

Working Together

The new Working Together (WT) model - News from your Steering Group and the National Working Together Team

We have just finished the series of workshops to launch and explain our new model to the local groups. During April and May, we met agents and HMRC colleagues in Cardiff, London, Norwich, Newcastle, Perth, Southampton, Oxford, Liverpool, Manchester, Birmingham, Exeter, Nottingham, Hull, Leeds and Belfast. Our aim was to speak and to hear from representatives from all 64 current local groups. There were a few groups who could not send representatives to the workshops and we plan to visit those groups as soon as we can.

These workshops followed on from the series of events run in the autumn when over 600 agents and HMRC staff gave their views on how Working Together (WT) was working, and their suggestions for its future. This feedback was used to design a new model for WT. We published a report with our proposals for the new arrangements in December and we have spent the last few months developing processes and tools and clarifying the various roles and responsibilities. All of this will be captured in a new WT Pack, where you'll be able to find all of the guidance you need for WT.

[View proposals for new model for WT](#)

With the support of agent representatives from the WT Steering Group (at least one of whom attended each event) we designed the workshops to explain the renewed focus on the WT core purpose - the removal of grit from HMRC operational systems. We also discussed the key role that local groups will play in the future. The attendees worked through exercises to experience and provide feedback on the new processes and the part that members of the group will play in those processes.

The events have been a great success from our perspective. You told us that you were broadly happy with the fundamental structure and processes of the new model but you also suggested some significant improvements which we've taken on board. Our discussions with the various groups really sharpened our understanding of what is needed and we also received excellent suggestions on how we can check that the new system is working, and monitor progress. Our thanks to everyone who attended and took part in the sessions so enthusiastically.

Our proposals for considering and referring new 'issues' (grit in the system) to the National Team met with such approval that we are introducing them as interim guidance right away. This will enable us to test and refine them while the rest of the system is being readied for a full launch. It will also help us with what is the greatest practical challenge HMRC faces, the development of the IT platforms and tools to enable the local groups to effectively resolve some issues for themselves.

We face other challenges too. We need to make sure that we properly support the local roles, and agents have clearly asked both the professional bodies and HMRC to support their efforts at creating and running the local agent networks we need if WT is to be successful. All of that work continues. We aim to publish the new WT Pack in July, and formally start operating the new model in late September or early October.

The best outcome of the recent events has been the renewed determination they have given us to finish this work and finish it well. The enthusiasm and ability we encountered around the country convinced us that WT really can

1 Local Working together

R40 tax repayment form process, Self Assessment (SA) identifier on clients' bank statements

2 National Working together

The National Claims Office, How to get your agent code and how to look after it, Extending the Agent Account Manager/ Customer Relations Manager Service, Downloadable payslips

3 Updates from HMRC

Delays in making SA repayments through security checks, Debt Management pilot with Debt Collection Agencies, Reducing the administration burdens for our customers, Simplified VAT Partial Exemption rules, Budget 2009

become a powerful engine for sponsoring and prioritising operational improvements to the benefit of HMRC, agents and all of HMRC's customers.

Links:

www.hmrc.gov.uk/workingtogether/publications/future.htm

1 Local Working Together

Local Working Together (WT) is a forum for HMRC officers and tax practitioners to meet locally to discuss topics of mutual interest and raise issues.

[Find a local group near you](#)

Links:

www.hmrc.gov.uk/workingtogether/contact/local-directory.htm

R40 tax repayment form process

WT in Scotland referred an issue asking for confirmation of the process for R40's when no 64-8 is in place. Further investigation revealed that our internal guidance was ambiguous for staff. As a result, HMRC's internal guidance has been changed to advise all our claims staff that when an R40 is received from an agent and no 64-8 is in place, they are to continue to make the repayment as requested and send any correspondence/calculations directly to the customer.

Self Assessment (SA) identifier on clients' bank statements

You told us that the use of 'SA' on customer bank statements to indicate a credit to the account was often confusing. We changed this from 19 March 2009, and your clients should now see 'HMRC SA' on their bank statements for payments that are credited to their accounts.

