

Minutes of the 102nd JVCC meeting held on 10 July 2017

11:00

100 Parliament Street. London SW1A 2BQ

	Agenda Item 1: Welcome and introductions	Ruth Stanier
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Ruth Stanier (RS) welcomed everyone and everyone introduced themselves.

A list of attendees is at Appendix A.

	Agenda Item 2: Minutes of Last Meeting	Ruth Stanier
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The minutes of the meeting held on 11 April 2017 were agreed.

Only one representative body had so far expressed an interest in joining a JVCC/JCCC Brexit discussion.

Action Point carried over: All members to notify the secretariat if they would like to be involved in a JVCC/JCCC Brexit discussion and highlight the issues that they would like to discuss in that forum.

The action points in relation to HMRC's policy on advance notification of registration, failure to take reasonable care and issues in relation to forms are all covered in the issues log.

	Agenda Item 3: Brexit Update	Sally Beggs
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Sally Beggs (SB) gave a brief update on developments since the last meeting. The Queen's speech had confirmed that there would be a Customs bill. SB explained that the negotiations are first addressing: the position of EU citizens in the UK and UK nationals living in the EU; the financial settlement on leaving the EU; and dialogue about issues relating to Ireland.

Once the Repeal Bill is published, members are welcome to offer comments through the JVCC secretariat. It was noted that the status of EU case law would be a significant issue and that VAT Committee Guidelines would be a useful subject for future conversation.

Action Point: VAT Committee Guidelines to be on the agenda for the next JVCC meeting (September).

It was noted that businesses were progressing contingency plans for the UK leaving the EU, and awaiting further clarification of the government's plans.

	Agenda Item 4: EU Update	Neville Trout (HMT)
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Neville Trout (NT) reminded the committee that while the UK prepares to leave the EU, the rights and responsibilities of membership remain and the UK is involved in discussions. The UK has an interest in the outcome of current discussions.

NT set out the Estonian Presidency's priorities which will largely be focused on the Digital Single Market proposals. E-publications and the Generalised Reverse Charge mechanism (legacies from the Maltese presidency) are expected to be agreed this year.

New proposals expected during the Estonian Presidency include: the Definitive Regime and Rates proposals, and later in the year possibly an SME proposal and proposals characterised as 'Quick wins' (for example chain transactions and call off stock).

On the Digital Single Market there has been little progress since the last update to the JVCC in January. NT outlined the proposals for 2018 and 2021 changes and thought that the proposals might be split in order to make more progress. In the context of the 2021 changes a debate is emerging on whether this is a suitable opportunity to look at the role of intermediaries such as market places and whether they can, and should, play a different role in tax collection. The Estonian's programme is quite ambitious and they have started discussions on the so far untouched administrative co-operation element of the Digital Single Market proposals.

	Agenda Item 5: Business Tax Operations	Lisa McGuinness
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Lisa McGuinness (LMc) went through the operational performance dashboard and updated some of the information. She explained that after a challenging year, VAT operational performance was achieving better service levels than this time last year. Increased online automation, refined risk rules and staff training had improved underlying performance, with difficulties still in complex and higher risk work areas. Business Tax Operations are exploring how to increase use of electronic communication to further improve response times and are using customer insight to align service level targets to customer priorities. Option to Tax will be running a webinar in early September to talk through the most common reasons for delay and how customers can help HMRC to help them.

Members asked for the dashboard to be developed or performance data to be otherwise shared in a number of areas including: partial exemption method approvals, backlogs and volumes of work, and responsiveness to business queries. The committee would also be interested in information on planned office closures,

themes/subjects of enquiries, and the flow from flat rate scheme registration to normal registration.

Action Point: HMRC to share more information at next meeting on response times to applications for Partial Exemption special method approvals, volumes and backlogs where available, responsiveness to business queries, themes of enquiry and the flow from flat rate scheme registrations to normal registration.

Action Point: HMRC to update on planned location changes at the next meeting.

	Agenda Item 6: Guidance Update	Richard Bowyer
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Richard Bowyer (RB) gave an update on guidance improvements. He hoped that the problem of missing pages from manuals had been fixed as no more examples were forthcoming. References in guidance to old press notices and briefs which are no longer extant are being surveyed and removed as appropriate. This is a big task and the committee will be updated on progress. VCONST 15650 was identified by a JVCC member as redundant and has just been removed. A possible inconsistency in the reference to hospices in Notice 708 is covered in the issues log and changes are being reviewed. The revised Notice 700 is also with publishing.

RB also explained that work is starting to create links between VAT manuals and notices to make it easier to navigate GOV.UK. HMRC will share a draft proposal for comment of how Revenue & Customs Briefs could be updated each time there is a development (eg a judgment) rather than issuing a new Brief each time.

Feedback to the customer experience team's email address is still very welcome: customerexperience.indirecttaxes@hmrc.gsi.gov.uk.

