

The framework for a better relationship

Making a difference:
Review of Links with Large Business

Budget 2008

Contents

	Page
	3
	3
Chapter 1	4
Chapter 2	6
Chapter 3	17
Annex A	20
Annex B	21

Chairman's foreword

Two years ago the Rt Hon Gordon Brown MP asked HMRC to review our relationship with large business in order to address concerns about the nature and tone of our engagement with them. Since we presented our report and recommendations 'Review of Links with Large Business' in November 2006 we have made considerable progress, working in close collaboration with the business community.

We are taking a much more proportionate approach to our relationship with business, enabling us to focus on the things that really matter. We are increasingly resolving issues in real time, meeting the business need for early certainty and transparency. More importantly, the framework we have implemented through the Review of Links is enabling us to have a different conversation with business, characterised by trust and openness.

We're working hard to make the UK a more competitive place and there is still much to do; I do not claim that the transformation is complete, but the foundations are in place to allow us to drive these changes forward. HMRC and business share a common goal of maintaining and enhancing the attractiveness of the UK's business environment. I believe that our continuing commitment to understanding and engaging with our business customers remains essential to achieving this shared objective.

Dave Hartnett, Acting Chairman

Business response

Business endorsed the recommendations set out in "Review of Links with Large Business" which was published in November 2006 and in doing so stressed the importance of a fair, equitable and competitive tax system which provided certainty, stability and predictability.

We acknowledge the progress made by HMRC to date in delivering on the Review of Links commitments, and in particular the greater certainty provided by advance clearances, the use of a risk based approach for larger business customers, the new framework to expedite the resolution of long running and other tax issues and the increased focus on proper consultation.

There will clearly be challenges ahead in terms of consistency and constancy as HMRC embeds these valuable behavioural changes throughout its organisation, but business welcomes the opportunity to continue to work closely and proactively with HMRC in achieving the common goal of a globally competitive tax environment which supports UK business growth.

Large Business Advisory Board

I. Executive Summary

Our Ambition is to put our customers at the heart of everything we do, understanding them, responding to their behaviours and expectations and helping them to meet their obligations.

In 2006 we asked our large business customers what we could do to bring our Ambition to life and make a positive difference to the UK business tax environment. Business told us that they wanted a relationship based on mutual trust and real-time dialogue, recognition that tax is not always the driver of their commercial decisions and that tax is managed responsibly.

