

**Charter of Standards and Values – A Consultation Paper  
Revenue Scotland  
Response from the Low Incomes Tax Reform Group (LITRG)**

**1 Executive Summary**

- 1.1 LITRG welcomes the opportunity to respond to Revenue Scotland’s document ‘Charter of Standards and Values – A Consultation Paper’, which was issued in late January 2015. Although we normally call for a full 12-week public consultation period, we think that the six weeks provided for here is acceptable, given the extensive discussions that have already taken place in framing the Revenue Scotland and Tax Powers Act 2014 provisions in respect of the Charter of Standards and Values (Charter). It was hugely helpful to be involved in the discussions which we believe helped shape what we think is a better framed Charter. We also recognise the wish to finalise the Charter before 1 April 2015, when Revenue Scotland start to administer Land and Buildings Transaction Tax and Scottish Landfill Tax. LITRG has had the opportunity to make suggestions concerning the draft Charter on a few occasions prior to its publication. We welcome the consideration of our previous comments and the fact that several of our suggestions have been adopted.
- 1.2 Although the Charter will initially apply only to Land and Buildings Transaction Tax and Scottish Landfill Tax, taxes in which we do not have a particular interest, we are concerned to ensure that the Charter should not require significant amendment on the occasion of the devolution of taxes that do affect the low-income taxpayer. The relationship between taxpayer and Revenue Scotland should not need to alter dramatically or at all if such taxes are added. By contributing to this consultation, we hope to ensure that the Charter is suitable for all taxpayers, including low-income taxpayers and therefore an excellent document which is fit for purpose.

- 1.3 Overall, we think that the draft Charter benefits from good presentation and content. Our submission is written with a view to assisting Revenue Scotland refine their draft, to ensure that it best serves the relationship between the taxpayer and Revenue Scotland.
- 1.4 We take this opportunity to reiterate the importance of the Scottish Government's decision to have a Charter that has statutory backing and which has to be approved by the Scottish Parliament. The statutory basis<sup>1</sup> is important in making sure that the Charter is effective and enduring, since it provides clear authority for its existence and retention.
- 1.5 A Charter should be an overarching safeguard for the taxpayer, and should ensure fair treatment for all. The statutory basis is a key aspect of strengthening the Charter as a safeguard for the taxpayer, since it ensures that the Charter cannot simply be removed or side-lined if policy changes. Revenue Scotland should be commended for their recognition that the Charter is also of assistance to them as, properly framed and managed, it will do a great deal to help taxpayers appreciate their responsibilities. The Charter is something that could unite Revenue Scotland staff and taxpayers.
- 1.6 A Charter is fundamentally for taxpayers, who should be able to rely on the terms of a Charter and as such hold Revenue Scotland to those terms. Hence, the key is communication and publicity. We welcome the steps that Revenue Scotland intend to take to ensure that the Charter is well-publicised, so that all taxpayers (represented and unrepresented) are aware of it and what it means for them and their relationship with Revenue Scotland. We welcome the statement by Revenue Scotland that their staff will draw the Charter to a taxpayer's attention as a matter of course in all correspondence. It is also good to see that the Charter will be included in staff guidance. We think it is important that staff consider the Charter as a matter of course when dealing with taxpayers, even if the taxpayer does not mention it. We suggest that Revenue Scotland might usefully comment in their annual report on what they are doing to ensure relevant people are aware of the Charter and discuss evidence of their success in so doing.
- 1.7 It is essential that the Charter is capable of being enforced. This means that the Charter should deal with the right of redress if the Charter principles are not upheld by Revenue Scotland. We welcome the inclusion of references to Revenue Scotland's complaint procedure and the Scottish Public Services Ombudsman (SPSO) in the draft Charter. It is also good to see an explicit statement that the Charter can be referred to in all tax dealings, including tribunal and court proceedings.
- 1.8 As Revenue Scotland note, it is important that the Charter is clear, concise and usable. Our view is similar, in that we think a Charter should be short, easy to read and understand and easily accessible. We think that the length of the draft Charter is acceptable; its format means that it is easy to read. We point out in our comments below any places where we think that these criteria are not met. In terms of accessibility, it is important that the Charter

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<sup>1</sup> Revenue Scotland and Tax Powers Act 2014, section 10.

is made available in a variety of formats and through various channels. For example, there is an indication that it will be possible to request the Charter in an alternative format. There must be more than one request channel, for example it should be possible to make a request by using an online facility, a telephone helpline or by writing. Thought should be given as to the use of colours, fonts and typeface to ensure accessibility.

