

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 28 April 2016

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13.00 – 17.00

2/66, 1 Horse Guards Road, London, SW1A 2HQ

Advisory Board attendees: Teresa Graham, Roger Southam, Karen Thomson, Allison Harper, Malcolm Bacchus, John Whiting, Graham Rogers, Paul Aplin

Apologies: Mitesh Soma, Alastair Keir, Rebecca Benneyworth

HMRC & HMT attendees:

Kerrie Spendiff, Caroline Smith, Jim Harra, Matthew Cornford (HMT) and Neil Philpott (Secretariat)

Guests: Angela Nagarajah, Jane Andrews, Toni Clark, Jeremy Tyler, Steven Taylor (BC&S) and Sarah Grover (CDIO); Theresa Middleton, Oliver Fisher and Lee Smith (Transformation); Jas Rai (BC&S)

Observing: James Ramsey (BC&S)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Mitesh Soma, Rebecca Benneyworth and Alastair Keir.

Review of action points/issues log

1. TG reviewed the open action items and agreed that all open action points (except AP085 which is an ongoing evidence gathering exercise) could be closed as they had either been resolved prior to or will be addressed at the meeting.

Reflections and Annual Report/Sub Group proposals

2. TG thanked members for their contributions to the Annual Report and set out the priorities for 16/17 and the proposals for how the board will deliver them. Members agreed these priorities and the approach suggested by TG.

HMRC Working With Agents

Agents Digital Delivery and Support

3. TG welcomed Jane Andrews (JA) and her colleagues to provide an update on digital services for agents. TG started by referring to an extract of the ABAB annual report on the delays to digital solution for agents which demonstrates ABAB's interest in agent services *'We feel there is an urgent need to identify a workable solution to allow agents to benefit from digital delivery; which in turn will have a positive effect and bring benefits to their clients. We would stress that this is not simply a plea to help agents: this is needed to help businesses and HMRC' services.*
4. JA highlighted the current delivery position of the digital service for agents and the challenges that have been overcome to reach this stage and expressed that whilst it has taken time to reach this stage JA sees this as being a success. JA then set out the change of approach that digital services for agents will be taking to move from HMRC web-based services, towards providing digital links to embed in commercial software and the need to improve security of access to HMRC digital services by both businesses and their agents.
5. JA then highlighted the long term vision for delivery of fully online agent authorisation including removal of 64/8 process and demonstrated the support services available to agents including talking points and working together forums.
6. Several members expressed the need for each party (Agents/Businesses/HMRC) to have access to and see the same real time information otherwise benefits of delivery will be lost. JA acknowledged the importance of this and indicated that a solution is being explored. John Whiting (JW) stated that there is frustration amongst the agent community with regards to the security questions and that greater clarity and explanation on the position of security is required. JW also asked whether the Agent Dedicated Lines would continue. Jim Harra (JH) explained that each digital service will have a separate service support model and suggested that the development of these models is presented at a future board meeting.

AP – Future Service Support Models to be added to forward look.

7. There was also a sense amongst members that agents may not be receptive to the API delivery method and that software costs increase could be blamed on HMRC causing reputational issues for HMRC and that early engagement with the software companies is key to ensure effective delivery. Karen Thomson (KT) explained that the appetite is there for API delivery especially

amongst the payroll industry and suggested looking at the Pensions industry who are already delivering utilising API's.

Agent Strategy/Segmentation

8. Steven Taylor (ST) provided a high level view of the agent strategy explaining the important role agents have working with HMRC to close the tax gap and the opportunities of a 'one to many' approach. This role is embedded in HMRC's recently updated Customer Charter demonstrating HMRC's commitment to working with the agent community. ST described the complexities of the agent model and how data will be used to strengthen the model to identify and differentiate service to agents, creating incentives to promote voluntary compliance and sanctions to prevent and respond to compliance risks. ST explained how HMRC have been engaging with the professional regulatory bodies to strengthen their role and to set aligned standards to ensure that agent community is operating to this standard.
9. Members welcomed these proposals but reflected on the time taken to reach this stage. Members were appreciative that with the development of digital delivery and the data now available the capability is there to bring this to fruition. Members were reassured that this is being delivered in conjunction with engagement with the professional industry.
10. Several members questioned whether the approach should be to only engage with those agents that are represented and remove the unrepresented sector from the model, hence also improving cost effectiveness. Comments were also made with regards to ensuring that standards are signed up to, demonstrating agents' commitment and enabling HMRC to challenge effective delivery. Further questions were asked around HMRC's handling of 'badly behaved' agents and how clients could be aware that the representatives are behaving in this way. JH and ST responded by stating that prosecutions do occur and professional bodies are advised which leads to the agents being removed from the profession and therefore are unrepresented. Clients are then informed of this action and whilst HMRC can't stop the agents from advising clients HMRC can stop dealing with them.

