

# MINUTES

## BUSINESS TAX FORUM

15:00-17:00, Wednesday 3 March 2010  
Auditorium, 1 Horse Guards Road

<b>Chair:</b>	<b>Julian Heslop Melanie Dawes</b>	<b>(GlaxoSmithKline) (HMRC)</b>	
<b>Secretariat:</b>	<b>Kate Ramm Duncan Parish Ian Brimicombe</b>	<b>(HMRC) (HMRC) (100 Group)</b>	<b>Business Customer Unit Business Customer Unit Business Secretariat</b>
<b>Attendees:</b>	<b>John Connors Jean Sharp Ian Menzies-Conacher Tim Voak Kirsten White Keith Cartwright Chris Davidson Jim Harra Judith Knott Andrew Page Claire Gough Mark Holden Jon Sherman David Rogers Erin Robinson</b>	<b>(Vodafone) (Aviva) (Barclays) (Tesco) (Shell) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMT) (BIS) (BIS)</b>	<b>100 Group 100 Group CBI CBI CBI Local Compliance Large Business Service CT&amp;VAT Business International Business International Charity, Assets &amp; Residence Business Customer Unit Business &amp; Indirect Tax</b>
<b>Apologies:</b>	<b>Paul Morton Abdul Nabi Mike Sufrin Richard Summersgill Freda Chaloner Lidia Otero</b>	<b>(Reed Elsevier) (Marks &amp; Spencer) (Rolls Royce) (HMRC) (HMRC) (HMRC)</b>	<b>100 Group 100 Group CBI Local Compliance Large Business Service Business Customer Unit</b>

### 1. Minutes of last meeting and matters arising

The minutes of the meeting held on 1 December 2009 were agreed for publication.

### 2. Report back from International sub-group (HMRC)

- The latest meeting covered a number of items including competent authority and advance pricing agreement issues.
- Although the group covers operational issues rather than those concerned with policy, the meeting also highlighted the launch of the CFC discussion document. ([http://www.hm-treasury.gov.uk/d/cfc\\_discussiondoc\\_260110.pdf](http://www.hm-treasury.gov.uk/d/cfc_discussiondoc_260110.pdf)).

- The sub-group are planning to go out to customers with a questionnaire, supplementary to the annual Large Business Survey, to seek feedback on how international CT issues are dealt with across HMRC.

### **3. Implementing the restriction of pensions tax relief (Business: BTF03/10 Doc3)**

Business presented a paper on the pensions tax relief proposals which were announced at Budget 2009. The proposals have widespread and high-level interest and the paper and ensuing discussion set out a number of concerns around the workability of the proposed changes and the associated impact. There was concern that the details are not clear and it there is no certainty around who will be caught. There are also a number of other alternative options. It was felt that the proposals could potentially spell the end of company pension schemes; employees are not likely to want to be in them if they have to pay tax up front when there is a risk you would get nothing out. Business are keen to work with HMRC on the proposals, particularly in an effort to provide certainty at the beginning of the next financial year.

HMRC responded by thanking Business for their input which would be taken into consideration as part of the consultation which ended on the day of the meeting. A lot of comments had been received from a range of stakeholders and this was appreciated.

It was emphasised that there is no intention to hit people or businesses with undischargeable burdens. The policy is however redistributive as well as revenue raising and the intention is to reduce the amount of pensions relief for high earners. The proposals were considered the most effective way of meeting those aims. All of the comments would be considered before preparing legislation to be included in this year's Finance Bill. However that is not the end of the work, there would be further development over the next six to nine months and the first bills would not be issued until January 2012.

Business reiterated that it would be very happy to input further as options for implementation were developed.

### **4. Refresh of Review of Links (HMRC)**

HMRC presented the emerging outline proposal for the next stage of the Review of Links. This had been developed internally within HMRC and had involved the engagement of many of the Business representatives at the meeting. The work is part of an HMRC effort to pull together an holistic approach to its customers and to bring all of its strategy work into one place. The proposition for large business customers involves development of the existing relationship model for instance by working more in real time where possible. The intention is to share the full refresh more comprehensively and more widely in due course.

BIS confirmed that it the proposal fitted with their own approach. Business welcomed the emerging position and could see the benefits, but questioned whether HMRC had the resource to deliver fully on some of the proposals, particularly working with customers in real-time.

### **5. Large Business Customer Survey (HMRC)**

HMRC presented the emerging results from this year's Large Business Customer Survey to get an initial view from Business members as to whether the findings matched their own experience. The presentation highlighted those areas seen as a priority for customers which included doing things more quickly and being more joined-up. Admin burdens had increased as a concern since the previous year.

Business agreed with the overall scoring and that the priorities identified were the right ones. They highlighted the quality of response not just the speed was important.

#### **6. VAT Claims – progress (Business)**

Business expressed a concern about consistency of approach by HMRC in dealing with Fleming claims and requested clarification around the process.

HMRC explained that the target is to complete decisions on all claims by 31 March 2011. So far 8000 of the 14000 claims made have been processed. The approach will be different for those customers with a CRM to those who are part of the mass market and a lot will depend on when the resources are available, but the CRM should be aware of the sequencing and should be discussing this with their customers. All information requests from HMRC should be completed by November.

#### **7. CT Online Filing Update (HMRC: BTF03/10 Doc2)**

HMRC presented an update on developing CT online filing and iXBRL:

- The IFRS full taxonomy and 'minimum tagging list' were issued at the beginning of January;
- Progress had been made with software developers who are in the process of designing new products. The intention is to hold a software fair later in the Spring to showcase these.
- Pilots are ongoing and have so far been successful. Further pilots are now being set up with key players in several more sectors.

Business were positive about the process to date with both sides feeling they have benefited. The sense was that the engagement with large business had been first rate. However, experience from the pilot had shown that it had required fairly hefty resources, something which may initially have been underestimated. Similarly avoiding any duplication of tagging was raised as a priority.

#### **8. AOB**

##### **Bank Payroll Tax (Business)**

Business highlighted the difference of approach between the work on the Bank Payroll Tax and the Code of Conduct for Banks in terms of consultation, communicating the objectives and dialogue. The comments were noted by HMRC who provided a brief update on the development of the Code. The different circumstances between the two proposals and the differing opportunities for consultation were also noted.

##### **Response to M&S paper on employee benefits (Business)**

In the absence of the author, discussion of the paper was deferred. HMRC will respond by correspondence.

**Meeting organiser: Beverley Duncan 020 7147 3286**