

**Working Together East Midlands**  
**15 June 2004**  
**Minutes**

**Present:** William Scott (ICAS), Sandra Collings(AAT/ATT), Martin Riley(CIOT/ATT), David Brown(ICAEW), Kim Sentinella(Area Director, Service, IR Notts & Derbyshire), John Boulton Area Director, Compliance, IR Notts & Derbyshire)

**1. Introductions**

Introductions were carried out – all had received a copy of the agenda.

**2. Action Points from the last meeting**

- a. IR to take forward with Head Office in London the idea of IRCC providing a reference number to the customer identifying the call which be used if a follow up call was made on the case.

*This system is used by Customs & Excise, but they have a much smaller contact centre than the Inland Revenue. IRCC have acknowledged the suggestion and will look into the feasibility of operating the system.*

- b. Is there any possibility of the employer's name being entered on Tax Credit payment notices? The agent asking the question runs a lot of payrolls and has to trace by employer reference number.

*A fix was applied to the TC700 series of notices in April 2004 and any issued since then will contain the employer name. At a recent employer consultation panel the representative bodies confirmed that they had anecdotal evidence that the fix had been successful. If there is evidence to the contrary can we have details of the individual cases so that they can be looked into.*

- c. Will agents start to get copies of award notices when a 64-8 held?

*Our system currently doesn't provide for the adviser to get a copy- this was covered in the NTC Q + A issued on 9/9/03 via WT pages of the internet.*

- d. Is penalty for late submission of renewal form (post 30.09.04) to be £300 and will there be a daily penalty and will this need to be imposed by Commissioners?

*Details can be found of the penalties and the circumstances when it will be charged can be found at CCM10250 in the New Tax Credit Claimant Compliance manual via the internet.*

- e. IR agreed to send up suggesting that accountants are able to download blank forms.

*This has been passed on to the Tax Credit Programme.*

- f. What is the minimum information required to start a new PAYE scheme? IR to feed up that one way around the delay is to request a starter pack.

*All required information should be provided. Opening a scheme with incomplete information can lead to errors being made at a later date which ultimately leads to more work for both agents and IR. It seems that one scheme took months to set up despite numerous calls to the helpline and local office, KS said that in these sort of circumstance that the problem should be referred to her or the Area Complaints Team.*

- g. Brenda King to forward information regarding the exchange of information before the client has signed off.

*The time of receipt of a valid return filed over the internet is the time and date the return was passed to the Revenue by the Government gateway- see 'Whats New 14/1/04 SA e-filing-penalties' via the Working Together pages on the internet. This says:*

*'When a return is submitted over the Internet, the Government Gateway authenticates the submitter, and checks the basic structure of the XML message to ensure it can be read. If these 2 tests are passed, the return is passed to Inland Revenue. When the return reaches Inland Revenue, alpha-numeric and cross-field validation checks are performed to satisfy us that the return can be accepted. The effect of the legislation is that the time of receipt of a valid return filed over the Internet is the time and date the return was passed to Inland Revenue by Government Gateway.'*

- h. IR to feed up to see if the loss of the secure link is a one-off or whether others have experienced the same problem.

*Action Point: To enable this to be looked into we have asked the agent who experienced this to supply the date of the incident, specifics of what happened, how did he know link had been lost, how did he know it was back, how long was missing and has it happened again*

- i. The on screen declaration differs from that on manual forms, therefore what the client signs is actually different to what is sent off.

*The online declaration covers issues arising from the Data Protection Act.  
Action Point: IR to ask for further clarification on the issues referred to?*

- J. IR14/15 is not an easy booklet to read.

*Action Point: Can we have specific examples of the difficulties encountered?*

- K. Although cut off dates apply to the coding of underpayments the Area does try to enhance the level of service by extending the deadlines where able. Whilst this is welcomed it can cause confusion as the client is informed to pay the underpayment. A message at the capture stage would help clarify.

*After capture of the return underpayments that fall within the criteria for coding will be automatically selected and a customer service message will be included. There will be exceptions, i.e. hardship, and reminders about including a manual customer service message will be made*

- L. Agents to provide feedback of problems encountered with the refinement of SA as it would be useful for IR to pass these up

*The main issue is around people falling in and out of SA, e.g. CG issues. All agreed that refinement is appropriate for PAYE taxpayers who have very simple affairs. The*

*pilot of the Short Tax Return was discussed – being increased to 400,000 returns in 2004/5 and likely to be rolled out nationally in 2005/6.*

### **3. Update on IR35 activity/organisation in Notts & Derbyshire Area**

No status Inspector was appointed until approx. 18 months ago, a further Inspector based in Derby was appointed in September last year. This latest appointee has now been reassigned, but a further person will be trained and based in Nottingham where the work is located. There was a general discussion around the delays in providing opinions on these cases. To police the scheme the Risk Intelligence and Analysis Team (RIAT) look at individual cases and will review the whole case making recommendations about whether enquiries should be made.

There followed a discussion about entries on P35 and when entries should be made as the instructions are not clear as to whether the boxes should or should not be ticked.