- 1.9 At the Annex to this response we include a suggested draft Charter. This effectively sets out, in three sections, what the taxpayer can expect of Revenue Scotland, what Revenue Scotland can expect of the taxpayer and how Revenue Scotland hold themselves and can be held by others to account.

## **2 About Us**

- 2.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.
- 2.2 LITRG works extensively with HM Revenue & Customs (HMRC) and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

## **3 Expectations of Standards and Values on the Tax Authority**

- 3.1 ***Q. 1: Do you think the obligations and responsibilities on Revenue Scotland (and SEPA and RoS in relation to the functions delegated to them by Revenue Scotland), as set out in the draft, are appropriate?***
- 3.1.1 It is proposed that the principal function of Revenue Scotland should be to ensure efficient and effective care and management of devolved taxes. We think it is important that the Charter is viewed as a tool to enhance the working relationship between Revenue Scotland and taxpayers. The expectations on the tax authority should encompass taxpayer rights in relation to Revenue Scotland. Unrepresented taxpayers in particular benefit from a Charter that helps them understand how to deal with the tax authority – the Charter must

encourage taxpayers to engage and communicate with Revenue Scotland and reassure them that they will receive a fair hearing and that they will be listened to.

- 3.1.2 Generally, we think that Revenue Scotland's obligations as set out in the draft Charter are appropriate. We comment below on particular obligations where we think refinements can be made and also suggest some possible additions. Where we make no comment in respect of a particular obligation, we are satisfied that it is appropriate.
- 3.1.3 In respect of the first obligation, we would prefer the *caveat* to read '(until such time as Revenue Scotland have clear evidence that the taxpayer is not honest and compliant)'. Otherwise we have a concern that unfounded suspicions could be used as a basis for not adhering to this particular obligation.
- 3.1.4 In order to ensure the fourth obligation is fulfilled,<sup>2</sup> it might be appropriate for Revenue Scotland to include a commitment in the Charter to the effect that they will set parameters for the establishment and monitoring of measurable standards of service, including the annual publication of meaningful benchmarks, developed in consultation with stakeholders.<sup>3</sup>
- 3.1.5 The fifth obligation could perhaps be strengthened, to ensure it is more meaningful.<sup>4</sup> We would suggest 'Revenue Scotland will treat taxpayers in similar circumstances consistently; and when considering what is reasonable, take into account a taxpayer's particular circumstances and abilities.'
- 3.1.6 In the final obligation, we think it would be useful to indicate that the agent or representative may be paid or unpaid, to ensure all stakeholders realise this refers to voluntary sector representatives, friends and family, not just professional agents.
- 3.1.7 We think a possible additional obligation might be for Revenue Scotland to tell the taxpayer in full about taxpayer rights and safeguards, and limitations on Revenue Scotland powers, granted or imposed by law. This could perhaps specify when such a requirement would be appropriate, for example, when Revenue Scotland are seeking to exercise their powers to require documentation, inspect premises *et cetera*.

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<sup>2</sup> We refer in particular to the part of the fourth obligation that reads 'Revenue Scotland will ... provide a prompt, accurate and professional service.'

<sup>3</sup> This could follow the precedent instituted by what is now the Joint Initiative Steering Group, which was formed in order to implement the recommendation in the Treasury Committee's Report on the Administration and Effectiveness of HMRC (Sixteenth Report of Session 2010/12 (HC 731)) that HMRC should "work closely with the professional bodies, tax charities and businesses to develop a series of performance indicators that credibly reflect customers' end-to-end experience of dealing with HMRC and that these indicators are regularly published as part of the transparency section of its five-year business plan'.

<sup>4</sup> In the draft Charter, the fifth obligation reads 'Revenue Scotland will use our powers reasonably and consistently.'

