

Notes of HMRC Wealthy External Stakeholder Forum.

Chair: Nicole Newbury, Deputy Director - HMRC Wealthy Teams

7 July 2017 @ 100 Parliament Street, London

Attendees:

External Stakeholders

Stuart Ritchie	(ICAEW)
Oliver Rowland	(ATT)
Jamie Younger	(EBG)
David Mellor	(CIT)
Imogen Davies	(Law Society)
Malcolm Offord	(AIETP)
Susan Cattell	(ICAS)
Alan Gourley	(NITC)
David Hughes	(CIOT)

HM Revenue & Customs (HMRC)

Nicole Newbury	(Deputy Director – Wealthy)
Steve Crockett	(Wealthy External Forum Secretariat)
Kirsti Bailey	(Wealthy Assistant Director – People, Performance & Planning)
Marian Kitson	(Wealthy Assistant Director – Midlands & South UK Region)
Rufus Rottenberg	(HMRC Customer Strategy & Tax Design)
Daniel Butler	(HMRC Customer Strategy & Tax Design)
Nick Davies	(HMRC Customer Strategy & Tax Design)

Apologies

Mark Levitt	(ICAEW)
Martyn Gowar	(CIOT)
Matthew Burton	(EBG)
Penelope Lang	(ICAS)
Mark Wardell	(HMRC DD-Wealthy Strategy)
Adam Willman	(AFME)

1. Welcome and Introductions

Nicole Newbury (NN) welcomed forum members and introduced herself then provided a brief summary of how 'Wealthy' is now structured, as part of Wealthy and Midsize Business Compliance (WMBC) within HMRC.

This covered the teams contained within Wealthy (including former Affluent and HNWU teams) and how Wealthy contains around 1200 people spread over 11 sites with a broad population of hundreds of thousands of customers.

NN explained that we operate a CRM model for customers worth an estimated £10M+ (now called Wealthy CRM teams) and a Risk based model for former Affluent team customers (now called Wealthy Compliance). NN welcomed forum member's views on the best way to define a wealthy customer. There was some consensus from members that the current customer base could be too broad.

2. Hot Topics from members

Nick Davies (ND) introduced himself to forum members as part of HMRC's Customer Strategy & Tax Design team, saying he was happy to receive thoughts from forum members about how the tax system applies to the wealthy, and any anomalies/gaps that members felt policy could potentially address. **SC to share ND's contact details with forum members.

The following hot topics and feedback were received from members:

- Views from members of their dealings with Wealthy CRM teams were generally positive
- The forthcoming Finance Bill and issues expected to be covered was raised as a current Hot Topic for members.
- Lack of certainty and clarity on tax implications was raised as a Hot Topic for wealthy customers when making decisions.
- Members said they felt it would be useful for CRM's to be more consistently open to discussing hypothetical tax scenarios to improve clarity and raised a concern around the 'Anson' tax ruling as an area where more clarity would be helpful on HMRC's approach.
(*NN talk to the Deputy Director of IHT teams re foreign tax credit relief to discuss our approach).
- Concerns around Making Tax Digital were raised as a Hot Topic. Exclusions from online filing were also raised as a concern as well as the need to be clear about

accountabilities for data security, and concerns about tax agents not being able to use the MTD system on their clients' behalf. (**NN agreed to take the feedback on MTD and pass on to program leaders).

ND asked members if they felt there were tax simplification and better collection opportunities from digital that may counterbalance some of the current concerns? Members felt there were some potential benefits if this was taken forward over a longer timeframe and considering simplification and real time working practicalities first.

3. Update on £10M+ teams in 'Wealthy'

Marian Kitson (MK) gave members an update on Wealthy's CRM teams for customers' worth between approximately £10M and £20M. There are six 10M+ dedicated CRM teams in place around a range of our UK locations.

MK explained that Wealthy CRM teams are now into their 2nd cycle of annual risking for £10M+ customers, which is helping us to continue enhancing our understanding of the risks associated with customers' tax affairs. CRM teams are contacting agents and customers to expand their knowledge of tax affairs where there were potential risks apparent. MK added that HMRC are keen to encourage customers out of tax avoidance, including those who may have invested in avoidance schemes some time ago and CRMs can discuss this with customers further, liaising with HMRC colleagues where needed.

A member asked about how we evaluate risk on cases worked by CRM teams. MK explained we consider a wide range of data sources and behavioural information and robust processes including human input, and don't just focus on wealth. We encourage discussion of potential risk and like to work in real time on issues where possible. We work with HMRC wide colleagues and tax specialists to help ensure we respond as swiftly as possible to issues under discussion.

4. Policy Update

ND provided a brief update on current policy issues. He noted that testing was ongoing with the new Trusts system which was due to launch imminently and he'd be interested in feedback on people's early experiences of the new system.

**ND agreed to clarify for members which customer bases would be covered in the initial 'Go Live' stage. ND would also look to clarify requirements at the October 2017 and January 2018 deadlines and on life insurance settlements by email to forum members.

DB gave a brief update to say that more information on proposed Deemed Domicile legislation could not be provided until after Finance Bill and offered to update stakeholders by email including forum members when we are able to provide more information.

DB confirmed that Mel Stride has been appointed as the new Financial Secretary.

A forum member asked about whether IHT simplification was planned. DB replied that there was no specific information on this available at present but that HMRC were open to hearing suggestions.

Other forthcoming updates members were asked to note included the latest edition of HMRC's 'Agents update' due out in the week of this forum, a planned 'Talking Points' session on offshore disclosures this summer and forthcoming updates on Statutory Residence Tests including proposed live webinars.

5. Terms of Reference & Any Other Business

Forum members asked whether the £10M+ level for customers to be on a CRM team at present included just directly held assets or indirect assets too. MK confirmed it was both and includes property.

Members recommended having a process where agents/potential customers could easily contact Wealthy to let us know where they felt they should be in our customer base if not already identified. SC advised there is a link on the HMRC website for people to do this and he would forward a link to forum members.

Members asked if Wealthy have capacity for an increase in number of CRM team customers or to expand? NN advised there is no budget for further expansion beyond the investment already received to take in the £10m+ customers, but we do have potential to take in more customers if they fit the Wealthy CRM team criteria.

Members were invited to share any suggested changes to the Terms of Reference for the forum and any proposed changes to frequency of updates/meetings with Steve at the forum email. SC to share proposed Terms of Reference after taking into account forum members proposals.

SC to share an updated organogram to show the Senior Leadership Team structure and locations of 'Wealthy' offices.

Notes by Steve Crockett