

TAXREP 17/01

CUSTOMS KNOWLEDGE MANAGEMENT

*Memorandum submitted in August 2001 to Customs by the Tax Faculty
of the Institute of Chartered Accountants in England and Wales*

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CUSTOMS KNOWLEDGE MANAGEMENT

Introduction

1. We welcome the fact that Customs are considering this important area, and welcome the opportunity to comment. We thought that it would be helpful to let you have comments in advance of the brief focus group session scheduled for 6 August 2001.

Points of concern

2. We draw attention to the following key points of concern:
 - (a) guidance that is ambiguous or unhelpful either because where it is intended to be explanatory it does not fully address the technical issues (eg Business Brief 2/01 on single or multiple supplies – see TAXREP 8/01 - and VAT Information Sheet 4/01 on VAT reduced rates for urban regeneration measures) or because it appears to be intended to convey a political message (ie spin).
 - (b) guidance that is issued late (eg, guidance on adjustments to the zero rate for sale of renovated properties was issued on 30 July (VAT Information Sheet 5/01) when the law was effective from 1 August).
 - (c) delays in web publication (up to 7 months on publications monitored: see Annex).
 - (d) out of date paper notices and forms delivered by Customs in response to requests. (For example, Intrastats: Customs issued information on the new forms and gave a contact number to obtain copies of the forms. When a member contacted the number Customs sent out, the old (now obsolete) forms were sent despite our member making it clear that the new forms were required. It has taken many weeks (probably about 8) for our member to actually obtain the new forms.)
 - (e) lack of a reliable list of what is current over the range of publications (Notices, Information Sheets, News Releases, Business Briefs, Memoranda of Understanding, Internal Guidance, etc) and of annotations on documents showing date of issue/revision. At present, in the absence of this, taxpayers can innocently act on the wrong version of the guidance. (For example VAT Information Sheet 4/01: so far as we can make out, as of today (3 August 2001), the version that appears on the website is the fifth version. The Information Sheet was posted onto Customs' website on 16 May, updated on 30 May, amended on 17 July; however on 19 July a further revised Information Sheet was placed on the website reverting to the format prior to 17 July. The 'Additions and Changes to Website' page states that the present version was updated on 2 August, although this is not apparent from the Information Sheet itself, which still states that it was updated on 30 May.)
 - (f) difficulty of web site navigation (eg, searching for 'information sheet' resulted in no items being found, and to find what is new it is necessary to look in Latest

News (which shows little) as well as in Additions and Changes to the Website, for which one has to look first under What's New).

- (g) lack of information on matters under appeal so that traders and advisers can be forewarned of areas of the law or practice that may change. (By way of example we would mention the recent House of Lords case concerning the Liverpool Institute for Performing Arts (the charity formed by Paul McCartney) in which Customs successfully argued a point that was contrary to what they had told traders at the time the legislation was introduced.)
- (h) apparent lack of expertise and back up at call centres; there has been some disquiet about call centres in the four or so months that they have been running.

Suggested ways forward

3. Apart from addressing the concerns mentioned above, we suggest the following steps to improve upon the current position.
4. Customs need a clear policy for information provision, which ought to be based on the notion that the taxpayer must be able to find out what is required to comply with the law. This would include an undertaking, which is adhered to, to make available written (whether paper or web-based) and oral guidance that is complete, accurate, helpful and timely.
5. This would involve bringing together the various sources of information controlled by the Department (legislation, manuals, notices) and ensuring that procedures are in place within Customs to avoid problems such as those referred to above. It should also involve providing alternative access by status of trader (eg retailers, manufacturers). Delivery mechanisms need to be revamped.
6. We would welcome clarification of whether the web is intended to replace paper, and if so, from when. At present, given that many traders and advisers do not have access to the web, equal priority should be given to ensuring that guidance is available in print and electronically.
7. Clarification is needed of when VAT Notices/Information Sheets etc are deemed to be seen by traders. We would welcome confirmation that traders will not be penalised for applying changes late because the relevant guidance was issued too late to make the necessary changes to procedures and systems. A parallel assurance is needed for traders who use the Customs website as their main source of information where guidance is posted to the website late or has been amended on the web since it first appeared.
8. We recommend that Customs instigate a free-of-charge newswire to advise subscribers of changes in policy or amendments to guidance (like for example those provided by the Tax Faculty, AccountingWeb).
9. Customs should also consider including on their website useful links to other sites, such as the Lord Chancellor's Department site.

10. So far as website navigation is concerned, we understand that the website is under review and would welcome a progress report.
11. Customs should publish an ongoing list of the subject-matter of current appeals which have not yet reached the Tribunal. It is especially important for Customs to provide information on appeals pending if they are arguing something that is in conflict with guidance already provided to traders in rulings or in notices.
12. Badly run call centres can do a great deal of damage to the reputation and operations of businesses and organisations like Customs. On the other hand a well designed and well-run call centre can deliver services more cheaply and more efficiently than traditional ways of doing business. We understand that Customs are solving the teething problems with their call centres and can point to some encouraging statistics from use so far.

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Late Customs Publications on their web site June - July 2001

Notice	Title	Date on web site (months)	Date published	Effective	Delay
334	Free Zones July 2001	16 July 2001 ½	May 2001		
343	Imported Capital Goods July 2001	16 July 2001 ½	Not stated		
85C	Forestalling Dec 2000	16 July 2001 7	Dec 2000		
143	Guide for international post users June 2001	16 July 2001 1½	Not stated		
701/18	Reduced Rate on Women's Sanitary Products 1 Jan 2001	13 June 2001 5½	April 2001		
454	Amusement Machine Licence Duty April 2001	11 June 2001 2½	March 2001		
700	General Guide – Update 1 May 2001	11 June 2001 1½	May 2001		
252	Valuation of imported goods March 2001	9 June 2001 3½	March 2001		
757	Community Transit July 2000	9 June 2001 11½	July 2000		
827	EC Preferences March 2001	8 June 2001 3½	March 2001		
700/1	Should I be registered for VAT ? April 2001	8 June 2001 2½	April 2001		
700/11	Cancelling your VAT registration April 2001	8 June 2001 2½	April 2001		

29	Temporary Import of civil aircraft February 2001 4	1 June 2001	February 2001
550	Air Passenger Duty 1 April 2001 3	1 June 2001	March 2001
551	Special Accounting Schemes for APD 1 April 2001 3	1 June 2001	March 2001