3.1.8 Another suggestion for a responsibility is that Revenue Scotland will develop guidelines for when taxpayers in financial difficulties can request consideration of a ‘time to pay’ arrangement / put forward a proposal for a time to pay arrangement based on genuine difficulties in meeting normal tax payment obligations.

3.1.9 We recognise that some of our suggestions go slightly further than our draft Charter in the Annex. The additional detail could result in a greater length than desirable, although the additional clarification would be welcome. In which case, it might be worth considering following the structure adopted by HMRC’s ‘Your Charter’, where a brief document is supported by further explanations.<sup>5</sup>

#### **4 Expectations on the Taxpayer**

4.1 ***Q. 2: Do you think the obligations and responsibilities on taxpayers and their agents and representatives, as set out in the draft, are appropriate?***

4.1.1 Again, if we start from the position that the Charter should enhance the relationship between the tax authority and taxpayer, then the standards and values follow from that. In particular, we think the aim of the Charter should be to encourage taxpayer co-operation. On the whole, we think that the responsibilities are appropriate. We comment below on particular obligations where we think refinements can be made and also suggest some possible additions. Where we make no comment in respect of a particular obligation, we are satisfied that it is appropriate.

4.1.2 In respect of the first obligation, we suggest that the responsibility should be to ‘take reasonable care’ rather than simply to ‘take care’. In the course of representative work with HMRC, we have found it necessary to remind HMRC staff that not all taxpayers are on the same footing with them, particularly the unrepresented taxpayer. It is important therefore that the Charter recognises that the low-income, unrepresented taxpayer needs Revenue Scotland support and cannot be expected to have an equivalent knowledge of tax systems to that of a Revenue Scotland officer. The inclusion of the word ‘reasonable’ within this obligation would better reflect the idea that when judging whether or not a taxpayer has taken care, Revenue Scotland should take into account the taxpayer’s particular circumstances and abilities. It also suggests that Revenue Scotland staff have to recognise the possibility that there may be mitigating circumstances, such as the taxpayer having a disability, or being bereaved, and that those circumstances may affect their ability to interact with Revenue Scotland or deal with their tax responsibilities.

4.1.3 We have concerns that the third obligation is drawn too widely and could lead to some taxpayers keeping unnecessary records. We suggest that if Revenue Scotland wish to retain a responsibility along these lines that they delineate it more clearly, by adding a clause such

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<sup>5</sup> <https://www.gov.uk/government/publications/your-charter>

as, 'to the best of your ability, knowledge and belief' or by amending it to read 'that you can reasonably foresee may be taxable.' In addition, we suggest including a phrase such as 'within the time limits required by the law', in order to clarify that taxpayers are not expected to retain records outside the statutory periods.

- 4.1.4 We suggest that the word 'quickly' is amended to 'promptly' in the fifth taxpayer responsibility, as this better suggests a connection between the taxpayer realising they have made an error and having a responsibility to notify Revenue Scotland of this. This ensures that the responsibility is in respect of notifying Revenue Scotland within a short time of realising the error has occurred, rather than notifying them within a short time of making the error itself.
- 4.1.5 In addition, we think that the fifth obligation is rather long, containing several elements. It therefore does not meet the criteria of being concise and usable. In view of this we suggest that, at a minimum, the obligation is split into two. We think a suitable division would be to spell out a separate responsibility such as, 'Taxpayers (their agents and representatives) will let us know promptly if you are having difficulty making payments.'
- 4.1.6 We think that the Charter should include a few additional taxpayer responsibilities. As we note at 4.1.1 above, we think the Charter should encourage taxpayer co-operation. As such, we think it would be helpful to have an explicit obligation to this effect, perhaps as the first taxpayer obligation. This could be worded 'Taxpayers (their agents and representatives) will co-operate fully with Revenue Scotland.'
- 4.1.7 Another responsibility that it would be useful to include specifically would be for the taxpayer to be obliged to report relevant changes in circumstances (for example, a change of address). It may be thought that this is implicit in the first obligation, but we think it should be stated explicitly to raise taxpayer awareness.

