



**HM Revenue
& Customs**

Review of Links with Large Business

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Background

- 2006 report
 - Heavy involvement of business, advisory firms and HMRC
 - Range of proposals, supporting 4 key themes:
 - Clarity
 - Certainty
 - Speed of resolution
 - Resource to Risk

Background

- Attractiveness of the UK as a place to do business
 - Common complaints
 - Rates etc.
 - Complexity
 - Administration
- Review recognises need to improve the way HMRC does business with business

Making a Difference: Delivering the Review of Links

- Delivery Plan published alongside Budget 07
- All components on track
 - Budget 07 deliverables achieved
 - Realistic plan for delivery of remainder
 - Update provided on all 14 proposals
 - Advance notice of consultations over Summer 07
- LBAB Oversight

Budget 07 Deliverables: Risk Framework

- Partnership proposition
 - Greater transparency both ways
- Specific work
 - What good governance looks like
 - More detail on ‘significant’ and ‘low risk’
- Consultation
 - Working groups
 - Anyone else – let us know

Consultations

- Two formal consultation documents to be published
 1. Proposal 1: Rulings
Proposal 2: Clearances
 2. Proposal 5: Transfer Pricing
- Target date Mid June
- In line with Consultation Framework
 - 12 Weeks consultation period

Proposal 1: Rulings

- Large, multilateral issues
- Central point of contact if no CRM
- Key questions will include:
 - Testing assumptions on the coverage of the proposal – have we got the definitions around ‘significant’ right?
 - Is the balance between binding rulings and general facilitation correct?

Proposal 2: Clearances

- Extension of existing CoP10 procedures
- Pre transaction or post transaction/pre filing
- Genuine business issues
- Key questions will include:
 - ‘Uncertain’ and ‘Significant’
 - Likely usage
 - How best to improve certainty

Proposal 5: Transfer Pricing

- Project management focus
- Compliance costs also under consideration
- Key questions will include:
 - Nature and timing of information to be provided to HRMC
 - How in practical detail the new approach to project managed enquiries will work
 - Application of Risk Framework

The way ahead

- Input welcome
 - Formal Consultations
 - Consultative forums
 - Ad hoc input
 - Support for Proposal 13b

The way ahead (2)

- Spirit of the review
 - Need to implement change, not proposals
 - Needs movement on all sides
 - Build relationship based on trust and transparency
 - HMRC committed at the highest level