

## Your clients' 2019 to 2020 Self Assessment tax returns

We recognise and value the role professional tax agents play in supporting customers to get their taxes right. I am writing to you as part of a departmental programme aimed at maintaining compliance standards through agent cooperation. The professional responsible for business tax returns should respond to this letter.

We receive information about taxable benefits in kind and pay and tax from employers. This includes P11Ds and P14s.

If the information we receive from an employer does not match the information shown on an individual's Self Assessment tax return, we may:

- carry out compliance checks
- issue a revenue amendment under section 9ZB Taxes Management Act 1970

The information we have received has shown differences for a number of our customers. This results in a significant tax risk for HMRC. We want to make sure our customers are able to correct these differences and avoid the need for any potential tax enquiry. This letter is not a formal enquiry or compliance check on you or your clients. We are looking to work with you, to deal with potential errors in any returns.

## What you need to do

The enclosed form shows client details we believe show a difference between the figures supplied by an employer and the figures submitted by your client.

I would like to arrange a phone call with you to talk about:

- the background to this work programme and the role of the Agent Compliance Team
- HMRC Agent Standards
- your business
- Anti-Money Laundering Supervision

Please phone [\[number from data file\]](#) or email [\[email from data file\]](#) to arrange this phone call.

## Why you should speak to us about client risks

We have spoken to the major professional tax and accountancy bodies who agree that an open conversation between HMRC and tax agents is the best way to deal with client risks. This letter is confidential and no professional body has been told that we've sent it to you. However, the professional bodies have said that if any member wishes to contact them for more information or advice they should not hesitate to do so.

This is not a formal compliance check on you or your clients. and engagement with us is voluntary. However, if you decide not to engage with us now, we'll consider whether we need to use formal powers to address any tax risks we have identified.

If I have not heard from you by [\[SEES to insert date 14 days from data of letter\]](#), I will contact you to discuss matters further.

## How to contact us

Please phone us on the number shown at the top of this letter.

If you prefer to contact us by email, please read the enclosed document 'Corresponding with HMRC by email'. We then need you to confirm in writing by post or email, that you:

- understand and accept the risks of using email
- are content for financial information to be sent by email
- are content for attachments to be used

## Help and advice

For details about HMRC Standards for Agents, please read the enclosed factsheet.

For information about the required standards you should expect from us, go to [www.gov.uk/government/publications/hmrc-charter](http://www.gov.uk/government/publications/hmrc-charter)

We've produced toolkits that give help and advice about submitting accurate tax returns. They give guidance on areas of error and the steps to take to reduce them. To use these toolkits, go to [www.gov.uk/government/collections/tax-agents-toolkits](http://www.gov.uk/government/collections/tax-agents-toolkits)

Yours faithfully,

**Agent Compliance Team**  
HM Revenues and Customs



HM Revenue and Customs (HMRC) expects high standards that promote tax compliance from anyone who offers to represent or give advice to taxpayers.

HMRC recognises that many tax agents and advisers are meeting the Professional Conduct in Relation to Taxation set by the largest professional bodies.

Alongside this, the HMRC standard for agents ensures a minimum standard has been set for all agents and, in particular, those that are unaffiliated to any professional body.

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### Overview

HMRC recognises the value of having professional agents help taxpayers comply with their tax obligations.

The standard for agents is not new. HMRC first published a standard that sets out what it expects of agents in February 2016.

This updated standard includes requirements for providing advice on tax planning. It also makes clear that HMRC expects agents to comply fully with money laundering regulations.

### Who the standard is for

These are HMRC's expectations of all individuals and businesses involved in professionally representing or advising taxpayers. The standard applies to all tax agents who transact with HMRC and to any professional who advises or acts on behalf of others in relation to their tax affairs.

HMRC's aim is to clarify what is expected of agents, particularly those who are not members of professional bodies.

