



Low Incomes Tax Reform Group
A voice for the unrepresented

BEREAVEMENT AND THE TAX SYSTEM

A report by the Low Incomes Tax Reform Group of
The Chartered Institute of Taxation



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Executive summary and summary of recommendations

The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation to give a voice to the unrepresented. The group works closely with the tax charity TaxHelp for Older People (TOP) which provides free professional tax advice to older people on low incomes who would not otherwise be able to afford such independent assistance.

Between us we observe day by day how the tax system makes life harder for bereaved people than it needs to be. We have campaigned over the years for Government to provide better and more comprehensive information and better co-ordinated support for people when they are bereaved. We have also called for Government to be more flexible in applying the tax system to people trying to cope with the death of someone close to them.

Death can change many things: ownership of assets, sources of income, channels of communication, entitlement to help from Government. A person who has never been used to dealing with financial matters can suddenly find themselves dealing with agencies, such as HM Revenue & Customs (HMRC), for the first time in their lives. People affected by a death need to act quickly and appropriately, all at a time of great emotional stress.

In this Report, prompted by the start of the worthwhile Tell Us Once project, we consider what simple steps could be taken to improve bereaved people's experience of the tax system (including tax credits and benefits administered by HMRC). We first outline how a bereaved person has to interact separately with HMRC, with different sections or offices within HMRC, and with other Government departments such as the Department for Work & Pensions (DWP), because those Government agencies do not share information with each other. We also review the gaps in customer service and provision of information, and how all these obstacles add to the existing burden of bereavement.

We then consider how life could be made easier for bereaved people by more joining up between the different Government departments and by more streamlining and automation of administrative systems. We look at how the Tell Us Once project is progressing in that direction, and we make other recommendations drawn mainly from our qualitative research and case studies contributed by TOP, some of which are summarised in Appendix A.

Summary of recommendations

1. The Government should commit to rolling out Tell Us Once and HMRC should be involved as a key stakeholder in its development (para 4.11).
2. HMRC should fulfil their commitment to offer face-to-face help and home visits to vulnerable taxpayers. Where HMRC are not able to do this themselves, funding should be provided to the voluntary sector, such as TOP, to provide this support in HMRC's stead (para 4.16).
3. When Government leaflets are replaced, contingency plans should be put in place to ensure that there is not a lack of information during the transition. HMRC should work with Registrars to ensure that information regarding the tax system is passed on to those reporting a death (para 4.29).
4. The websites of Directgov and HMRC on bereavement topics should be reviewed, co-ordinated and recast (para 4.47 and 4.48).
5. A collaborative approach between HMRC, the DWP, Directgov, Businesslink, local authorities and the voluntary sector should be adopted to ensure that the best and most comprehensive and relevant information be contained on the respective websites. A smooth transition is needed as the websites converge. A guide for those in business needs to be different from that for individuals more generally. But the revision of DWP 1027, which is clearly needed, should be the trigger point for a more holistic approach.
6. There should be a full review of the approach to cases where a claim is made for waiver of the tax under Extra-Statutory Concession A19 (para 4.57).

7. When HMRC knows that a taxpayer is 65 years old or more, they should initiate enquiries themselves to establish whether the higher age allowance is due (para 4.59).
8. The too complex form R27 ('Potential repayment to the estate') should be revisited and revised (para 4.62).
9. A working party should be set up, involving Government departments such as HMRC, the DWP and local authorities, together with stakeholders from the voluntary and not-for-profit sectors, to consider such matters as how best to achieve an 'end to end' Government service to the bereaved, and to maintain a high standard of service to the bereaved and other vulnerable customers in the context of the new DWP and HMRC Charters (para 5.2ff). The working party might also consider such things as whether HMRC should set up a specialist bereavement helpline, or devise a simple leaflet about tax on bereavement.
10. HMRC need to identify and make use of other information channels to make contact with the bereaved, for example financial entities such as banks (para 5.7).
11. HMRC should aim to eliminate overpayments of tax in bereavement cases by matching data where available. An effective 'Taxback' campaign is needed, matching data in order to identify tax overpaid on bank and building society interest, and inviting taxpayers to claim repayment within the six (soon to be four) year time limit. HMRC should also check whether a bereaved person, or the deceased, might be (or have been) entitled to the 10% savings band (para 5.8).
12. Where the question of penalties arises for, say, failure to notify a liability, deliver a return or pay tax on time, or for an inaccuracy, HMRC should be slow to infer any default on the part of a person who has experienced a bereavement. The Powers Implementation Oversight Forum should monitor how penalties are applied to bereaved taxpayers to ensure that all mitigating factors are being fully taken into account in determining whether there should be a penalty, and – in the rare cases where there should be – the appropriate level of the penalty (para 5.9).

1.. Introduction

- 1.1.. 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.
- 1.2.. 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.
- 1.3.. TaxHelp for Older People (TOP)¹ is a national charity which provides free professional tax advice to older people on low incomes who would not otherwise be able to afford such independent assistance. The service is provided by advisers from the tax profession who give their time and expertise to the scheme at tax surgeries held at friendly and accessible premises such as Age Concerns, CABx & libraries or by home visits where disability or transport difficulties pose problems.
- 1.4.. Over the years LITRG has campaigned for Government departments to provide better and more comprehensive information and better co-ordinated support for people when they are bereaved. We have also called for Government to be more flexible in applying the tax system to people trying to cope with the death of someone close to them.
- 1.5.. LITRG works closely with the tax charity TOP and between us we observe day by day how the tax system makes life harder for bereaved people than it needs to be.
- 1.6.. The launch of the Tell Us Once project (see 4.6ff) has prompted a review of how different parts of Government should co-ordinate their activities when someone is bereaved. In this Report, LITRG and TOP revive our previous recommendations on this topic, in the hope that they prove helpful in the context of that review.
- 1.7.. For the purposes of this short Report we have treated the benefits and credits administered by HM Revenue & Customs (HMRC) as being part of the tax system.

