

# Working Together

## Overview and thanks from Brian Redford and Richard Mannion

Agent colleagues, we hope that a number of you will be aware that the national Working Together Steering Group (WTSG) has recently sponsored a programme of discussion events across the UK. These were designed to provide an opportunity for practitioners and HM Revenue & Customs (HMRC) staff to consider the future model for Working Together as well as a number of technical issues where the thinking around the implementation of operational policies is still being formed.

Can we start by thanking all tax agent colleagues who were able to join us at these events along with their opposite numbers in HMRC. More than 600 people split equally between agents and HMRC attended these events, and their contribution and commitment demonstrated that Working Together continues to be a highly valued discussion forum between the department and the professional bodies, notwithstanding the considerable changes that have taken place since HMRC was formed. The WTSG was delighted the new HMRC Chairman Mike Clasper spoke at the London regional event to express his enthusiastic support for Working Together. You told us there were problems and inconsistencies and offered ideas for the best way of taking Working Together forward to 2009 and beyond.

This special edition of the Working Together publication provides a summary of what you told us across the regional events and will form the basis for a joint report later this year on the framework we would like to see adopted for future Working Together engagement.

It was not possible to stage a series of events that would have allowed Working Together participants in each of the existing groups to attend on this occasion. If you were some distance from one of the event locations or were unable to attend on the day we would still appreciate your comments before we finalise the report on the future of Local Working Together.

Any comments you have can be **emailed to Working Together**. It would be very helpful if you could include 'Future of Working Together' in the email title.

**Brian Redford**, HMRC Director, Agent and Employer Service improvement Programme  
**Richard Mannion**, National Working Together Steering Group Professional Partner

**Links:**

[www.hmrc.gov.uk/workingtogether/contact-details.htm](http://www.hmrc.gov.uk/workingtogether/contact-details.htm)

**Overview and thanks**

**What you said about the regional events**

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- Tribunals reform project (TRP)

- New Ways of Working in Compliance

- Powers and new compliance checks

- New penalties project

## What you said about the regional events

First we'd like to thank everyone who took the time to complete the questionnaire - we collected 276 forms. Although not everyone answered all of the questions, it really is helpful to know what you thought of the day - and your views will help us to shape future events.

Most of you who completed the form thought that the day was valuable and worthwhile although a recurring theme was that some of the workshops were rushed and you would have liked more time for discussion.

### Your feedback

Here's a brief summary of your responses to the main questions on the form. The responses are shown as a percentage of the total number of people who answered the question at all events.

### Thinking about the opening talk and Q and A session led by the HMRC director and agent representative how would you rate:

#### the content provided?

|                                 |     |
|---------------------------------|-----|
| Very informative                | 32% |
| Informative                     | 64% |
| Did not add to my understanding | 4%  |

#### the professionalism of the presentation?

|           |       |
|-----------|-------|
| Very good | 66.5% |
| Excellent | 23%   |
| Fair      | 10%   |
| Poor      | 0.5%  |

### After attending the event do you feel:

#### that you understand the direction of HMRC better?

|                |       |
|----------------|-------|
| Very much      | 26.5% |
| A little       | 61%   |
| The same       | 11.5% |
| No, not at all | 1%    |

#### confident that joint working will improve between agents and HMRC?

|                |     |
|----------------|-----|
| Very much      | 33% |
| A little       | 50% |
| The same       | 15% |
| No, not at all | 2%  |

#### that you have been able to contribute on areas of current interest?

|                |       |
|----------------|-------|
| Very much      | 26%   |
| A little       | 63.5% |
| The same       | 8.5%  |
| No, not at all | 2%    |

### Workshops

Three workshops took place at each event (apart from London where everyone attended two sessions in view of the large number of people involved). The topics covered were:

- new penalties
- new compliance checks (powers)
- Taxpayer Charter
- new ways of working in compliance
- Tribunals Reform.

We also ran a session on Working Together which everyone was asked to attend, and the outputs from that are summarised in the following pages.

Most of you thought that the workshops were relevant and you felt better informed as a result although about 50 per cent of you told us that the discussions were unlikely to have influenced your views.

