

Minutes

Date of Meeting	8 March 2013
Group Name	Lincolnshire
Chair: HMRC Lead	Helen Jepson (HJ) Local Compliance (LC)
Agent Representatives attending	Christine Newitt (CN) Duncan Toplis Mark Poplett (MP) ICAEW Streets Ella Watts (EW) ACCA Ela Watts Accounting Chris Rooke (CR) AAT Chris Rooke Management Limited Barbara Harewood (BH) CIOT ATT Barbara Harewood Ltd Ian Smith (IS) ICAEW
HMRC attendees	Cora Morley (CM) Business Customer & Strategy (BC & S) Stephen Houghton (SH) LC SCP Project Team

1 **Apologies:** Sally Dunlop

2 **Minutes & Action Points**

Minutes agreed. Action points completed.

3 **Update on all issues closed Issues**

Pages 9 - 10

BH raised issue of ESC A19 (new issues 7.4)

CM advised that there is no legislation that allows HMRC to give up tax legally due. ESC A19 is a concession. Each case has to pass basic tests and in particular the Reviewing Officer must consider if it was reasonable, given the facts and circumstances, that the taxpayer believed that their tax affairs were in order during the build up of the arrears. Disputed decisions should be taken forward through complaints process i.e. complaints; Tribunal tier 1; Tribunal Tier 2.

[PAYE 95000 ESC A19](#)

PMN: This is closed from the WT perspective (because the working group went as far as it could) but discussions are continuing elsewhere as part of the ESC A19 consultation.

4 **Update on Group's existing unresolved issues**

See pages: 6 - 7

5 **Extract from shared workspace Open Issues Register**

Overview of all the issues working. Circulated with draft agenda & will be discussed at meeting if flagged in advance. See page 8

6 **Key messages**

6.1 Single Compliance Process (SCP) Update

HJ introduced SH from SCP project team.

SH distributed recent briefing. CM will include copy with minutes. AP1

SH advised project timeline has been extended and the process is still being tested. Expected to end March 2013 and move to evaluation which will take in to account the views of all stakeholders. If the evaluation report indicates that the trial has met its objectives and been successful a decision will be made about implementation. Trial results continue to indicate that the process could reduce the customer burden of compliance checks.

SCP project team work with compliance reform forum (CRF) to understand impact on agents & their clients.

SH asked if anyone had experience of SCP. Client will be advised as part of the opening of the compliance check. CN had & confirmed open & early dialogue (OED) had delivered far faster resolution than usual enquiries. SH confirmed that this is one of benefits. OED will be used in "run of mill" cases. The approach will be proportionate to the risk. Agents were concerned that initial approach is made to client. SH advised that agent may be contacted and client should be given option to refer enquiry to agent.

SCP has been used to inform standard operating practice (SOP) but not every enquiry will look the same. Agents should use OED to challenge compliance officer where appropriate.

HJ confirmed that OED will identify initial risk. Client has opportunity for voluntary disclosure of any other unidentified risks. Any undisclosed risks that are discovered will be taken up.

CR welcomed the OED approach as he had experienced disproportionate requests for specialist information. SH advised that SCP will use specialist where necessary.

SCP will speed up process. Some straightforward cases will be resolved very quickly possibly after initial contact.

SH advised SCP is presently being used by Small & Medium Enterprise (SME) but there is scope to extend if it is considered appropriate.

[Single compliance process](#)

HJ thanked SH. SH left meeting.

6.2 Real Time Information (RTI)

CM gave an update and outlined recent issues identified by pilot:

- Both the Full Payment Submission (FPS) and Employer Payment Summary (EAS) must show figures from the start of each tax year to date.