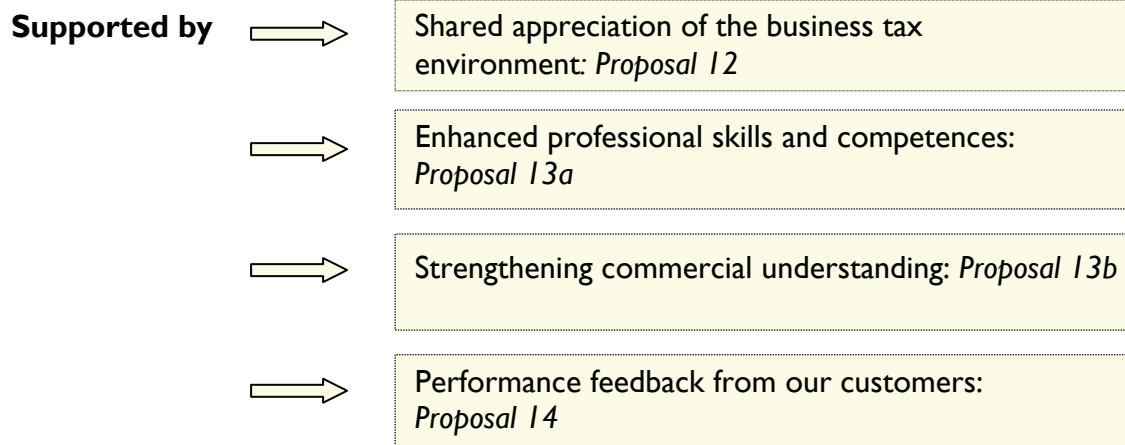
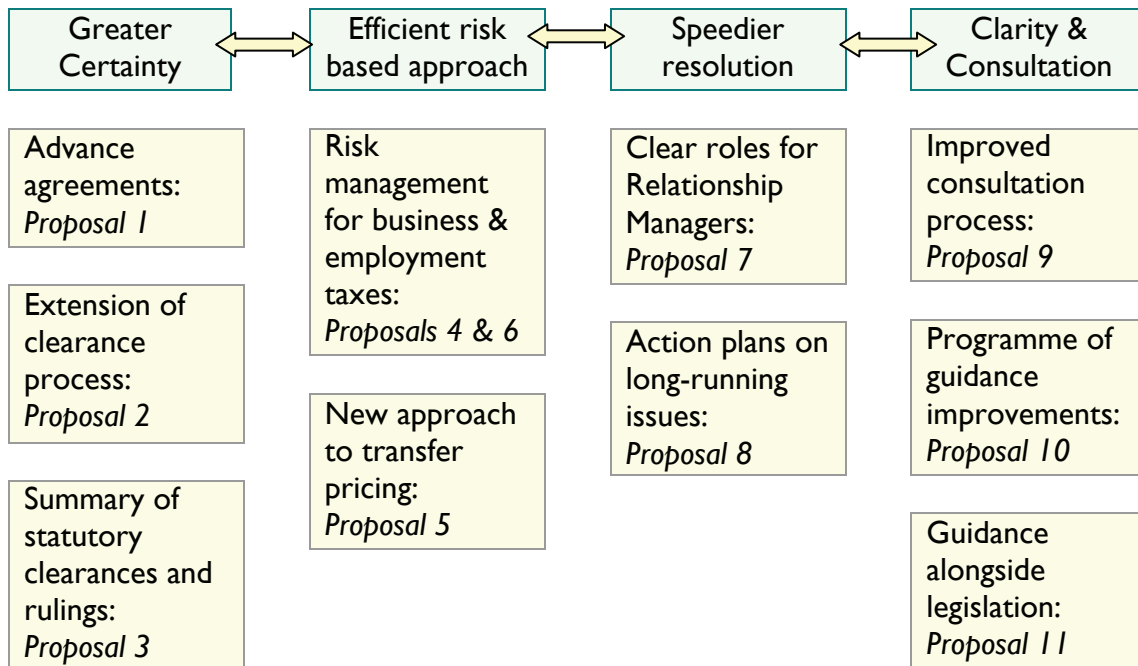
In response, we committed to delivering improvements across four key areas - certainty, risk management, resolution of issues, and clarity through effective consultation - to form the basis for building a better relationship.

Since 2007 Pre-Budget Report we have delivered:

- A pilot extending our **non-statutory clearance process** and new operational guidance; this facility will be available to all businesses from April 2008.
- Detailed guidance on our approach to **tax compliance risk management** for our largest businesses.
- **Risk Reviews** of our largest businesses: we have supported nearly 40% of these businesses to become 'low risk' and closed 79% of our 'low risk' open enquiries. We have identified and deployed specialist resource to high risk businesses, and encouraged businesses to consider their position by defining the benefits of being 'low risk'.
- The framework for a **new approach to transfer pricing**, effective from April 2008.
- **Research on our customers' experience** of doing business with us, demonstrating an improvement in customer satisfaction for those businesses with Relationship Managers.

We have now met our commitment by implementing new processes that will deliver all the recommendations in the 2006 report, setting out the framework for a new relationship with business. There are still significant challenges ahead as we begin to embed new ways of working. The key to success will be a **mutual commitment from both HMRC and business to work together to build a better relationship founded on trust and open dialogue.**

What we said we would deliver



2. Key achievements and forward look

What we have delivered since November 2006

Greater certainty

- | | |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Advance agreements
(Proposal 1) | <ul style="list-style-type: none">• A new Advance Agreements Unit launched October 2007. |
| Extension of the clearance process (Proposal 2) | <ul style="list-style-type: none">• New guidance and a pilot, leading to full launch in April 2008. |
| Clarity on statutory clearances
(Proposal 3) | <ul style="list-style-type: none">• Summary table and contact details published March 2007. |

