

Minutes

BUSINESS TAX FORUM

10 Sep 2015, 13:30-15:30

Room 2/66, 100 Parliament Street

Chair:	William Morris Jim Harra	General Electric Business Tax	CBI HMRC
Secretariat:	Ian Brimicombe Heather Wall	AstraZeneca BC&S	100 Group HMRC
Attendees:	Jean Sharp Janine Juggins Abdul Nabi Paul Morton John Connors Claire Jordan Iain MacKinnon Michael Oliver David Matthews Judith Knott Jeremy Tyler John Sherman Ian Stewart Fergus Harradence	Aviva Unilever Marks and Spencer Reed Elsevier Vodafone Diageo HSBC Business Environment BC&S Large Business BC&S CTIS Indirect Tax Business & International Tax	100 Group CBI 100 Group CBI 100 Group 100 Group CBI BIS HMRC HMRC HMRC HMRC HMRC HMRC HMT
Speakers:	Aidan Reilly Nick Houghton Maura Parsons Pete Woodham Jennifer Haslett	CTIS CTIS CTIS CAD Offshore Evasion Strategy	HMRC HMRC HMRC HMRC HMRC
Guests:	Louise Davies	Large Business	HMRC
Apologies:	John Bartlett Andy Leggett	BP E&C	CBI HMRC

Agenda Items		Start	Dur.
1.	Welcome, adoption of Minutes & Action Point Update – Will Morris	13:30	5m
2.	Government Landscape – Jim Harra	13:35	10m
3.	Large Business Panel Survey Results and HMRC relationship with large business – Judith Knott/ Dave Matthews	13:45	30m
4.	Business Tax Roadmap- Fergus Harradence	14:15	20m
5.	Update on HMRC Consultations, including Improving Large Business Tax Compliance, Serial Avoiders and Offshore Evasion- Dave Matthews/ Pete Woodham/Jennifer Haslett	14:35	40m
6.	BEPS update - Nick Houghton/ Aidan Reilly/ Fergus Harradence	15:15	10m
7.	AOB & Close – Will Morris	15:25	5m

1. Welcome and Adoption of Minutes

Will Morris [WM] welcomed everyone to the meeting.

Aidan Reilly noted that the minutes from May's meeting needed a few amendments and re-circulation before they could be adopted. There were no other comments on the minutes.

Action Point 1: Group to fine tune the legislative sub group working group process and find another suitable project to undertake.

It was noted that as yet, the group had not met. A meeting will be arranged for the group to further discuss which projects would be suitable to work on in the future.

Action Point 2: HMRC welcome further feedback to feed into the autumn guidance on DPT.

Action Point 3: There needs to be better communication regards DPT. HMRC welcome further engagement with large business.

It was noted that HMRC are still collating the feedback received from conversations with business and the advisor community, including a productive meeting with the International Sub Group of the Business Tax Forum in July. Nick Houghton [NH] thanked everyone who contributed, whether by written submission or in discussion, as the insight gained will help

inform the updated guidance on DPT. HMRC are aiming to publish the updated guidance later this autumn

Action Point 4: October meeting – devote most of the session to BEPS and implementation of BEPS actions.

It was agreed that the October Business Tax Forum will be dedicated to an update on BEPS actions post publication of the BEPS reports.

Action Point 5: Ian Brimicombe to put together an outline plan for the next Business Awareness day and share it with Judith Knott [JK]

Ian Brimicombe [IB] agreed a plan for the next Business Awareness Day with JK. HMRC will continue to work with IB to plan the day. The session will take place in late November, date tbc.

Action Point 6: Further update on the relationship with large business at the next BTF meeting.

This was covered by JK and Dave Matthews [DM] in Agenda Item 3.

2. Government Landscape

Jim Harra [JH] provided an update on the new Government landscape post-election and facilitated discussion with the group as to what this might mean for large business taxation.

JH noted the following Summer Budget announcements:

- Cut of CT rate to 19% in 2017, and 18% in 2020, benefiting over a million businesses
- Creation of a Business Tax Roadmap
- Launch of the consultation on Improving Large Business Tax Compliance
- Following increasing bank profits, and to reflect changes in bank regulation, the government is reforming the way banks are taxed:
 - introducing a new 8% tax on banking sector profits from January 2016
 - introducing a phased reduction in the rate of the Bank Levy (which is charged on banks' balance sheets) from 0.21% to 0.1% between 2016 and 2021
 - excluding UK banks' overseas subsidiaries from the Bank Levy from January 2021

JH also noted the ongoing theme of evasion avoidance and unfair outcomes. It was noted by business that this is a relatively elastic concept, although the tax profession has a very certain view on these issues. It will be a continuing theme of this Government.

JH informed the group that "Making tax easier" was re-announced. There will be a lot of work on this over the summer on what it will mean for small business. There will be a roadmap for this. It was noted we may also need similar approaches for large business.

Equally, JH stated that HMRC had its first PAC since the General Election, with a new chair and new committee.