2 National Working Together

The HMRC National Working Together Team co-ordinates the partnership with key agent representatives and is the central point for issues submitted by the local groups which are of national significance. The team meets regularly with the Working Together Steering Group.

[Read the minutes of the Working Together Steering Group](#)

Links:

www.hmrc.gov.uk/workingtogether/sg-minutes.htm

The National Claims Office

A little bit of history

The National Claims Office is based in Leicester and deals with repayment claims of individuals who do not have a PAYE or SA source of income. Repayment claims for individuals who do have a PAYE or SA source should be sent to the office which normally deals with their tax affairs.

Up until the early 1990's each local Tax Office had a small claims section, usually no more than two members of staff, who would deal with claims for repayment from individuals, pension schemes, clubs and associations. The repayments were from tax deducted from dividends, trust income and other investment income.

The Composite Rate Tax deducted from bank and building society interest, which was non-repayable, was abolished with effect from 6 April 1991 (Finance Act 1990 Schedule 5). This meant that tax deducted from bank and building society interest would be repayable from this date and there would be a large increase in the number of claimants.

We therefore reviewed the way claims were being handled and decided that 24 dedicated claims offices would be set up nationwide to handle repayment claims from individuals with investment income. The IRO (Inland Revenue Office) was born. Repayment claims for pension schemes, clubs and associations remained with the local offices.

On 6 April 1999, tax deducted from dividends became non-repayable to individuals and this reduced the number of claims being handled by the IROs. The number of IROs was then reduced

from 24 to 5 and in April 2007 all the claims work was centralised in the National Claims Office in Leicester.

Improving our service to you

Several agents contacted the WT network complaining about the confused treatment of claim forms R40 when no 64-8 is in place. We are pleased to let you know that we have updated our guidance to advise our staff that where an R40 is received from an agent and no 64-8 is in place, they are to continue to make the repayment as requested and send any correspondence/calculations directly to the customer.

We would be very pleased to hear from agents (via WT) about anything we can do to improve the service provided by our National Claims Office. For example, would it help if we changed our records to show the latest reference used on your correspondence, or is the main part of your client reference number sufficient for you to trace?

How you can help us

Here are a few things you can do to help us to provide a better service. We would appreciate it if you would consider these when dealing with 'claims cases':

1. If you need to send in a 64-8 for your client, please send those for claims cases directly into:

National Claims Office
Saxon House
1 Causeway Lane
Leicester
LE1 4AA.

This is a different process from the main agent authorisation route where requests should continue to be sent to the Central Agent Authorisation Team (CAAT) in Longbenton. If they are sent to the CAAT office it will cause delay and has led to SA records being set up in error. Without the completed 64-8 being on file at Leicester, HMRC are unable to give you any information regarding your client.

2. If you are sending in a payment for a claims case, possibly for a one-off capital gains liability for instance, please put the full claims reference on the back of the cheque as well as the National Insurance number. This will ensure the payment is correctly allocated.

3. Please quote the full claims reference in all communications. Since Leicester has taken in all the claims cases from around the country certain parts of the reference have been duplicated. It is only the full reference (three digit prefix followed by up to two alpha characters followed by up to five digits) that clearly identifies each individual claimant.
4. Box 1.5 on the R40, which indicates if a capital gain has been made in the year, is often ticked automatically by some software packages where no capital gain has actually been made. This can cause lengthy delays in dealing with the repayment as we have to issue supplementary forms for details of this apparent gain. If you are aware that your software package does this, please advise us to disregard the entry in a covering letter.

How to get your agent code and how to look after it

We have heard through the WT network that some agents are unsure about how to get and use an agent code, and that they have been experiencing difficulties in contacting their Agent Maintainer (AM). In order to improve the service currently being offered we are working on centralising the AM role to give you a single point of contact within a specialist team who will be fully familiar with the AM process. More information on this will follow later this year.

In the meantime, we thought it might help to set out how agent codes are allocated and looked after at present.

