



**HM Revenue
& Customs**

Tax Appeals against HMRC decisions

Tax appeals against HMRC decisions

- HMRC merged Inland Revenue and Customs and Excise with different appeal processes
- Leggatt report in 2001 recommended:
 - Modernisation of all Government tribunals
 - Departments should review cases internally before they reach the tribunal
 - All appeals to be lodged with tribunals
- Tribunals Courts and Enforcement Act 2007

Tribunals reform – main external changes

- New First-tier and Upper Tribunals will cover all HMRC direct and indirect tax matters
- Will take all work from current VAT and Duties Tribunal, General and Special Commissioners and S703 Tribunal
- Current tribunals to end (expected April 2009)
- Onward rights of appeal to the Upper Tribunal (also some JR functions of High Court and Court of Session)

Tribunals reform – HMRC and the Ministry of Justice

- Ministry of Justice and HMRC working closely together to ensure smooth transition
- New system aims to be flexible
- No unnecessary “legalisation” or formality

Consultation

- No changes without full consultation
- Consultation document “Tax appeals against decisions made by HMRC” issued at PBR
- <http://www.hmrc.gov.uk/consultations/index.htm>
- Closes 31/12/07

Consultation

- Covers
 - Background to reform
 - Builds on the Review of Powers recently consultation on Safeguards
 - Consistent approach to internal review
 - Potential for more consistent and aligned procedures

Consultation

- Not covered
 - No changes to existing appeals rights
 - Lands Tribunal or social security appeals

Internal Review

- Leggatt said Departments should review decisions internally before tribunal hearings
- HMRC has both statutory and non-statutory formal reviews in VAT, Excise and Customs Duties
- Income Tax, Corporation Tax etc have no formal reviews process – but cases are reviewed informally before hearings
- HMRC developing options for access to a consistent internal review process prior to tribunal

Internal Review

- Issues
 - How to maximise impartiality
 - Statutory or informal?
 - Mandatory or entitlement
 - What are the benefits and costs of consistency?

Administrative matters relating to appeals

- Appeals currently sent to HMRC, and HMRC manage the hearing lists for General Commissioners
- HMRC will not manage the hearing lists;
 - Need to ensure that disputes can be settled (as now) before the case is referred to the tribunal
 - Accommodate new approach to review
- Issue - how to manage that with minimum of new legislation and practice

Administrative matters relating to appeals

- Time limits
 - Already considerable consistency; more needed?
 - Interaction with impartial review
- Applications eg,
 - Late appeals
 - postponement

Transition

- New tribunal structure expected to take tax appeals from April 2009
- Existing appeals administered as now – but with clear procedure to enable taxpayer or HMRC to escalate to tribunal
- Post commencement appeals new process

- Your feedback very welcome
- Meeting?
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- David Croad 0207 438 6236
- Helen Latham 0207 147 2315

Questions?