Any queries that the accountants may have around the requirement for disclosure should be referred to their associations for advice

Action Point: IR to take forward the point regarding the P35 entries.

### **4. Issues raised for discussion**

- a. Letters (even hand delivered ones) getting lost within the local tax offices.
- b. 64-8s not being logged.
- c. Information requests being ignored or incomplete information sent.

Action Point: For all of the above can we have specific examples to enable us to look into them further.

- d. Use of call centres. Use of local rate numbers (0845) as these cost extra money to phone.
- e. Being unable to get through to some offices (constantly engaged).
- f. Reluctance of Revenue staff to give out none 0845 numbers.

Covering points d-f there followed a general discussion around the migration of Notts & Derbyshire's telephone traffic to a Contact Centre. Staff in the Contact Centres will have access to the customers tax records, however if it is a complex case or the information on the record is unclear then the call would be referred back to the local office. Initially, it was expected that there would be a 'warm handover' i.e. call transferred to the local office, however it looks like there may be 'cold handovers' where an email is issued to the local office requesting a call back. Calls received at the switchboard will be directed automatically to the Contact Centre, the Direct Dial facility will still be available and used when we contact the customer and want a call back. If these numbers are used for 'cold calls' then the caller will be referred to the Contact Centres. As the migration of traffic will reduce the Area staff resources time spent on unsolicited phone calls will reduce time available to capture returns or deal with post, hence reducing the overall level of service.

As calls are due to transfer to the Bradford Contact Centre in March 2005 it was agreed that it would be useful to arrange for a Contact Centre manager to come to a later meeting.

- g. The only other point is that it seems that the Inland Revenue are not keeping copies of the original returns submitted and relying on what is on the computer. This is fine until there is a dispute about what was actually submitted.

Action Point: Could we have provide more details to enable us to look into further?

- i. Form 42- These forms relate to Employee Share Schemes and the deadline for completion of these forms is 6<sup>th</sup> July. Those present at the meeting were not aware of the deadline and the penalties for non-submission. It was felt that this had not been publicised enough. It also seems that if the information was included on the CT41G then the form 42 would not be required.

Action Point: JB said he would try to find out further information and arrange for this to be sent out for circulation.

Post meeting, and after consulting his HO, JB arranged for advice to be circulated to attendees and to be sent to Working Together Co-ordinators for wider circulation.

## 5. AOB

- a. Gift Aid- there is a facility to carry this back from the current year to the previous year (only up to the amount paid when the form is completed). Is this similar to the arrangements for Personal Pension payments? i.e. with an amendment to the return required for payments after the submission date.

Action point: IR to feed back that this doesn't fit in with encouraging early filing.

- b. Lump Sum Termination payments- can we clarify how these payments should be entered on the return as it seems that there is a duplication of entries i.e. entered in the Emoluments box and or the Termination payments box, assets when leaving entered in benefits box i.e. car but is entry required under Termination payments?

Action point: IR to clarify the entries required

- c. What information from SC35/computer record are we allowed to tell the subcontractors accountant? To enable the accountant to ensure entries on the return are complete and correct. If there are discrepancies between vouchers and SC35 information what action is taken?

Action point: IR to clarify the position as to what subcontractor records are accessible by offices etc.

- d. Enabling JB outlined an Enabling exercise which was currently being conducted. This was directed at Self Employed where there was an indication that there may be a risk attached to an entry on the last completed SA Return. A "frequently asked Question and Answers" accompanying the enabling letters gave an indication of where the problem may lie. That was not to say that there was a definite issue to be addressed. JB explained briefly the way some of the risk rules operated and instanced Motoring Expenses. If a claim for Motoring Expenses was made on the SA Return but nothing was included in the disallowed section (for private motoring) a risk rule would be triggered, because there is a potential problem. But in completing the Return the customer/agent may have charged the private motoring element to drawings and only included the business element in the SAI. The SA system would not be able to recognise this hence the firing of the risk rule. Receipt of the Enabling letter should not therefore be construed as an an error having been made but rather that closer attention may be needed to some entries

Action Point: IR to ask Working Together Project to publicise this further.

Post meeting Working Together co-ordinators were asked to circulate the following message to members “Between May and July this year, some self-assessed business clients may receive a letter from their tax office with advice on completion of the self-employed pages of their tax return. These letters, together with answers to Frequently Asked Questions, are intended to help people complete a correct return at their first attempt. They have been prepared with the assistance of Working Together Nationally.

We know that many people make innocent mistakes when filling in their tax returns. The level of tax lost in many cases does not justify a formal enquiry, but when looked at collectively these mistakes result in a substantial loss of revenue. We are looking at ways to draw attention to these potential pitfalls before a return is submitted, thus enabling people to check the accuracy of their return.

We will be sending letters only to people whose last return indicated there may be a risk, and the nature of the risk will be apparent from the accompanying “frequently asked questions”. We have found that our customers generally have a very low awareness of our regulatory activity, unless they have already experienced an enquiry. These letters give them the opportunity to address an aspect of the return that could give rise to a future enquiry, and, by putting things right voluntarily, they can reduce the likelihood of enquiry into that element of the next return.”

## 6. Next Meeting

To be arranged for October.