

**HMRC Fraud Investigation Service (FIS)**  
**Fraud Forum Minutes**  
**Date: 3 November 2016**  
**Time : 10.00 – 12.00**

**Venue: 100 Parliament Street, London**  
**Room: Room 1 Lightwell HGR**

<b>Attendees</b>			
Richard Jackson Deputy Director FIS (Chair) HMRC	Dhana Abel FIS Accountants	Anne Aldridge HMRC	Ian Browne (Tax Aid)
Kathryn Hughes FIS Policy	Con Kelly (AAT)	Claire Morgan FIS Policy	Graham Ranson FIS Offshore Corporate & Wealthy
Gary Rowson (TIPG)	Harry Travers (TIPG)	Andrew Watt (TIPG)	Nick Warrington Centre for Offshore Evasion Strategy
Jacqueline Wright ISBC Hidden Economy	Pauline Brookes HMRC (Secretariat)		
<b>Apologies / Non Attendees</b>			
Gary Ashford (CIT)	Steve Botham (CIOT)	Chas Roy Chowdhury (ACCA)	Arnold Homer (ATT)
Andrew McKenna (CIOT)	Robert Maas (ICAEW)		

<b>Agenda Item</b>		<b>Actions and Decisions</b>
<b>1</b>	<b>Welcome and Introductions</b>	
	HMRC's Fraud Investigation Service (FIS) Deputy Director Proceeds of Crime, (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 advised the Group that the formation of HMRC's Fraud Investigation Service (FIS) has brought together Civil and Criminal work – a first for any major fiscal authority.</p> <p>Approximately 26,000 staff work in Customer Compliance Group, formerly known as Enforcement and Compliance, with approximately 4,500 people in FIS.</p> <p>Customer Compliance Group will focus on compliance activity, with the ambition of looking at new and innovative ways of working, with no area being too big or too complex for the Department to deal with.</p> <p>FIS will drive more prosecutions, to get the right impact in the right places, becoming more effective and more efficient.</p> <p>The Agent Group commented that the perception was that HMRC were targeting the smaller cases and that there was also a moral issue within that perception.</p>	<p><b>Action Point 1</b></p> <p><b>i. The Agent Group (Harry Travers) to obtain data for the January meeting.</b></p> <p><b>ii. HMRC will distribute the 14/15 Hidden Economy data at the January meeting.</b></p>

	<p>HMRC gave assurance that while there was a very large customer base, within each range, they need to make sure people have the opportunity to get things right but HMRC will still send out the deterrent message. HMRC's policy is and has always been to settle the majority of cases using civil methods but criminal prosecutions will be used for most serious cases. HMRC's Strategic Picture of Risk will allow for focus of resources within each range, using the action Promote Prevent Respond.</p>	
<b>3</b>	<b>Refresh of the HMRC Fraud Forum</b>	
	<p>HMRC referred the meeting members to the Fraud Forum (FF) Terms of Reference, circulated prior to the meeting.  HMRC opened the floor to ask for views from the Agent Group on the membership and purpose of the FF.</p> <p>The Agent Group felt that the changes within the Compliance Reform Forum (CRF) of which the FF is a sub group, meant that the Fraud Forum also became structured differently.  Many of the Agent Group members who attend the CRF also attend the FF. "Chatham House" rules used to apply and this allowed for free discussion. HMRC was comfortable with applying "Chatham House" rules at future meetings.</p> <p>The Agent Group advised that the CRF has so many wide-ranging topics for discussion, with insufficient time for discussion. The FF gave the opportunity to discuss issues more widely.</p> <p>HMRC has been approached by the Big 4 to see if they could be added to the membership of the FF. The Agent Group did not object to the membership being extended to the Big 4 community, providing discussions were about principles rather than individual clients. HMRC considered the Agent Breakfast Briefings may be more appropriate.</p> <p>HMRC were content to keep the membership as the Agent Bodies and consider adding some Legal Bodies.</p> <p>The Agent Group would like to use the FF to hold discussions at the consultative stages of HMRC policy changes.</p> <p>HMRC acknowledged that the Department wants to work closely with the Agent Group, but stressed that HMRC must also remain independent.</p> <p>The Agent Group reported that a criticism from their members was that they did not cascade outputs from the CRF and FF quickly enough.</p> <p>It was agreed that the Agent Group would canvass their members prior to the FF meetings to ensure Agenda items reflect the topics that are of most concern.</p> <p>HMRC agreed to consult with the current membership before the January meeting to canvass views on a 1-2-1 basis.</p>	<p><b>Action Point 2</b></p> <p><b>i. HMRC to carry out bi-laterals with Agents Group before January meeting.</b></p> <p><b>ii Agent Group to consult their members before each meeting to allow for a broader Agenda of subjects for discussion.</b></p>
<b>4</b>	<b>The new criminal offence for offshore tax evasion which is currently in clause 154 Finance Bill 2016 (requested by Andrew McKenna CIOT)</b>	
	<p>The Group discussed progress on the new simple criminal offence following a question raised by CIOT earlier in the year. Picking up on earlier discussion around CDF, HMRC set out that within offshore it has typically been very difficult to get prosecutions and therefore the policy driver behind the new offence is not necessarily to increase the numbers of prosecutions, but rather to help HMRC</p>	<p><b>Action Point 3</b></p> <p><b>i. HMRC to give an update on the consultation at the January meeting.</b></p>