AP - Update on Agents Strategy to be added to forward look

Customer Experience Programme – Review of Annual Survey Results

11. Jas Rai (JR) explained the background of the move to an annual survey, how it was developed, how it can be interpreted and what the current scores were. JR identified the areas of strengths and weaknesses in the results and highlighted areas for improvement for both agents and small business. JR then presented some short term and longer term measures to improve the areas identified including a review of GOV.UK to develop a more specialist section with more technical guidance.
12. Members were happy with the proposed measures especially the review of GOV.UK. The ABAB Customer Experience working group chaired by Roger Southam (RS) will review this in more detail and support delivery of improvement measures. RS indicated he would like to ensure that the group delivers both quick wins in the improvement of Customer Experience and also engage in the more strategic delivery elements.

AP - Roger Southam/Secretariat to agree proposals for Customer Experience Working Group

AP - Identify how transcripts for Webinars are published on GOV.uk

Making Tax Digital for Business (MTDfB)**Programme Update**

13. Oliver Fisher (OF) gave an overview of the latest developments on the delivery of MTDfB. OF explained the key themes arising from the engagement between HMRC and the business community. Some were familiar themes 'Why not voluntary rather than mandatory?' 'Acquiring appropriate software/apps will be both a cost and a worry', 'Digital Exclusion - what will HMRC recognise, and what alternative solutions will be offered?' also in addition to new themes around 'Anxiety around lack of detail but comfort from reassurances that consulting widely - giving a genuine opportunity to help shape solutions' and 'Eager anticipation that MTDfB will be a catalyst for broader simplification measures'.
14. OF highlighted the specific business types who are likely to be exempted and that further evidence was being sought. Members were pleased with some of the exemption proposals; had a mix of feelings on others. OF then explained the current policy challenges that HMRC are currently tackling.
15. RS stated that the definitions need to be the same across all taxes and that when moving from one tax to another needs to be operated smoothly within the system otherwise burdens on business would increase. Paul Aplin (PA) commented that consultations are demonstrating that HMRC are aware of potential problems and are asking the correct probing questions to understand these further. PA urged HMRC to, as early as possible, to demonstrate how the process works and bring real life experience to dispel the concerns and change behaviour of the business network who currently are unable to see how this proposal will work in practise. TG reiterated point raised earlier in the meeting in regards to advisors being able to see the same information as the customer. The Board welcomed the news that a private beta would be launched soon and would like feedback on how this is developing.
16. OF then discussed the emerging impact assessment. Malcolm Bacchus (MB) stated the importance that the burdens are split between small and large businesses to help manage expectations of small businesses. PA mentioned the need for a definition between one off and transitional costs as they are not the same.
17. JW and PA reflected that, as members of the Digital Advisory Group, they had not had as much engagement as anticipated at this stage. They confirmed their appetite and willingness for involvement.

MTDfB Research

18. Lee Smith (LS) provided an overview of the aims of the research and the two stage approach taken. LS then presented some findings from the research on the attitudes to Making Tax Digital. These were presented under:
 - Acceptability – Resistance is low overall accepting that digital is increasing norm
 - Benefits – Overall Benefits were visible to businesses, with small businesses felt MTD offered potential practical and emotional benefits
 - Concerns – Digital record keeping and moving away from existing practices; Quarterly updates and potential for more frequent payments
19. LS then explained the research findings to understand the key challenges customers face in transitioning to MTDfB. Views on Software were that they need to be accessible and easy to use; and be accurate and reliable. Communication approach should be tailored and targeted to foster positive engagement and also need to adopt core principles including early engagement, honesty and use to show what needs to be done not tell.

20. TG highlighted that there were no surprises from the research which aligned with ABAB' views. KT was encourage to hear that user testing will be used to test out digital delivery.
21. TG thanked both OF and LS for their open reflections and urged them to continue to engage at the earliest possible stage to ensure ABAB can support delivery.

Forward Look

22. Members reviewed the forward look document and reiterated the items they would like to be added to the agenda.

AOB

23. RS welcomed the engagement he'd had with HMRC on delivering improvements to guidance for livery companies and the treatment of VAT, noted there had been some delays in publishing the guidance on GOV.UK. RS explained that further work to improve residential agents' guidance is now underway.

AP – Find out when publication of livery guidance will be published on GOV.UK

24. JW set-out proposals for the OTS reviews and how ABAB support would be sought.

AP – Add in depth review of OTS reviews to Forward Look for July and October meetings.

25. TG described the positive meeting held with HMRC on the Post Implementation Review of RTI. It was felt that ABAB's concerns and lessons learned had been listened to and that there was an open approach to this review. This was especially welcome so the lessons could be embedded into MTDfB.
26. TG thanked Neil Philpott for his work in the ABAB secretariat and explained to the Board that he would be moving to a new role within the wider HMRC team.

Next meeting

The next meeting will be held on Tuesday 12th July, from 13:00 – 17:00 in 2/66, 100 Parliament Street.