### Some quotes from your feedback questionnaires

*'Needed more time at each session.'*

*'Not enough time for discussion.'*

*'I do hope that this is not window dressing and that you will really take note of what was said.'*

*'The event was almost exclusively based (in terms of language) on direct tax issues. Coming from an indirect background this can lead to an excluding feeling.'*

*'I was very pleased with the day, well worthwhile. Thank you for all your hard work and thanks to all the HMRC staff who attended.'*

*'General apathy amongst professional bodies - long way to go to resurrect to 2005 standard (pre HMRC structure changes.)'*

*'The speakers were well informed about their subjects'*

*'Too much talking by speaker in one session - and too much jargon used'*

*'Keep talking to us. It works even if it's slow'*

You also gave some very useful specific comments about the future of WT itself on your questionnaires. These are being collated and taken forward in the preparation of the joint report mentioned in the introduction.

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## What you told us about Working Together

At the 10 regional events, we asked the HMRC colleagues involved in local WT to tell us what was working - and what was not working. We then discussed what we heard with agent attendees and asked for views about how WT should look going forward.

We recorded 480 separate pieces of feedback at the events and it is easiest to summarise what we were told around a number of inter-related themes that emerged.

### Building partnerships and relationships

Agents and HMRC staff told us that getting to know each other by meeting locally and face-to-face was a valuable outcome of WT. In the 'going forward' session, we were clearly told that for this reason, those currently involved still see great value in maintaining a local, face-to-face aspect to WT.

### HMRC support

You told us that good support of local WT is vital, both in terms of organising and running the meetings as well as escalating and resolving issues. You told us that current support is patchy, and where it is good it is often provided by dedicated individual volunteers. However, you praised the Agent Account Manager (AAM) and Customer Relationship Manager (CRM) pilots and said that they helped WT greatly and were a good example of the partnership working.

Going forward you asked us to establish proper recognised support for WT and to raise the profile and priority of WT generally within HMRC. You also asked for a much more efficient, open and interactive process for resolving issues.

### Practicalities at local meetings

You shared a lot of best practice around agenda-setting, briefing and other preparation and around meeting disciplines. You said this is most effective where it is done jointly between agents and HMRC. For the future, you asked that we support local groups with clear guidelines,

tools and materials - but that we do not prescribe too tightly and leave room for appropriate local variation.

### Structure and processes

You told us about your frustrations with the national and functional nature of HMRC and how that relates to local WT groups. You said that ground rules had become unclear and that communications had become generally poor. You said that in many groups, agents do not attend in a representative capacity and that there is real doubt that issues brought are canvassed widely enough and outgoing messages reach beyond the attendees.

You felt that WT does not reach a wide enough audience of agents. In particular you said there was a repeated request that unaffiliated agents should be brought in where not already in WT groups. Going forward, you asked us to support groups with much improved and interactive communications and to turn the local WT groups into a proper network so as to improve mutual support and cut down on duplication.

You asked us particularly to set out clear roles and responsibilities for WT both within HMRC and among agents and their representative bodies, so that the WT groups can take real ownership of their efforts.

### Content and purpose of WT meetings

You told us that good local WT meetings can deliver and explain HMRC messages through discussion. They can make a vital contribution to identifying problems early and providing a real understanding of those problems and their impact while recognising that most problems need to be solved at a national level.

You gave us examples of previous significant successes for WT such as the Agent Dedicated Lines which provide faster responses and assured escalation where needed, improving successful first contact and reducing transfers.

Some of you asked for more involvement from the indirect tax side of HMRC - although others asked for it to be kept separate.

You also told us that meetings can sometimes be spoiled by some agents' concentration on inappropriate individual cases.

Going forward, there was enthusiasm for more technical content and joint learning. Some suggested that this should be done in a separate, larger and regional tier of WT. You told us that

in local WT groups there is a ready made consultancy resource for testing new ideas. You echoed the vision in the Steering Group agent's presentation that, with better support, WT has the potential to help HMRC prioritise resources and achieve improvements that make a real difference.

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## Workshop summaries

### Working together on a charter for HMRC and the public

In January, HMRC and Treasury ministers committed to work with stakeholders in developing a new charter.

The previous charters from the old departments had lapsed and there was no single document which articulated what people should expect from HMRC - or what the department expects from them. In addition, respondents to the formal consultation on the HMRC review of powers called for a charter for the organisation.

The charter is only one of the many initiatives that HMRC is introducing to help make things better for the public. It aims to articulate the principles for a stronger relationship between HMRC and the public.

To ensure we have the right output we have adopted a very collaborative approach to the work. Our attendance at the Edinburgh and Portsmouth WT events in October were part of the massive informal engagement we have been undertaking.

