HMRC’s annual stakeholder conference

General Features



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CIOT, ATT and LITRG report on HMRC’s annual stakeholder conference held on 16 February.

Over 200 stakeholders joined many senior HMRC personnel at their annual stakeholder conference held at the QE2 Centre in London. This was the first fully in-person event since the start of the COVID pandemic and, understandably, was well attended.

After a pre-recorded message from Victoria Atkins MP (Financial Secretary to the Treasury), some introductory remarks were made by Jim Harra (First Permanent Secretary) and Angela MacDonald (Second Permanent Secretary). They were both candid about the challenges being faced by HMRC, including those brought about by the cost of living crisis and the high rate of inflation, underlining the fact that government departments are not immune to such financial and resourcing pressures.

But the real purpose of the conference, something that all stakeholders welcomed, was the opportunity to have two-way interaction with HMRC during a series of workshop sessions; all of which were held twice – once in the morning and again in the afternoon. Those sessions were:

- Simplifying services: transforming tax for our customers;
- Working together to help small businesses get their tax right;
- Working together to create a UK border that promotes UK growth;
- How can HMRC and intermediaries collaborate to create a healthy tax system?;
- Working together to simplify the tax system; and
- Short term solutions to customer challenges in the tax system.

CIOT, ATT and LITRG staff and volunteers attended each of these sessions, and we have summarised some of the discussions below.

Simplifying services: transforming tax for our customers

Jo Rowland (Director General for Transformation) ran this session with support from Stuart Miller (Head of UK Product Compliance and Industry Engagement at Xero, and member of the joint ATT/CIOT Digitalisation and Agent Services Committee). It focused on the opportunities and challenges that digitalisation can bring for agents and taxpayers alike.

HMRC outlined their vision of the increased role of digital tools, data and processes in tax compliance. There was a lively debate amongst those attending. Although the majority agreed that digitalisation could bring clear benefits, and that it was inevitable in many ways, there were concerns about HMRC's past delivery of new digital services and their ability to cope with more ambitious change.

Working together to help small businesses get their tax right

This session was run by Marc Gill (Director, Individuals and Small Business Compliance) with support from Dame Teresa Graham (Administrative Burdens Advisory Board).

HMRC showed a short video outlining the contribution that small businesses play in the UK economy and tax ecosystem. Individual tables then discussed the challenges faced by small businesses and how compliance processes could be improved for them. This generated many ideas, but a common theme was that small businesses

had distinct needs – they are not merely large businesses run on a smaller scale. Another key theme emerging was the need for compliance to be streamlined and as simple as possible for small businesses. The more time they spend on tax matters, the less time they have to actually run and grow their business.

Working together to create a UK border that promotes UK growth

Aidan Reilly (Director, Customs Policy and Strategy), assisted by Liam Smyth (Director of Trade Facilitation, British Chambers of Commerce), led this discussion focusing on the UK border. It was noted that there is much work ongoing under the umbrella of the 2025 UK Border Strategy project (tinyurl.com/yetn29p7), which seeks to deliver improvements such as reducing administration and increasing the speed of goods physically passing through the ports, so stakeholders discussed other ideas that may fall outside of this project. These included:

- improving engagement with the expanded numbers of newer (and possibly smaller) services providers required post-Brexit, such as customs agents and logistics providers;
- seeking to increase the 'tell us once' approach for customs administration across systems and agencies; and
- considering how future net zero initiatives/taxes could impact customs administration, for example the carbon border adjustment mechanism.

HMRC were interested in hearing about any innovations or efficiencies experienced at other international borders and were keen to keep dialogue open.

How can HMRC and intermediaries collaborate to create a healthy tax system?

Rob Jones (Director, Intermediaries Directorate) led this session, with support from Valerie Boggs (CEO, TaxAid and Tax Help for Older People). The Directorate is responsible for the delivery of HMRC's intermediaries' strategy that seeks to increase effectiveness when intermediaries interact with HMRC and enhance taxpayer experiences. 'Intermediaries' is the term used by HMRC to describe everyone who interacts with them in an intermediary capacity on behalf of taxpayers – so predominantly agents, but also friends and family, tax charities and software.

Stakeholders were split into groups to discuss ways to improve collaboration, which were then fed back to the group as a whole. Feedback ideas included the following:

- Recognise that most agents who are acting for taxpayers, and dealing with HMRC either via the Agent Service Account or by a 64-8 authorisation, are bound by the Professional Conduct in Relation to Taxation principles and that this status should be meaningful.
- Improve agent communications so that the default position is that the agent is routinely copied in on taxpayer communications, and the circumstances where the agent will not be copied are clear to HMRC, agents and the taxpayer.
- Look at fixing the issues that arise with the 64-8 process when there are multiple agents.
- Ensure that new and existing taxes allow agent support to be provided to taxpayers from the outset; for example, agents cannot currently complete registrations for plastic packaging tax.
- Encourage HMRC to continue to engage with stakeholders after comments have been provided in response to consultations or in HMRC forums and before making the final decisions.
- Ensure that HMRC are engaged in other government department projects; for example, net zero projects by the Department for Environment Food & Rural Affairs and the Department for Energy Security and Net Zero have tax consequences and these should be being considered from the outset.

Working together to simplify the tax system

Jonathan Athow (Director General for Customer Strategy & Tax Design), supported by Paul Aplin OBE, led discussions on this topic. The main issues revolved around the degree of taxpayers' interaction with HMRC and concerns about the inherent compliance costs.

HMRC's priority seemed to be that taxpayers should be able to interact more easily with HMRC through apps and software, whereas the audience's view was that their clients wanted minimal interaction in the first place. The high income child benefit charge was cited as an example of unwanted compliance and interaction with HMRC – families on PAYE having to complete returns when (despite the UK having individual taxation) a single family member's income exceeds £50,000.

It was also noted that the impending lowering of the capital gains tax annual exemption and dividend allowance will bring more people into the self-assessment net and require tax returns for the first time.

Whilst HMRC were also keen to publicise the simplicity and utility of compliance tools, Paul Aplin gave a very useful summary and oversight of the issues, giving an analogy of using a TV remote – as long as it turns the TV on when we press the button, we do not care how the workings and electronics do the job.

Short-term solutions to customer challenges in the tax system

This session was led by Richard Hawthorn (Director Operational Excellence Support Services), with assistance from Richard Wild (CIOT Head of Tax Technical). Attendees were encouraged to consider 'pain points' in dealing with HMRC, why they exist and how they could be overcome, including whether more processes could be automated to increase efficiency.

There were lively discussions with many suggestions being made by participants. A selection of these include: a YouTube video on how to set up a government gateway account; HMRC ensuring the 'basics' are done well, for example quoting reference numbers on all correspondence; more accurate estimates of timescales for replies; greater ability for employers and agents to 'self-serve'; not sending reminders to people who have already complied; better information and functionality for HMRC forums; and even a suggestions scheme for within HMRC.

We have already started following up with HMRC to build on what was discussed during these sessions.

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