

# Minutes

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## BUSINESS TAX FORUM

11 December 2015, 11:00-12:00

Room 2/66, 100 Parliament Street

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<b>Chair:</b>	Jim Harra William Morris	Business Tax General Electric	HMRC CBI
<b>Secretariat:</b>	Mary Purcell Heather Wall	BC&S BC&S	HMRC HMRC
<b>Attendees:</b>	Jean Sharp Janine Juggins Abdul Nabi Claire Jordan Kate Thomson Paul Morton Jon Sherman Jeremy Tyler	Aviva Unilever Marks and Spencer Diageo BP Reed Elsevier CTIS BC&S	100 Group CBI 100 Group 100 Group CBI CBI HMRC HMRC
<b>Guests:</b>	Aidan Reilly Richard Thomas Michele York	CTIS CTIS BC&S	HMRC HMRC HMRC
<b>Apologies:</b>	Andy Leggett Ian Stewart Ian Brimicombe Judith Knott Iain MacKinnon John Connors Michael Oliver	MSB & WC Indirect Tax AstraZeneca Large Business HSBC Vodafone Business Environment	HMRC HMRC 100 Group HMRC CBI 100 Group BIS

Agenda Items		Start	Dur.
1.	Welcome and thanks – <b>Jim Harra</b>	11:00	5m
2.	Improving Large Business Tax Compliance: Final Policy Designs – <b>Jeremy Tyler/Mary Purcell</b>	11:05	25m
3.	Framework for Cooperative Compliance – <b>Mary Purcell</b>	11:30	25m
4.	AOB & Close – <b>Jim Harra</b>	11:55	5m

### **1. Welcome and thanks**

Jim Harra (JH) welcomed the group to the meeting. He then thanked the group for engaging with the Improving Large Business Tax Compliance consultation. He noted that draft legislation was published on L-day, and that this was informed by the responses received to the consultation.

JH set out the format for the rest of the meeting, specifically noting we wanted to know what the group thought about the draft legislation, and whether they had any issues or concerns to raise.

### **2. Improving Large Business Tax Compliance: Final Policy Designs**

Jeremy Tyler (JT) gave the group a brief re-cap of the measures being legislated for, as well as the Framework for Co-operative Compliance.

Jean Sharp (JS) noted that the consultation on the measures was run in an effective and efficient way, with the policy team highlighting any change in direction of travel early on. This helped prevent excessive time being spent on certain difficult issues, such as the inclusion of the Effective Tax Rate and named Board Member ownership in the publication of tax strategy measure. JS noted she had not seen this before in a consultation and it was very helpful.

JH noted that the team would run a lessons learned on the consultation in order to inform future consultations.

#### **Publication of Tax Strategies:**

Mary Purcell (MP) highlighted some of the key changes to the publication of tax strategy measure to the group. She noted these measures are very much about behavioural change, and consultation responses were very varied. In drafting the legislation, the team have balanced the views from across a spectrum of stakeholders to create practical legislation.

JH asked whether the draft legislation was something the Legislative Sub Group may wish to consider and respond to.

JH also asked the group to work with the policy team to create and shape the guidance that will sit alongside the legislation. To which JT responded that the team are already working with Large Business colleagues within HMRC to develop the guidance, which we would be happy to share with the group for their views.

Paul Morton (PM) noted that his team would be preparing their accounts in March, as such it would be good to have some early guidance to help shape their tax strategy ahead of time. The group all agreed this would be helpful as many of them would like to publish their strategy this year, ahead of legislation being brought in. JT suggested the policy team prioritise guidance and issue to the group as soon as possible.

Abdul Nabi (AN) noted that some of the specifics of the content of the published tax strategy may be difficult to define e.g. “level of risk”. He suggested “approach to risk management” may be simpler to explain. Janine Juggins (JJ) and Kate Thomson (KT) both noted that the published strategies should be meaningful without excessive granularity, also suggesting there is a need for balance so that published strategies are not bland. Will Morris (WM) agreed with this view, noting we want to see helpful strategies that are not just a box ticking exercise.

**ACTION 1: Andy Stewardson to ask the Legislative Sub Group if they wish to respond to the draft legislation.**

**ACTION2: Policy team to share draft guidance with those members of the group who wish to help shape it.**

#### **Special Measures:**

MP moved the group onto the Special Measures regime. MP highlighted some of the key changes to the regime post consultation. Specifically that the policy team recognises that Strand A and B of the regime being separate doesn't necessarily represent the behaviour we see. By combining these strands, it better reflects the behaviours seen at the aggressive end of the spectrum of large business.

MP noted that we are expecting significant feedback on the use of the term “speculative” within the draft legislation.

WM noted it is important that legislation remains targeted – in five years' time it could be interpreted in a different way.

MP noted that the policy intent is very much to focus on the most persistent, aggressive businesses. She also noted that the “naming” element of the regime has been moved back a stage in the process – this is because there are several stages to allow behavioural change before HMRC take the step to name.

### **3. Framework for Cooperative Compliance**

MP moved on to the Framework for Cooperative Compliance. She gave the group an overview on how this policy had moved on from a “Code of Practice” to a Framework, noting that a large amount of consultation responses suggested the Code had no mutuality. MP noted this draft Framework now demonstrates the best in class relationship between HMRC and business.

JT noted that cooperative compliance has been working for nearly 10 years across the spectrum of large businesses, and that this is a re-iteration of the best practices we have seen.

JH informed the group that this measure will not be legislated, nor will it require “signatory”.

JS noted that eight years ago, the CRM model would have a “gold star”, but now not so much. Now is a good time to re-visit the principles of cooperative compliance.

MP noted that the policy team would work with the group to refine the Framework over the coming months, with a view to launching around the 10<sup>th</sup> Anniversary of the CRM model.

WM noted that the Framework is a good and helpful development. He suggested the need to change behaviours, not set a new legal standard. He noted that we want to preserve, maintain and enhance the relationship – we all want to make it work, and this Framework leads us in the right direction. WM thanked the policy team, suggesting it was good to end the year on a positive note.

**ACTION 3: Policy team to share draft Framework for Cooperative Compliance with the group for their views.**

#### **4. AOB & Close**

##### **Next Business Tax Forum:**

JH suggested the next session would be a good opportunity to take stock. He noted we might want to include items on;

- CRM churn
- CRM capability