We have also been engaging with representative groups, trade bodies and members of the public over the past months to understand the issues they face and how a charter can help to make things easier. We have been attending events organised by representative and voluntary-sector organisations, as well as inviting speakers to our events from those organisations.

Key to delivery of the charter is the commitment of HMRC staff. We have been talking to them through numerous workshops and meetings. It is important for our staff to be fully engaged and for us to understand their concerns.

In addition to the informal engagement, we also published a formal consultation document in June. The process closed on 11 September with more than 40 representative groups, trade bodies and members of the public sending in responses.

The WT events were very informative and have helped us to better understand the issues faced by taxpayer agents.

You told us that the charter:

- should have both responsibilities and rights but not seek to be reciprocal in every sense
- needs to be a high-level document but linked to HMRC standards of service
- should be a single document
- should direct people on what to do when things go wrong
- should live up to the promises - trained and skilled staff with the right attitudes to deliver
- should be easy to access via multiple channels

The key concerns expressed by both groups were:

- attitude and behaviour of HMRC staff needs to be in line with presumption of innocence unless there is good reason to assume otherwise
- inadequate basic accounting knowledge leads to frosty relationships and waste of time
- lack of access to right information and contacts at the right time
- insufficient safeguards for taxpayers when things go wrong - the charter needs to be enforceable when things go wrong

We are taking all these issues on board as we pull together all the information we have received through the first stages of consultation.

### Next steps

The next formal consultation on the draft charter will be launched in January 2009. We expect to announce a launch date in the next Budget. In the meantime we will continue the informal engagement with staff and the public.

### How you can help us

Feed in your views to us and when the consultation is launched, please read it and send us your views.

### Email:

[taxpayers.charter@hmrc.gsi.gov.uk](mailto:taxpayers.charter@hmrc.gsi.gov.uk)

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## Tribunals Reform Project (TRP)

Tribunals reform is an externally driven change affecting all government tribunals, led by the Tribunal Service of the Ministry of Justice. All tribunals (including those currently hearing tax appeals and the tribunal hearing tax credits and Child Benefit appeals) will be replaced by a new two-tier tribunal system:

- The First-tier Tribunal and
- The Upper Tribunal.

Appeals will be heard within specialist 'chambers', with separate chambers hearing tax and social-entitlement appeals. Tax tribunal reform in April 2009 will affect anyone in dispute with HMRC as the existing General and Special Commissioners and VAT and Duties Tribunals will cease.

The TRP team was delighted to be given the opportunity to speak and listen to the agent community. At both the events the team attended, in Manchester and Edinburgh, an update was provided on Tribunals Reform. At each event a 10 minute presentation was followed by a 20 to 25 minute question and answer session, where we were joined by project colleagues from the Ministry of Justice.

The following issues were highlighted by attendees:

- Informality, accessibility and tribunal panel composition.
- Location of the Tribunals Service estate - where will hearings take place?
- Will tribunal panels be composed of people who understand business issues?
- A possible lack of tax law knowledge as previously supplied by Clerks to the General Commissioners.
- Reporting of cases.
- New rules on costs (no costs will be awarded in the vast majority of cases. The tribunal will have power to award costs where either party has behaved unreasonably. The tribunal will also be able to award costs in complex cases unless the appellant indicates before the hearing that they do not want costs to apply).
- Tribunal resources and readiness.

As far as internal reviews were concerned these were the main issues:

- Independence of review, that is will reviews be made by inspectors not involved in casework? (This is confirmed - reviews will be carried out by trained internal reviewers who will not be linked to the caseworker or their manager)
- The use of review as an avenue to test the strength of a case.
- Will internal review be fair and reasonable bearing in mind materiality and commerciality?
- The impact on the status of Extra Statutory Concessions (outside the scope of the project).

The TRP team was pleased with their reception and agent attendees found that there was a good overall balance and connection between powers and safeguards. The WT events also served to reinforce the excellent ongoing cross-departmental and stakeholder working in preparation of the introduction of tribunals reform and internal review.

If you would like more information about tribunals reform in HMRC and internal reform, please [email the internal review](#) or [visit the TRP web pages](#).

### Links:

[internal.review@hmrc.gsi.gov.uk](mailto:internal.review@hmrc.gsi.gov.uk)  
[www.hmrc.gov.uk/about/tribunals-reform.htm](http://www.hmrc.gov.uk/about/tribunals-reform.htm)

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## New Ways of Working in Compliance

The 'New Ways of Working' approach gained widespread support from Working Together audiences while at the same time providing challenging and sometimes critical responses.