2.. Problems following bereavement

- 2.1.. Death can change many things. Sources of income can stop or start; assets can change hands; a person's entitlement to help from Government can alter; communication channels change; new intermediaries (such as a solicitor) may appear.
- 2.2.. Such changes can happen instantaneously and the administrative systems in place need to be capable of reacting quickly. The people affected by the death also need to react quickly and appropriately. And all this comes at a time of great emotional stress.
- 2.3.. Not only do survivors need to transact the financial affairs of the deceased and the deceased's estate, they also have to deal with changes in their personal circumstances as a result of the death.
- 2.4.. In our experience, many people are not good at planning their financial affairs around their own death and are not aware of the impact on those who are left behind. Thus, if one member of a couple dies, and the survivor is unused to dealing with financial matters, they may suddenly find themselves having to deal with agencies, such as HMRC, for the first time in their lives.
- 2.5.. Anything that governmental systems can do to make this transition easier is to be encouraged.
- 2.6.. This Report considers what simple steps could be taken to improve the situation.

3.. Tax and bereavement

- 3.1.. We outline below various ways in which a person might have to deal with HMRC when someone dies. This listing, although long, is not comprehensive.
- They might have to submit an inheritance tax (IHT) return showing the income and assets of the deceased's estate. Although this generally applies only to 'wealthier' individuals with an estate valued at more than the nil rate band (£325,000 for the 2009/10 tax year), many more worry about it needlessly.
 - They might also have to make a self-assessment tax return for the estate showing income and capital gains arising between the date of death and distribution of assets to beneficiaries.
 - HMRC might send the deceased's next-of-kin a form R27 in order to determine if the deceased was due a repayment of income tax that should now be paid to the estate.
 - If the deceased was required to complete self-assessment tax returns, the personal representatives might have to complete a return up to the date of death.
 - If the deceased was an employer – either in a business sense or in a personal capacity (employing household help or caring assistance) – there will be Pay As You Earn (PAYE) matters to resolve.
 - If the deceased was in business, there may be a VAT registration to deal with, and their Class 2 National Insurance contributions will have to be cancelled.
 - If the deceased was making up for missed pension contributions by paying Class 3 voluntary contributions, those will have to be cancelled.
 - If the deceased was a tax credits claimant, the death may give rise to changes in entitlement. A surviving partner (or if there is no surviving partner, personal representatives of the deceased) will need to notify HMRC of the death within the required timeframe. If the claim was a joint one, the survivor will now have to make a new claim as a single person. If he or she delays, any tax credits paid to him or her under the former joint claim, before he or she claims again as a single person, are likely to result in a recoverable overpayment. Even if the survivor does report the death promptly, a recoverable overpayment can still be generated if HMRC delays processing; the survivor may have to remind HMRC more than once.
 - Again, if the death brings about changes in income levels, the surviving partner may be entitled to a greater or lesser amount than they previously had as a couple.
 - The death of a child can affect tax credits, child benefit and child trust fund entitlements and HMRC must be notified promptly.
 - Also a surviving spouse or partner may have to re-claim child benefit if it was previously being paid to the deceased.
 - A taxpayer's death can bring about a change in income for the surviving spouse, civil partner, or common law partner, so that their own tax position (including PAYE codes etc) will require review.
 - The deceased person's heirs, or anyone whose circumstances have changed as a result of the death, will need to review their new circumstances carefully. For example, if they had previously registered to receive bank or building society interest gross using a Form R85, their registration could now be invalid. If so, they will need to cancel it by notifying their bank or building society.
 - Similarly, the survivor might wish to review any charitable gifts they are in the habit of making, in case their position as regards a Gift Aid declaration has altered. Under the Gift Aid scheme, the charity can only reclaim tax that the donor has actually paid. Therefore, if the donor was previously a taxpayer and has become a non-taxpayer, they will need to revoke any Gift Aid

declarations they have made in the past. Similarly, if they were previously a non-taxpayer but have now become a taxpayer, they can now make a Gift Aid declaration and start making their charitable gifts under Gift Aid.

- Heirs and survivors also need to consider whether there are any unclaimed allowances, particularly if they are (or the deceased was) older or disabled. Where one party to a marriage or civil partnership was born before 6 April 1935, the couple would have been entitled to a married couple's allowance (MCA). In such cases, a bereaved spouse might be able to claim a transfer of any surplus MCA not yet paid to the deceased for the tax year of death. Older surviving spouses will need to check carefully that they are receiving their own personal age allowances if they have never needed to claim them before. Similarly, if the surviving spouse is entitled to claim blind person's allowance (BPA), they might also be able to claim a transfer of any unused portion of the deceased's BPA, or lodge a claim for BPA in their own right if they were not receiving it previously.

3.2.. The surviving spouse or personal representatives, while dealing with HMRC on all these fronts, will also need to attend to matters that fall within the responsibility of other government bodies, such as the Department for Work & Pensions (DWP) and local authorities. For example:

- notifying the DWP/Pension Service of the death, where the claimant was in receipt of state pension, pension credit, and other state benefits such as attendance allowance;
- claiming bereavement benefits;
- reviewing their entitlement to other state benefits, such as state pension, pension credit, carer's allowance or carer's premiums, or payments from the local authority such as housing benefit and council tax benefit;
- liaising with the local authority about any direct payments the deceased may have been receiving to fund his or her care needs.

3.3.. People tend to believe that government works as a joined up system and do not always appreciate the need to notify a change in circumstances more than once. Where government has the information available, it needs to be shared so that systems are automated so far as possible, and people only have to notify a change once for it to take effect for all central and local government purposes.

3.4.. Also, if the deceased's family does not catch up sufficiently swiftly with all the changes that death can bring, tax arrears can build up over a number of years and HMRC are unlikely to be forgiving when the situation comes to their notice.

3.5.. In an ideal world, HMRC's systems would be geared to give the customer the best possible joined-up service. Thus, on notification of a death, surplus married couple's allowance or surplus blind person's allowance would seamlessly be transferred to the surviving spouse in the correct proportion; tax credits systems would be adjusted so that neither an underpayment nor an overpayment would arise; the deceased's tax affairs would be scrutinised and the estate's tax position adjusted to ensure that any arrears of tax were collected timeously, and if the personal representatives were entitled to a refund they would automatically receive one. All this would happen without the need for the survivor to take any action other than as prompted by HMRC. But it does not happen; nor are HMRC staff trained to make the necessary connections and carry out the requisite adjustments.

3.6.. Instead, because the different systems operated by Government are so complex, and do not interact with each other, processing any slight change can cause failures such as those discussed in the following Chapter.

4.. Causes of failures and their remedy

4.1.. We think that the chief causes of the failures described in the previous section are:

- the need for notifications of death to be given many times over to different Government departments, because of those departments' inability to share information with each other;
- a general inadequacy and inconsistency in quality of government advice and services for the bereaved;
- the fact that different departments give information about only their operations and do not join up with each other to provide an integrated service to the bereaved customer;
- systems that are prone to failure, as we have described in Chapter 3;
- complexity of forms.