Efficient risk based approach

- | | |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk management of business taxes (Proposal 4) | <ul style="list-style-type: none">• Guidance and framework published.• Nearly 40% of our very largest businesses supported to become low risk.• Deployment of resource to our highest risk businesses. |
| Transfer pricing (Proposal 5) | <ul style="list-style-type: none">• New framework published, effective from April 2008.• Transfer pricing specialists and an internal Review Board appointed. |
| Employer compliance
(Proposal 6) | <ul style="list-style-type: none">• For our largest businesses: cessation of cyclical reviews and the opening questionnaire; focus on dialogue around risks and governance; appointment of employer specialists. |

Speedy resolution of issues

- | | |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relationship management and resolution of issues
(Proposal 7) | <ul style="list-style-type: none">• Clarity on the role of Client Relationship Managers and escalation routes, for our largest businesses.• Extension of Relationship Managers to other large businesses. |
| Resolution of historic issues
(Proposal 8) | <ul style="list-style-type: none">• 79% of low risk issues settled by 31 March 2008, for our largest businesses. |

- Agreed Action Plans in place for the resolution of all open issues by 31 March 2008.

Clarity through effective consultation

A new consultation framework (Proposal 9)

- Consultation Framework published.
- Consultative forums reviewed and details published on our website.
- Business Tax Forum mandate and membership refreshed.
- Impact Assessment review mandatory for policy and process designers.

Improving our guidance (Proposals 10 & 11)

- Early consideration of operational guidance now mandatory for policy and process designers, consulting with business where possible.
- Rolling programme to update existing guidance.

Shared understanding of UK tax environment (Proposal 12)

- Panel of international expertise on tax administration is being convened.

Working together to build a professional relationship

Professional skills and commercial understanding (Proposal 13)

- New training programme, including professional skills and customer focus.
- Joint seminars with the private sector.
- Review of secondment initiatives under the guidance of a new private sector panel.
- 5 days professional development each year is now mandatory for tax professionals.

Structured feedback mechanisms (Proposal 14)

- Publication of research on our customers' experience of doing business with us.

Making a difference: operational delivery

Our 14,000 large business customers are dealt with in two operational directorates:

Large Business Service (LBS) manages our relationship with approximately 1,000 of our very largest businesses, through Client Relationship Managers (CRMs) and industry Sector Leaders.

Local Compliance manages our relationship with approximately 13,000 large business customers. The largest of these, up to 2,000 businesses, will have Customer Managers (CMs) as their relationship managers and point of responsibility.

Independent research, including a recent NAO report¹, has validated this operational division, recognising that these 14,000 customers have different compliance needs and risks, and want different levels of contact with us.

Greater certainty

Proposal 1 – Advance Agreements Unit (AAU)

The AAU promotes the UK as an investment location by providing tax certainty on significant transactions (involving £250m capital), or otherwise of significant economic importance. The AAU will:

- facilitate the relationship between HMRC and significant new inward investors;
- support existing UK businesses undergoing significant corporate reconstructions, through their CRM;
- provide help and a contact point for any inward investor who needs advice on our taxes and systems.

The AAU convenes a team of specialists across HMRC, according to the issues at stake, to work in real time with each business and its advisers, providing:

- rulings which business can rely on, consistent with administrative law, across all taxes where there is uncertainty about the application of existing law;
- a “one stop shop” to co-ordinate responses from different parts of HMRC depending on the taxes and duties involved;
- a fast track towards agreement where time is of the essence.

Code of Practice SP02/07 sets out our service standard.

¹ 2007 National Audit Office report 'Management of Large Business Corporation Tax': http://www.nao.org.uk/publications/nao_reports/06-07/0607614.pdf

Proposal 2 – Extension of the current clearance process

Our extended clearance process will be fully operational across all business taxes from April 2008, providing clearances on which business can rely, consistent with administrative law:

- within 28 days as the norm;
- on areas of material uncertainty arising within four Finance Acts of the introduction of any new legislation;
- on legislation older than the last four Finance Acts - for direct tax legislation, this applies where there is material uncertainty around the tax outcome of a real issue of commercial significance to the business itself, determined by reference to the scale of the business and the impact of the issue upon it.

Draft guidance has been published which sets out the scope of the new service and how to make an application. Local Compliance customers will route applications through a dedicated office in Southend, to ensure effective co-ordination and delivery within the 28 day commitment. LBS customers will continue to contact their CRMs with clearance applications.