## 5 Awareness

- 5.1 ***Q. 3: Do you have any suggestions about how Revenue Scotland should raise awareness of the Charter and encourage its use by Revenue Scotland staff, taxpayers, their agents and representatives?***
- 5.1.1 It is essential that Revenue Scotland publicise the respective rights and obligations of taxpayers and Revenue Scotland sufficiently widely to be easily accessible to all Scottish taxpayers, wherever in the world they are based. In order to ensure the Charter is accessible, it must be easy to read and understand and available through a variety of channels and in various formats. The ideas for awareness-raising are good. We make further suggestions below.
- 5.1.2 Although Revenue Scotland state that they will draw attention to the Charter in all correspondence, we think they should issue a copy of the Charter or a link to a taxpayer in certain circumstances. For example, some taxpayers may not file their submissions online –

this might mean that these taxpayers in particular need a paper copy of the Charter and it might be appropriate to send a hard copy to them.

- 5.1.3 Ideally, all materials should include a link to the Charter, but the emphasis should be on Revenue Scotland staff to actually consider the Charter without the need for the taxpayer to raise it. Consideration of the Charter should be a standard part of all processes when dealing with taxpayer correspondence. We therefore welcome the fact that it will be included in Revenue Scotland staff guidance.
- 5.1.4 Revenue Scotland indicate that it will be possible to request the Charter in a different format or language. There should be more than one route available for making such a request, none of which should take an excessively long time to process. As a minimum, we would expect there to be a free telephone number (or cheap and the cost of a call published) and an online or email facility. Ideally, there should also be an address to which a written request can be sent.
- 5.1.5 In order for Revenue Scotland to adhere to the Charter, it is critical at the start to have full buy-in by Revenue Scotland staff; it is also essential that Revenue Scotland staff are given the tools to enable them to achieve compliance with it. One option might be for staff appraisals to include performance in relation to adherence to the Charter. This could assist in embedding the Charter within Revenue Scotland culture. In addition, learning about the Charter, for example, its role and how to apply it, could usefully form part of staff training, induction and refresher courses. This might involve role play or case study scenarios, rather than simply being provided with a copy of the Charter.
- 5.1.6 In addition, Revenue Scotland could specifically comment in their annual report on what steps they are taking to ensure relevant stakeholders are aware of the Charter and discuss evidence of their success in so doing. The undertaking of reporting in itself will help to raise awareness among staff, and the inclusion in the annual report should assist in raising the profile of the Charter in Revenue Scotland and help it to become embedded in the culture.
- 5.1.7 Revenue Scotland could also look to other parties to assist them in raising awareness: the professional tax, legal and accounting bodies, trade associations and tax charities would probably be willing to publicise the Charter on their websites and in their journals. This is certainly something that the LITRG will do.

## **6 Any Other Comments**

### **6.1 Q. 4: Do you have any other comments you would like to make?**

- 6.1.1 In information provided about the Charter, it states that the Charter will not apply to dealings with HMRC, and in particular, it will not apply to dealings concerning the Scottish Rate of Income Tax (SRIT). We welcome this explicit statement in the news item, but think that it would also be helpful to have such clarification available in conjunction with the Charter on an ongoing basis. For example, a similar clear and simple statement to that made

in the news item could be included on the landing page for the Charter on Revenue Scotland's website and also in any other publicity materials concerning the Charter. It might be sensible to include a link to HMRC's 'Your Charter' too.

