

## **A summary.**

The above consultation paper was published alongside the Budget on 16<sup>th</sup> March 2005. You can see the full paper on the HM Customs and Excise and the Inland Revenue web-sites. The consultation is aimed at small businesses, their intermediaries (such as accountants, payroll providers), business advisors and small business representative organisations. This document summarises the questions you are being asked in the consultation, and the practical details of how to respond and by when.

### **Background.**

The Inland Revenue and Customs and Excise will integrate to form a new department called HM Revenue and Customs (HMRC). The legislation to make this happen, the Commissioners for Revenue and Customs Bill, is currently before Parliament. The new department wants to deliver real benefits to small businesses by reducing the administrative burden the tax system imposes on small businesses, and improving its relationship with them

This consultation looks to find out what small businesses and their advisors need from the new department and what the new department's priorities should be in responding to their needs.

### **The questions small businesses are asked:**

#### *Simplifying forms.*

**Q.1** Which forms give rise to the greatest burdens for businesses, and why? How might they be improved?

**Q.2** Do the existing on-line services offered by Revenue or Customs meet small businesses' needs? What are the main areas for improvement that would encourage more small businesses and their advisors to file returns electronically?

#### *Making payments easier.*

*Businesses should, wherever possible, pay their taxes on time to keep the 'playing field' level for all. There are limits to how far the revenue departments can and should go to accommodate businesses at times of financial difficulty.*

**Q.3** Should the department be doing more to offer modern and flexible payment options for small businesses?

**Q.4** Is the current balance right between providing a level playing field for all, and providing payment flexibilities for businesses?

**Q.5** What might enhance the existing range of VAT simplification schemes available to small businesses?

**Q.6** To what extent do different payment dates for different taxes give rise to problems for businesses?

#### *Tax Inspections*

**Q.7** Would businesses prefer to have one visit to inspect all business records for all taxes, or separate visits for different taxes?

**Q.8** What other steps might be taken to reduce the burdens on business that result from inspections and enquiries?

#### *Improving communication*

*Developing a "Whole Customer View" (WCV). This would offer the opportunity to provide a complete view of a customer's account (amounts of tax due and paid) and a record of all their contacts with the new department, covering both direct and indirect taxes. This would mean that when a small business needed to make an enquiry, or ask for advice and support, all the information needed to deal with the enquiry would be available to the department's staff in one place immediately. The small business or its advisor would have access to the same view of its affairs as the contact dealing with the enquiry.*

**Q.9** How high a priority is delivery of Whole Customer View to small businesses and their advisors?

#### *Services for intermediaries such as accountants and tax advisors (Targeted Services)*

*Around 85% of small businesses are represented by an accountant or other tax advisor. By getting its relationship and range of services for intermediaries right, the new department can deliver efficiencies for small business and for itself.*

**Q.10** How do small businesses and intermediaries prefer to obtain the information they need?

**Q.11** If the department needs to prioritise early action to improve channels of communication, should it focus on a better website, better designed leaflets, or improved phone contact services?

**Q.12** Is having a single view of clients' accounts with HMRC a priority service for intermediaries?

**Q.13** What can the Government do to further reduce the costs of using intermediaries and to ensure that those savings are passed through to small businesses?

*Small businesses as employers.*

*Employers have a range of responsibilities that they are required to administer through the payroll. It has been suggested that some small businesses see payroll as intimidating and complex. Some small businesses may choose not to expand rather than assume the responsibilities of taking someone on.*

**Q.14** What drives the cost of administering the Government's payroll reporting requirements? What are the main implications for employers' resourcing that come with these requirements?

**Q.15** What are the benefits of using intermediaries to deal with payroll? Do these benefits to business always outweigh the cost? Are there best practice examples available that might help small employers attain the optimum cost/benefit balance?

**Q.16** What more can be done to encourage small employers to make greater use of intermediaries to administer payroll or aspects of payroll?

**Q.17** To what extent do businesses artificially constrain their growth as a result of the tasks associated with taking on their first employee? What could be done within the existing tax and benefits system to minimise this?

**Q.18** How can we best encourage small employers to take greater advantages of the benefits of technology? Are there best practice examples available that might help small employers achieve the optimum cost/benefit balance?

**Where to send your responses and the deadline.**

Please send your responses and any comments, by 30 June 2005:

By e-mail to:

Smallbusinessunit@hmce.gsi.gov.uk or matt.nelson@ir.gsi.gov.uk

By post to:

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Tel: 020 7147 3179 Fax: 020 7147 2639	Tel: 020 7147 0385 Fax: 020 7147 0629

Telephone enquiries on this consultation should be made in the first place to either Matthew Nelson or Matthew Little on the numbers above

Paper copies of the consultation document may be obtained, free of charge, from either Matthew Nelson or Matthew Little at the above addresses.