### What you can expect from us

If a customer wants an agent to deal with us on their behalf, we will deal with that agent courteously and professionally. We want to provide them with a service that is fair, accurate and based on mutual trust and respect. We also want to make it as easy as possible for agents to get things right.

HMRC's 'Your Charter' explains what all customers, including agents, can expect from us. Go to [www.gov.uk](http://www.gov.uk) and search for 'Your Charter'.

### What we expect from you

We expect all agents who want to interact with HMRC to meet the HMRC standard set out in this document.

Most tax agents are members of professional bodies that set standards for behaviour such as Professional Conduct in Relation to Taxation (PCRT). HMRC has endorsed PCRT and encourages all agents to meet this standard. HMRC is working with the profession to agree a single common standard for all agents.

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### The standard

HMRC requires all tax agents to maintain high standards that promote tax compliance.

## **Integrity**

We expect agents to be straightforward and honest with HMRC, for example, by:

- disclosing all relevant information
- not suggesting or implying that HMRC endorses or regulates their role as an agent

## **Professional competence and due care**

We expect agents to:

- maintain correct and up-to-date knowledge of the areas of tax that they deal with
- work to prevent errors in their clients' tax calculations or claims, taking particular care not to include figures in returns or claims which are not sustainable
- advise their clients to take steps to set matters right where they find errors in their tax affairs (if the client is unwilling to correct matters, the agent should consider ceasing to act for them - if the agent continues to act for them, this could risk enabling tax evasion that may be subject to criminal investigation)
- comply fully with data protection law and regulations, including keeping online access credentials safe from unauthorised use at all times – for more information, go to [www.gov.uk](http://www.gov.uk) and search for 'HMRC's online security information for agents'
- maintain the security of their systems and their HMRC account credentials against current threats

## **Professional behaviour**

We expect agents to:

- comply fully with tax law and regulations relating to their professional activity, including registering under, and adhering to, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- ensure that their own tax affairs are correct and up to date
- deal courteously and professionally with HMRC staff
- have clear terms of engagement with their clients

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## **Standards for tax planning**

In addition to the above, HMRC expects agents to follow these principles when advising on tax planning.

### **Lawful**

Agents must act lawfully and with integrity at all times, and expect the same from their clients.

Tax planning should be based on a realistic assessment of the facts and a credible view of the law.

Agents should advise their clients where there is a material uncertainty in the law, for example, if it is known that HMRC's view differs or is unknown. The risk and costs of challenge by HMRC, and any resultant court case, should be made clear to clients.

### **Disclosure and transparency**

HMRC expects any disclosure by agents to represent all relevant facts fairly.

### **Advising on tax planning arrangements**

Agents must not create, encourage or promote tax planning arrangements or structures that:

- set out to achieve results that are contrary to the clear intention of Parliament in enacting relevant legislation
- are highly artificial or highly contrived and seek to exploit shortcomings in the relevant legislation

### **Professional judgement and appropriate documentation**

HMRC expects agents to exercise professional judgement in applying these standards to particular client advisory situations.

Agents should keep timely notes of the rationale for judgements exercised in seeking to keep to these requirements.

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## Monitoring and breaches

### How HMRC monitors standards

HMRC collects evidence of any sub-standard agent behaviour in the course of its day-to-day compliance activity. The standard for agents will guide agent behaviour and make clearer the case for HMRC interventions relating to agents.

We are developing the way we work with agents as part of HMRC's Agents Strategy with the intention of better differentiating between agents according to the value they add or risks they present to compliance. As we use our data more effectively in this way, we will improve our ability to identify instances of poor tax agent standards.

### What happens when the standard is breached

HMRC has several powers to address poor agent practice:

- we can disclose cases of suspected agent misconduct to professional bodies for them to investigate further and consider disciplinary action
- we can refuse to deal with a tax agent, pursue criminal cases, apply civil penalties where tax agents are found to have been dishonest, or suspend access to certain online services for tax agents
- HMRC's Agent Compliance Team regularly holds constructive conversations with agents where there are potential concerns about their practices

We expect all agents who interact with HMRC to keep to our standards, regardless of whether they are a member of a professional body, or which professional body they belong to.

