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| <b>Fraud Investigation Service</b><br><b>Deputy Director Central Coordination Team</b><br><b>Fraud Forum Minutes</b><br><b>Date: 21 January 2016</b><br><b>Time : 10.30 – 12.30</b> | <b>Venue: 100 Parliament Street, London</b><br><b>Room: G44</b> |
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| <b>Attendees</b>                                 |                             |                       |                                |
|--|-----------------------------|-----------------------|--------------------------------|
| Richard Jackson Deputy Director FIS (Chair) HMRC | Anne Aldridge HMRC          | Declan Greaney HMRC   | Hannah Wickstead HMRC          |
| James McGarry-Stanley HMRC                       | Jennifer Haslett HMRC       | Simon Vincent HMRC    | Tom Rodnicki HMRC              |
| Damien Lazenby HMRC                              | Baljeet Phandal (Capgemini) | Arnold Homer (ATT)    | Ian Browne (TaxAid)            |
| Gary Rowson (TIPG)                               | Andrew Watt (TIPG)          | Andrew McKenna (CIOT) | Robert Maas (ICAEW)            |
| Con Kelly (AAT)                                  |                             |                       | Pauline Brookes HMRC (Minutes) |
| <b>Apologies</b>                                 |                             |                       |                                |
| Simon York HMRC                                  | Steve Botham (CIOT)         | Gina Tierney HMRC     | Colin Barclay HMRC             |
| Graham Ranson HMRC                               | Harry Travers (TIPG)        | Gary Ashford (CIT)    |                                |
| Chas Roy Chowdhury (ACCA)                        |                             |                       |                                |

| <b>Agenda Item</b> |   | <b>Actions and Decisions</b>   |
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| <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>Update on FIS Transformation</b>   |  |
|                    | <p>HMRC reminded the Group of the update given regarding the then newly formed Fraud Investigation Service (FIS) and what we wanted to achieve.</p> <p>HMRC's ambition for FIS remains the same – no-one can be perceived as being beyond the reach of HMRC.</p> <p>HMRC explained where FIS sits within the Enforcement &amp; Compliance (E&amp;C) structure, and the focus on Customer Groups – including Organised Crime; Wealthy &amp; Corporate and Individuals &amp; Small Businesses.</p> <p>HMRC are currently mapping teams into that Operating Model, and looking at the specialist skills held and required.</p> <p>Next steps will be to put the Senior staff into place and for them to take on their commands; map the teams and then structure the resources.</p> <p>HMRC are also looking at the risks and issues surrounding how and when we can combine the Civil and Criminal Powers. How HMRC will do this will be articulated by external communications to all external stakeholders.</p> <p>Some of the other challenges lie around a large scale recruitment process into Fraud Investigation Service, of around 448 people who will also need upskilling. The work focus for these people will be on the Organised Crime and Wealthy &amp; Corporate areas with additional Budget funding to increase the number of prosecutions in the Wealthy and Corporate area. There are currently approximately 26,000 people in (E&amp;C), covering Counter Avoidance; Debt</p> | <b>Action Point 1</b><br>HMRC to consider how they might share the LDF data. |