We will continue to work with our external stakeholders to refine the guidance, agree the scope of the new service and ensure that we meet our commitment to provide certainty and speed of response to business. We will monitor clearance applications to identify common areas of uncertainty to inform our guidance improvement programme (Proposals 10 & 11), reducing the areas of uncertainty over time.

Applications need to be relevant and focused, and we need to work with business to ensure that only those issues that have the greatest impact on the business concerned are submitted for clearance. Developing a common understanding on this will be an evolving process between HMRC and business.

Proposal 3 – Summary of statutory clearances and contacts

We have updated our website² to ensure that information about clearances and approvals is easily accessible to customers, and the list of contacts is up to date. We welcome your comments on how we can improve this website to be of more use to business.

² <http://www.hmrc.gov.uk/cap/index.htm>

Efficient risk based approach

Proposal 4 – Risk management of business taxes

For our LBS customers:

Our Risk Framework is beginning to make a difference for LBS customers and for HMRC, and we will continue to consult with business as the risk process evolves.

We have Risk Reviewed 97% of LBS customers using the new Risk Review Template. This allows us to respond appropriately according to our degree of confidence that risks to tax compliance are being managed well and openly. We expect nearly 40% of these businesses to be benefiting from low risk relationships by 31 March 2008. We will continue to support them through open dialogue, providing 'real time' certainty on significant issues, and fewer HMRC-led interventions.

We have closed 79% of our historic lower risk open issues, and are opening fewer enquiries going forward, aiming to reduce the number of CT enquiries open for more than 6 months at March 2009 by 70%. The resources released by this new approach to risk are being deployed against higher risk issues and customers. We will continue to monitor our selection of risks to ensure that sufficient resources are focused on our most important and difficult risks.

For our Local Compliance customers:

We have conducted an operational review to define the criteria for inclusion in the LBS, and some LBS businesses are now being transferred to Local Compliance. We will follow the Risk Review that is already in place, and apply the principles of the LBS risk strategy.

We will introduce a risk strategy and guidance, based on the LBS model, from April 2008. Some customers can expect to have a high level of interaction with us, but for many this should not be the case. We will not make assumptions about risk; so initially, where we have not identified 'high risk' characteristics, we will treat all businesses as 'low risk'. By March 2009 we will be able to objectively score the significance of individual risks across all tax regimes, to ensure we focus interventions where they are needed.

To improve our understanding of Local Compliance businesses, their governance, systems and approach to tax risk, we will be launching a programme that will significantly enhance our picture of risk, improving our knowledge management processes, intelligence information and customer insight.

Addressing high risk:

We have deployed specialist resource to work with our highest risk customers. We are engaging at HMRC/Corporate Board level, making it clear that we will challenge artificial and uncommercial avoidance schemes quickly and robustly. We have successfully recovered significant tax and also influenced high risk businesses to consider their position, supporting them to become low risk.

This approach is in accordance with our Litigation and Settlement Strategy: we will treat issues on their merits, contending for the full amount of tax in significant cases where our legal position is strong, and conceding issues when our arguments are not so strong.

We have increased specialist resource, including tax planning consultants recruited from the private sector, dedicated to challenging unacceptable planning arrangements. These consultants project manage discrete high risk areas and disclosed avoidance schemes, use profiling to identify undisclosed schemes, and feed into policy and legislative change. Comparable issues are co-ordinated to ensure consistency.

Challenges ahead:

Our tax professionals are embracing a new culture and new operational practices. We are moving the emphasis towards taking a more holistic view of the compliance strategy and arrangements, and working with businesses to assess generic risk; we will still offer advice to business, and will challenge individual transactions where necessary.

A new project has been launched to work with business to develop a shared understanding of good governance, processes and systems to support tax compliance.

Proposal 5 – A new approach to transfer pricing enquiries

The impact of transfer pricing enquiries is a major concern for large businesses and in December 2007 we announced a new framework for transfer pricing issues, effective from April 2008, which will address risk management and issue resolution.

A new international technical specialism reaches across our operational, economic analysis and policy units. Transfer Pricing Specialists have been appointed centrally and in each LBS and Local Compliance urban location. Specialist training now includes private sector input on commercial awareness and international issues.

Plans for resolving enquiries within 18 or 36 months (depending on complexity) and draft guidance (endorsed following formal consultation) are being finalised. A new internal governance process is in operation, addressing issues of consistency, resource to risk and delivering wider departmental strategic objectives.