4.2.. For each of these causes we now analyse in a little more depth why the systems or support offered are inadequate, and offer recommendations for their improvement. See also the illustrations in Appendix A drawn from the casework of TOP.

The need for multiple notifications of death

HMRC 'silos'

- 4.3.. Central Government departments tend to operate within their own realms, or 'silos', without taking any account of each other. Even within a single Department such as HMRC, such divisions exist. The taxpayer might take the view that they have provided information to HMRC, and therefore their job is done. Unfortunately, passing information to HMRC for the purposes of, say, tax credits, does not mean that it filters through to, say, the tax (PAYE and self-assessment) and National Insurance arms of the Department.
- 4.4.. Frequently, we see that information leaflets and online guidance are devised without cross referring to other parts of HMRC, let alone to other departments such as the DWP, to ensure that matters relevant to all departments or 'sub-departments' are identified and dealt with. Even in compliance activity, where enquiries are made into the self-assessment return of a taxpayer who is also a tax credits claimant, the different arms of HMRC do not always talk to each other.
- 4.5.. Where a person is bereaved, there is even more need for the different elements of HMRC to work together and ideally provide an 'end-to-end' service, covering all aspects of the Department's responsibilities and addressing the requirements for the deceased, his or her estate and the family left behind.

Tell Us Once

- 4.6.. Because informing HMRC and its different sub-departments of a death is one among many things to do and is not uppermost in the bereaved's mind, they often forget. As noted, this can result in the wrong tax, tax credits or benefits being paid to them and leaves them open to penalties for failure to comply with statutory obligations. Or they assume that telling DWP is sufficient and that knowledge will spread between Government departments.
- 4.7.. Key to addressing this issue is the successful piloting and nationwide roll-out of a 'Tell Us Once' system. We understand that this system has been successful where it has been trialled, but widespread implementation is by no means certain due to scarcity of resources. Such a system has the capability of dealing with myriad notifications – to local authorities and various government bodies including the DWP and HMRC – in one fell swoop and, importantly for the bereaved, can be delivered locally and face-to-face.

- 4.8.. As part of our research, we visited a pilot of the Tell Us Once project led by the Registrar's office in Rotherham. The pilot had been running a single notification of births for some time, but had been registering deaths that way for only two weeks. The pilot software requires two stages of notification – the actual death registration, and the option to follow-on into the Tell Us Once suite. In the latter, the bereaved answers a number of questions (for example, was the deceased in receipt of a state pension?) and as a result is offered a choice of government departments or local authority services which they want to be notified of the death. Notifications are sent according to those choices and the bereaved is told that they can expect to hear from each organisation within 15 days. At present the data is input by Tell Us Once officers, but it is expected that eventually the public will be allowed to use the application unaided.
- 4.9.. The aim of Tell Us Once is commendable, and the outcome is clearly appreciated judging by the feedback given to the pilot officers by their bereaved clients. The range of departments and services which can be notified through Tell Us Once follows the advice check list in the old booklet D49, but with some omissions. One surprising omission is HMRC, or rather, the main function of HMRC. There is an option to advise them in connection with child benefit or tax credits. But there is no option to notify HMRC of the deceased's in-year cessation of liability to income tax. Nor, if the bereaved is a pensionable widow(er) or surviving civil partner, does it offer them the opportunity to notify of their own changed tax circumstances. The Tell Us Once team told us that, so far, no bereaved person had spontaneously raised the question of income tax. This is not unexpected, as our experience shows that they have much more pressing priorities at this time. However, we also know that with the passage of time, income tax does become an issue, and often a stressful one.
- 4.10.. Notification to HMRC for tax purposes is key. From the bereaved's viewpoint, it is better to stop the flow of routine HMRC outputs relating to the deceased sooner rather than later. And early notification of the death to HMRC can enable them to contact the next-of-kin to ascertain who is dealing with the estate, whether a repayment of tax might be due or whether there is any ongoing liability. Notification could also encompass the bereaved's affairs so that HMRC could be geared up, say, to issue form P161W early, to minimise delay and build-up of underpayments.
- 4.11.. It would be a great pity indeed if such a potentially useful service were not rolled out or its potential not exploited to maximum effect.

We therefore recommend that the government should commit to rolling out Tell Us Once and that HMRC should be involved as a key stakeholder in its development.

Inadequate and inconsistent advice and services

- 4.12.. The approaches which LITRG and TOP have had from bereaved people in the course of normal business provide interesting case histories. Some of these are illustrated in Appendix A of the Report, but in many there are common themes.
- 4.13.. For instance, the surviving spouse may have tended to rely on the deceased to 'do the paperwork'. The bereaved often has a general lack of competence or even confidence in handling tax or financial affairs. Particularly among TOP's older clients there persists the syndrome of '[the deceased] always used to deal with those things'. Such people are in need of real practical and emotional support.
- 4.14.. Given this context, bereaved customers contacting HMRC often require delicate handling. There may be confusion and distress to deal with, plus the likelihood that the customer has never dealt with HMRC before or not in such circumstances. They therefore require careful guiding through the process by staff trained to deal with them. All this also takes time and special expertise, which HMRC's usual call centre staff do not have: time targets to deal with calls can be divisive at the best of times, but particularly so when dealing with those who are bereaved. We therefore recommend that HMRC set up a specialist helpline for the bereaved, providing the support, guidance and integrated service they require. This should encompass all HMRC services and also signpost to other government departments such as the DWP and local authorities where necessary.
- 4.15.. Problems of contact are further compounded where the bereaved has a communication barrier. This might be a disability (whether physical, sensory, mental or learning) or where English is not their first language. LITRG is working with HMRC on these issues, but there is still more that can be done to promote the existing availability of specialist services for people in such situations, and to enhance the existing offering. For example, staff on a specialist bereavement helpline could be given additional training to deal with these needs.
- 4.16.. For many survivors (especially those in the older age bracket) the effort of unravelling such difficulties as those highlighted in this Report is compounded by their inability to get to a tax office because of disability or inability to drive. And in recent years, because of pressures on resources, HMRC have been unable to provide the home visits which they prided themselves on offering in the 1990s. Local tax offices have also given way to larger 'area' tax offices, making enquiry centres much less accessible to the taxpayer.

