

draft minutes

Meeting	Police Tax Forum (<i>VAT session</i>)	
Date	23 September 2013	
Venue	CIPFA, 3 Robert Street, London WC2N 6RL	
Present	Julie Read (<i>Chair</i>) Ingrid Wright Simon Mulliner Carlos Bando Julie Diamond Anita Jordan Suzanne Hudson (by phone) Mike Chappell (by phone) Duncan Groves Steve Williams Joe Francis Alan McKay Anne Pattison Rajesh Mistry Richard Strevens Michael Ashdown Alistair Lord Chris Lam Colin Blades Alison Dewhirst Julian Smith	<i>Nottinghamshire Police</i> <i>Norfolk Police</i> <i>Lancashire Police & County Council</i> <i>Metropolitan Police</i> <i>Durham Constabulary</i> <i>South Yorkshire Police</i> <i>Humberside Police</i> <i>Humberside Police</i> <i>RSM Tenon</i> <i>RSM Tenon</i> <i>Grant Thornton</i> <i>HMRC</i> <i>HMRC</i> <i>HMRC</i> <i>LAVAT</i> <i>BDO</i> <i>Deloitte</i> <i>Home Office</i> <i>HMRC</i> <i>CIPFA</i> <i>CIPFA</i>

1 **Welcome and introduction**

The Chair welcomed members and reported on a pre-meeting with forces members of the Forum held earlier in the morning. This had discussed ways to enable earlier submissions via the Forum to HMRC by gathering points from practitioners working in the VAT, payroll and other tax specialisms around the police service. In this way the various practitioner groups could partly act as feeders-in of issues and generators of action-tracker information for the Chair and Forum. The Chair apologised for delay in circulating minutes from the previous Forum meeting which had been caused by illness absence.

2 **Review of VAT matters from the previous meeting**

- 2.1 Seized vehicles and VAT treatment – HMRC would check on the progress of various submissions received on this subject, including one from South Yorkshire on how to treat proceeds from vehicles seized under Section 165 A and Section 165 B. The default position is for seized vehicles' proceeds to be treated as business, however HMRC colleagues are liaising on the submissions with their Policy team at the moment and it is planned that a HMRC memo to the Forum will follow in the next 1-2 months, as an

update if it is not yet possible to provide a full answer on all submissions concerned.

- 2.2 VAT treatment of fees charged by forces for supplying information to insurance companies – ACPO’s submission and BDO’s letter to HMRC on this subject were noted with HMRC VAT Policy team researching this area. Mike Chappell would provide a copy of the ACPO submission for circulation to the Forum. For future submissions members were reminded to use the agreed submission form template, to return to CIPFA in the first instance – anyone not having a copy of this form could email julian.smith@cipfa.org to receive it for use as needed in future, and it was also agreed that Forum submissions to HMRC would be copied by email to Forum members for information.

3 **Stage 2 transition for PCC to CC and what this means**

- 3.1 A question was raised about the level of information required on the registration form should a PCC and Chief Constable decide to form a VAT group. It was felt in particular that the information required in respect of turnover, finances and exempt income would be time-consuming and difficult to obtain. Members of the group asked whether any form of exemption from completing that part of the form could be allowed. An initial HMRC view at the meeting was that such information would be required and Rajesh suggested that Anita highlight specifically what areas were causing difficulties, or felt to be excessively onerous and explain why. Anita Jordan volunteered to do this and send a submission to HMRC via the Forum.
- 3.2 From the payroll perspective, the Chair would consider drafting a submission asking about the implications if some forces move PCC matters to the CC “en bloc”. Mike Chappell would contribute points about PAYE references, such as whether current references would be used by the CC upon a Stage 2 transfer, and whether this would be possible to share with the PCC, or a new reference would need to be assigned to the PCC.
- 3.3 It would be helpful if forces’ plans for Stage 2 so far could be shared with HMRC regarding potential Stage 2 transfers from the PCC to the CC. One scenario will be for all staff to transfer to the CC, albeit still being paid for by the PCC. Forces members of the Forum were encouraged to ask their PCC finance directors if Stage 2 plans could be shared with HMRC for information.
- 3.4 It would be for each force area to agree whether to start a separate bank account for the CC.
- 3.5 Christopher Lam and Rajesh Mistry would liaise to see what Home Office information gathered so far from forces about their plans could be shared, to assist HMRC in identifying the tax implications at an early stage.
- 3.6 Joe Francis would prepare a submission via the Forum asking whether PCCs and CCs would be able to share a VAT registration number, as is currently the case for some fire authorities and local authorities.

4 **HMRC update on Police Property Act Fund (PPAF)**

- 4.1 This issue is currently subject to litigation so it is not possible for HMRC to move any further forward with the matter. However Alan McKay agreed that an update memo would be provided for the Forum.

5 **Update from Mike Chappell on VAT matters considered by ACPO’s Finance and Business Resources Area (FRBA)**

- 5.1 ACPO's latest meeting had expressed its interest in the work of this Forum.
Mike provided ACPO with an update on VAT recharges to insurance companies.
- 5.2 Mike would continue to notify ACPO FRBA magazine readers of future Police Tax Forum meetings.
- 5.3 Mike invited Forum members from HMRC, forces and advisors to send him ideas for or drafts of articles on tax matters for consideration for FRBA's magazine.
- 5.4 FRBA has a wide range of interests including pensions for police officers and for police staff, VAT, PAYE, income generation, costs from policing sports matches and festivals, home-to-work travel and vehicle costs and taxation (and situations of people with more than one regular place of work), etc. The latter vehicles / multiple places of work area raises potential implications on a number of fronts: financial, taxation and workforce relations for example.
- 5.5 The Chair and Ingrid Wright would draft a paper on current tax / payroll issues for consideration by Forum members and potential submission to ACPO's FRBA for information / seeking co-operation as appropriate, perhaps leading to a joint submission to HMRC.
- 5.6 BDO may have information to share with the Forum from an October 2013 meeting with HMRC on fire service issues

6 **Secondments of Staff**

- 6.1 Anne Pattison provided an extract from the HMRC Public Notice (700/34) on the VAT liability of staffing, for circulation to members. She explained that HMRC has come across instances of misinterpretation of the guidance in respect of forensic staff secondments and wanted to make sure that Police tax practitioners were aware of the correct VAT treatment. Rajesh explained that it was worthwhile police forces ensured that secondments of staff were being correctly treated for VAT purposes as it was likely that this was an area where HMRC would run a project in the medium term. There appeared to be some confusion on what could be considered a collaboration agreement and what would be seen as a secondment of staff. HMRC confirmed that where there was any uncertainty in relation to the VAT treatment of specific secondments the relevant force could seek certainty from HMRC through the Public Bodies Group Customer Co-ordinator Team.
- 6.2 The group members asked if the VAT liability spreadsheet could be updated. Alan McKay explained that reference should be made to the VAT PBG guidance.

7 **Next two Police Tax Forum meetings and venues**

- 19 February 2014, to be hosted by Nottinghamshire Police - further details to follow
- Late June / Early July 2014, to be hosted by CIPFA in London - further details to follow