- 6.1.2 In accordance with the requirements under section 10 of the Revenue Scotland and Tax Powers Act 2014, Revenue Scotland indicate that they will review and revise the Charter when appropriate, and provide an example of the devolution of additional taxes to Scotland. It is good to see that Revenue Scotland already have in mind at least one trigger for review and revision. We think thought should be given now as to what other triggers there might be, in order that Revenue Scotland are well-prepared. By way of example, the delegation of duties to another third party in addition to RoS and SEPA could be such a trigger.
- 6.1.3 It is essential that the Charter is capable of being enforced, otherwise it could easily become meaningless. This means that in case of breach by Revenue Scotland, a taxpayer should have an effective remedy. The route of redress should be clear – the taxpayer should be told who to contact, how to contact them and how the process will work. We are therefore pleased to see that there will be a framework for handling complaints raised under the Charter, and that the final recourse of the taxpayer will be to the SPSO. The clear statements towards the end of the draft Charter concerning the right to refer to the Charter in all tax dealings, including tribunal proceedings, and about the complaints procedure are welcome. We have one suggestion for an amendment – that is to include a link to or contact details in respect of Revenue Scotland's complaints procedure, preferably before the information about the SPSO.
- 6.1.4 What might be considered a minor detail is the name of the Charter. 'A Charter of Standards and Values' seems fairly long-winded. It is likely that on most occasions it will be simply referred to as 'the Charter', as indeed we do in this submission.
- 6.1.5 We think the presentation of the Charter is good. The inclusion of an introductory section explaining the Scottish approach to tax and the purpose of tax will be helpful for taxpayers in understanding why they should comply with the tax system. The further explanation about the purpose of the Charter is also useful. Perhaps this could helpfully be expanded by a reference to the taxes that Revenue Scotland deal with (see our comments at 6.1.1 above). We welcome the separation of obligations on the taxpayer and Revenue Scotland. This minimises the opportunity for confusion and should prevent the misconception arising that the obligations are in any way conditional on the other party meeting their obligations.
- 6.1.6 It is essential that Revenue Scotland adhere to the Charter. With a view to this, we recommend that there should be independent oversight of the Charter, to check how Revenue Scotland (and taxpayers) perform against the standards and values set out. Revenue Scotland should report annually on the Charter, its use and impact. This could be a duty placed on the Members of Revenue Scotland as a principle, since they are in effect independent. There are various options available as to how to put such a duty into effect. By



way of example, HMRC have established the Charter Advisory Committee,<sup>6</sup> the purpose of which is to monitor all aspects of use of Charter and make sure that taxpayers can access their rights. In theory this should mean that the Charter is applied fairly and consistently. An advisory group could also have the remit of checking whether or not Revenue Scotland staff are receiving guidance and support in achieving this.

6.1.7 Revenue Scotland should have to consider any new policy in conjunction with the Charter, to ensure that it complies.

6.1.8 Revenue Scotland's main duty and function will be the collection and management of devolved taxes. Although we recognise that Revenue Scotland will have to operate within parameters set by the Scottish Parliament, we think that the Charter could usefully contain a commitment by Revenue Scotland to set measurable service standards, against which they report their performance. For further details we direct you to the third section of our suggested Charter below: *A Draft Charter for Revenue Scotland: The LITRG version*.

LITRG  
5 March 2015

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<sup>6</sup> This advisory body is formed of representatives of interested parties, such as agent and taxpayer representatives.

**A Draft Charter for Revenue Scotland: The LITRG version*****Revenue Scotland will:***

- Work with you so that you get things right, including the amounts you pay us, and receive from us.
- Use our powers reasonably and treat you as honest; but bring to account those who act dishonestly.
- Treat you fairly and with respect, and recognise your right to privacy.
- Provide you with the right help and with explanations you can understand, taking into account your needs.
- Work with you to minimise your costs in dealing with us.
- Make it easy for you to contact us and use our services in ways that suit you, recognising your right to be represented by someone else.
- Provide a prompt, professional service, concluding matters as quickly as possible.
- Use your feedback to improve our services.
- Make you aware of your rights and means of redress if the Charter principles are not upheld by us.

***Revenue Scotland expect you to:***

- Be honest and open, and work with us to make sure we have all relevant information from you to help us to get things right.
- Make returns and claims with care, to the best of your ability, knowledge and belief.
- Make returns and payments on time, but to contact us quickly if you are having difficulty.
- Respect our staff, treating them in the same way as you want them to treat you.
- Contact us when you need help, advice, or information, and to tell us if you have particular needs.

***Revenue Scotland will publish and make easily accessible to everyone:***

- Service standards that have been developed in consultation with our customers for all parts of our business and report annually our performance against them.
- Our data protection policy explaining how we keep your information safe and secure and how you can access information we hold about you.
- Our disability, accessibility and equality standards and report annually our performance against them.
- Our review, dispute and complaints processes and how you can appeal to an independent tribunal.