Bridge the Gap

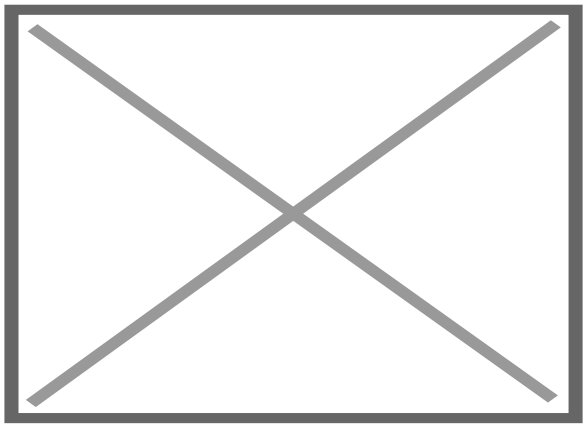
General Features

01 June 2015

Helping more vulnerable people in crisis with their tax by Rosina Pullman and Graham Sherburn, CEOs of TaxAid and Tax Help for Older People

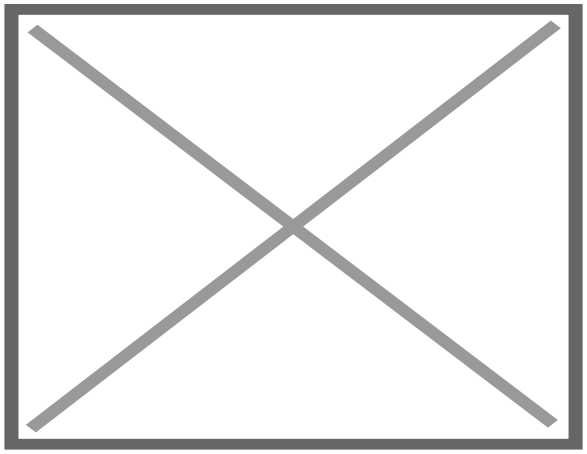
The better-off do not have a monopoly of complex tax situations: tax can be just as difficult for people on low incomes. Unrepresented people have difficulties with a wide range of tax issues.

These situations are compounded by unanticipated life events such as bereavement, serious illness, family breakdown and loss of home or business. At this point, all our clients desperately need professional tax advice which they cannot afford.



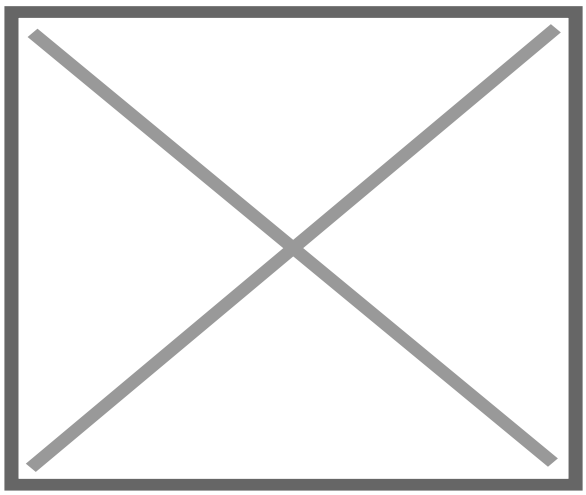
Some of our clients suffer from inappropriate HMRC reviews or investigations; others from abusive ‘accountants’, contractors or employment situations which result in inappropriate self employment, or under declarations for tax.

Dominic was caught up in a contractor scam. He is illiterate, so struggled to represent himself at HMRC when the contractor was not paying over tax or NI deducted under the construction industry scheme.



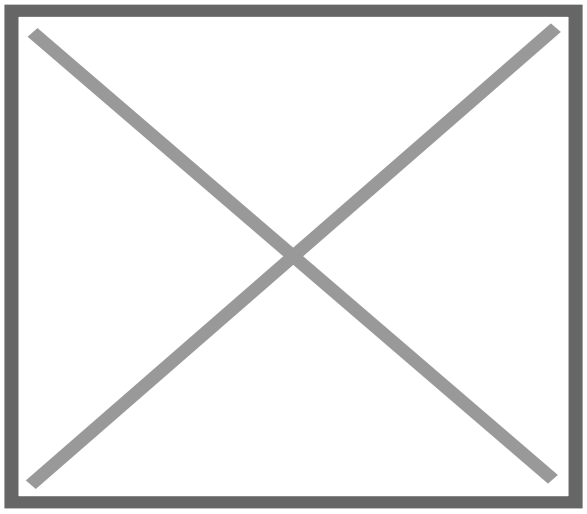
They frequently do not understand HMRC correspondence or how to fill in a return.

Patrick is homeless and mentally ill and had a period of self-employment several years ago, then subsequently had to deal with PAYE and, from time to time, job seekers allowance. Penalties for missing tax returns were a real barrier to him getting his life back on track.



Others do not understand the multiple tax codes on their small incomes and pensions, or their rights and obligations.