We recommend that HMRC fulfil their commitment to offer face-to-face help and home visits to vulnerable taxpayers and, where HMRC are not able to do this themselves, to provide funding to the voluntary sector, such as TOP, to provide this support in their stead.

Lack of joined-up information

- 4.17.. One of our key recommendations is that bereavement advice should be joined up, with the aim that consistent support and guidance is obtained from a wide range of entry points. In our research, we explored some of these entry points and discovered that currently there is very little consistency of advice on tax matters, if indeed any is given at all.
- 4.18.. HMRC should offer a simple leaflet about dealing with tax on bereavement. Some guidance is currently available on the web, but this could be better signposted on the HMRC website and people who are unable to access the internet because they have insufficient means or technological know-how (the 'digitally-excluded') cannot access this source of help.
- 4.19.. Guidance to taxpayers should reinforce the need to act as quickly as possible in order to avoid underpaying or overpaying tax, ensuring that they are paying only 'the right amount of tax'. As

noted above in the context of a helpline service, this guidance must extend to tax credits, where it is also vital that changes in circumstances are communicated within a certain timeframe in order to secure the correct entitlement and avoid under or overpayments of tax credits arising. It should also signpost other issues, such as for pension credit where the award is based upon net income which may have altered and needs careful liaison with PDCS to ensure the correct benefit is received. Failure to deal with this properly can also lead to the loss of passported benefits such as housing benefit and council tax benefit.

Registrars

- 4.20.. The Registrar plays a key role, as this is often the first point of contact for the next-of-kin. Whilst there may not be an immediate willingness to engage in dealing with financial matters following a bereavement, the Registrar is uniquely placed to provide the first source of information and guidance so that the bereaved person has something to turn to when they are ready.
- 4.21.. In the course of our research, several visits were made to Registrars' offices. The first was to a Registrar's office in the North of England, prompted by a team member's need to register a death. He noted in passing the tact, speed and efficiency with which the Registrar's Office dealt with the registration and the area Probate Office dealt with the Grant of Probate. His dealings with HMRC in closing the deceased's taxation were similarly satisfactory. This is a service level to which we recommend HMRC should always aspire in the bereavement context – something which should be reinforced by service standards linked to the new Charter.
- 4.22.. We understand that Registrars have some freedom to choose what peripheral help they provide beyond their core obligations. One we visited, for instance, had a wide range of pointers to funeral directors, catering etc and copies of the Help the Aged/Age Concern booklet on bereavement (see below).
- 4.23.. Registrars used to stock copies of the DWP booklet D49, the quality of material in which was generally good, and included a useful checklist of actions to be taken. But the D49 has now been replaced by the DWP1027, on which we comment below. Some time ago, during our researches, we asked the DWP to consider the need to rectify various deficiencies in the D49, including:
- out of date material on access to HMRC;
 - a lack of help about the taxation status of the various benefits which it signposts;
 - gaps in the list of helpful contacts, for example signposting to organisations like TOP for help with tax matters.
- 4.24.. The DWP unfortunately went ahead with their new booklet without further consultation, with extremely disappointing results, as highlighted below.
- 4.25.. In addition, we note there were transitional issues between the withdrawal of the D49 and implementation of its successor. On visiting two Registrars in October 2008, we were told that the D49 was out of print and their supply had run out some time ago. They also had no information as to when the replacement would be available (it was eventually published in late January 2009). In the meantime, they were therefore very much restricted as to the financial information they had available for the bereaved. In one instance, we were given Help the Aged's 'Bereavement' booklet, but this proved to be an out-of-date copy from November 2004 and for tax it directed the reader to IR45 'What to do about tax when someone dies' which was withdrawn in April 2006. The later September 2008 edition of the Help the Aged booklet has signposts to other leaflets such as 'Check your tax', for instance, and does tell the reader to let the tax office know about the death².
- 4.26.. On both visits, we were also given a short DWP pamphlet entitled 'If you are widowed or your civil

2 See 'Bereavement: Coping with a death' (pp 18) http://www.helptheaged.org.uk/NR/rdonlyres/38E4EFAD-DC3A-4DE0-B634-A9CBDB9D4C64/0/bereavem_Mar08.pdf

partner dies'. The only reference to tax in this was to say that the Bereavement Payment is not taxable, but it fails to explain the tax status of the other benefits to which it refers.

- 4.27.. Finally, in one of the visits, we were given another eight-page booklet entitled 'Help with Funeral Expenses from the Social Fund'³, which contained no tax information except a single line to say you do not have to pay income tax on any funeral payment received; and a one-sided photocopied sheet about probate, suggesting that you contacted either a solicitor or the 0845 Probate Office helpline.
- 4.28.. It should be noted that these publications are not always handed out automatically, though they might be on display in the office for the public to take away if they wish.
- 4.29.. We recommend that, when government leaflets are to be replaced, contingency plans are put in place to ensure that there is not a lack of information during the transition. Furthermore, we recommend that HMRC work with Registrars to ensure that information regarding the tax system is passed on to those reporting a death.**

This links in with our recommendation above regarding production of a simple HMRC leaflet and our further recommendation below to rectify the deficiencies in leaflet DWP1027.

DWP1027

- 4.30.. As noted above, the DWP1027⁴ replaces the D49, but it is inadequate. We list below just some examples of its failings. Properly devised and consulted upon, this publication has the potential to be possibly the key to guiding the bereaved through dealing with both the financial affairs of the deceased and their own change in circumstances, including what is required in terms of interaction with HMRC. As it stands, however, it does not even give enough information to provide a suitable starting point. We therefore recommend that it is thoroughly reviewed, in consultation with relevant stakeholders.
- 4.31.. The wording to describe tax credits (page 65) is poor and technically inaccurate in places. For example, it says 'to qualify, you need to work *over* 16 hours a week' and 'you might be able to get extra help if you are... *over* 50..., or working *more than* 30 hours a week'. All of these should be '*at least*' rather than 'over/more than'. This information is in itself incomplete, as it does not make it clear that if you are not disabled, do not have children, or do not qualify via the 50+ element, you will need to be working 30 or more hours a week rather than 16 to qualify for working tax credit.
- 4.32.. Child tax credit is not mentioned under the heading 'Help to bring up a baby or child' on page 63.
- 4.33.. The leaflet tells the bereaved what to do about tax credits and housing benefit if they think they might qualify, yet it does not tell them what to do if they are already claiming them.
- 4.34.. One would expect at least to see a reference to potential repayments of income tax on page 45 of the document where it is dealing with getting sums of money into the estate, but there is none. There is no clear information in the leaflet at all about telling HMRC about a death for the purposes of income tax. There should be an instruction to this effect, telling the reader why, how, where and what they might need.
- 4.35.. The material is generally inconsistent in terms of tax, as the following examples show.
- On page 34, we are not told whether life insurance payouts are taxable.
 - Page 42 introduces IHT, but does not give any explanation or suggestion that in most cases it has no impact.

