
BUSINESS TAX FORUM

14:00-16:00, Tuesday 1 December 2009
Room G/16, 1 Horse Guards Road

Chair:	Melanie Dawes Julian Heslop	(HMRC) (GlaxoSmithKline)	
Secretariat:	Kate Ramm Duncan Parish Lidia Otero	(HMRC) (HMRC) (HMRC)	Business Customer Unit Business Customer Unit Business Customer Unit
Attendees:	Paul Morton Abdul Nabi Jean Sharp Ian Menzies-Conacher Mike Sufrin Tim Voak Kirsten White Ann Chinner Jim Harra Judith Knott Stephen Banyard Mark Holden Gabs Makhoulf Edward Troup David Rogers	(Reed Elsevier) (Marks & Spencer) (Aviva) (Barclays) (Rolls Royce) (Tesco) (Shell) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMRC) (HMT) (BIS)	100 Group 100 Group 100 Group CBI CBI CBI CBI Local Compliance CT&VAT Business International Business Customer Unit Business Customer Unit Business Customer Unit Review of Tax Disputes Business & Indirect Tax
Apologies:	John Connors Ian Brimicombe Freda Chaloner Keith Cartwright Naomi Ferguson	(Vodafone) (100 Group) (HMRC) (HMRC) (HMRC)	100 Group Business Secretariat Large Business Service Local Compliance Local Compliance

1. Minutes of last meeting and matters arising

The minutes of the meeting held on the 2 September 2009 were agreed for publication. Actions arising: HMRC circulated to Business Tax Forum (BTF) members details of:

- a. membership of the HMT led Liaison Committee on reform of the Controlled Foreign Company (CFC) Liaison Committee; and
- b. membership and terms of reference for the International Issues sub-group.

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

The sub-group's terms of reference were agreed and the minutes from the last meeting will be published on the HMRC web site. The group will focus on and provide informal feedback

on operational issues relating to international tax. Issues already identified for future meetings include competent authority claims, treaty issues and the possibility of teach-ins on business models to improve commercial understanding.

At the first meeting, informal feedback was broadly positive as to the improvements HMRC has made in dealing with international issues (particularly in relation to APAs), and business welcomed the formation of Business International. More structured feedback will be sought in future.

3. India – Double Taxation Agreement (DTA) (Business)

Business raised a concern over the Indian government's proposed new domestic tax code and its impact on all of India's international tax treaties. Business would like HMRC to be aware of the implications and suggested a co-ordinated effort to ensure that it does not adversely impact on the UK-India DTA.

The main concerns are that:

- any business that is effectively managed from India for part of a year could be taxed in India for that year on its worldwide profits;
- that the proposed domestic treaty override provisions create uncertainty and will act as a deterrent to UK Business investing in India;
- it is important that all industrialised countries abide by international standards in relation to the allocation of taxing rights and elimination of double taxation; and
- if there are particular issues with a treaty then the issues should be dealt with bilaterally rather than unilaterally.

HMRC explained that the draft Indian legislation was still out for consultation but that the consultation was due to end imminently. The two possible interpretations of the legislation are that all the tax treaties will be renegotiated at the same time or that there will be some secondary legislation that will mean that all the acceptable treaties will postdate the new legislation. While the legislation is not expected to adversely impact the UK-India DTA, it was agreed that both sides would continue with efforts to ensure that this remained the case.

4. Tax Disputes Review (HMRC: BTF12/09 Doc 01)

The Tax Disputes Review is now complete and its recommendations are under consideration by a sub-group of the Department's Executive Committee. The review makes a number of recommendations in three key areas: avoiding disputes; handling disputes better; and improving dispute resolution.

The primary recommendation is greater use of Alternative Dispute Resolution (ADR) to solve issues between HMRC and Business. HMRC are looking to pilot ADR and would welcome some volunteers from Business to assist.

HMRC is also continuing to develop relationship management with agents and to improve mutual trust with Business customers particularly through the delivery of joint training.

The recommendations fit with HMRC's new overarching strategy which includes focusing compliance effort further upstream through policy design and placing greater emphasis on dispute resolution. HMRC would hope to be able to present the new strategy at the next BTF meeting.

Some consideration has also been given to the relationship between the Tax Dispute Review and the Litigation and Settlement Strategy and how the latter will incorporate the former. Following the discussion, HMRC suggested that Business might be interested in an update on the position in relation to the current litigation pipeline between Business and HMRC.

