

## LOW INCOMES TAX REFORM GROUP

### HM Revenue & Customs – ‘Your Charter’ Consultation Responses Document July 2009 RESPONSE TO CONSULTATIVE DOCUMENT

#### 1. Introduction

##### 1.1. *About us*

- 1.1.1. 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.
- 1.1.2. 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.

##### 1.2. *Our comments*

- 1.2.1. Whilst we appreciate that the response document does not specifically propose another period of consultation, we felt it could be useful in finalising the revised draft Charter to put forward our comments prior to the autumn launch.
- 1.2.2. Our CIOT colleagues are also submitting comments, referring to points such as the title of the document. We therefore endorse, but do not reiterate here, those comments.

#### 2. Progress to date

##### 2.1. *‘Your’ Charter*

- 2.1.1. In our responses to previous rounds of consultation and during participation in meetings and workshops, we have continued to express our view that the Charter should primarily be a tool to enhance the working relationship of taxpayers (in which term we include the vast range of people served by HMRC) with the Department, rather than a reiteration of HMRC’s ‘Vision’. We therefore welcome the latest draft which, although still influenced by the latter, now largely reflects the much more

balanced approach we sought.

## 2.2. ***The consultation process***

- 2.2.1. Overall, the process has been a success. HMRC's consultation team did a good job, listening and adapting. As can be seen from the response document, the consultation produced a wide variety of views, and we feel the team have done well to steer a course away from the worst parts of the original proposal and to produce something that unrepresented taxpayers will be able to use and will find useful.
- 2.2.2. We recommended that stakeholders be put in a position of influence and to monitor how the Charter is actually operated in practice so we were pleased to see that the Financial Secretary announced in Parliament the formation of an Advisory Committee. This needs to be drawn widely from those groups and people who see how HMRC operate on a daily basis.

## 2.3. ***The future***

- 2.3.1. Most importantly, we have moved from a document reflecting the HMRC Vision with its somewhat aggressive language and prioritisation of collecting money over customer service, to a much more balanced approach. The big issue for us is whether the softer, more understanding, more collaborative tone of the Charter will hold sway over the harder Vision.
- 2.3.2. In order to ensure it does so, the approach delineated in the new Charter must now be embedded within HMRC at all levels, with the Charter becoming a taxpayer safeguard in the truest sense.

## 3. **Minor adjustments**

- 3.1. We are pleased that our major criticisms of the earlier draft Charter have all been answered in the new draft but we have a few minor comments to make on the revised version. None of these are intended to be negative in construction, but rather as final enhancements to the excellent progress already made.

### 3.2. ***Layout***

- 3.2.1. We welcome the general layout of the revised version - a simple single-page summary with further detail set out below.
- 3.2.2. We do wonder however why HMRC's 'role' should be given more prominence in the opening statement than the main body of the Charter covering rights and obligations – the latter being what the Charter is supposed to be all about.

### 3.3. ***Equality***

- 3.3.1. Recognising the problem of 'digital exclusion'<sup>1</sup> and disability issues, the Charter will be available in a range of formats. We hope that testing of the Charter before its launch will therefore include discussing requirements with relevant HMRC stakeholder groups, for example the Disabled Customers Consultation Group. It might be possible to improve the language used slightly; for instance it may be that using the phrase 'talk to us...' is not ideal, as it could be seen as excluding those

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<sup>1</sup> See <http://www.litrg.org.uk/news/latest.cfm?id=636>

with, say, speech impairments. 'Get in touch with us' might be better.

#### 3.4. **Representation**

- 3.4.1. The draft Charter refers to representation and states in the detail: *'You should always check that your representative has the right experience and knowledge to help you.'* We think this begs a number of questions. How can an unrepresented person check that a representative has the right experience and knowledge? What help can HMRC give in identifying those who are qualified to assist? What guidance can HMRC provide to those who need help but cannot afford to pay an agent? Are HMRC suggesting that it is unwise for, say, an older or disabled person to ask a friend or family member to help them out if they are less able to do so themselves?
- 3.4.2. We have also raised this point in discussions of the unrepresented sub-group of HMRC's Powers Implementation Oversight Forum and will continue to monitor if unreasonable expectations are made of taxpayers in terms of checking a representative's capability.
- 3.4.3. Our further comments on representation were covered in our recent response to HMRC's 'Working with tax agents' consultation.

#### 3.5. **Providing explanations**

- 3.5.1. Many unrepresented people are unaware what to ask when contacting HMRC. Therefore, statements in the Charter such as *'we will...explain why we need information, if you ask us to'* are unhelpful, as HMRC should offer such explanations without having to be asked as a matter of good customer service. Please can this qualification be removed.

#### 3.6. **Joined-up services**

- 3.6.1. At para 1.2.4 of our submission to the last round of consultation<sup>1</sup>, we commented on that the Charter should inspire HMRC efforts to offer a joined-up service, both internally and in terms of working across government. We welcome the revised draft Charter's acknowledgement that HMRC work closely with the Department for Work and Pensions, but would prefer to see an even wider commitment – after all, HMRC also has working relationships with others such as local authorities and the Student Loans Company. In terms of internal working practices, we hope that Right 09 – *'Do all we can to keep the cost of dealing with us as low as possible'* – reflects a commitment to break through HMRC's 'silo' mentality.

#### 3.7. **Paying what you owe**

- 3.7.1. The revised draft clearly states that HMRC will *'identify people who are not paying what they owe'*. Nowhere does it state that they will 'identify people who have paid more than they owe' and also 'repay such people and give them interest where appropriate'. This makes Right 06 unbalanced and we would like to see this addressed, even at this late stage.

LITRG  
24 August 2009

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<sup>1</sup> See

[http://www.litrg.org.uk/uploadedfiles/document/1\\_658\\_LITRG\\_response\\_HMRC\\_Charter\\_final.pdf](http://www.litrg.org.uk/uploadedfiles/document/1_658_LITRG_response_HMRC_Charter_final.pdf)