Agents acting for customers within the SA and COTAX systems are allocated national agent codes (sometimes referred to as an agent reference). These systems are independent, so for each agent, there will usually be a different code for SA and COTAX. The relevant code is entered on your client's record within our systems and records. Once you have an agent code it should be quoted on all 64-8s that are submitted. This will help us to process them more quickly.

How your agent code is allocated

New agents are allocated codes within either or both the systems (SA and COTAX) in two ways. You can contact the processing office which covers your geographical location and ask the AM to set up an agent code. Alternatively a code will be allocated by CAAT on receipt of a first 64-8 from an agent who is not already registered

“centralising the AM role to give you a single point of contact”

“support agents by highlighting faster and more efficient ways in which they can work with us”

with HMRC. Once a new record is created the code allocated by the system will be notified to the new agent by the AM. The codes can also be found on computer generated outputs that we send to you.

The agent codes are based on the agent name and address details held in each of the two computer agent files, and it is the AM who is responsible for creating agent records within the SA and COTAX systems and keeping them up to date. This includes amending details of names and addresses etc on the records, noting if an agent has ceased, or reactivating one we have previously noted as ceased. The AM will also note the records if an agent's business has been succeeded by or merged with that of another agent. We currently have an AM in each of our Self Assessment (SA) and Corporation Tax (CT) processing offices.

The SA or CT processing office is not necessarily a local office and there will be different offices for SA and CT. The easiest way to find the right office and therefore the AM is by telephoning the Agent Dedicated Line (ADL).

Get details of the Agent Dedicated Lines (ADL)

If your address or any other particulars change you will need to contact the AM for your geographical location. You will only need to give us the new details once. The records of all clients within SA and COTAX will be automatically updated with your new address. However if you have PAYE clients who are not in SA, their records cannot be updated automatically, nor can those for employers. For these cases you will need to provide the AM with a list so that each record can be updated manually.

For COTAX there is also the option of notifying a change of address online.

How to notify a change of address

Please note that your agent codes are also used to register for SA and COTAX online services. Agents who already have clients within SA or COTAX but do not know their agent code can obtain this by calling the ADL - it is not necessary to contact an Agent Maintainer for this purpose.

Obtain your agent reference to register for PAYE Online

Links:

www.hmrc.gov.uk/agents/contacting-effective.htm#1
www.hmrc.gov.uk/manuals/commanual/jumps/jump00462.htm
www.iragentreg.gov.uk/agentreference/agent_registration.htm

Extending the Agent Account Manager/ Customer Relations Manager Service

The Agent Account Manager (AAM) and the Customer Relations Manager (CRM) provide a service we have designed around the needs of agents. The original pilots were established through consultation with professional bodies and have helped agents and HMRC to work together more effectively.

Introduced in February 2008, the CRM pilot is a reactive service that aims to resolve processing issues after you have exhausted regular channels of communication. This service, which is being tested with agents in the Cardiff, Glasgow, Liverpool, Manchester and Newcastle postcode regions, has received positive feedback from agents and employers involved. We want to test the capacity of the service we provide and we're therefore inviting more agents to take part in our trials.

Read more about the CRM pilot service

The role of the AAM pilot was, when introduced in September 2007, in a similar vein to the CRM, offering a reactive service to agents who could not resolve problems after exhausting regular channels of communication. Since then the role, which has been tested with agents in Ipswich and Edinburgh, has widened to work proactively to help agents in a variety of areas.

This does not mean that the AAMs will turn away requests for assistance. Indeed via the reactive service the AAMs do not only resolve issues, they endeavour to support agents by highlighting faster and more efficient ways in which they can work with us. When answering an enquiry, the AAM will, where appropriate, explain how and why something has not progressed as smoothly as it might have done to help the agent with future clients. Email responses will provide links to HMRC guidance and forms to enable agents to find the information for themselves in the future.

The core focus of the AAMs is to work with the agent community. With support from professional bodies the use of the AAM as a proactive source of education and assistance for agents is now being realised. As part of their expanding role the AAMs will also endeavour to contact and assist those who may need a little extra help to work effectively with HMRC.