Business agreed that mediation as a process could help as it allows people to view the arguments from both sides and takes consideration of probabilities. Business are keen to see HMRC being transparent and joined up where they can clearly see how the key decisions are being arrived at and where CRMs and tax specialists work together coherently. HMRC responded that a lot of work is already taking place to achieve that aim.

The US model of dispute resolution was suggested as a good model although there was some disagreement about whether this was the best. It was however agreed that an independent central role was important but that the incentives to settle the case needed to be considered. HMRC would keep business informed of any developments on the work being done on tax dispute resolution. It was agreed that the full report would be circulated to BTF members.*

5. Performance Reporting and Large Business Customer Survey (HMRC:BTF 12/09 Doc 02 & BTF 12/09 Doc 03)

HMRC outlined the Large Business Customer Satisfaction Survey and presented the interim results.

The Department's survey of its Large Business population is used to measure customer satisfaction and progress against the Departmental Strategic Objective 2 (Customer Service). HMRC's current target is "to improve customer satisfaction for large businesses by 3% by 2011." The survey is annual and the score is calculated by measuring the responses to nine questions within the survey.

The interim survey results have shown some that LBS' performance is stable and that there has been improvement within the Large and Complex.

Business suggested that some of the less positive results could not be directly influenced by HMRC such as the pension and Senior Accounting Officer legislation. The particular score around risk to resource may be a result of the differences between the way that indirect and direct tax view risk. The lack of co-ordination between CRMs and the tax specialists may also have caused some poorer scores. HMRC are addressing this last issue by clarifying the roles of the tax specialist and CRM.

6. Taxpayer Charter (HMRC)

HMRC provided copies of the Department's new charter which was launched on the 11 November 2009 following significant consultation, including Business. An external advisory committee has been set up make sure that the charter is delivered. HMRC is currently considering how best to gather feedback on the charter's application. Business thought that the charter had been well consulted on and as a result was a good product.

* Circulated to BTF members on 22 December 2009.

7. Late Payment Penalties (HMRC: BTF 12/09 Doc 4)

Following the powers review work, Late Payment Penalties have been introduced within Finance Act 2009, although the 'turning on' of the legislation will be staggered by regime. The first is PAYE.

A risk-based approach will be used when applying and issuing the new penalties as opposed to the current computer-generated system. In practice this means that HMRC will check their systems to verify which payments were actually late and then issue the penalty.

HMRC is due to launch consultation on the new penalties technical guidance and would welcome any feedback. The introduction of the penalties themselves is being publicised via employers bulletins, but Business also suggested the CRM was a good route. As it is PAYE, presenting the information to the employment industry would also mean that the right audience was targeted.

8. Business Link (HMRC)

BCU's Business.gov Programme (which oversees businesslink.gov.uk), is working to amalgamate all information on government websites of use to business. HMRC presented the results of research into how the site might be used by the large business population and the progress to date.

The aim is to interweave the information and make it as easy as possible to access. For large and complex businesses, businesslink.gov.uk is aiming content and services at individuals within firms rather than the organisation as a whole.

Business agreed that access was important, and highlighted that the most common search method is Google and therefore ensuring that businesslink.gov.uk/HMRC featured highly on Google searches is important.

From a tax technical point of view it is of paramount importance that the manuals can be easily accessed - HMRC noted that these would remain on the HMRC website 'library' for the foreseeable future.

Business felt that businesslink.gov.uk may be of most use in researching a subject that they do not deal with on a regular basis and are therefore not familiar with.

There was also a suggestion that it would be useful to have information updates or 'softer' content which related to personnel changes available on the Internet or via a newsletter.

9. XBRL (HMRC: BTF 12/09 Doc 6)

Since the last meeting, HMRC has delivered a number of workshops and one to one visits and is working closely with representative bodies and manufacturers. The new CT service for online filing has been launched and accounts have been successfully filed. HMRC also highlighted that a number of the software producers have announced dates for delivery of their tools and that some of the accountancy firms are also making solutions available.

In general Business were content that discussions with HMRC had clarified the requirements. HMRC also highlighted that there are discussions underway proposing a two year soft landing provision with relation to XBRL.

Business was concerned about the potential forthcoming IFRS changes (for SMEs) in 2011 and how that will be coordinated with XBRL. HMRC reassured members that it is in close

contact with the ASB and IASB and if any changes are made at that time then they will be phased in sensibly. It is envisaged that templates will need to be adjusted yearly due to changes in accounting practices it is not however expected that they will be re written on a yearly basis.

HMRC offered to visit any business that still had major concerns regarding the process.

Meeting organiser: Beverley Duncan 020 7147 3286