Proposal 6 – Risk management of employment taxes

We are making shorter visits to customer premises and, for some low risk customers, less frequent visits and system reviews instead of lengthy manual record reviews. We have replaced the burdensome customer questionnaire with a Risk Assessment Aide Memoire for staff.

An HMRC-wide steering group is providing consistency across employment tax matters. We have improved collaboration between employer tax teams and 'expat' complex personal return teams and set up a specialist team providing support and advice on Share Scheme issues.

For our LBS customers:

Dedicated employment tax specialists, including a team of new Employment Status Inspectors, will be in place to answer technical enquiries, deal with employment issues (such as dispensations), provide employer support, and facilitate the early resolution of contentious issues. We are providing dedicated training and focusing technical expertise on complex and high risk businesses. These specialists will form part of the central team facilitated by the CRM.

For our Local Compliance customers:

We are working towards the delivery of a new employment risk framework which we expect to roll out during 2008, including dedicated specialist teams.

Speedy resolution of issues

Proposal 7 – Managing relationships and resolution of issues

Businesses need to understand the process by which contentious issues will be resolved in a more efficient, less confrontational way, ensuring that mechanisms for dispute resolution work effectively. To a large extent the challenges set by this proposal are addressed by the interdependencies between the other proposals.

For our LBS customers:

We are continually refining how we manage these relationships. Sector Leaders and CRMs were introduced in April 2006, as part of the LBS Operating Model. In December 2006 we published detailed guidance, underpinning the Model, about their role in managing tax risks and resolving issues, including international risks, as part of our response to the Review recommendations.

Initial feedback from business has shown that the appointment of a CRM has had a positive impact on customer experience, with the improvement in their relationship being appreciated. There are still challenges ahead for the management of the customers' tax risks and meeting their expectations for service. The combined approach of risk management with clear lines of responsibility, better commercial understanding and real time working is enabling CRMs to concentrate on areas of greatest tax risk and resolve outstanding issues effectively and professionally, whilst still providing an appropriate degree of customer service and support to low risk customers.

For our Local Compliance customers:

We are introducing Customer Managers (CMs) for those businesses that necessitate most frequent contact, greatest complexity or the highest tax risk. CMs will be in place by the end of May 2008 for businesses transferring between LBS and Local Compliance, as part of our recent operational review. They will be appointed to other appropriate businesses during 2008.

For those large businesses that will not have a CRM or CM, we will continue to manage relationships through our network of tax specialists within multi-disciplinary teams. We are exploring ways of providing single points of contact, and also of clarifying the processes for escalating issues of difficulty.

Proposal 8 – Resolution of historic issues

For our LBS customers:

Action Plans for resolution are now in place across 60% of open issues. We have reduced the number of CT issues open for more than 6 months by 70%: 79% of historic low risk issues are settled; the number over two years old has fallen by 46%, and over four years old by 51%.

Initial feedback has shown that customers welcome our continuing commitment to progress interventions more quickly by actively managing each issue, including the agreement of formal Action Plans.

We have successfully raised awareness of the Action Plan principles across all parts of HMRC, working closely with our technical specialists to ensure that everyone understands their role and responsibilities, and working together to increase concentration on the most significant risks and speed up resolution of all interventions.

Achieving Action Plans for all risks for all of our LBS businesses by 31 December 2007 was challenging and over the coming year we will continue, in partnership with our customers, to develop this and other approaches so that we can achieve further sustainable improvements in the way we progress issues and the speed with which we resolve them.

For our Local Compliance customers:

We are making good progress in agreeing Action Plans to resolve historic issues on all businesses, starting with the oldest enquiries. It is now standard practice to prepare and seek agreement to Action Plans that address the risk and resolution of all new issues.

Clarity through effective consultation

Proposal 9 – A new consultation framework

Effective consultation and dialogue with customers will ensure that their perspective is taken into account in all significant aspects of our work. We value the role that both formal and informal consultation has played in helping us understand the impact of changes and minimise the administrative burden on our customers. We will continue to work closely with business, HM Treasury and other Government Departments to deliver our commitment to effective consultation.