[When to report your payroll information](#)

- Do not change employee's payroll ID/works number without indicating on the FPS that you've done so. Failure to do this will create another record

[Pilot Employer Update Jan 2013](#)

Reminders were issued during February advising employers what they need to do. There is also an 'At a glance' guide: <http://www.hmrc.gov.uk/payerti/at-a-glance.pdf>

Face to face RTI awareness events hosted by BEST team are being planned for April ~ June 2013. These will appear on the Internet:

[Free live face-to-face events](#)

BEST are currently hosting live webinars on RTI with facility to ask questions:

[HM Revenue & Customs live webinars](#)

There are also pre recorded webinars:

[HM Revenue & Customs pre-recorded webinars](#)

There have been additional staff trained in RTI to support the Employer Helpline but employers are encouraged to initially self serve from HMRC RTI web pages.

[Operating PAYE in real time \(RTI\)](#)

CN advised that payroll manager at Duncan Toplis is encountering many problems with Sage payroll software including its failure to accept migrant workers with no NINO, no facility to report passport numbers, problems with amendments and inability to report annual pay periods. CN acknowledged that this is a Sage problem & HMRC has been very helpful in trying to resolve the issues however it is a major concern as Sage are one of largest payroll software providers & the whole system, including employers using it, relies on the reliability and accuracy of software. CN also wanted reassurance that these problems will be taken in to consideration when penalty regime begins. AP2: CM to pass this through to RTI team for response.

AP3: CM will include RTI update at next meeting & review thereafter.

6.3 [Joint initiative on HMRC service delivery](#) (JISD)

CM gave update on JISD & clarified the future relationship. In the future, we expect WT will concentrate on identifying the issues, and JISD will deliver the improvements. The integration of WT and JISD is intended to enhance the delivery of service improvement – the local WT network remains a key part of both the identification of service issues, and of HMRC's overall work with and for agents.

Summary of issues working in register (agenda item 5) defines those being worked through JISD.

6.4 Post scanning update.

CM advised from 11 February 2013 post for enquiries in to Trust returns or Inheritance Tax account should be sent to Netherton, Merseyside to be scanned. Original items are retained at Netherton for three months. Some items such as passports will automatically be returned following scanning.

The introduction of this scanning facility doesn't mean that Trusts & Estates can now accept correspondence by email.

[Scanning post starts in Trusts & Estates](#)

6.5 Agent Update [Issue 33](#)

CM brought following to attention of group:

- [Agent Strategy](#) CM advised progress to date including proposed online service for agents similar to the Business tax Dashboard to be introduced by March 2015.
- [Agent View](#) CM advised group of progress of Agent View Pilot. The Agent Support Officers are experienced AAMs. Minutes of Joint Tax Agent Strategy Steering Group (JTASSG) October 12 include discussions of Agent View [JTASSG minutes](#)
- [Tax adviser authorisation for compliance checks](#)

Guidance has been published on temporary authorisation to cover a compliance check and the circumstances when a permanent authorisation applies. Advisers should complete form 'Comp1 Temporary Authorisation' to allow compliance officers to deal with them on all aspects of the compliance check.

6.6 February 2013 [Employer Bulletin](#)

Latest edition published and includes information for end of year 2013 & move to reporting in real time. CM highlighted:

- [Notifying no Employer Annual Return](#)

There are different online forms for employers and agents. Agents wishing to use this facility must be registered for the PAYE online service for agents.

[Employer - notify HMRC online that you've no return to make](#)

[Agent - notify HMRC online that your client\(s\) have no return to make](#)

HMRC will confirm via email receipt of the online notification. A second email will be sent to confirm when the declaration has been processed. CM added that this is issue WT 167. The Nil P35 acknowledgements will contain case generated reference number in the subject heading of the email but a client specific name will appear in the body of the email.

7 New Issues

- 7.1 Corporation tax refunds are being sent by cheque to clients when the CT600 is correctly completed and authorised for the refund to come direct to my client account. This has happened to at least the last 2 refunds received in the last 2 months. CR

CM asked if this was a common experience. General consensus was that this was most likely an individual issue. CM will investigate further if CR provides details.