	Agenda Item 7: Draft Revenue & Customs Brief – Sveda	Roy Taylor David Webb
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Roy Taylor (RT) explained the purpose of the proposed Revenue & Customs Brief (RCB) concerning the Sveda case, and thanked the committee for their comments on the draft. The purpose is not to set out HMRC's policy in this area as revised guidance (in progress) will do this. Peter Dylewski (PD) asked if examples could be provided to illustrate when VAT is likely to be recoverable as input tax. RT noted that it would be difficult to cover the full range of different scenarios. Some members felt that some of the wording used in the draft begged the underlying policy question. The key issue was whether now is the right time to publish this, or if it is better to wait for the CJEU judgment in the Iberdrola case. There were views on either side of this debate. RS, in summing up the discussion, said that HMRC would reflect on the feedback from the discussion which tended to support waiting for the Iberdrola outcome before any further action. The JVCC would be notified ahead of any further action and the comments received from members to date will be taken into account.

	Agenda Item 8: Issues raised by JVCC members	
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Dean Carey (who was unfortunately unable to attend the meeting) had raised the issue of HMRC charging a penalty where the error made was the late claiming of input tax. No other committee members had come across this but concerns were raised about the apparent requirement strictly imposed to claim the input tax in the correct period. The experience reflected was that many businesses were frequently claiming input tax late and it was felt to be a disproportionate burden on HMRC and business to correct the errors. It was perceived as a further burden on both parties to have to consider penalties and then their mitigation or suspension in these circumstances.

Action Point: HMRC to consider the claiming input tax late process and report back at the next meeting or through the issues log.

Peter Dylewski raised an issue of consistency across different forums in the publishing of minutes. Some committees (eg JVCC) publish minutes, while others (eg Land and Property Liaison Group) do not. Committee discussions and minutes sometimes convey the most up to date view of HMRC's policy but PD felt that it was not always clear that they are doing so. Furthermore, if the minutes are not published then anything they do convey about policy is not accessible to all. There was a general discussion, with others expressing the view that the normal products for VAT guidance such as Notices and manuals need to be updated in a timely manner rather than relying on committee minutes.

Action Point: HMRC to revert to JVCC with a paper about the working practices of its sub committees, and the proposed approach for addressing points raised about policy uncertainty and the need to update guidance.

	Agenda Item 9 AOB	
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The JVCC Issues Log - This was welcomed but several enhancements were suggested including making it clear which issues were open and which were closed (with JVCC agreement). **Action Point:** Secretariat to make suggested improvements to the structure of the issue log for review at next meeting.

Susan Cattell asked about Making Tax Digital and the JVCC sub-group. RS explained that the government would be setting out its programme for Making Tax Digital in due course. [An announcement was subsequently made on 13 July 2017]

Mark Hammond Giles raised the level of inquiry (from HMRC) going into checking VAT refund claims in advance of repayment. This was particularly noticeable for VAT refunds from businesses in other EU countries, and the checks appeared disproportionate. HMRC (through the secretariat) had responded to Mark explaining that checks were made on the basis of known risks and common inaccuracies.

Travel and subsistence has been identified as an area where wider checks are required due to the number of inaccuracies being found.

Action Point: HMRC will explore this issue further and report back or update the issues log as appropriate.

Graham Elliott asked if there was any update on the Group registration consultation. RS said that the response document was likely to be published later in the year.

Ruth thanked everyone for attending and looked forward to seeing them at the next JVCC meeting.

Next meeting: 18 September, 14:00

Appendix A

JOINT VAT CONSULTATIVE COMMITTEE (JVCC)

(Meeting number 102)

10 July 2017, 11:00

Room 2.66 100 Parliament Street, London SW1A 2BQ

Attendees	
Stephen Taylor	Association of Tax Technicians
Graham Elliot	Charity Tax Group
Leigh Francis	London and International Insurance Brokers
Mark Hammond Giles	Confederation of British Industry
Brian Palmer	Association of Accounting Technicians
Nick McChesney	Institute of Chartered Accountants in England and Wales
David Jordorson	Association of British Insurers
Leigh Francis	London & International Insurance Brokers Association
Susan Cattell	Institute of Chartered Accountants in Scotland
Helene Dinsdale	One Hundred Group
Martin Shah	The Law Society of England and Wales
Julian Ogden	VAT in Industry Group
Nic Davison	Chartered Institute of Management accountants
Chris Hancock	Finance Leasing Association
Peter Dylewski	Chartered Institute of Taxation

<i>HMRC/HMT</i>	
Ruth Stanier	Customs and Indirect Tax Directorate
Sally Beggs	Customs and Indirect Tax Directorate
Eileen Patching	Customs and Indirect Tax Directorate
Lisa McGuinness	Business Tax Operations
Richard Bowyer	Customs and Indirect Tax Directorate
Roy Taylor	Customs and Indirect Tax Directorate

David Webb	Customs and Indirect Tax Directorate
Neville Trout	HM Treasury

Apologies from	
Martin Scammell	British Property Federation
Ion Fletcher	British Property Federation
Ian Cass	Forum of Private Business
Andrew Plant	Finance and Leasing Association
Simon Goldie	Finance and Leasing Association
Phillip Ford	Association of International Accountants
Hywel Anthony	VAT In Industry Group
Pauline Hawkes-Bunyan	The Investment Association
Fiona Heron	Confederation of British Industry
Sarah Bagley	Chartered Institute of Public Finance and Accountancy
Dean Carey	The Association of Chartered Certified Accountants