Business raised a question regards transfer pricing and internet giants, to which JH replied there will probably a continuing focus on this area.

JH flagged the Business Tax Roadmap as another big policy agenda to be developed over the course of the Parliament.

3. Large Business Panel Survey Results and HMRC relationship with large business

Dave Matthews [DM] presented the key findings from the latest Large Business Panel Survey, published on the 7th September. He noted that this was the last survey in the current wave, and HMRC have now designed a new survey titled “Large Business Survey”, with the same contractor as the previous 5 years, but different in its content.

There was some discussion as to the meaning of “Real Time Working” in the survey. It was suggested that sometimes the need to get specialists involved in cases slows down resolution, and as such perhaps HMRC do not work at the same pace as businesses.

It was suggested that businesses be able to see the new survey questions in advance of the fieldwork for the survey in order to test their meaning and application if time allows.

4. Business Tax Roadmap

Fergus Harradence [FH] updated the group on the work now underway in HMT on the new Business Tax Roadmap, as announced in the Summer Budget 2015.

FH stated that HMT are currently drafting a submission on the key messages and possible content for the Business Tax Roadmap (they are yet to have Ministerial steers on this, or finalise the process for completion).

FH noted that the content will partly depend on what emerging themes come out at Autumn Statement 2015 (there is also a link here to the Business Rates Review outcome).

HMT will be engaging business on this over the autumn/winter, and will also start engaging HMRC soon.

There was a desire from business that the Roadmap is wide ranging, not just corporation tax focussed as per the 2010 Roadmap. FH flagged HMT welcome views, opinions and representations on all aspects of the tax system, including tax administration, excluding personal tax.

5. Update on HMRC Consultations, including Improving Large Business Tax Compliance, Serial Avoiders and Offshore Evasion

Dave Matthews [DM] updated the group on the progress of the Improving Large Business Tax Compliance Consultation. DM noted that halfway through the consultation, the measures have broadly been well received, with some concerns over the details.

DM stated that regards the Tax Strategy measure, there had been concern regards the inclusion of a target Effective tax Rate (ETR), as businesses do not often have a UK only focussed ETR, and that this information could be commercially sensitive.

Business widely accepted the Special Measures regime would be narrowly targeted, and that it is focussed on changing behaviours. JH stated that ideally the regime would encourage enough of a shift in behaviours that no businesses would fall under the regime.

It was agreed there should be another session on the emerging themes from the consultation once it has closed.

Pete Woodham [PW] then updated the group on the progress of the Serial Avoiders Consultation. PW noted that the Serial Avoiders consultation was published on the same day as the Improving Large Business Tax Compliance Consultation, and that there is some crossover between Serial Avoiders and Special Measures, but that it is very unlikely for a business to fall under both regimes at the same time. If this were to happen, an interaction provision would ensure only the higher of the two penalties would apply.

PW stated that this consultation was a further development to the previous January consultation, with further detail of how the regime will work. PW noted that the general response to the consultation had been supportive of the policy intent.

Iain MacKinnon [IM] stated businesses concern that the regime would take account of simple, standardised products, and wants this taken into account in designing the regime. PW agreed to take this away.

Abdul Nabi [AN] asked how much tax we think is at stake which this regime wants to capture. PW stated that the figure is large, but as yet there is no definitive figure.

WM stated that business are sympathetic to the reasons behind this regime, and think that this regime is appropriate. However, HMRC need to make sure they don't inadvertently pull things into the regime via excessive reporting.

Jennifer Haslett [JH] then updated the group on the consultation for "Tackling offshore tax evasion: a new corporate criminal offence of failure to prevent the facilitation of evasion".

JH explained the regime for a new corporate, criminal offence, and that the consultation on the detail of this measure is ongoing. JH noted that draft legislation and guidance for this measure will be published this year, to be followed by further consultation.

IM stated that the law needs to be very clear, and appropriate defences need to be clear. JH stated it will be very clear that criminal facilitation needs to be present in order for the regime to commence.

Janine Juggins [JJ] questioned the scope of the measure, noting that other businesses in supply chains could be affected, not just banking and investment businesses. It may be too broad. JH noted that HMRC are seeking to narrow this through consultation.

Action 1: HMRC to arrange a meeting of the Business Tax Forum to discuss the emerging themes from the Improving Large Business Tax Compliance Consultation.

6. BEPS Update

Nick Houghton [NH] explained that the final BEPS reports would be published and publically available on the 5th October, and that the G20 would be in November. It was agreed that the group would cover BEPS in more detail at the October Business Tax Forum.

7. AOB

Issues raised under AOB:

1. It was agreed the group would meet late in October to discuss the emerging themes of the “Improving Large Business Tax Compliance Consultation” in more detail.
2. Thanks were given to John Bartlett (BP) for his input to the Business Tax Forum as he is moving onto a new role. Kate Thomson will take on the role, and we will welcome her in due course.
3. Thanks were given to Dave Matthews, with good luck in his new role in HMT.