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|          | <p>Management &amp; Banking; RIS; Fraud Investigation Service and the former Local Compliance, who from October 2015 were launched as Individuals &amp; Small Business Compliance (ISBC) and Wealthy &amp; Mid-sized Business Compliance (WMBC). FIS would be the only part of E&amp;C that would deal with Criminal Investigations, whatever the type of case. HMRC as an organisation will need to align itself.</p> <p>There will also be a significant reduction in the number of HMRC offices.</p> <p>The Agent Bodies questioned whether HMRC's emphasis would be to take up more civil or criminal work with the extra resources.</p> <p>HMRC's intention is that about 70% of the new staff will do criminal work in Wealthy &amp; Corporate and 30% will do civil work, while also supporting in criminal and avoidance cases.</p> <p>The Agent Bodies discussed client's preference for the LDF route due to the omission of "Fraud" and that it did not require engagement with an HMRC officer. The Agent Bodies stressed that HMRC should not underestimate the impact of CDF and the new Offshore Facility on Code 9 work and the resistance that is likely for those people in the Wealthy &amp; Corporate work area.</p> <p>The Agent Bodies asked if the LDF data could be analysed and HMRC agreed to look into how we might share the information.</p>  |  |
| <b>3</b> | <b>Update on the Digital Disclosure Service</b>  |  |
|          | <p>The go-live date for the Digital Disclosure Service (DDS) remains 6 April 2016. HMRC is currently holding Workshops to map out the Customer journeys and work on the tax technical aspects.</p> <p>Ministerial commitment is that the Service will be ready by April 2016; additional functionality will continue to be added following April.</p> <p>HMRC are not yet at the stage when we can say what this will look like but questions will include asking the customer what they think went wrong and what tax and penalties they consider are owed due to their behaviour.</p> <p>A single channel will exist to deal with different elements and will signpost customers to the existing relevant guidance. There will be guidance to enable customers to disclose through the most appropriate channel, such as a particular Campaign, and there will be warnings to alert the user of the potential consequences of trying to use an inappropriate route in order to obtain more beneficial terms than they are entitled to. It is intended that the landing page will show all campaigns and linked guidance.</p> <p>The language used by HMRC will be consistent with the Taxes Act.</p> <p>A decision will be made based on the customers answers. This requires a complex decision tree that is still a work in progress.</p> <p>The DDS will cover a number of different Heads of Duty (HoD). HMRC are still agreeing the various ways in which each HoD might be signed off. In the longer term all HoD will be linked, but this will not be the case at April 2016.</p> <p>To give this balance, HMRC requested the Agent Group's input into the User Research and Development. One challenge is to have a prompt for every scenario. HMRC have mapped some straightforward journeys; the Agent Group agreed to help design a more complex scenario.</p> <p>The Agent Group said that they were amenable for another meeting to focus entirely on the DDS. HMRC agreed to provide screenshots for the Group to work from.</p> | <b>Action Point 2</b><br>HMRC to arrange a further meeting to look at the DDS and where the Agent Group will work with HMRC on possible scenarios for the DDS Decision Tree.   |
| <b>4</b> | <b>Consultation &amp; Enablers</b>   |  |
|          | <p>HMRC updated the Group on new civil penalties to apply to those deliberately enabling offshore tax evasion, as well as the new corporate criminal offence for failure to prevent the criminal facilitation of tax evasion.</p> <p>Both measures were announced at the March 2015 Budget and consulted on from July to October 2015. The civil penalties legislation is included in Finance Bill 2016 which is currently open for technical consultation. The corporate offence is not included in the Finance Bill 2016 and a further 3 months of consultation is to take place early 2016 on the draft legislation and guidance. The option for industry-produced guidance remains part of the consultation process.</p>   | <b>Action Point 3</b><br>HMRC invited the Agent bodies to contact them and the Centre for Offshore Evasion team will engage in an informal consultation process:<br><a href="mailto:Jennifer.Haslett@hmrc.gsi.gov.uk">Jennifer.Haslett@hmrc.gsi.gov.uk</a> |

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|          | <p>Areas of interest included:</p> <ul style="list-style-type: none"> <li>• those persons for whom a corporation can be liable</li> <li>• the geographic scope of the offence</li> <li>• the nature of the procedures corporations will have to put in place</li> </ul>   |  |
| <b>5</b> | <b>Voluntary Disclosure Cases under the Contractual Disclosure Facility (CDF)</b>   |  |
|          | <p>HMRC reminded the Group that CDF will continue to exist post April 2016. It would not be accessed through the DDS on 1 April 2016, but may, in time, be linked to the DDS.</p> <p>An analysis carried out on some of the Voluntary Disclosure cases received since CDF was introduced has shown that two thirds were settled for under £100,000. The de minimus limit was removed when we went from CIF to CDF as we are looking at behaviours. It was not clear from the sample why some people had requested CDF.</p> <p>The Agent Bodies were concerned that what were previously considered serious cases had been “dumbed down”. They questioned why HMRC did not tell customers, especially in low-value cases, why CDF may not be appropriate for them. Others agreed with HMRC that if deliberate behaviours, customers who were concerned about the potential for prosecution may want to come forward and seek the protection of CDF.</p> <p>HMRC said a review of requests to enter CDF will continue; CDF/Code 9 work will be looked at as part of the FIS Transformation.</p> | <b>Action Point 4</b><br>HMRC to confirm the circumstances in which CDF might be refused.  |
| <b>6</b> | <b>AOB</b>  |  |
|          | <p>1. HMRC asked the Group how useful they found this Forum. This meeting is a sub-Group of the Compliance Reform Forum (CRF). This Group are currently content with the content and regularity of the meetings. Dates for this Forum will be aligned with the CRF meetings.</p> <p>2. The Agent Bodies asked about Agent consultation regarding the notification requirement under the International Tax Compliance (Client Notification) Regulations 2016.</p>  | <b>Action Point 5</b><br>1. FF Secretariat to ensure future meeting dates are aligned with the CRF meeting dates.<br><br><b>Action Point 6</b><br>2. AAT (Con Kelly) to forward HMRC details of his query to HMRC.<br>Update – Done and a reply has been issued 27.01.16 to Con Kelly by HMRC. |
|          | <b>Next meeting: May 2016 (exact date to be confirmed)</b>  |  |