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## Standards established by professional bodies

HMRC does not regulate agents. The commercial tax services market is self-regulating.

It is estimated that around 70% of agents are members of professional bodies, many of which set out standards expected of their members.

### Professional Conduct in Relation to Taxation

The largest accountancy and tax professional bodies share a standard known as 'Professional Conduct in Relation to Taxation' (PCRT).

If agents meet the PCRT standard, HMRC does not envisage that our, much briefer, summary of certain important principles will place further requirements on them.

HMRC will continue to work with professional bodies to agree a single common standard for all agents.

### The PCRT's fundamental principles

Three of the five fundamental principles in PCRT are repeated in HMRC's standard. These are:

- integrity
- professional competence
- due care and professional behaviour

The maintenance of these is essential to the relationship between agents and HMRC.

The 2 principles not included are objectivity and confidentiality. These principles are fundamental to the agent-client relationship and it is the responsibility of the client to ensure they enter into contracts with agents covering these.

HMRC does not set expectations or regulate agent-client relationships - that is the domain of professional bodies.

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## About this document

This is a copy of our online standard for agents, published on 4 January 2018. To see the online version, go to [www.gov.uk](http://www.gov.uk) and search for 'HMRC the standard for agents'.



Use the following information to decide whether you want to deal with us by email. We take the security of personal information very seriously. Email is not secure, so it's very important that you understand the risks before you email us. We will not deal with you by email unless you tell us you accept the risks of doing so.

### About the risks

The main risks associated with using email that concern HMRC are:

- confidentiality and privacy – there's a risk that emails sent over the internet may be intercepted
- confirming your identity – it's crucial that we only communicate with established contacts at their correct email addresses
- there's no guarantee that an email received over an insecure network, like the internet, has not been altered during transit
- attachments could contain a virus or malicious code

### How we can reduce the risks

We'll desensitise information, for example by only quoting part of any unique reference numbers. We can also use encryption. We're happy to discuss how you may do the same but still give the information we need.

### If you do not want to use email

You may prefer that we do not respond by email, for example because other people have access to your email account. If so, we're happy to respond by another method. We'll agree this with you either by telephone or in writing via post.

### If you do want to use email

If you would like to use email as one of the ways HMRC will contact you, we'll need you to confirm in writing by post or email:

- that you understand and accept the risks of using email
- that you're content for financial information to be sent by email
- that attachments can be used

If you are the authorised agent or representative we'll need you to confirm in writing by post or email that your client understands and accepts the risks.

Please also:

- send us the names and email addresses of all people you would like us to use email with - you, your staff, your representative, your agent, for example
- confirm you have ensured that your junk mail filters are not set to reject and/or automatically delete HMRC emails

### How we use your agreement

Your confirmation will be held on file and will apply to future email correspondence. We'll review the agreement at regular intervals to make sure there are no changes.

### Opting out

You may opt out of using email at any time by letting us know.

### More information

You can find more information on HMRC's privacy policy, visit [www.gov.uk/help/privacy-policy](http://www.gov.uk/help/privacy-policy)







The tables below shows the client Self Assessment Unique Taxpayer References (UTR) which we believe have a discrepancy between the figures supplied by an employer and the figures submitted by your client. If any table is empty, there are no discrepancies under the corresponding heading.

### P11d

Client UTR	Client UTR	Client UTR
[client UTR from data file]	[client UTR from data file]	[client UTR from data file]

### P14

Client UTR	Client UTR	Client UTR
[client UTR from data file]	[client UTR from data file]	[client UTR from data file]

### P11d and P14

Client UTR	Client UTR	Client UTR
[client UTR from data file]	[client UTR from data file]	[client UTR from data file]