

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 12^h October 2017

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13.00 – 17.00

2/65, 100 Parliament Street, London, SW1A 2BQ

Advisory Board attendees: Teresa Graham, John Whiting, Roger Southam, Alastair Keir, Allison Harper, Karen Thomson, Dan Olley, Malcolm Bacchus, Rebecca Benneyworth, Paul Aplin

Apologies: Graham Rogers, Paul Morton

HMRC & HMT attendees: Elaine Benn, Jan Owens, Neil Chattell Jas Rai, Minaz Rahman (Secretariat)

Apologies: Jim Harra, Asif Bukhsh

Guests: Claire Sheehan, Ajit Philipose, Rebecca Hall, Angela Brown, Sean Rath, Craig Ogilvie, Peter Walsh, Sue Castling, Justin Savage, Annette Smith, Christine Stuart,

Apologies:

Observing: Cheryl Williams, Eileen Rafferty, Penny Earle, Iqra Qureshi

Welcome and Apologies

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from the FST who had to pull out at the last minute due to urgent parliamentary business. ABAB hope to have him attend the February Board meeting.

AP: Sent invitation to FST Office to attend February Board Meeting

Review of action/issues log

1. TG reviewed the open action items and agreed that all open action points could be closed as they had either been resolved prior to or will be addressed at the meeting with exception of AP003 to be carried forward. Elaine Benn (EB) advised she would follow up with her Insight team.

Post Implementation Review of RTI

2. Some ABAB members requested an update on the PIR of the RTI that was started some time ago. Paul Aplin (PA) and other ABAB members involved in developing the PIR felt that the report was excellent and candid. The last they heard the PIR was that it was with Ruth Owen. TG felt this needed to be put to bed and suggested a conversation with Jim Harra (JH) may help to move this along. Karen Thomson (KT) stated that the lessons in the PIR were important and the PIR publication was paramount to ensuring issues with RTI don't occur in MTDfB.

AP: Secretariat to find out publication dates for PIR

Roadshow updates

3. TG gave an update on how the roadshows went with the CBI, FSB, IOD and BCC. Overall they were all generally happy with ABAB's direction of travel particularly in relation to MTDfB. All agreed to encourage their members on voluntarily taking up the trial. There was some suggestion ABAB could do more around Tax simplification particularly in light of Brexit. The FSB brought up the issue of dynamic coding and tax codes. They felt this would become an issue particularly around cash flow with the recent MTD announcements. Finally the FSB advised they were doing some work around customer journeys and ABAB encouraged HMRC to link up wherever possible.

API Strategy

4. Ian Hall (IA) gave an update on HMRCs API strategy which was published in September 2015. HMRC has been using API data since 2000 mainly to allow software developers to send information to HMRC. The updated strategy is about how HMRC takes API to the next level. HMRC is leading the way across Government on the use of API's, which underpins programmes like MTDfB and tax free childcare. HMRC want to use API's to get compliance right early on and support processes.
5. KT advised that when looking at the strategy for designing any new API, HMRC should consider how this might work for third parties. Malcolm Bacchus (MB) had concerns around the cost to businesses. Roger Southam (RS) accepted that API's are the future and the direction of travel was right. The Board overall felt there needed to be reassurance that cost

to businesses is being managed and considered. HMRC should know which industry is being impacted but the direction of travel is correct.

Making Tax Digital Programme Update

6. Clare Sheehan (CS) and Ajit Philipose (AP) gave an update on the recent engagement with ABAB through the Customer Experience Working Group (CEWG). The programme team identified a significant shift in how HMRC engaged with businesses and there was general acceptance that HMRC was really listening to concerns. HMRC continues to work with developers to fine tune products and the pilot remains in a controlled space. HMRC had been doing a lot of work to map customer journeys such as those who currently use paper against those who use software to complete tax returns. HMRC will continue to work with CEWG to test assumptions and make progress on the points raised in the Andrew Tyrie response.
7. ABAB had some concerns that the recent easement on MTD went too far. There is a concern now as to how to attract volunteers. PA commented that providing support and training is challenging and felt that the tax requirement should not be the driving factor, rather it should be the by-product. The driver should be the benefits of moving to digital. PA commented that the use of digital is now growing with a range of businesses. RS felt progress was being made on aligning MTD with business requirements and the program was in a much better place now. He commented that not everyone could be satisfied but it is about making MTDfB as good as it can be.

Tax Reliefs

8. Amanda Lockett (AL) presented an update on the tax relief's project she presented to the Board in April. The project was about making reliefs more transparent and better managing those reliefs to reach the customer it is intended for. There is a total of 450 reliefs and each now has an owner. There has been changes on how HMRC tells people how much relief's cost. Furthermore all reliefs are now published on Gov.uk. ABAB felt that more needed to be done such as simplifying reliefs to avoid pitfalls and foul play. TG advised that following her roadshows, business representative bodies have offered to simplify reliefs and HMRC should consider taking up the proposal.

Brexit

9. Lucy Pink (LP) gave an update on the current position regarding Brexit planning. Brexit will impact HMRC on a range of issues such as Customs, VAT and Excise and direct tax implications. The EU transition unit supported DExEU and Ministers in negotiations including on the future relationship between the UK and EU. The Customs paper in which the transitional arrangements were first mentioned was largely driven by HMRC. ABAB were asked for their input on the current approach to Brexit. Alison Harper (AH) sought an update on the proposal of an ABAB led Brexit working group to determine how HMRC can work closely with Small Businesses. LP highlighted that HMRC were engaging with small business on customs matters but were open to ideas and eager to listen to small businesses. The board were keen to start the working group as soon as possible.

