

working *together*

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Disruption to online filing

We are very sorry that some people experienced difficulties using Self Assessment (SA) Online on 31 January and 1 February. Filing using commercial software was unaffected but agents may still have difficulties assessing.

In response to those problems, HMRC announced that any return (whether online or paper) received by midnight 1 February 2008 would be treated as filed on time.

We also explained that where users experienced problems with the SA service on 31 January 2008 or 1 February 2008, and were unable to file by midnight 1 February 2008, we would accept claims for 'reasonable excuse' in the usual way. This means we will remove any late filing penalty and treat the return as filed on time where the problems with the HMRC service were the cause of the delay and the return was filed within a reasonable period afterwards.

Penalty notices for any returns not filed on time are issued automatically and were due to be dispatched on 22 February 2008. However, we have now stopped the majority of penalty notices that would have been issued, and the extension of the enquiry window, for

- online returns filed using the HMRC software on 2 and 3 February 2008
- paper returns received in local offices by close of business on 4 February 2008 (in letterboxes in the morning or arriving by post or by hand during the day – following the Special Commissioners' decision in *Steeden v Carver*).

In a few cases where a return was filed on paper and treated by us as filed by 31 January we have been unable to inhibit the automatic issue of penalty notices. We apologise for this. If you do receive such a notice then please contact HMRC and explain the position and the penalty will be rescinded.

In addition, where a return is filed within a reasonable period, and the delay was due to the problems with the HMRC service, we will also accept appeals on the ground of 'reasonable excuse' and remove the penalty for online returns filed on 4 February 2008, or later, and paper returns filed on 5 February 2008, or later.

The new Agent and Employer Service

Improvement Team

One of our top priorities is to improve our vitally important relationship with agents and employers.

We know that agents represent some 15 million of our customers and that employers act for some 30 million people who pay tax/National Insurance and claim credits. We really value the contribution that both groups make in helping us to deliver our service.

We want to work closely with agents and employers to explore how we can improve what we do to our mutual benefit.

A number of consultative groups already exist and we will work through these, and with agents through local Working Together groups, as well as looking for other opportunities to discuss ways in which relationships with HMRC can be improved.

We have set up a new departmental programme to bring together the work already underway and to align activity across HMRC. The key aims of the programme are to:

- improve service levels for our core services so that agents and employers see a real difference
- improve our relationship with agents and employers locally and nationally
- identify opportunities for structural and process changes that will deliver long term benefits for agents and for HMRC.

Brian Redford is the Programme Director and will lead the new Agent and Employer Service Improvement Team which will incorporate the HMRC Tax Agents and Advisers Team (TAAT), Working Together (WT) groups and work within the employer area.

We are keen to hear from agents and employers about the type of changes they would like to see that will lead to service improvement. We will be seeking opportunities to discuss these at meetings and road-shows over the coming months but would also welcome written or email comments via the Editor.

Upcoming changes to HM Revenue & Customs website

The HM Revenue & Customs website is being substantially updated, with the first wave of changes going live in the spring.

Key subject areas including Self Assessment, Income Tax, PAYE for Employers, VAT, the Construction Industry Scheme and Tax Credits have been rewritten and streamlined so it's easier for customers, and agents, to find the information they need.

The website will also feature a dedicated area for tax agents and advisers accessed from the Practitioner Zone tab, with clearer guidance on:

- agent authorisation
- using HMRC online services for agents
- setting up as an agent for key taxes including Self Assessment, PAYE for employers, VAT, the Construction Industry Scheme and Tax Credits
- the most effective way to contact HM Revenue & Customs as an agent.

Quick links to the most commonly used forms, manuals and detailed guidance will also be included, alongside a substantial reorganisation of the HM Revenue & Customs Library, making it easier for tax professionals to quickly find the specialist resources they need.

All areas of the site will be improved progressively over the coming months, but you'll see the initial wave of changes coming online from May onwards. We will also be adding more specialist, practical content to help tax agents and advisers more effectively do business with HMRC over the next few months.

Look out for the changes as we will be providing an opportunity for you to provide feedback on the revitalised site.

General Tax Practitioners Project (GTP)

We are testing a General Tax Practitioner approach to intervention work in two separate trials.