The Consultation Framework published at Budget 2007 ensures that we consult early and often, where possible, allowing time for broad participation. We have published more formal consultations this year than in previous years (30 this year, and 20 in the two previous years), with the majority running for the recommended 12 weeks.

We have a total of 32 Consultative Forums and subgroups, with details published on our website. This dual approach of appropriately targeted formal consultation, alongside the informal consultation that occurs at many different levels throughout HMRC, allows for open discussion on key subjects to go hand in hand with discrete discussions on sensitive issues.

Consultations actively contribute to changes in policy, as demonstrated by the published consultation document: *“Modernising Powers, Deterrents and Safeguards, A New Approach to Compliance Checks: Responses to Consultation and Proposals”*. We were able to identify and incorporate changes to the measure in the light of consultation responses. For example, we will not now be seeking new powers to check CT quarterly instalment payments.

During 2007 our Impact Assessment process was tightened to provide mandatory focus on the impact of significant changes, providing internal challenge on the impact on business.

Proposals 10 & 11 – Improving our guidance

At Budget 2007 we published a programme, agreed with large business, to revise and update the technical guidance of interest to them. The latest update to that programme (Annex B) will be supplemented after Budget day with details of guidance on measures announced in Budget 2008. Details of our enhanced programme will be at <http://www.hmrc.gov.uk/large-business/programme-of-guidance.htm>.

We have implemented a process within our Budget and Finance Bill cycle to ensure policy makers give early consideration to the operational guidance for new legislation. It should be developed in conjunction with large business and issued alongside the legislation, so that businesses understand the impact in time for implementation. We will be working closely with the clearance delivery team to ensure that common areas of uncertainty are identified and the guidance updated.

Proposal 12 – Engaging with business and research bodies

We are working in partnership with HM Treasury, business advisers and academics to support the UK as a good place to do business. We have considered how the UK tax system compares internationally and the extent to which the tax system influences the UK business environment. Our shared understanding will facilitate the changes that need to be made to ensure the UK's continuing tax competitiveness.

We have established a three-tier process to develop a shared understanding:

1. Co-ordinated research projects: regular surveys (Proposal 14) will provide a solid foundation for study into the practical and operational issues that our customers consider relevant to the UK tax administration in a global environment.
2. A panel of expertise on tax administration will enable us to tap into the academic community and provide a resource we can draw on to bring a fresh and international perspective to Government. This panel will include representation from HM Treasury, HMRC and business. It will focus on UK and international tax administrations, deepening our understanding of overseas comparisons and supplementing existing knowledge and research; it will also inform the Business Tax Forum and the Large Business Advisory Board.
3. International research activity: to collate, review and analyse existing international research material for discussion by the new panel. By drawing on the expertise of the panel we will be able to include material not readily accessible and ensure that strategic direction in new research is more focused.

Supported by skilled tax professionals

Proposal 13 – Professional skills and commercial understanding

We have launched a skills survey of our tax professionals and formed a Skills and Resources team to understand the demographics of our current skills base and to predict future needs. This will help us to develop and target the right training. As a foundation for this, we have reinvigorated and updated our training programme in three key areas:

1. New training modules for existing tax professionals in relationship management, project management / issue resolution and commercial awareness, to be rolled out from April 2008.
2. New tax qualifications at foundation, intermediate and advanced level are being developed. Foundation modules to be rolled out during 2008.
3. A Tax Professional Development Programme that will equip trainees with a broad range of knowledge and skills and enable them to address a wider range of customer issues with confidence. The first intake of graduates to this programme will be in September 2008.

With the assistance of a small group of private sector stakeholders we are creating a programme of opportunities for our tax professionals to engage directly with business to improve their commercial understanding and tone of engagement:

- Toolkit - developed with the private sector, to help our tax professionals understand the top five priorities to business, as outlined by customer experience research (Proposal 14).
- Training - new modules with private sector input and delivery, reinforcing the need for customer focus and commercial understanding.
- Joint seminars and other engagement events, building on existing successful events and including a new series of 'Understanding Business' seminars, inviting business to deliver presentations to our staff on commercially relevant topics. Event material will be cascaded through facilitated workshops.
- Experiencing life in the commercial world - we are working with business to improve opportunities for secondments, shadowing arrangements and mentoring. Joint workshops are being developed to cascade these experiences.
- Private sector recruits have been appointed in specific areas: our avoidance specialists, trade sector advisers, accountants, and posts in communications and human resources. These provide a valuable external perspective to inform the programme of change that will put the customer at the heart of everything we do.