- 7.2 Debt management letters are issued to clients who have CIS only schemes, the monthly return is NIL therefore HMRC know that there is nothing due. CR

CM: where a contractor has made a nil return for any month they must also tell the accounts office that they have no payment to make for that month unless they are also an employer and have made deductions from employees for PAYE, NICs or student loans. If this is the case then they must make payment to the accounts office in the normal way.

If they do not tell the accounts office that no payment is due we may send them a payment reminder.

[Monthly returns and record keeping under CIS](#)

- 7.3 Automatic coding from SA returns – the system is getting a bit over-enthusiastic and doesn't seem to be taking any notice of the crosses on page TR5. When I phoned to get some notices amended the HMRC person that I spoke to said that it is a wider problem. BH

CM: referred to WT037. NWTT have been working with colleagues to deal with the queries raised regarding coding. Guidance has been published guidance [Agent Update 34](#) (page 10) to explain how a customer's tax code is automatically updated with information from their Self Assessment tax return. CM to feedback issue to NWTT. AP4

- 7.4 I have had a complaint from an accountant that they are getting a straight refusal from HMRC to consider ESC A19. BH See Agenda item 3

- 7.5 CT helpline & call-back process within 3 days....if one misses that call they will not leave a number.

CM had added group to WT187 and included update page 7 below

- 7.6 When you are setting up a new company with HMRC and you want to register it for a UTR, PAYE, VAT & anything else it may require, the client gets all the information together to do so but then has to wait for the UTR (can be 2-3 weeks) before they can register the other areas. It would be more convenient for the client if they could send all the forms off at once (and HMRC can populate the reference number when they issue it). Would this be something that is feasible? MP

AP5: CM to submit as suggestion.

Date of Next Meeting

Friday 19 July 2013

Friday 1 November 2013

Lawress Hall Lincoln

Summary of Action Points

AP1: CM will include copy of SCP briefing with minutes

AP2: CM to pass issues re Sage through to RTI team for response

AP3: CM will include RTI update at next meeting & review thereafter

AP4: CM to feedback issues re SA autocoding

AP5: CM to submit suggestion new issue 7.6

Summary of hyperlinks

[PAYE 95000 ESC A19](#)

[Single compliance process](#)

[When to report your payroll information](#)

[Pilot Employer Update Jan 2013](#)

<http://www.hmrc.gov.uk/payerti/at-a-glance.pdf>

[Free live face-to-face events](#)

[HM Revenue & Customs live webinars](#)

[Operating PAYE in real time \(RTI\)](#)

[Joint initiative on HMRC service delivery \(JISD\)](#)

[Scanning post starts in Trusts & Estates](#)

Agent Update [Issue 33](#)

[Agent Strategy.](#)

[Agent View](#)

[JTASSG minutes](#)

[Tax adviser authorisation for compliance checks](#)

[Employer Bulletin](#)

[Notifying no Employer Annual Return](#)

[Employer - notify HMRC online that you've no return to make](#)

[Agent - notify HMRC online that your client\(s\) have no return to make](#)

[Monthly returns and record keeping under CIS](#)

[Agent Update 34](#)

Agenda item 4: Update on Group's existing unresolved issues

WT029 R40 process (JISD)

Various issues have been identified relating to the R40 repayment process including backlogs, lack of e version, lack of copy calculations, requests for additional evidence, treatment of earlier years' underpayments, use of cheques rather than BACS process and 64-8 problems

08/01/13: An update on the review of the R40 process is in the current JISD update

<http://www.hmrc.gov.uk/agents/juap-100812.pdf> . The next update will be provided in Agent Update which is published at the end of February 2013.

The suggestion of clarifying the guidance in the R40 notes on the £300 foreign dividend has been included in the annual review of the R40 form which is being reviewed in April 2013

WT037 P2s and associated coding problems (JISD)

WTSG set up a working group to look into various issues with P2s and coding generally. The group met in June 2009 and identified the issues listed in document attached. Of those issues the one regarding timing of the P2 run for agent copies is being pursued via an IT change request. The group concluded that the other issues should be revisited when the effect of NPS on them was known. Local groups should compare any new P2/coding issues against the list - new issues should be referred in the normal way. Existing issues will be d/w by the working group.