Our overall aim is to develop a fresh approach to audits and inspections, so that they are less burdensome for businesses, ensuring that customers:

- provide information only once
- spend less time dealing with inspections
- enjoy a single point of contact with HMRC.

The GTP project aims to meet our customers' expectations of a 'joined up department'.

There are two trial teams, the General Intervention Team and the Hidden Economy Team who will test a holistic approach to compliance checks within existing powers and enquiry regimes. HMRC officers will receive cross tax training to provide them with a broad range of knowledge. This will enable them to undertake a selected range of interventions across Employer Compliance (EC), Income Tax Self Assessment (ITSA), Corporation Tax Self Assessment (CTSA) and VAT with the additional support of technical specialists as required.

The Hidden Economy trial team involving 50 HMRC officers will be ensuring that previously unregistered businesses are VAT and EC registered, where appropriate, and have notified chargeability in respect of direct taxes. The pilot is running until May 2008 and has one team in each geographical area.

The General Intervention trial team involving 60 HMRC officers will test a holistic approach to compliance checks carried out on a business for which a common risk of understated profits has been identified. The pilot is expected to run for 12 months (started in February 2008) and there will be two teams in each geographical area and three in Wales, Scotland and Northern Ireland.

Evaluation

Following the trials we aim to:

- evaluate the potential of the GTP approach to reduce compliance costs for both HMRC and its customers
- test our assumptions about customer preferences
- evaluate the effect of the approach on agents and our staff.

New penalties scheme on tax errors

The Finance Act 2007 introduced a new scheme for penalties on tax errors. It is the first major piece of cross tax legislation to emerge from last autumn's Powers Review.

The new scheme will apply to errors on returns for VAT, PAYE, National Insurance contributions, Capital Gains Tax, Income Tax, Corporation Tax and the Construction Industry Scheme for return periods which commence on or after 1 April 2008 with a due or filing date on or after 1 April 2009.

The new scheme brings a consistent HMRC penalty system across the major taxes. It will support those who seek to comply with the law but come down hard on those seeking an unfair advantage through non-compliance.

By taking reasonable care with their tax affairs, our customers won't be penalised even if a mistake is made. Penalties are expected to apply, however, where there is:

- failure to take reasonable care
- a deliberate but not concealed error
- a deliberate and concealed error.

Three levels of penalties could be charged depending on the behaviour that led to the error: up to 30, 70 or 100 per cent of the error.

There can be a reduction in the level of penalty charged for disclosure of errors, and further reductions for the quality of any disclosure.

A consultation on the "Modernising Powers, Deterrents and Safeguards: Penalties reform" ended on 6 March 2008 and can be viewed at

www.hmrc.gov.uk/consultations/index.htm

Further guidance on the new penalties scheme for those taxes outlined will be available online from April 2008.

Local Working Together issues

Technical standard of written replies

An agent contacted us to provide feedback on the technical standard of written replies he had received from our Southend-on-Sea VAT enquiry centre.

A number of the issues highlighted had already been identified by managers at the site and they had reviewed a number of their processes as a result. For example managers have increased the level of quality checks on the written responses and as a matter of course provide a third party review before dispatch for the outgoing replies of all officers who are still in training or new to post.

Additionally we are running a series of VAT Legal and Technical training course for our Southend staff. This involves considerable commitment from our officers with 40 classroom and self study days over a nine month period culminating in a three hour externally marked written exam. The standard is equivalent to that of the Chartered Tax Adviser and the Institute of Indirect Tax.

We are confident that as the programme continues we will have trained officers who have a far greater grounding in the tax field.

HMRC reflect recent case law

The same agent also asked why when providing written advice we often simply refer back to an existing Public Notice, which does not reflect recent case law nor is entirely relevant to the question asked.

We are currently piloting a scheme across all tax regimes where we will give written confirmation of our view of the application of tax law to a specific transaction that a customer can rely on in most circumstances.

Using 0845 numbers

We have recently had a number of questions raised around HMRC's use of 0845 numbers.

We use these numbers because they can be routed anywhere inside the UK. This means we can manage queue lengths, routing calls to the next available adviser no matter where they are geographically based.

0845 calls are charged based on the tariff arrangements you have with your service provider, the type of phone device you use and the location from which you call.

We want to offer the best available service and 0845 numbers help us to do that by reducing call waiting times. We constantly review our policy and practices for handling telephone calls and always welcome feedback.