3 Ref SFFA5JP December 2006

4 'What to do after a death in England and Wales', JobCentre Plus publication, DWP1027 (v1.1) January 2009 http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_016117.pdf

- On pages 60 and 61, we are not told whether employment and support allowance and industrial injuries disablement benefit are taxable. Yet we are told on page 61 that survivor's guaranteed income payment from the Armed Forces Compensation Scheme lump sum is taxable, although immediately after on page 62 the reader will be further confused as we are not told whether the lump sum is taxable.
 - Likewise on page 63, we are not told whether the guardian's allowance is taxable.
 - Page 65 says that you do not pay tax on working tax credit, whereas page 66 does not tell you that child tax credit is similarly non-taxable.
 - Page 66 also fails to mention the tax status of income support, nor on page 67 are we told the tax status of jobseekers allowance or pension credit.
- 4.36.. The D49 at least used to include some links to other organisations in the voluntary and not-for-profit sector that could be useful points of reference when dealing with a bereavement, but in the DWP1027 all non-governmental links have been excluded, except the National Association of Funeral Directors. Yet page 2 remarks that the leaflet provides a list of organisations who can give 'support and comfort'. Whilst the DWP and HMRC might be sympathetic when a death is reported to them, it is primarily the voluntary sector organisations that offer true 'support and comfort'.

Non-governmental information sources

- 4.37.. Various voluntary sector organisations produce guidance material for those coping with bereavement. Quite rightly, this is focused strongly on the emotional support a person may need; but it would be useful if HMRC could work together with voluntary sector and not-for-profit organisations which have contact with the bereaved to devise some standard wording for inclusion in this type of guidance material. This would enable consistent messages to be disseminated and would ensure that the bereaved are properly signposted to HMRC, and to organisations like TOP and TaxAid which might be able to offer more specialist help on tax matters.
- 4.38.. For example as noted above, Help the Aged/Age Concern produce a booklet 'Bereavement: Coping with a death', but its tax information is limited.
- 4.39.. The charity Cruse Bereavement Care⁵ also provides much-needed support to the bereaved, but this tends to be focused on dealing with the emotional after-effects.
- 4.40.. Citizens Advice online information has much useful guidance on what to do when someone dies⁶, but this does not obviously signpost any tax issues other than IHT. LITRG is currently working with Citizens Advice as regards updating some of their advisory material.
- 4.41.. Financial companies which have contact with next-of-kin around the time of bereavement might be expected to give advice or reference to tax matters. For example, the bereaved tend to make contact with their bank or building society at some point, perhaps particularly if they have inherited some money or held a joint account with the deceased. Therefore, banks and building societies are very likely to be faced with tax questions, and they are ideally placed to act as a conduit through which HMRC can channel information.
- 4.42.. Our conclusion from these researches is that, outside mainstream government sources, advice on bereavement deals mostly with issues other than tax, and therefore there is a heavy responsibility on HMRC to make tax advice easily accessible, and to get it right.

Online information from government sources

- 4.43.. Whilst we always contend that information should be available in a variety of formats in order

5 <http://www.crusebereavementcare.org.uk/>

6 http://www.adviceguide.org.uk/index/family_parent/family/what_to_do_after_a_death.htm

to make it accessible to all, providing information online could be a useful reference point for someone dealing with bereavement. Of course, those said to be 'digitally excluded'⁷ – amongst whom is a high proportion of older people – will always need other information channels. We therefore separately discuss in this Report the need for provision of useful and consistent information via leaflets such as: the DWP 1027; a new simple guide from HMRC; and for HMRC to work with voluntary sector organisations as regards standardising information in their own leaflets.

- 4.44.. Any unrepresented person seeking general advice on how to deal with a deceased person's tax affairs and the tax obligations of their estate might naturally turn first to HMRC. Although avenues exist for obtaining personalised advice, eg from the deceased's own tax office or the HMRC Probate and IHT Helpline, neither will be able to offer a leaflet or general guidance, and what they do offer is logically the second step in the search. You need to know first how and when to approach them. Or you may even need to know that tax might be an issue. Many may not realise that at all.
- 4.45.. The HMRC website has improved its content over the last two years and there is a promising starter page, but you may struggle to find it on a search via the Home Page as a link to the Liechtenstein Disclosure Facility is thought to be of more general interest than a link to Bereavement.
- 4.46.. Using the HMRC search facility can be hit and miss depending on the particular word chosen, but the usual result is a confusing array of links.
- 4.47.. The prime help page from HMRC is 'What to do about tax and benefits after a death'⁸, but this is less than comprehensive guidance. For example, if the deceased was self-employed, far more guidance is required than simply to cancel their Class 2 NICs. What if they were registered for VAT? What if they employed staff? There are further improvements which could be made and **we recommend that it should be reviewed in full, working in partnership with relevant stakeholders.**
- 4.48.. This is particularly important as the web convergence project moves forward, with the aim of Directgov being the focal point for individuals for general or starter guidance on issues which straddle government departments and agencies. The HMRC web content on bereavement will eventually migrate to the Directgov site. There is already good material on Directgov, but it is ordered differently than on the HMRC website and spread about a range of sections which makes it not very easy to follow. What is needed is a comprehensive index of issues relevant to a death, which then has a series of hand-offs to directly relevant material.
- 4.49.. In the same way that Directgov is intended to provide information for individuals, the Businesslink website is due to become the central information point for those starting up and running businesses. We reviewed the site to find out what information is provided for those aiming to deal with a business where the proprietor has died. Larger business might be able to engage advisers to assist them in addressing the issues, but those left to cope with a small business need advice in these circumstances.
- 4.50.. For example, if a sole trader passes away, his or her family might be left to assess some immediate needs. Does the business employ anyone? Is it registered for VAT? What tax has to be paid and when? How is the business to be continued or wound up?
- 4.51.. Businesslink does provide some information on dealing with the VAT registration of a business in the event of the proprietor's death⁹, but we did not locate any other obvious links to information on the site advising what to do in terms of PAYE and other possible tax issues.