09/07/12: The most recent update from the Joint initiative indicates that work is ongoing with NPS coding enhancements and coding sub group issues.

WT042 DMB Campaigns (CT & other) (JISD)

1. Debts are being chased without proper checks and records are not up to date leading to problems between clients and agents when debts are incorrectly pursued. In some cases the letters go to the agent (where their address is the company RO) but in others they go direct to client company.
2. In addition the tone of the letters which use the IDMS99 template is considered inappropriate.
3. Difficulties in getting through on tel no quoted in Campaign letters, delays in delivery, lack of understanding of issues by staff taking calls especially assumption that coys who have agents acting for them would be aware of amounts due in the absence of payslips.

29/01/13: Work has started with reciprocal visits between agent reps and HMRC. Inward visits to HMRC have been made and the outward visits to agent volunteers will start from Feb

WT 046 ADL service inconsistency and incompleteness (JISD)

1. There appears to be an inconsistent approach to the provision of information by ADLs particularly in relation to P45 and P60 details in the run up to the January filing deadline. Sometimes the information is readily supplied during the call but often agents are told that HMRC will only reply in writing to such requests although sometimes the details are faxed.
2. The HMRC website indicates that ADLs deal with SA and PAYE queries but there appears to be an issue with employer queries for which some staff are providing the employer helpline number.
3. Some calls to ADLs are not being put through to technicians and in addition call backs can take anything from two to five days.
4. When call backs are made and they are missed for whatever reason no further attempts at contact are made and no messages are left.
5. Difficulty for agents making contact where there is no ADL e.g. VAT, CIS, Employers and NI enquiries.

26/11/12: The guidance on how advisers deal with coding changes has been referred up to the PT Policy and we will follow up their response.

WT050 P11D Expenses and S336 claims

Inconsistent treatment of reimbursed expenses reported on P11D returns - expenses included in coding when S336 claim in place and inconsistency in practices by HMRC to rectify position.

- reimbursed expenses being coded even when covered by s336 adjustment
- reimbursed expenses being coded without taking into account the S336 claim
- allowances for expenses being given but the reimbursement ignored
- no correlation between actual figures for reimbursed expenses and the amounts allowed.

When agents contact the ADL to get the errors rectified they are told that only cases involving less than £1000 can be dealt with over the phone.

09/01/13: The business has advised that they continue to review the P11D and S336 process. NWTT are pursuing a more detailed update that we can share with agents.

WT143 Incorrect Tax calculations for SA & R40 individuals

Tax calculations are being issued in advance of R40s and SA returns being received leading to repayments that are incorrect being made. Not only is this creating additional work for agents and HMRC it is undermining agent/client relationships.

10/01/13: We have collated the issues which have been fed through from the various LWT and engagement groups and have compared them with the outputs from the JISD coding workshop. We are working with the business to look at the options to improve the connections between NPS and SA.

An update on Coding was published in the latest statement <http://www.hmrc.gov.uk/agents/juap-100812.pdf>

WT187 Inadequacy of CT helpline

Long waiting times, no warm handoffs. Client specific questions handed off to back office and subsequent problems with call backs. Agents being told to write where previously d/w as business by telephone (BBT).

6/02/12: The business area is suggesting that the problems encountered related to the early stages of the migration but more recent feedback has been passed on together with a request to identify what can't be dealt with by telephone. If difficulties are still being encountered please provide details.

7/01/13: Referred to business area.

WT188 Delay in issuing CIS Ltd Coy EOY repyts (JISD)

Long delays of many months are being experienced in receiving repyts even though P35s and claims are sent timeously.