Through attendance at and participation in WT events, the AAMs are able to listen to agent concerns and quickly escalate these to national teams for resolution. Equally, the national teams are able to contact the AAMs to find out what major issues are being raised at a local level.

A further key strand of the AAM's role will be the support and facilitation of HMRC initiatives and products aimed at the agent community. We are, for example, currently trialling a number of new compliance assurance tools and the AAMs will be promoting these and providing assistance to those agents who have kindly volunteered to take part in the trials.

Praise for our current AAMs and CRMs has demonstrated the value of this service to the agent community. And, for us, the service provides an insight into agents' issues and assists working together. We will therefore be offering the AAM and CRM service to more agents across the UK in the coming months.

It may be the case that an AAM will contact you in the near future or start attending your local WT event. If so have a chat with them. They are here to help make life easier for you when you deal with us.

Links:

www.hmrc.gov.uk/agents/contacting-effective.htm#6

Downloadable payslips – new version to be published soon

We'll soon be publishing an updated version of the downloadable payslip (Form SA 361) for SA payments due by 31 July. Please keep an eye on latest news on the agents and advisers pages of the HMRC website if you need to use this form.

Latest news for agents and advisers

Don't forget, however, that you can pay by Direct Debit online. This saves the customer having to pay postage and allows them to set up their payment early for collection on the due date. The customer has to be registered and enrolled

for SA online. If they already have a Direct Debit Instruction (DDI) set up for payment of SA, then their payment can be created as late as 28 July. If not, the customer must set up the DDI and payment no later than 26 July. We would of course recommend that the customer does not leave it as late as that. They have the facility to amend the payment amount online up to 28 July.

You can find all the information you'll need about paying online by Direct Debit on our website.

Paying HMRC

Links:

www.hmrc.gov.uk/agents/news.htm

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

3 Updates from HMRC

Delays in making SA repayments through security checks

We know that over the last few months, SA customers have been experiencing delays in receiving SA repayments and documentation indicating that a repayment has been made has confused the position. For some customers these delays have been substantial and in the current economic climate we know that delays in making repayments can have a significant impact on cash flow for businesses. We are sorry that this position has arisen and we are working hard to reduce the period between a repayment being agreed and it being issued.

The delays have been caused by a combination of a very much sharper peak of repayments in January and February, arising from the move to greater online filing, and more repayments being selected for our security checking processes.

HMRC uses an automated risk based process to identify which repayments can be immediately released and selects those which require further (manual) checks. The majority of SA repayments are immediately released. Similarly, the majority of repayments selected for manual checks pass those checks and are released for payment. But it is at this manual check stage that the delays are occurring. It is only during the course of the manual check stage that the previous

history of the customer can be considered, for example, that a repayment relates to a customer with a long established business. We are looking to see how we can automate some of the manual checks that we currently undertake to improve throughput and the speed with which the repayments are cleared.

Unfortunately the solution to this problem is not something that can be completely solved by streamlining the process further. In common with commercial financial organisations, we face attempts by individuals and organised criminals to steal from us and it is therefore crucial that we have robust processes to protect the Exchequer. We do have the processes both to prevent attempted repayment fraud and to investigate and prosecute successful fraud. For obvious reasons the details of these processes cannot be made public. But we naturally have to satisfy ourselves that a repayment is in fact due and due to that person. We have specialist teams who examine risks, identify threats and ensure that any remedial action is taken to counter risks. In response to some security threats, we have had to increase the proportion of repayments selected for manual checks and the complexity of those manual checks. These additional security checks may, as currently, delay some repayments.

We are seeking to strike a balance between issuing repayments as quickly as possible for the benefit of customers and ensuring that we protect the Exchequer. We do aim to deal with repayments as quickly as possible. The majority of repayments are not delayed by the security check processes.

Allowing for all our other priorities we have brought as much resource to this work as possible. Over the last few months we have dealt with 90 per cent of those repayments selected for manual checking within 30 days. At the end of April that position had improved to between two and three weeks. The introduction of more automation in the next few weeks will cut that period further.

