

## Finance Committee

### Stakeholder Event 23 September 2015: Tax Collection and Management (Wales) Bill

*These notes represent the feedback from attendees at the Stakeholder event but are not intended to be a comprehensive view of those who attended.*

#### Culture and role of the Welsh Revenue Authority (WRA)

- WRA needs to enshrine consistent treatment to all business in Wales;
- HMRC is inconsistent in terms of its treatment of various size business (often being more robust with smaller business) and its inability to pursue multi-national business;
- Small businesses' service and experience of HMRC is dependant entirely on the case officer assigned to them;
- Businesses may prefer to deal with one body for all taxation including business rates. Should this be WRA?
- The Taxpayers' Charter should be transparent and accountable, there should be a desire to communicate with taxpayers (which is less apparent with HMRC). WRA should work with business to resolve problems where possible;
- WRA should have a section/department offering advice which is accessible to taxpayers;
- Customer engagement needs to be agreed within the contract with HMRC (if the WRA's functions are delegated) or there is a risk of inheriting existing customer service issues;
- HMRC appears too close to HM Treasury and there should be a clear separation between tax policy development at Welsh Government and application of that policy by WRA. Chief Executive of WRA will need to show strong leadership to ensure HMRC's Wales section (if functions are delegated to them) adopts a different culture in collection of tax;
- Concern that HMRC will dictate collection processes with little or no knowledge of Wales – clear direction required by the WRA on how things should be run or perhaps there is a need for an office in Wales?
- There should be a place on the WRA Board or a committee/sub-committee representing small businesses;
- The attendance of WRA members should be considered during appointment and publicised in the accounts;

- Simplicity is key. To minimise cross border issues the WRA cannot operate too differently from the current HMRC arrangements or this will cause confusion/difficulties to the tax payer and any agent acting on their behalf;
- Needs to work for Wales. Important opportunity to build from scratch and get things right first time – learn lessons from HMRC;
- The level of confidentiality required is currently beyond most local authorities, however, HMRC is used to working at this level.

### **A Welsh tax system**

- Need more engaging tax policies in Wales;
- Advantages in trying to simplify rules in Wales;
- Welsh tax system should mirror the system in England to avoid confusion unless there are clear benefits to doing otherwise.
- There should be a tax impact assessment undertaken on any potential taxes to be created;

### **Oversight/Scrutiny of the WRA**

- Does the WRA come under the Public Services Ombudsman for Wales or the Parliamentary Ombudsman?
- The Taxpayers' Charter provides a measure to mark against but a clear avenue of scrutiny of the WRA also needs to be established. What mechanisms are in place for constituents to make a complaint to their Assembly Member? How do AMs intervene if there is a major issue? Could the Public Accounts Committee be responsible for the scrutiny of the WRA as it is an at arm's length body of the Welsh Government? How have Scotland managed this?
- An Assembly Committee should have strategic oversight of WRA (Similar to the Finance Committee's responsibilities over the Wales Audit Office);

### **WRA powers over enforcement and penalties**

- Need a strong enforcement team from the outset (so it is set up to deal with future devolved taxes);
- Need local officers to ensure taxpayers have access to a member of WRA staff that can help;
- Independent, third party mediators/facilitators to offer Alternative Dispute Resolution (ADR) as an additional tier before tribunal (Should there be a Welsh tribunal system?);
- Simplify forms and make them accessible;



- Should consider a graduated scale of penalties related to business turnover (in the Bill it is graduated for some but not all penalties – should be consistent?);
- Need to legislate for evasion and anti-abuse not necessarily avoidance (as Scotland has);
- Need to see evidence of what an effective level of penalty is to encourage anti-abuse before setting these levels.
- HMRC should be required to forward data and information about any evasion from other taxes which may have an effect on Welsh devolved taxes.

### **Public awareness of changes to the Welsh tax system**

- There should be general awareness campaign of WRA and its functions and a targeted campaign for the small taxes;
- There is a lack of public awareness around the proposed introduction of devolved taxes but in practice do the public need to know about the WRA if HMRC is used as the collection agent as in reality not much will change for the taxpayer?
- The changes require a smooth transition;
- Professional bodies are the best way to communicate changes to practitioners;
- Transparency. The taxpayer has a right to know who is collecting their money and what it is being spent on – could this be advertised within the Charter?
- Welsh Government should approach with caution in the early stages and park any new ideas or innovation to make sure they get it right as the public needs confidence in the system;
- Commendation around introducing framework legislation first.

### **Online tax filing and access to advice**

- Online filing should be an option, with support available;
- Digital default is now widely accepted on the condition there is a non-penalised alternative;
- Access to broadband in Wales is a massive issue;
- Avoid off-shore advice and ensure that if the cloud is used for online systems, the cloud stays in the right jurisdiction;
- Direct access to HMRC staff who are carrying out collection;
- Customer engagement should be included in any service agreement or Memorandum of Understanding with the collection agent.

