

Interim Briefing Note - October 2013

Construction Industry Scheme (CIS) Repayment Pilot

Following the August update on the Tax Agent Strategy, this brief outlines the next stage of pilot activity to support the Agent and Client Statistics (A&CS) project.

On 14 October, following consultation with agent representative bodies, HMRC will launch the CIS Repayment Pilot. This is an educational intervention and will involve HMRC's Agent Support Officers (who have considerable experience of supporting agents) approaching some agents with clients who claim CIS repayments.

Who will be selected?

Agents will be selected for the pilot using existing HMRC data. They will be agents with low risk CIS client portfolios that generate higher than expected refund claims. They may therefore benefit from further guidance and support. The pilot will provide an opportunity to test HMRC's educational material, the processes involved and provide HMRC staff with a better understanding of the issues agents dealing with CIS repayments face.

Approximately 860 agents have been identified to take part in the pilot. Participation is entirely voluntary but HMRC hopes that those agents approached will agree to take part to discuss their CIS repayment claims.

The pilot will enable the agents to either reassure HMRC that all is in order or alternatively to determine why claims may be incorrect or excessive. If errors or mistakes are found, HMRC will provide help and guidance to ensure that future CIS repayment claims are put on a sound footing. This action should reduce the risk of formal compliance activity.

What will happen and when?

The pilot will run from October to December 2013 and involve:

- Sending a letter asking the agent to review their processes against a good practice guide and repayment checklist (copies attached) which have been developed in conjunction with the professional bodies.
- Inviting some agents to also participate in an educational visit from our Agent Support Officers (ASOs) to understand the procedures used and the documentation received to support returns. In addition to seeking feedback on the good practice guide, they will offer HMRC guidance and signpost agents to additional tools that will assist submission of more accurate returns where necessary.

- The pilot has been developed in conjunction with representatives from the main Professional Bodies and HMRC will continue to work closely with agents' representatives throughout the pilot. The aim is to measure the impact on repayment volumes and values of promoting good practice to those agents who stand to benefit the most from light-touch interventions.

How does this relate to other HMRC CIS agent activity?

It is important to distinguish this pilot from other day to day HMRC compliance activity that deals with agents which HMRC deems pose the highest risks to either the exchequer or the clients they represent. In that respect, a team of specialised investigators in Local Compliance is now into the second year of a programme that concentrates on 200 High Volume Agents (HVA) with the highest CIS client risks. More information on HVA can be found at <http://home.inrev.gov.uk/chmanual/CH820000.htm>

The Tax Agent Strategy A&CS CIS Repayment Pilot is an educational research project and not a compliance intervention. It is therefore unconnected with the high risk Local Compliance HVA CIS programme of work mentioned above.

Background

- Agent and Client Statistics (A&CS – formerly known as 'agent view') aims to bring together information held on HMRC systems about agents and the filing, payment and compliance histories of their clients. The majority of the information which will comprise A&CS is already held by HMRC. However it is not currently joined up across the various tax duties that agents maybe authorised to represent on behalf of any client.
- HMRC aims to use A&CS as part of its normal risk management processes. It will help to develop a picture of how the best agents work and, over time, provide better support to agents whose clients' compliance may need to be improved. HMRC intends to develop an accepted picture of what makes a good agent which both HMRC and professional bodies can use in educational material, standards and expectations - to improve, maintain and provide evidence of high quality performance that adds value for the client.
- The vast majority of agents will not be affected by A&CS and HMRC has acknowledged agents' concerns about this element of the Strategy. Agents' professional bodies will be involved in the design of all A&CS pilot activity.
- The initial pilot tested the A&CS concept with a small group of agents whose Self Assessment clients' filing and payment performance appeared to be outside the norm - when compared to other agents with a similar client portfolio. The pilot has now been evaluated and a brief note of the findings has been published on the [HMRC website](#).
- More details about the Tax Agent Strategy and Agent and Client Statistics can be found here: <http://www.hmrc.gov.uk/agents/strategy/overview.htm>