7 There are said to be some 17 million digitally-excluded adults in the UK – see Communities and Local Government consultation, <http://www.litrg.org.uk/reports/submissions.cfm?id=641>

8 <http://www.hmrc.gov.uk/bereavement/index.htm>

9 <http://www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1081179374>

4.52.. We recommend that a collaborative approach between HMRC, the DWP, Directgov, Businesslink, local authorities and the voluntary sector should be adopted to ensure that the best and most comprehensive and relevant information be contained on the respective websites. A smooth transition is needed as the websites converge.

A guide for those in business needs to be different to that for individuals more generally. But the revision of DWP 1027, which is clearly needed, should be the trigger point for a more holistic approach.

Inadequate systems

4.53.. As we have argued in other reports and submissions¹⁰, exchange of information between government departments should work better than it currently does. The public believe and expect that information is exchanged between bodies such as the DWP and HMRC, yet the reality is that the systems are not always in place to facilitate such exchanges, or to take appropriate action when it is.

4.54.. For example, when a pensioner is widowed, their state pension entitlement could well alter and their tax liability could similarly change. If information were passed from The Pension Service to HMRC, appropriate action could be taken automatically, without further intervention from the taxpayer. For example, the PAYE Code on other pension income could be automatically adjusted, or a tax return could be issued if there is no means of collecting the tax other than via self-assessment. If HMRC feel they do not have sufficient information to judge the widow's tax position on review of her file, a pension enquiry form (P161W) should be issued to gather the information. But in many cases that TOP sees, something in this process goes awry and underpayments or overpayments of tax can occur accordingly, as illustrated by the case studies in Appendix A.

4.55.. In overpayment cases, TOP sees many examples where the situation is not remedied within six years (the existing time limit for repayment). The change in Finance Act 2008 which will in future reduce that period to four years will therefore compound the problem for many in this category. The reduction in that time limit is to have effect from April 2012 for non self-assessment cases.

4.56.. LITRG and TOP, supported by other charities such as Age Concern/Help the Aged and Citizens Advice, have long campaigned for HMRC to initiate an effective 'Taxback' campaign to match taxpayer records, identifying overpayments and offering the taxpayer the chance to claim a refund. Presently, data collected by HMRC on bank and building society interest seems only to be matched for the purposes of identifying and pursuing underpayments of tax. Many taxpayers ignorant of the existence of the 10% tax band for savings introduced from 6 April 2008 will also fail to claim their entitlement to it: HMRC could again use the trigger of bereavement to flag potential claims in this respect.

4.57.. In underpayment cases, the amount can build up substantially and, despite their contributory failing, HMRC will pursue the underpayments ruthlessly. In most cases they will reject the notion that the bereaved could have reasonably expected things to be in order. LITRG has consistently taken the view that HMRC's approach in this and similar situations is unreasonable.

We recommend that there should be a full review of the approach to cases where a claim is made for waiver of the tax under Extra-Statutory Concession A19.

4.58.. Even if the bereaved plays a full part, HMRC often make mistakes, such as frequently omitting to transfer the balance of married couple's allowance to the survivor up to end of the tax year. We believe this is due to the way in which taxpayers' affairs are dealt with in discrete chunks instead of delivering an end-to-end service. For example, the deceased's income tax repayment may be dealt with by submitting form R27, but no further alert is given to sorting out the affairs of the bereaved, such as drawing their attention to unclaimed allowances.

10 See <http://www.litrg.org.uk/reports/>

- 4.59.. Older widow(er)s and surviving civil partners – possibly encountering taxation for the first time – are dismayed that they are not automatically given the enhanced personal allowance for those aged 65 and over, but have to claim it. Many fail to do so and join the ranks of those who might eventually receive a repayment limited to four years.

We recommend that, when HMRC knows that a taxpayer is 65 years old or more, they initiate enquiries themselves to establish whether the higher allowance is due.

- 4.60.. The deceased and survivor may have joint and individual bank accounts for which they could sign a form R85¹¹. After the death the survivor may become liable to tax, but forgets to de-register the R85s, exposing themselves to later, potentially considerable, demands for tax on the interest. As the penalties regime changes with provisions in the 2007, 2008 and 2009 Finance Acts, taxpayers in this situation could also find themselves faced with penalties for 'non-compliance'. We hope that HMRC's guidance instructing their officers to take account of individual circumstances will encourage them to adopt a light touch approach in these circumstances, taking into account that the bereavement itself might be seen as a 'reasonable excuse' for the failure.

Complexity of forms

The deceased's tax affairs, including form R27

- 4.61.. In many circumstances, the deceased is likely to have overpaid income tax in the year of death if, for example, the deceased had a pension or other source of income subject to PAYE. This is because at the date of death, he or she will have received only N/12ths of the personal allowances due for the year, so that, as the death brings the tax year to an end, the balance of the allowances immediately becomes due. If and in so far as the source of income continues, the charge will fall either on the estate, or – for example in the case of property formerly owned as joint tenants – on the beneficiary.
- 4.62.. If the bereaved person notifies HMRC of the death (or if HMRC otherwise obtain information regarding the death of a taxpayer), they are then likely to be asked to complete form R27¹². This form aims to determine whether a tax repayment is due to the deceased's estate for the tax year to date of death and asks questions including whether the deceased left a will. This therefore also allows HMRC to gather information on what the tax position of the estate is likely to be. But many find this form extremely difficult, perhaps through a fear of official forms in general, inability or incomprehension, any of which might be compounded by their own grief. The layout and wording of the form itself are not easy to follow.

We therefore recommend that form R27 is revisited and revised.

- 4.63.. As noted above, the R27 could be used to much greater effect, flagging other issues to the bereaved such as unclaimed allowances and the knock-on effect on their own tax affairs, thereby giving the taxpayer a more complete service.

Survivors

- 4.64.. After they have notified HMRC of a death, a surviving spouse or civil partner might receive form P161W. This is designed to capture information on the survivor's new levels of income following their bereavement. But, as with the R27, many find this difficult to complete and errors can lead to the problems we have already noted. In some cases, a self-assessment tax return might be issued for completion, either in short or longer format, which the survivor might never have encountered previously and might find completing it a daunting prospect. This is frequently where organisations like TOP are required to step in and provide assistance and support, often by visiting the survivor at home.