AP: Set-up an ABAB Brexit Working Group

Making Tax Digital for Individuals

10. Craig Ogilvie (CO) gave an update on the progress of Making Tax Digital for Individuals. His aim was to create a top class individual service based around the personal tax account. There is a proof of concept taking place around giving agents access to the Personal tax account, through a web based solution. They have already delivered changes to the PAY, simple assessment in 2015/16 through a controlled manner. In December – they will introduce new triggers to improve PAYE by building in intelligence, and will be doing further work on understanding customer journeys.
11. KT stated it would be useful if an alert can be made from the PTA. Furthermore, regarding NI deferment, she queried if there could be an option to digitalise. Neil Chattell queried how many people will be aware of that and suggested one way to do that was to go down the FPS route.

OTS

12. The OTS are exploring the impact of wider technological change on the tax system - recently published a paper on their website. They are currently working on the latest draft of the VAT report, and looking forward to VAT vs capital allowances.

Small Business Policy work

13. Angela Brown (AB) introduced the team working in the small business policy team, which is made up of 5 senior policy advisers. Their role is to look at ways to modernise the tax system for small businesses. They are currently taking on the delivery of an OTS recommendation around simplifying the computation for small businesses. They are developing a strawman of how that will look like. They are looking at the costs of doing this to the public. Particular focus on the simplification for the self-employed around work travel and subsistence. TG felt following findings from the Tell ABAB survey about GOV.UK improvements needed to be made on GOV.UK if any simplification is going to work. HMRC are looking at how to improve GOV.UK and the guidance available. RS felt the real challenge for HMRC is to look at how these impact the customer and not just assume the impacts. In general the board were happy with the approach and were open to further engagement. They were clear that 'tweaking' was a no go as this costs businesses with little positive impact.

Small Business Perceptions and Admin Burden Research

14. EB began by acknowledging with the changes to MTDfB, HMRC were unlikely to meet the 400m admin burden reduction target by 2020. This includes the challenge of Brexit. John Whiting (JW) commented that the target was unrealistically set to begin with and the aim should have been to not add burden. On the back of this, Justin Savage (JS) introduced work HMRC are doing to identify new innovative ways to reduce the admin burden. This includes HMRC commissioning a research agency to understand how customers feel about admin burden and what steps could be taken to reduce them. Another approach used was looking at international best practice on burden reduction and how they measure it. This involved a questionnaire that has been sent out to members of the OECD seeking out best practice. Furthermore as part of seeking out further ways to reduce admin burden, the team have approached internal colleagues to come up with innovative ways to reduce admin burden, to date they have received 45 suggestions. The team will return to ABAB in February with the analysis of the findings. ABAB members were generally happy with the work and were looking forward to the feedback in February. David Halsey (DH) made a point that there is disparity in the policy development process with the ambition around admin burden reduction. HMRC needs to rethink how it does this. KT made a point that JS may

want to link up the research work with Tell ABAB to see if he can get a larger data set and greater granularity.

AP: Small Business Burdens update to forward look for February 2018 meeting

PCRT

15. Steven Taylor (ST) introduced the item following his last appearance at ABAB in which the steer was to align the PCRT with HMRC standards. He has worked with the legal profession, tax and accounting profession to develop common standards. To support This HMRC has worked with the SRA to develop warning notice to its members, followed by workshops to reinforce standards. They have also have been looking at specific scenarios to strengthen standard. Last year HMRC published its standard for agents, which has been updated in line with PCRT, and working with ICAEW to restructure the PCRT and to look see if that provides a standard for all.
16. Paul Aplin (PA) commented that it was getting frustrating to align the sols and tax bar with ICAEW, but accepts a lot of progress has been made with the standard. For him the PCRT is an evolving document with the aim of trying to make it easier for agents.
17. Malcolm Bacchus (MB) was glad with the work on legal profession but highlighted concerns around regulating the standard strongly. His view was that if you are regulating the standard strongly, then a third category of agents that are not professional needs to be considered. ST responded that HMRC are working to ensure 'trusted helpers' are protected.
18. KT raised an NMW issue – payroll profession need to be held to account to tackle evasion. Therefore the standards to some degree should apply to payroll professions. JW was happy HMRC are finally agreeing to PCRT. He did state that it is important to ensure everyone is travelling in the same direction.

Tell ABAB

19. AH gave an update on the progress of the Tell ABAB area of work. The team are a little behind schedule but are making progress on the questions for the next survey and will be following previous years trends in terms of a general approach. The focus will be on MTDfB communications and what customer's thoughts are on that.

Customer centred capability

20. Sue Castling (SC) and Annette Smith (AS) talked about the customer centred capability strategy, which for HMRC is knowing what our customers want, and to design services accordingly. This work involved drawing up the 23 professions in HMRC and identifying all the skills needed to deliver this approach. The next step is to have identified skills across HMRC needed and what level that needs to be. This will be measured through a self-assessment tool validated by an independent person. Validation to identify learning opportunities, what customer skills are needed and tools to measure it.
21. ABAB are generally happy with the aims of this work but KT queried how this links in with the appraisal process. SC clarified that this is still be refined but will eventually be a part of the appraisal system. JW found it to be promising and welcomed any effort to see it from the customer's perspective. PA agreed with the direction of travel, but commented that a cultural change needed to happen where HMRC staff would need to have a positive view of the customer and go out and talk to them.

Forward Look

22. TG gave a summary of topics for the next Board meeting.

AOB

23. None
24. TG thanked everyone for their attendance.

Next meeting

The next meeting will be held on the 7^h February 2018, from 13.00 – 17.00 in Room 2/66, 100 Parliament Street.