Tony was caught up in inappropriate self-employment after having been set up as self-employed by the job centre’s work programme, which entitled them to the fee for finding him work and enabled him to claim tax credits. In practice, no work was undertaken and he is now facing a fraud investigation.



Some are unnecessarily caught up in self assessment where they suffer inappropriate penalties – disproportionate to any tax at issue.

Dawn, a pensioner who suffered a brain haemorrhage, had a modest PAYE underpayment of £67 that escalated into a demand for three years' tax returns and related penalties because she could not deal with her own affairs.

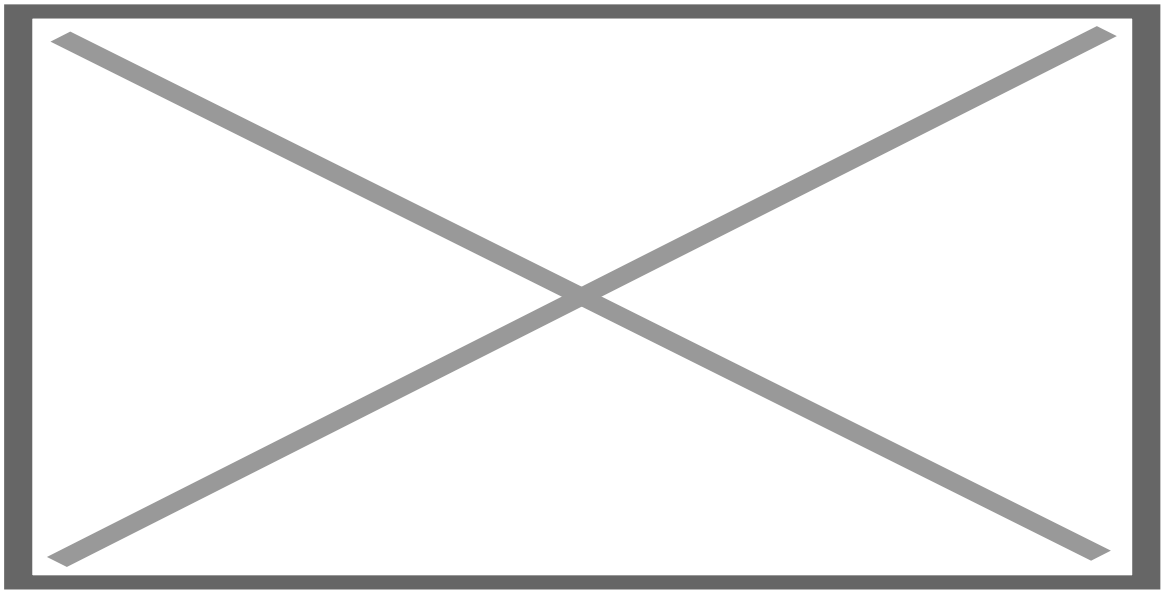
A safety net

Vulnerable taxpayers on low incomes critically need tax advice but cannot afford to pay for it. As a result they, and their families, can suffer significantly – both financially and with their health.

TaxAid and Tax Help for Older People are the two charities that provide free advice for such people. TaxAid focuses on those of working age, Tax Help for Older People on those over 60. Together we serve about 25,000 people a year and, where needed, act for the client when dealing with HMRC.

We deal with the immediate problem and get people back on their feet. But we also look to the future and, wherever possible, provide the education they need to handle their own tax affairs going forward.

In effect we provide the tax profession with a safety net for people who cannot afford to pay.



Why launch the campaign now?

The two charities, which were both founded by tax professionals, have helped vulnerable, low income clients for many years. The demand has never been higher. We know that last year at least 6,000 more people needed our help than we could assist – that’s a 25% increase on those we already help.
And the demand is increasing. Why? Mainly because the economic environment has become harder. A larger proportion of people find themselves in low paid, insecure work. Many have several small incomes or pensions, or both. At the same time, the tax regime has become more difficult for them to deal with which has led to an increased demand for our expertise. But our resources are too stretched to help everyone, so some fall through the gap.

Bridge the Gap

To meet this growing demand, we have come together to launch an appeal to raise an extra £250,000 a year from the tax profession through recurring donations to be shared equally between our two charities.

We will use the additional money to:

- develop our service for homeless and vulnerable people;
- strengthen the geographic reach of our services; and
- increase the overall numbers served by 25%.

Who is supporting this campaign?

This campaign is being strongly backed by the CIOT, ATT, the ICAEW Tax Faculty and the ACCA. For details see: www.bridge-the-gap.org

The campaign's patrons are Sir Andrew Park and Steve Edge. It is overseen by a governance group chaired by Anthony Thomas from CIOT, with key people from TaxAid, Tax Help for Older People, CIOT and ATT.

Where else can people turn for support?

The people we serve need independent advice (and sometimes representation) and so cannot turn to HMRC. The tax profession would find it difficult to help because of the extended help needed and clients' inability to pay.

Some have asked whether Citizens Advice and Age UK could help. In fact neither organisation feels equipped to do this – and they hand most of their clients who need help with their tax on to us.