Debt Management & Banking at your local Working Together group meeting

Debt Management & Banking (DMB) has welcomed the opportunity to be involved in Working Together and in continuing the dialogue between HMRC and key customer groups.

Over the last year, a local DMB representative or a senior recovery manager has attended local meetings where appropriate. We hope you feel the same as us, that these meetings have proved to be a very positive way of helping to alleviate concerns and to establish a better relationship. Agents have tabled queries about our debt management processes and policies. We have been able to cover issues raised and to provide an overview of current initiatives or campaigns where there might be a significant local impact.

The ability to provide a response at a local level is a great asset that Working Together can provide and helps DMB to gain an even more in-depth awareness of issues affecting our customers.

DMB's ongoing and future contribution to Working Together will include providing details of forthcoming debt management operational campaigns and to publicise DMB plans. We will use Working Together to help provide a quick, effective way of explaining our response to unforeseen circumstances such as postal strikes and naturally occurring events such as flooding. Our aim in these circumstances is that agents will then be able to advise their customers who may be adversely affected. In addition, we would continue to seek views on ways in which we may better help customers and to discuss suggestions and options for new initiatives.

Working Together presents a significant opportunity for DMB to gain from local agents' knowledge and to help agents to be better informed as to their clients' choices.

Agent representatives visit HMRC's Central Agent Authorisation Team at Longbenton Newcastle

On September 14 2007, agent representatives from the Working Together Steering Group met at the Longbenton site near Newcastle to discuss the work carried out by the Central Agent Authorisation Team (CAAT). This includes the 64-8 process (the authority which allows HMRC to exchange and disclose information with agents) as well as the CWF1 (the form customers use to notify that they are becoming self-employed and registering for National Insurance and/or tax).

The aim of the visit was to foster a two way understanding of CAAT's processing work, from the viewpoints of both HMRC and tax agents. This understanding should help HMRC and agents work together better in future, essentially improving the service we deliver to our customers.

The agents were also taken on a tour of CAAT and shown the 64-8, CWF1 and CIS processes by staff in the processing teams. The agents were given the opportunity to ask questions about the teams' working practices and discussed issues which affect them. Syndicate sessions with processing staff and agents proved useful in capturing ideas on how HMRC can improve its working practices in the future to make things easier for agents, and how agents can do the same to make sure the end-to-end process runs as smoothly as possible.

HMRC is committed to making the paper and online agent authorisation processes as efficient and user friendly as possible and using all the material collected from the syndicate sessions we are undertaking a review to look at what can be done to improve the situation. Options for short, medium and long term improvements will be considered.

HMRC would like to thank all those who attended on the day and in the next issue of Publication we look forward to hearing from the representative bodies giving their view of the day.

Editor's introduction

I have recently joined the national Working Together (WT) team based in Bush House, London.

I have replaced Greig Rattray who has been working with WT and acting as the Editor for this publication for many years. During his time on the WT team Greig has edited 26 issues of the publication, worked closely with organisers of local WT groups across the country and handled hundreds of local group issues, agents at the coalface and members of the Professional Group – certainly a hard act for me to follow.

Greig is moving on to a strategic role within the overarching Agent & Employers Service Improvement Team and I am sure you will want to join me in thanking Greig for his significant contribution to WT and wish him well in his new post.

A further change to note is that the ATT representative John Kimmer has stepped down and is replaced by Jean Jesty. We would all like to take this opportunity to thank John for his very significant contribution to Working Together and also welcome Jean to the WT fold and look forward to working with her.

On joining the team I have taken over the responsibility of this publication and local WT groups in London & Anglia, and Southern England. I have worked for the Department for 26 years and have a Customs, Excise and VAT background.

As with any Editor I will welcome any feedback or suggestions on areas you would like to see covered in future issues so please do not hesitate to contact me on the details below.

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editorial

Working Together is a partnership between HM Revenue & Customs (HMRC) and CIOT, ICAEW, ACCA, ICAS, ATT and AAT.

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contact details

One of the key objectives of Working Together is to improve two-way communication between HMRC and tax advisers. If you have any comments please contact the HMRC Working Together Team, or your Professional Representative (contact details are below). If you are contacting your professional body, please make clear that your comment is about Working Together or via your local Working Together Group.

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