	facilitate getting the right prosecutions to have the impact HMRC wants. Following the responses to consultation, HMRC have built in safeguards to the offence including a de minimus of £25,000 Tax and only including income and gains that are outside CRS reporting. There is also a defence to the offence of having taken reasonable care.	
<b>5</b>	<b>HMRC's commitment to CRS (requested by Andrew McKenna CIOT)</b>	
	HMRC explained that the £25,000 de minimus was set out in primary legislation to provide a clear floor for the threshold below which HMRC do not intend the offence to apply, but the CRS element will be set out in regulation for practical reasons of keeping the offence current and up to date as the adopters of CRS changes regularly. It is largely a practical issue and there is no intention to move away from CRS	
<b>6</b>	<b>Criminal underpinning of the Contractual Disclosure Facility</b>	
	<p>HMRC acknowledged the Agent Group's interest in the Contractual Disclosure Facility (CDF) and spoke of 5 prosecutions of customers who had been offered CDF and chose not to take it. All of those prosecuted had agent representation – one of those prosecuted was an accountant. The prosecutions demonstrate the Criminal underpinning of CDF was more robust.</p> <p>There were several current criminal cases on-going where we couldn't give details, but these demonstrated that the criminal underpin of CDF was more robust than ever before. HMRC wondered if this a message that the Agent Group should cascade to their members.</p> <p>There are now more CDF than ever before – and HMRC wondered if this a message that the Agent Group should cascade to their members.</p> <p>HMRC advised that COP8 and COP9 Policies are now with FIS. They will engage with this Group and welcome input from the Agent Group into changes for CDF, if/how CDF needs changing, where HMRC can change this, it will.</p>	<p><b>Action Point 4</b></p> <p><b>i. HMRC to circulate the Press Releases for the 5 cases mentioned.</b></p> <p><b>ii. FIS Policy to engage and consult with the Agent Group on CDF.</b></p>
<b>7</b>	<b>AOB</b>	
	<p>1. Availability of CDF with regards to the proposed Requirement to Correct (requested by Con Kelly for AAT).</p> <p>Discussed at Agenda item 4 and 5.</p> <p>2. Gig Economy / Self Employment status. (requested by Ian Browne Tax Aid)</p> <p>This item was suggested for discussion based on an article in the Guardian newspaper, reporting on the Uber decision on 27 October.</p> <p>HMRC agreed that this needed wider discussion; HMRC and the Hidden Economy team recognise the shifts to a digital and sharing economy and the challenges this will bring to issues such as employment status.</p> <p>The Agent Group mentioned an IR35 case involving a cement company's drivers and commented that status remains an issue in many of these cases.</p>	<p><b>Action Point 5</b></p> <p><b>i. HMRC to give an update on the Intermediaries and Hidden Economy work at the January FF meeting.</b></p>
	Addendum – Following the meeting, the Agent Group (Con Kelly) forwarded HMRC an email regarding Ready Mix Concrete (South East v Minister of Pensions	Copy of Con Kelly's email attached.

	& National Insurance 1968.	
	<b>Next meeting: 19 January 2017</b> <b>Venue 100 Parliament St London</b>	