Our WT partners demanded an assurance of consistency of treatment in relation to new and existing intervention activity. (What we might term as traditional one-to-one enquiries were perceived by some to be inconsistently undertaken and hugely dependent upon location and the officers' expertise.)

The importance of identifying the non-compliant was seen as paramount and HMRC's desire to actively encourage and support voluntary compliance was welcomed. But doubt was expressed as to how seriously and effectively

we tackled the hidden economy and that there was a belief within agent's client base that HMRC was ineffective in identifying those individuals operating 'off book', to quote one delegate. Assurances that these were being tackled by Hidden Economy Teams may not have fully convinced all.

The risk-assessment process proved to be a hot topic, with a positive reaction to the proposed sharing of workflow processes to aid the process. Some agents weren't sure how they could 'sell' this to their clients and were concerned that we didn't create a two-tier system - that is, those 'on the list' and those not. They welcomed any initiative like our 'open and early dialogue' project where we are trialling the effects of sharing risk assessments and encouraging early dialogue with agents and customers.

However they believed that we made insufficient use of third party information and wasted time with what many perceived as unnecessary randomly selected enquiries. Popular misconceptions were that 'smaller customers were picked on' because we were unwilling or unable to address more complex cases.

Our desire to appropriately and effectively undertake compliance activity across all of our business streams was challenged by some - the majority citing a lack of commercialism and the perceived application of overly simplistic risk criteria. Pleasingly, however, our desire to design and implement a full range of responses to address different behaviours was welcomed. Most delegates were also reassured to learn that in undertaking, for example, telephone interventions for non-complex single risk issues the agents would not be bypassed and that data protection (a recurring theme as one might have predicted) was a paramount consideration.

While many recognised our efforts to achieve cultural change, some delegates thought we were sometimes overly confrontational and underestimated - as one delegate said 'The massive negative impact of one rogue officer' due to 'a lack of management control'. Others felt more consultation was the key to achieving change and - despite references to the Compliance Reform Forum - many agents believed the level of meaningful consultation to be low or non-existent.

HMRC's commitment to training was acknowledged and welcomed but many agents felt levels of professionalism had fallen and could undermine our initiatives. For example the Revenue & Customs Advice Teams were vital to

our education strategy but some doubted our ability to achieve quality and consistency. Similarly, the prospect of reduced customer burden flowing from the deployment of General Tax Practitioners was welcomed but some queried what they could realistically achieve given the increasing complexity of our work.

If people have further feedback they would like to give following this article, please send it via the [WT email address](#).

#### Links:

[www.hmrc.gov.uk/workingtogether/contact-details.htm](http://www.hmrc.gov.uk/workingtogether/contact-details.htm)

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## Powers and new compliance checks

The Compliance Checks Implementation Team attended the events in Birmingham, London, Belfast, Bristol and Cardiff to present sessions on new HMRC powers. We received a great deal of useful feedback. The main themes and issues that arose were:

#### Announced and unannounced visits

There was still a concern that HMRC could use or even abuse this power across all direct tax interventions. In particular, agents wanted to receive notice of all visits, and asked whether there would be a legal obligation for HMRC to provide this. They also sought assurances that visits and other powers would be used reasonably and proportionately to suit the particular case.

Agents asked that their clients should have clarity about their rights, and exactly what HMRC could look at and remove during visits. They expressed a fear that HMRC would interpret the right to remove documents as a 'power to seize'.

#### Safeguards and authorisation

While there was clear recognition that the new powers would need to effectively address fraud, for instance in the hidden economy, we were asked to confirm that safeguards would be clear and open. Agents also wanted the authorisation levels that would apply to the new powers to be clear and open.

#### Specific definitions

It was felt that there are a number of key words that would require clear definition in any operational guidance. This included terms such as 'reasonable', 'business premises', 'dual residence' and 'statutory record'.

## Education

We were asked by agents to ensure we take advantage of the opportunities we are offered by the new powers (particularly visits) to educate their clients. Agents felt that we should seek to educate and ensure that if things are being one incorrectly this is put right both now and for the future.