We also know that customers have sometimes been misled by SA outputs, including online filing messages that indicate that an SA repayment has been issued. These outputs and messages are necessarily generated further up the process from the point where the checking processes operate (ie, before any cases have been selected for manual checks). The SA Statement does include an explanation that repayments may be selected for further checking in the notes on the reverse of the form, but this is often overlooked. Any significant delay between a message

indicating that an SA repayment has been issued and the actual issue of the repayment may create additional work for tax agents (and may, indeed, undermine a customer's trust in an agent). We are looking at the changes we can make and over what period to make these messages clearer and will work with professional colleagues on the WT Steering Group to confirm priorities for the changes we propose.

We are sorry that this position has arisen and we will improve the situation in both the short term and the future, but we hope this explanation of our process will help you in managing your client's expectations.

Debt Management pilot with Debt Collection Agencies

As part of our work to improve how we manage debt collection in HMRC, this month we are starting a pilot to test the benefits and impact of working with private sector Debt Collection Agencies (DCAs). The pilot will run for six months and will include a full evaluation, which will inform our longer term business decisions.

The DCAs will take some debts across a range of taxes and ages of debt, covering both businesses and individuals. The DCA will be involved in resolution work only, and will not do any home or face to face visits or litigation work as part of the pilot. Ahead of referring any debt to the DCA we will send a letter to the debtor explaining what is about to happen and giving them a further opportunity to pay or reach an agreement with us. The security of customer data will be paramount for the pilot.

As part of the pilot we will also be looking at the way DCAs work and consider what we can learn from them to improve the efficiency and effectiveness of our internal debt collection activities.

We would welcome any feedback you have about the pilot.

Contact: Anne Hassall
Anne.Hassall@hmrc.gsi.gov.uk

Reducing the administration burdens for our customers – our progress

Agents have been telling HMRC for some time that simplifying systems for their smaller business clients would help agents to submit accurate and

“we naturally have to satisfy ourselves that a repayment is in fact due and due to that person”

timely returns for their clients, as well as reducing agents' overheads. One of HMRC's key objectives is to reduce the administrative burden placed on business in complying with the UK tax system. We hope that agents find the following update on progress against those objectives helpful. At the 2006 Budget, the department announced the following targets:

- to reduce the burden on businesses of dealing with HMRC's forms and returns by at least 10 per cent over five years
- to reduce the burden of dealing with HMRC's audits and inspections by 10 per cent over three years and at least 15 per cent over five years.

The 2009 Budget report shows progress against the targets as well as what HMRC is doing to support businesses in the current climate.

[View the 2009 Budget report](#)

Since the targets were introduced we have made good progress. Here are some examples:

- From April 2009, the Income Tax Self Assessment three line account turnover limit has been increased to permanently align with the VAT threshold. This means a significant majority of the SA business population will be able to benefit from simpler reporting.

[Read about simpler reporting for Income Tax Self Assessment](#)

- A free online Tariff for businesses involved in import and export is now available. The tariff was previously only available in hard copy purchased from HMRC. This saves customers the £250 subscription fee.

[View the Tariff](#)

- From 6 April 2009, an employer will not be required to send in a P46 (Car) when one car is replaced with another.

[Report start or change of car benefit on form P46 \(Car\)](#)

- An Annual Investment Allowance has been introduced from 2008 which is a 100 per cent tax allowance permitting businesses to deduct the whole cost of any plant or machinery they buy (except cars) from their taxable profits, up to an annual amount of £50,000.

[Read the Budget Notice on Annual Investment Allowance](#)

- Continued improvement to the online facilities and customer support

[Read about online services](#)

Suggestions and feedback are welcome from all our customers and their agents. Please tell us if you would like to suggest a change to a process or form that would make running a business easier.