Proposal 14 – Structured feedback mechanisms

We have developed a series of initiatives that will provide effective two-way feedback on our relationship with large business:

- Research has been published that provides insight into the large business customer experience and the findings used to develop a communications plan that is driving forward our improvement activities.
- Internal feedback - we will assess and monitor LBS teams and the service provided, considering all aspects of relationship management. We are exploring the feasibility of extending this across all large businesses.
- Independent Board Review - we are developing an annual independent feedback programme that will provide opportunities to establish relationships at the highest level.
- Client satisfaction surveys - we propose to tailor our existing customer satisfaction survey to obtain specific feedback from our large business customers, and provide web-enabled or postal surveys as a route for independent feedback.
- Stakeholder service reviews - we are developing a stakeholder feedback programme involving face to face meetings with key representatives (trade sector bodies, agents and intermediaries). These meetings will provide general feedback on the way we manage our relationship and service delivery.
- Feedback to business - we will provide wider feedback through established departmental forums such as the Business Tax Forum and the Large Business Advisory Board.

3. Measuring our success

Two of HMRC's Departmental Strategic Objectives (DSO) to 2011 are to:

- improve the extent to which individuals and businesses pay the tax due and receive the credits and payments to which they are entitled (DSO 1);
- improve customers' experience of HMRC and improve the UK business environment (DSO 2).

Our DSOs are designed to support the strategic direction of the Department. We will support our large business customers, helping them to pay what they owe, reducing their administrative burden, and make it as easy as possible for them to get it right. To create a level playing field we will deal firmly with those who intentionally avoid their responsibilities.

The Review of Links with Large Business will help us meet these objectives across the large business sector.

To monitor and report progress of operational delivery we are developing a package of measures that will challenge the Department, provide assurance to our customers that we are accountable, and encourage and reward the right behaviours in our staff. We will refine and extend these measures as our implementation plans develop through 2008.

Greater certainty

We will meet our customers' requirements for greater and earlier certainty about the tax consequences of significant commercial issues:

Advance Agreements Unit

- We will provide advance agreements to UK and international business customers which address their requirements for certainty about the tax consequences of significant inward investments and corporate reconstructions, within a deadline agreed with each customer that reflects the urgency of the issue, and achieve 90% customer satisfaction with the process.

Non-statutory clearances

- 75% of clearance applications will be substantively responded to within 28 days of receipt.
- 85% of applicants will be satisfied
 - with the ease and efficiency of the clearance process
 - with the timeliness of the response

- for clearances where HMRC gives a view on the applicant's interpretation, that the response addressed their area of uncertainty.
- We will resource 'real time' support and dialogue, according to business need.

Efficient risk based approach

We will direct our resources towards the greatest risks associated with large business tax compliance while delivering light-touch compliance engagement for low risk customers and issues:

- 40% of LBS customers will be classified as warranting a low risk relationship by 1 April 2008 with an additional 15% benefiting by the end of 2010-11.
- We will deploy resource proportionately against our highest risk customers, and engage with them to influence their approach to tax risk management.
- Less complex transfer pricing cases will be resolved within 18 months, with more complex and high risk cases resolved within 36 months, or a decision made to prepare for litigation.

Speedy resolution of issues

We will actively manage our relationship with our business customers more effectively so that we resolve contentious issues, in partnership with them, professionally and more quickly:

- Action Plans, agreed with the customer, will be used to govern the resolution of all new and historic enquiries from 31 March 2008.
- Reduction in the number of 18 month or older open issues for LBS businesses: from a baseline at the beginning of each year, a set percentage of issues which are 6 months old or more at the beginning of the year will be settled by the end of the year (that is, before they become 18 months old):
 - 2008-09: 70%
 - 2009-10: 75%
 - 2010-11: 80%

Clarity through effective consultation

We will work in partnership with our large business customers to provide clarity through ongoing and effective consultation and dialogue to ensure that we incorporate the business perspective into our work, wherever possible:

- Formal consultations will be undertaken on all key proposals which impact on large business, subject to restrictions imposed by Budget and other confidentiality; 90% will run for 12 weeks, with responses published.