11 R85 <http://www.hmrc.gov.uk/forms/r85.pdf> and helpsheet <http://www.hmrc.gov.uk/helpsheets/r85-helpsheet.pdf>
12 <http://www.hmrc.gov.uk/forms/r27.pdf>

5.. Recommendations for improving administration

5.1.. There is a case both for improving the administrative functions to handle a death, and for reviewing policy across Government. Our recommendations in this chapter cover the former, while we touch on policy issues towards the end.

Administrative improvements

5.2.. Key to improving matters for the bereaved is to remove the barriers created by different Government departments, and even different parts of the same Government department, not sharing information.

We therefore recommend that a working party is set up, involving Government departments such as HMRC,DWP and local government, together with stakeholders from the voluntary and not-for-profit sectors.

5.3.. The working party should consider:

- how information might be best shared, both within individual departments and across government generally, so as to offer an ‘end to end’ service to the bereaved, with minimal intervention from them;

how to overcome perceived Data Protection issues;
- how to work with registrars to disseminate information to those registering a death. Given that the DWP1027 is currently the key source of information distributed by registrars, it is vital that the DWP work with HMRC and other stakeholders to correct the tax and tax credits errors and inconsistencies in the material;
- how to ensure that the bereaved are signposted to organisations such as TOP and TaxAid who can offer support and assistance in dealing with tax and other HMRC functions;
- ways of ensuring that in future, where a key document such as the D49 is replaced, contingencies are in place to ensure there are no gaps in supply of information to the public;
- how Government departments can achieve and maintain high standards of service, particularly in relation to the bereaved and other ‘vulnerable’ customers. This should be considered in the context of the new DWP and HMRC Charters.

5.4.. A working party might also consider:

- If HMRC should offer a specialist helpline for the bereaved, providing the support, guidance and complete service they require, encompassing all HMRC services and providing signposts to other government departments such as the DWP where necessary. From this helpline, the bereaved should be able to obtain an ‘end to end’ service; that is to say, it should encompass the principal issues for those dealing with the affairs of the deceased as well as pointers for those people who are affected financially by the death..

The best ways of communicating comprehensively with the customer population which have been discussed earlier in this Report and which might include a simple HMRC leaflet dealing with just the time-critical issues of tax. This would however depend upon the approach taken to the DWP 1027 leaflet.

5.5.. Vital to the success of cross-department working is the Tell Us Once project, which needs to be fully funded and rolled out. HMRC must be a key stakeholder in this, to ensure that bereaved people are aware of all HMRC’s functions and can make the right notifications at the right times.

5.6.. HMRC must continue to work on their communication strategy where they are dealing with people coping with barriers such as disability or English as a second language. Staff on the specialist

helpline we suggest above should be trained to deal with these needs.

5.7.. HMRC need to identify and make use of other information channels to make contact with the bereaved, for example, employers or financial entities.

Often HMRC fail to use intermediaries, such as employers or banks, to spread appropriate information which could be both helpful to the employees/customers and to those organisations at the same time.

For example, banks and building societies are very likely to be contacted by the bereaved and asked tax questions, making them ideally placed to act as a conduit through which HMRC can channel information. HMRC should particularly ensure that banks and building societies are providing up-to-date information to their customers regarding the R85 process.

5.8.. HMRC should aim to eliminate overpayments of tax in bereavement cases by matching data where available.

As noted in this Report, HMRC could do more to identify cases of unclaimed allowances (such as transferring allowances in the year of death, and identifying where a taxpayer is 65 or over and entitled to age allowances).

In addition, an effective ‘Taxback’ campaign is needed. For such a campaign to be effective, HMRC need to match data already in their possession in order to identify tax overpaid on bank and building society interest, and inviting taxpayers to claim repayment within the six (soon to be four) year time limit.

HMRC should also check whether a bereaved person, or the deceased, might be (or have been) entitled to the 10% savings band, about which little is known and even less understood.

5.9.. Where the question of penalties arises for, say, failure to notify a liability, deliver a return or pay tax on time, or for an inaccuracy, HMRC should be slow to infer any default on the part of a person who has experienced a bereavement.

The Powers Implementation Oversight Forum should monitor how penalties are applied to bereaved taxpayers to ensure that all mitigating factors are being fully taken into account in determining whether there should be a penalty, and – in the rare cases where there should be – the appropriate level of the penalty.

Policy issues

5.10.. Whilst working on this Report we have come across areas where policies are perceived to be unfair, or to interact unfairly. These have been drawn to our attention through enquiries to our website and other means of contact with members of the public. Since this Report concentrates on operational issues, we have not dealt with policy matters to any extent. However, the working group we recommend in 5.2ff might usefully discuss these and any other problems which stakeholders have come across so that recommendations for change can be put forward where necessary.

5.11.. For instance, TOP/LITRG have seen cases where a younger widow feels aggrieved because her widowed parent’s allowance is taxable, but maintenance, paid if they had separated or divorced, would not be.

5.12.. Similarly aggrieved is the unmarried survivor who is solely liable to repay any overpayment incurred on their joint tax credits award during the deceased’s lifetime, or through the survivor’s own failure to notify the death soon enough, but is not eligible for bereavement allowance on their partner’s death.

5.13.. And some recipients of the bereavement allowance feel that the tax on it claws back part of what their spouse has contributed to in the past through tax and National Insurance.

Appendix A – Case Studies

Case study 1 – 79-year-old widow, registered blind and hard of hearing

Mrs C's husband passed away in April. She telephoned the tax office in June when she started to receive her widow's pensions.

Whilst HMRC correctly ensured that Mrs C was receiving her blind person's and age-related personal allowances, incorrect PAYE codes were issued for her pensions. She arranged to see an adviser with TaxHelp for Older People (TOP), as she did not understand the tax deductions from her pensions. Mrs C struggles to read her PAYE coding notices (issued in standard-size print) by using a magnifying glass.

The TOP adviser calculated that Mrs C had underpaid tax by some £580. This error seemed to have occurred due to a miscommunication regarding the amount of state pension Mrs C was receiving following her husband's death.

