



**New powers,  
deterrents and  
safeguards: from  
legislative intention to  
new ways of working**

**Implementation Oversight Forum**

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# The policy intention

The O'Donnell Report recommended:

- integration of the predecessor departments;
- better understanding of and focus on reducing the tax gap;
- generation of significant cost savings through improved efficiency;
- structuring the new department as far as possible around its customers; and
- a new culture and identity for the department

# Integration

- Alignment of powers and safeguards across taxes and duties where it makes sense to do so
- Simplicity: one set of rules for taxpayers and HMRC to understand
- Promotes consistency across HMRC
- Improves risk assessment
- Enables cross tax working thereby cutting out multiple visits or requests for information and reducing costs for taxpayers and HMRC

# Integration/Alignment

- Cross Tax – when and how?
  - a developing approach through Customer Relationship Managers (CRMs) for Large Business
  - in SME cross tax referrals becoming more common;
  - 9/10 will see an increased focus on Cross Tax evasion
- What is the General Tax Practitioner?
  - tested in 8/9
  - will be used in Hidden Economy work
  - potential also there for smaller cases, but still evaluating costs and benefits

# Reducing the tax gap

- Respond to taxpayers' concerns that the non-compliant obtain a competitive advantage
- Risk analysis, based on better information, and a more complete view of the taxpayer's affairs will enable HMRC to target serious non-compliance
- Ensure HMRC has sufficient information and inspection powers to enable effective checking to take place

# Reducing the tax gap

- Sharing workflow processes - both in Large and SME
- Better use of data – new risk tools being developed
- Sharing risk – Review of Links approach for Large Business; the Openness and Early Dialogue Project for other customers
- Wider range of responses including across taxes – ranging from education, assistance, leverage, through traditional single tax interventions, cross tax interventions to Civil Investigation of Fraud.
- “Real Time” working – systems governance and pre-return assurance of records replacing some post return checks

# Improved efficiency & Reduced burden

- Tailoring the check to the circumstances of the particular customer
- Using a range of checks that are proportionate to the risk involved
- Enables HMRC to reduce staff base
- Reduces cost and limits intrusion and stress for many taxpayers

# Improved efficiency & Reduced burden

- Increasing use of a “Campaign” approach – matching interventions to risk and managing across a range of taxpayer behaviour
- Better customer understanding informs a proportionate response – no longer a ‘one size fits all approach’
- Tribunals Reform – alongside other aligned powers allows one discussion of the facts

# Safeguards

- Deal with any checks that need to be made quickly and effectively
- Ensure that those whose affairs are checked or investigated have sufficient robust, readily available and understandable safeguards
- Customers understand why we are checking
- Encourage a return to compliance
- Tailor HMRC's response to the underlying taxpayer behaviour

# Safeguards

- Local Compliance directorate now organised around Customer Groups
- Encouraging - Marketing & media; Early support for new businesses
- Checks to be quicker and better
  - TEEL (targeted enabling, education and leverage);
  - New interventions;
  - Sharing “why”
- New Penalties (and suspension)
- Customer Understanding Workshops
- Standard letter Review

Local Compliance: Proposed  
Pre-return Assurance Activity  
(Current thinking)

Large & Complex

SME

Individuals & Public  
Bodies

- System Governance Checks
- VAT/EC driven risks with implications for CT
- Avoidance

- Business Assurance Inc Record Keeping
- Evasion Aftercare
- Cross Tax inc GTP
- Hidden Economy - Low Level Evasion

- Individuals**
- Self employment sub sources with poor record keeping - FTTRC
- Public Bodies**
- Single Issue Risks

[X] Cases

Up to [50,000] cases  
by year end

Public Sector [X] cases

# A new culture

- Make it easier for taxpayers to know what they have to do
- Make customers aware of rights and safeguards
- Understand different behaviours and treat them differently and appropriately; e.g. people do make mistakes despite taking reasonable care
- Recognise compliance checks can cause stress
- Better commercial awareness for HMRC officers

# A new culture

Where Compliance staff:

- understand their customers' behaviour and what drives it
- understand their customers' experience of HMRC – emotional, financial and administrative
- apply timely interventions that are proportionate to the risk – no more one size fits all

# A new culture

Where Compliance staff:

- Have greater commercial awareness
- Actively consider how to minimise the burden on their customers
- Actively consider how to influence the behaviour of their customers
- Engage with their customers in a way that reflects this new understanding

# ROUND TABLE SESSION