[Make a suggestion or submit feedback](#)

Links:

www.hmrc.gov.uk/budget2009/new-relationship-605.pdf

www.hmrc.gov.uk/selfemployed/index.shtml

http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&propertyType=document&id=HMCE_CL_001196

www.hmrc.gov.uk/payee/reporting-carbenefit.htm

www.hmrc.gov.uk/budget2008/bn12.pdf

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

www.hmrc.gov.uk/better-regulation/feedback.htm

Simplified VAT Partial Exemption rules

As part of the Budget 2008 package, the Chancellor announced that HMRC would consult on ideas to simplify the VAT Partial Exemption rules to reduce compliance costs for businesses. The consultation invited comments and suggestions on three areas of Partial Exemption which businesses and their advisers had identified as priorities for simplification:

- the standard method
- the de minimis rules
- the Capital Goods Scheme.

We also invited comments on the possibility of combining Partial Exemption and business/non-business calculations.

We estimated that a well-designed programme of simplification could reduce the costs to business of complying with partial exemption rules by up to £5million per year.

We received 55 replies to the consultation from businesses, advisers and representative bodies. These covered the opinions of many thousands of businesses from across the Partial Exemption and non-business communities. We also held a number of technical meetings to discuss the simplification ideas in more detail with a range of professional advisers and representatives.

Following these helpful contacts, HMRC has been developing a three year programme of changes to simplify Partial Exemption focusing on:

- the standard method (2008-09)
- the de minimis rules and the possibility of combining business/non-business calculations (2009-10); and
- the Capital Goods Scheme (2010-11).

The proposed timetable takes account of the anticipated legal and technical issues involved.

Changes from 1 April 2009

This year HMRC fulfilled its commitment to year one of the simplification programme by introducing four changes to the Partial Exemption standard method calculations. The changes took effect on 1 April 2009.

1. You can now calculate your client's in-year (provisional) recovery of input tax by reference to their previous year's annual recovery percentage, which is the new default position. This saves the need to calculate separate quarterly recovery percentages, although an annual adjustment is still required at year end. However, if you prefer, you may continue to calculate separate quarterly recovery percentages without notifying HMRC.
2. You now have the option of accounting for your client's annual adjustment in the final VAT Return of their tax year rather than waiting until the first return of the following tax year. This means you will only need to make four calculations rather than five and there is no need to notify HMRC. However, the default position continues to be the first return of the following tax year.
3. If your client is a new partly exempt business, you have the option of recovering input tax on the basis of use for a set period of time without notifying HMRC, before reverting to the normal values based calculation. This saves

the need to apply for a Partial Exemption special method for your client while they establish their new exempt activities. However, you may still calculate recovery using the normal values based calculation or seek approval for a special method.

4. If your client makes overseas supplies you must now include the value of most of these supplies in the standard values based calculation. The exceptions are supplies of financial instruments (such as shares and bonds) and supplies made from overseas establishments, which are excluded from the values based calculation with the related input tax recovered on the basis of use. This change helps to reduce the number of calculations that you need to make for your clients.

See VAT Information Sheet 04/09 for further information on all the changes

Budget 2009

Many of you will have received an email alert from us shortly after the Chancellor's Budget Day announcement on 22nd April highlighting the main changes which would have an impact on agents. We hope you found this helpful.

We have also signposted these key messages on the tax agents and advisers pages of the HMRC website.

Budget 2009 – key points for tax agents and advisers

Links:

www.hmrc.gov.uk/agents/budget2009.htm

Agent Update

Keep up to date with news for tax agents and advisers by looking out for Agent Update, HMRC's other e-Bulletin, which is published every two months on the HMRC website.

www.hmrc.gov.uk/agents/news.htm

Editorial

Working Together is a partnership between HMRC and CIOT, ICAEW, ACCA, ICAS, ATT & AAT. Comments on any article appearing in this publication are welcomed and should be sent to the editor Kim Nicholas, Agent & Employers Service Improvement Team, 7th Floor, SW North Bush House, The Strand, London, WC2B 4RD or by email kim.nicholas1@hmrc.gsi.gov.uk or to your professional body.

Back issues can be found on the [HMRC website](#)

Links:

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

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