- We will publish details of our consultative forums, including agendas, minutes, meeting dates and a list of member organisations. We will ensure these forums are used to effectively incorporate the business perspective.
- All guidance on new legislation impacting on large business will be developed in conjunction with business, subject to restrictions imposed by Budget and policy confidentiality, and issued alongside the legislation.
- We will publish Impact Assessments for the Review proposals in summer 2008 and September 2009, where appropriate.

Professional skills and customer experience

We will have a staff culture that supports our business customers, and gives our staff the right skills and tools which will allow them to deliver a better customer experience:

- We will demonstrate an improvement in the nature of our professional engagement with customers, measured by customer feedback over time.
- We will evaluate our customers' experience of engaging with us through our programme of feedback initiatives, including further specific research on our customers' experience over the next two years; these findings will be used to drive forward improvements.

We believe that our commitment to delivering across all of these performance measures will challenge our staff to make a real difference for UK business.

Annex A Review of Links with Large Business publications

1. [2006 Review of Links with Large Business \(PDF 217K\)](#)
Pre-Budget Report 2006
2. [Roles and responsibilities of the CRM in the LBS \(PDF 52K\)](#)
December 2006
3. [Making a difference: delivering the review of links with large business \(PDF 1.6MB\)](#) Budget 2007
4. [HMRC approach to compliance risk management \(PDF 1.4M\)](#)
Budget 2007
5. [HMRC consultation framework \(PDF 136K\)](#) Budget 2007
6. [Programme of guidance improvements \(PDF 110K\)](#)
Budget 2007
7. [Statutory clearances and relevant contacts \(PDF 142K\)](#)
Budget 2007
8. [Roles and responsibilities of Local Compliance Customer Managers](#)
June 2007
9. [Action Plans for the resolution of enquiries](#)
June 2007
10. [Making a difference: clarity and certainty \(PDF 620K\)](#)
Progress update; Pre-Budget Report 2007
11. [Tax compliance risk management Guidance for LBS staff and customers](#)
December 2007
12. [HMRC's new approach to transfer pricing](#)
December 2007
13. [Giving certainty to business through clearances](#)
December 2007
14. [Research summary \(PDF 37K\)](#)
January 2008
15. [Movement of businesses between LBS and Local Compliance](#)
February 2008

Annex B Guidance update

Spring 2008

Clearances procedure – Guidance on extension of the clearance process under Proposals 2 and 3

Excise Duty: Drawback (Notice 207) – Updated for previous and new policy changes

Insurance Policyholder Taxation Manual – New regulations on purchased life annuities

Insurance Premium Tax (V2-01) – Update and restructure

Penalties – Guidance on new single penalty regime across taxes from April 2008

Savings and Investment Manual – Minor updates

PAYE & NICS re-categorisation - Guidance to clarify policy when payments to workers are re-categorised as PAYE income

Summer 2008

Air Passenger Duty (Notice 550) - Updated for previous and new policy changes

Beer Duty (Notice 226) – Clarify calculation of duty in specific situations and introduce new guarantee measures for new traders.

Registered Pension Schemes Manual – spreading employer contributions.

Stamp Duty Land Tax Manual - Updating for new legislation and chapter on Scottish Leases, including partnerships.

Tonnage Tax Manual and Capital Gains Manual – Long funding lease and leasing rules

Autumn 2008

Disclosure - Changes to the Tax Avoidance Disclosure regime to improve the identification of users of disclosed schemes

Oil Taxation Manual - Guidance on the range of changes to the North Sea fiscal regime.

Residents and non-residents: Liability to tax in the United Kingdom (IR20)
Update to reflect the new rules on residence and domicile.

Winter 2008-9

A Customs guide for travellers entering the UK (Notice 1) - Changes to travellers allowances (non EU) and lifting of quantitative tobacco restrictions

Duty free ship's stores (Notice 69a) – Reformat and update to include previous policy changes

Excise goods: Holding and Movements, including export shops (Notices 197 a & b) - Reformat and update to include previous policy changes

Inheritance Tax Manual - Pensions and the IHT charges levied

Stamp Taxes on Shares manual – New manual

Excise Movement and Control System project (various) - Update to reflect the new system's legal requirements, and guidance