29/01/13 HH: An end to end review of the process took place in 2011 and led to some improvements for the 2012 round of processing. There is however still some room for improvement and as a result HMRC and agent stakeholders held a workshop on 23 January with particular emphasis on the customer journey. It was agreed that further external guidance would be issued in April.

Agenda Item 5: Summary of National Issues Working March 2013

Working with Joint initiative on Service Delivery (JISD)	
WT007	1 Jul 2009 DMB helpline number
WT015	15 Apr 2008 Agent relationships with DMB
WT029	25 Nov 2009 R40 process
WT037	20 Jan 2010 P2s and associated coding problems
WT042	23 Mar 2010 DMB campaigns (CT and other)
WT046	12 Mar 2010 ADL service inconsistency and incompleteness
WT054	24 Apr 2010 Delays in issuing correspondence
WT118	17 Feb 2011 Specialist department contact details
WT146	8 Nov 2011 Inaccurate SA autocoding
WT171	1 May 2012 Agent liaison with DCAs
WT173	28 May 2012 Inappropriate IVR on ADL
WT188	4 Oct 2012 Delays in issuing CIS Ltd EOY repayments
Other open issues	
WT050	17 Nov 2012 P11D expenses & S336 claims
WT092	20 Sep 2012 Client details on BACs repayments
WT117	20 Jul 2011 Identification of PAYE (Employer) output
WT139	26 Aug 2011 SA returns Student Loan auto calculation
WT143	26 Sep 2011 Incorrect 2010/11 tax calculations for SA and R40 individuals
WT150	1 Dec 2011 Online CT agent authorisation
WT152	19 Oct 2011 SA Help sheet on Residence, remittance basis etc inaccuracy
WT 163	1Mar 2012 Duplicate SA records in NRL cases
WT 167	16 April 2012 Nil P35 email acknowledgements
WT168	18 April 2012 Interaction of 64-8 & new form R27
WT169	30 March 2012 Pursuit of CGT liability when not due
WT174	15 June 2012 CIS liaison Republic of Ireland
WT178	27 April 2012 P11D online submission process
WT187	5 Dec 2012 Inadequacy of CT helpline

Digest of closed issues to March 2013

7/01/13	WT147	SA returns wrongly corrected during capture	The examples submitted by the WT groups have been investigated and were all one-off cases and not indicative of a wider systemic issue. Following the paper filing deadline no further cases were submitted. However should further cases come to light suggesting there is indeed a systemic problem please let us know.
15/01/13	WT035	Inconsistent application of ESC A19	The working group met regularly over a five year period and discussed at length the manner in which this concession was being applied by HMRC. During this period it helped HMRC make improvements to the internal guidance and the handling of claims and in particular, assisted HMRC in better understanding how the reasonable belief test should be applied. Unfortunately, the group was unable to resolve all areas of concern expressed by the professional representatives in the group, but these are still under discussion with HMRC as part of discussions including the ESC A19 consultation.
12/02/13	WT115	Online client lists not being updated.	<p>Much work has been done over the last 12 months to reduce the number of missing client cases reported by agents. Investigations have shown that the messages that update the agent authorisations weren't all being processed correctly and we have worked with our IT partners to identify where the problem occurred and have developed a process to rectify them.</p> <p>In August 2010 there was a re-alignment to try and ensure that both the Gateway client list and the portal client lists matched but at that time we hadn't actually identified the underlying problem. Further investigation and controlled tests identified that the problem was caused by the Gateway message processing. From May 2012 all messages that fail on day 1 have been re-processed on day 2 and in every case these have processed successfully; further investigations are ongoing to identify why they fail on the first attempt. Between the re-alignment in August 2010 and the new process in May 2012 there were 10 months where the messages were not being processed successfully so HMRC Digital Services staff re-processed these allocations manually to correct the error. This work took place in October 2012 in preparation for the SA peak.</p> <p>This has resulted in a 75% reduction in the number of cases reported through the Online Service Helpdesk during January 2013. Of the cases reported not all were genuine missing client cases. They included:</p> <ul style="list-style-type: none"> · cases where the SA record had not been created so there is nowhere to record the authorisation or the authorisation had been entered on the day the agent made contact · the situation where the agent has submitted the 64-8 and it hasn't been processed · cases where the client has authorised a different agent to act · human error where the agent acting signal hadn't been set on the record <p>These are all examples of cases which are not really missing client cases as they have not yet made it to the client list.</p> <p>Notwithstanding all the work that has been done to resolve this issue the message on the service issues page will remain because it is still important that agents report every case to us via the Online Service Helpdesk. In these circumstances it will be necessary to be very specific about the nature of the issue. Without the reporting of new/current cases we will be unable to identify any further underlying issues or gauge whether the problem has been fully cured.</p>
12/02/13	WT149	Claims for overpayment relief	The process for dealing with claims to overpayment relief has now been reviewed and revised instructions issued to staff. Subject to the claim being in the correct format described in SAM114045 the claim will be processed without the need for a further template.