Points to note:

- Many people – particularly in this age group – are also coping with other personal difficulties when they experience bereavement. Disabilities and health problems become more common with age. For example, the Royal National Institute of Blind People (RNIB) notes that 'The vast majority of people with sight problems are older people, aged 65 and over. The older you are the more likely you are to have a sight problem. Most older people with sight problems started to lose their sight later in life.'¹³
- Communication problems might arise as a result of disability.
- Tax debts can arise if changes in income are not notified – or are incorrectly communicated – to HMRC.
- Those who have lost a partner can find themselves with a tax liability where there was none previously. Before Mrs C's husband passed away, neither of them paid income tax as they each had an age-related personal allowance and a married couple's allowance to offset their taxable income. Now Mrs C lives on less income than the couple received previously, yet has to fund similar costs of living and pay tax.

Case study 2 – A father's legacy creates confusion

Ms T made an enquiry to the LITRG website regarding a legacy of between £80,000 and £100,000 she was expecting from her father's will. Whilst this might seem like a financial 'windfall', it brings with it myriad problems.

Ms T is 50 years old, chronically ill and physically incapacitated. As she relies on state benefits (income support, housing benefit and disability living allowance) and funded care, she was concerned about the impact of this inheritance on her position.

She cannot afford professional advice, but is struggling to cope with the complexities of the tax and benefits systems in deciding what to do with the legacy.

Points to note:

- The death of a parent can have significant impact on the lives of the next generation, particularly those who are vulnerable as described.
- The importance of planning ahead. Ms T's father might have saved his daughter some trouble if for example, in his will, he had considered leaving her inheritance in trust. Trustees could then

have helped Ms T in deciding what was best.

- There may be vast complexity when receipt of a legacy means the beneficiary has to consider the resulting tax, tax credits and welfare benefits implications, together with the interaction between the systems. LITRG has also examined the complex interaction of these three systems in the context of moving off benefits into work, in a report produced in partnership with Community Links and Child Poverty Action Group.¹⁴

Case study 3 – Widower continues to receive married couple's allowance

After Mr P's wife passed away in the 2000/01 tax year, Mr P informed HMRC that he should no longer be given a married couple's allowance (MCA) from 2001/02. Despite this, HMRC continued to issue PAYE notices of coding which allocated the MCA to Mr P. As a result, Mr P did not pay enough tax for a number of tax years and accrued substantial arrears, which came to light when he was later asked to complete self-assessment tax returns. Yet in spite of these tax returns being completed showing that Mr P was a widower and not staking any claim to the MCA, the allowance was not removed from his PAYE Code until 2007/08, allowing the arrears to continue accruing.

Points to note:

- Even though Mr P fulfilled his obligations by providing the correct notifications to HMRC, and correctly completing self-assessment tax returns issued to him, systemic failures within HMRC left him with tax arrears.
- In certain circumstances, HMRC can write-off arrears of tax for earlier periods where they have failed in their administration of a taxpayer's affairs under extra-statutory concession A19. But in order for HMRC to apply this concession, they have to be satisfied that the taxpayer could have 'reasonably believed' that his/her tax affairs were in order.
- Despite acknowledging that 'the K Code is a difficult concept for the lay person to understand', HMRC contend that Mr P should have noticed he was being incorrectly taxed as the PAYE Coding Notices sent to him showed the allocation of the married couple's allowance.
- In conclusion, it is a great pity that HMRC seem to expect a higher degree of efficiency from the taxpayer than they themselves exhibit.

Case study 4 – Widow's confusion over her own and late husband's tax affairs

Mrs H was 83 when her husband passed away. Following his death, she was unclear as to what her tax position was so she rescinded the R85 which allowed her bank interest to be paid gross. On a review of the case, it was found that she need not have withdrawn the R85 unless her interest was going to exceed £2,000.

Mrs H was said by the TOP adviser to be 'Still very fragile after husband's death and very confused by tax code changes. Very relieved to be able to talk it through with someone speaking English!'

Points to note:

- Communicating with vulnerable people, such as older people, those who are unfamiliar with the tax system and the bereaved (or indeed someone who might be all three at once) is a special skill. TOP has found that advice over the telephone is likely to be insufficient and offers face-to-face support either by home visit or at local 'surgeries'.
- Confusion about taxes following a death can lead to panic decisions such as in this case where Mrs H rescinded her R85 unnecessarily. This will mean she now has to jump a further hurdle of a tax repayment claim to get back the tax deducted on her bank interest. TOP also see many cases in the reverse situation – where failure to withdraw R85s means a tax liability unwittingly builds up.

14 *Interact: benefits, tax credits and moving into work*, <http://www.litrg.org.uk/reports/reports.cfm?id=483>

Case study 5 – Example of a bank’s service to customer receiving an inheritance

Mrs P, a non-taxpayer, was left approximately £150,000 by a friend. She went to the bank as she was very concerned this would push her into being a taxpayer. The bank sent an adviser to see her, but no advice was given as regards the gross interest payments on her accounts (from registering R85s prior to her ‘windfall’). The adviser’s focus seemed to be instead very much upon product sales. When Mrs P made further enquiries at the bank, they still did not address the gross registration question.

By the time she called TOP, she was really worried, because of which she had been unable to sleep at night.

Points to note:

- This case illustrates that in many cases, banks and building societies’ focus is on sales rather than ensuring the customer gets a service tailored to their individual requirements. LITRG maintain that banks and building societies are acting as agents for HMRC in administering the R85 gross registration of interest system and should accordingly maintain high standards of customer service in this regard.
- In a number of ‘mystery shopping’ exercises over the years, LITRG and TOP have found that banks and building societies often give poor advice in relation to gross registration and in the majority of cases do not even stock up-to-date forms R85 and the accompanying helpsheet, so even those customers aiming to ‘self serve’ will struggle.¹⁵
- The issue of gross registration is key in the event of bereavement, as an underpayment or overpayment of tax can arise in the event of the taxpayer either not realising the impact of the death on their R85 registration or misjudging the need to either revoke existing R85s or register anew.

15 See for example ‘Banks fail low-income pensioners’, article 12 November 2007 <http://www.litrg.org.uk/news/latest.cfm?id=470>

Appendix B – Acknowledgements

This review of bereavement and the tax system was conducted by the following members of LITRG:

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Appendix C – Abbreviations

CIOT	Chartered Institute of Taxation
DWP	Department for Work and Pensions
ESC	Extra-Statutory Concession
HMRC	HM Revenue & Customs
IHT	Inheritance Tax
LITRG	Low Incomes Tax Reform Group
MCA	Married Couples' Allowance
PAYE	Pay As You Earn
PDCS	The Pension, Disability and Carers Service
SA	Self Assessment
SPRU	York University Social Policy Review Unit
TOP	TaxHelp for Older People
VAT	Value Added Tax