to reducing business customer costs by £400m by the end of 2019/20 and efficiency savings of £717 million by 2019/20. In terms of overall percentages, this equates to a 21% real reduction in baseline resource costs, or a 15% net reduction once the additional investment has been taken into account.
13. HMRC will be announcing new strategic objectives in the New Year which have evolved from the SR10 and SR13 objectives, making it clear that bringing in revenue is at the heart of what we do.
14. Agent members expressed concern over the frontline services offered to agents as part of HMRC's transformation, sighting online forms as an example where agents currently experience issues. Concern was also raised over different customers' ability to use digital tools and online tax accounts.
15. HMRC advised that digital tools as part of HMRC transformation will be developed with both customers and agents in mind, taking into account the needs of different types of customers.

## **Making Tax Digital**

16. HMRC outlined details of the Making Tax Digital programme.
17. By the end of March 2016, all businesses will have access to digital tax accounts, with all customers having their own account by the end of the current spending review period.
18. Tax Accounts will form a single financial account for the customer, featuring secure messaging functions for communication with HMRC.
19. Making Tax Digital is underpinned by four strategic objectives;
  - Integration – built into the running of the business through digital record keeping
  - Simplification – identification of simpler ways of dealing with HMRC
  - Personalisation – populated with data HMRC already holds, and
  - Certainty – customers have certainty they are paying the right amount of tax.
20. HMRC's digital roadmap will be published in December setting out the sequence of implementation and consultation. Informal consultations have already taken place. HMRC agreed to provide a link to this for CRF members once published.
21. HMRC advised there will be need for legislative changes. Agent members asked whether any exemptions will be given and were concerned over different types of

customer's. HMRC explained a 'Trusted Helper' facility will be available for those who are unable to use the service themselves.

22. Members were concerned around the access and function available to agents through Digital Tax Accounts, emphasising the importance of engaging fully with agents throughout the consultation to ensure their needs are taken into consideration. HMRC noted the members concerns and advised further consultation will take place once the Digital Roadmap is published.

### **Compliance for the Future**

23. At the August Compliance Reform Forum, HMRC agreed to keep members up to date on the progress of the Compliance for the Future programme.
24. HMRC confirmed it had appointed a new Director General for transformation who will oversee transformation programmes, including Making Tax Digital, People and Locations, Compliance for the Future and Tax Free Child Care. Programmes will be underpinned by a number of cross cutting functions. It is likely further programmes will be added in the future as HMRC develops its transformation plans.
25. The Compliance for the Future proposition is based around the Promote, Prevent and Respond compliance strategy. Compliance for the Future will build on enhanced understanding of customers and sectors, a data led compliance model and up skilling opportunities for HMRC staff.
26. HMRC previously shared the six strategic drivers which underpin Compliance for the Future. Some of these have already taken shape, such as the creation of the new Fraud Investigation Service and two new directorates (Mid-sized business and wealthy and Individuals and small business) formed of component parts of Local Compliance.

### **Connect**

27. HMRC gave an overview of Connect, its data matching and risking tool used to select 90% of enquiries. Connect enables HMRC to undertake analysis of large populations of customers, in addition to joining up and matching data at an individual level. Connect is HMRC's primary risk engine, containing around 596 million documents and has brought in over £3 billion since its launch, winning three industry awards.
28. HMRC continues to enhance the Connect system, adding new data sets and using the feedback from enquiries to identify patterns across larger populations.

### **Autumn Statement Overview**

29. Agent members were provided with an overview of the announcements made in the Autumn Statement, which included Capital Gains Tax payment reform on disposal of residential property, proposed changes to Stamp Duty Land Tax filing and payment dates from 2017/18 along with new sanctions for offshore evasion.
30. A number of consultations were published on the 9 December and further consultations will be published in 2016.

31. HMRC reminded members the Call for Evidence around cash closes on the 27 January. Agents asked HMRC to explore whether it was possible to extend the date for commenting in view this is a peak period around self-assessment.

## Avoidance

32. The Autumn Statement contained a number of announcements around avoidance, including a number of anti-avoidance measures which came into force with immediate effect, including changes to legislation on Capital Allowances and leasing and intangible fixed assets involving corporate partners. The Chancellor gave a clear warning to those who have used or continue to use disguised remuneration schemes. Consultations will be published on rules concerning company distributions to reduce the opportunity for income to be converted to capital.
33. Agent members asked whether there was more HMRC could do to change customer and intermediary behaviours on the use of avoidance schemes whilst raising awareness of the meaning of DOTAS reference numbers. HMRC explained it published Spotlights on the Gov.Uk and had publicised badges of Tax Avoidance. Agents felt there was more HMRC could do around this. HMRC welcomed any suggestions or feedback.
34. Agent members raised an issue around the use of POTAS letters and were concerned about the wording of these. HMRC explained the series of three letters were developed in consultation with representative bodies. These letters are used where HMRC holds information to suggest either the agent or customer have been involved in tax avoidance. The aim of the letters is to educate around new legislation and provide an opportunity to bring affairs up to date. A small number of these letters have already been issued. A review will be undertaken as to lessons learnt and whether the wording used is achieving the right outcome. HMRC agreed to bring the results of this review back to the forum.

## Next Meeting

35. The next CRF meeting will take place in March 2016. HMRC will issue invites shortly to members.

Action Point	Detail
AP1	HMRC to send a link to CRF members to the Digital Roadmap following its publication.
AP2	HMRC to provide digital versions of the slide packs issued to members in the meeting.
AP3	HMRC to explore whether the date for comments around the Call for Evidence around Cash can be extended until after the self-assessment peak.
AP4	HMRC to provide the results and lessons learnt from the review of POTAS letters at the next CRF meeting.