26/02/13	WT186	Time taken to process IHT100 forms	<p>The speed with which HMRC can deal with forms IHT100 depends on a number of factors including the volumes received at any one time, their complexity and precisely what actions HMRC needs to take. Although most of the c5000 received every year are dealt with more quickly than eight months HMRC is now taking steps to improve the position.</p> <p>On receipt the form IHT100 may be subject to a number of different process steps including creating a file, capturing data electronically from the form in order to calculate any tax and interest that is payable and preparing the resulting calculations. In addition every return is considered to decide if a compliance check is needed.</p> <p>In the past forms were put through all the initial process steps before telling the taxpayer or agent what was happening in their case. In future each form IHT100 will receive an early risk assessment following which HMRC will write to the taxpayer or agent to explain its conclusions. In the vast majority of cases - generally, more than 90% - this will be to confirm that HMRC will not be making any enquiries into the return. HMRC typically expects to be able to do this within a month of the form IHT100 being delivered. There will be some instances where this sort of timeframe cannot be met, for example where HMRC needs to obtain previous returns or other information in order to complete the risk analysis.</p> <p>Whilst these changes should speed up the processing of the IHT100 return there are also a couple of things agents can do to help. HMRC was anticipating that because of the changes to the excepted settlement rules significantly fewer IHT100s would be received, notwithstanding that Finance Act 2006 brought more trusts within the relevant property regime. However this has not happened and HMRC still receives a large number of returns where there is no requirement to deliver one. It would reduce unnecessary work for HMRC and possibly delays for other taxpayers if agents could familiarise themselves with and follow the current reporting limits.</p> <p>Similarly, and whilst HMRC will continue to offer the option of calculating the tax liability, it would speed up processing times if agents who are able to do so calculated and paid any tax and interest due themselves.</p>
27/02/13	WT180	Use and wording of CC/FS9 leaflet	<p>The background to the use of leaflet CC/FS9 is contained in the Compliance Handbook, specifically at CH202275 and CH300200. As you know the new statutory behavioural penalties are banded; deliberate penalties are 70% and deliberate concealed penalties are 100% but these can then be reduced. So there are two behaviours which lead to various penalties which will each have a maximum of 70% or more. Therefore a deliberate but not concealed penalty is seen as criminal (70% is the maximum for this type of penalty) however HMRC will rarely charge the full 70%, and in an unprompted case it may be reduced to some 20%.</p> <p>Although we accept that some penalties are 'criminal' for the purposes of Article 6 ECHR we cannot know at the start of an intervention whether any penalty will be charged and if one is, whether it will be deemed criminal as the behaviour leading to it would not be known. This is why the factsheet is given to everyone at the start of the intervention.</p> <p>It is also important to recognise that they are only deemed 'criminal' for the purposes of the Convention - they still remain civil penalties in domestic law, subject to the civil standard of proof. The criminal classification, where it applies, merely means, amongst other things, that the person must be made aware of their rights and must have access to an independent hearing if they disagree with the penalty.</p>