There were a number of less frequent but important themes that arose in the meetings:

- The old and new legislation will run alongside each other. What will the impact be on each by the other? There is a need for us to be quite clear about this as it was felt to be a potentially confusing area and one that HMRC should address.
- There is a need for HMRC to be cautious in its initial use of the new powers. Agents felt that there is a lot of learning to be done on both sides. Indeed, some of the powers should and will be tested in the courts and best practice can only develop over time.
- Continuing dialogue and working together was seen as a way forward in ensuring that the compliance checks are brought in with the least disruption to business and in the most effective and positive way for HMRC.

## Summary

We were grateful for the opportunity to hear so many views from agents and HMRC colleagues alike. We understood people's central concerns around safeguards and rights and the clear desire for us to use our powers proportionately and reasonably.

You asked us to explain in greater depth the precise nature of the various practical and operational scenarios that the new powers will operate in, and we were able to assure agents that the team would be exposing all guidance and learning products ahead of publication.

We will be happy to hear further views following this article, please send them via email.

## Email:

[Compliance.checks@hmrc.gsi.gov.uk](mailto:Compliance.checks@hmrc.gsi.gov.uk)

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## New Penalties Project

The project team has always placed a premium on being able to explain the new penalty system face-to-face to key stakeholders, and receiving practical input about its implementation. So we were delighted to have the chance to listen to the ideas and concerns that agents and our own compliance staff expressed and to answer questions.

### Consistently applying penalties

At every event we attended, agents questioned whether the department would be able to apply the new penalties consistently and fairly - a concern also echoed by some HMRC staff.

It is a concern we plan to address through:

- the in-depth learning available to staff from February 2009
- the Operational and Process Guidance (OPG), which we will publish on our Internet site and intranet in February 2009.

We will obtain feedback from both staff and agents on both the learning and guidance before they are finalised.

Our approach is that no penalty will be issued before an officer with appropriate experience and training has checked that the compliance officer has applied the policy consistently and fairly.

### 'Reasonable care'

The idea that we should take into account the abilities and circumstances of the person when deciding whether they had taken reasonable care sparked lively debate in most of the workshops.

One workshop in London argued that we should drop this approach, and make the new system more black-and-white to make it less complicated. But most people agreed we should take into account the abilities and circumstances of the person and thought this was one example of how the new system was better. However, they were concerned that this would be subjective, and lead to many arguments between HMRC and the taxpayer or adviser.

There were requests that we better define what 'reasonable care' means and that we provide more examples.

### HMRC advice

The other major concern expressed in most of the workshops was how a taxpayer could prove that they had followed HMRC advice, particularly advice given over the phone. Although calls are taped, many agents felt that the advice lines should follow the example of the National Advice Service, which handles VAT calls, which gives each call a unique reference number.

### Other concerns and ideas

Agents and staff flagged a wide variety of other issues including:

- Will we make the learning we develop available externally?
- Scepticism about the ability or desire of clients to check an agent's work - 'That's what I pay you for.'
- Widespread concerns as to how well taxpayers would be able to select a competent adviser
- Taxpayers are scared to approach HMRC so won't want to seek advice about unfamiliar transactions

- Who do you tell in HMRC if you do have doubts about a particular tax treatment?
- Will a compliance officer have the authority to negotiate if someone else is going to authorise the penalty?
- Will we define what we mean by 'significant' - in the slide on 'Reasonable care - complex affairs' we state that a person is treated as having taken reasonable care if the effect of the inaccuracy is not 'significant' in relation to the overall tax liability.

A big thank you for all the input - you've given us plenty to think about. And if you've got any further ideas or queries, please email us through the new penalties mailbox. We'd be delighted to hear from you.

### Email:

[new.penalties@hmrc.gsi.gov.uk](mailto:new.penalties@hmrc.gsi.gov.uk)

## Editorial

Working Together is a partnership between HMRC and CIOT, ICAEW, ACCA, ICAS, ATT & AAT. Letters on any article appearing in this publication should be sent to the editor Kim Nicholas, Agent & Employers Service Improvement Team, 7th Floor, North SW Bush House, The Strand, London, WC2 B4RD or by email [kim.nicholas1@hmrc.gsi.gov.uk](mailto:kim.nicholas1@hmrc.gsi.gov.uk) or to your professional body. Back issues can be found on the [HMRC website - WT Publication](#) ([www.hmrc.gov.uk/workingtogether/publications/index.htm](http://www.hmrc.gov.uk/workingtogether/publications/index.htm))

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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 or your local Working Together Group, please make clear that your comment is about Working Together.

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