

Plumbers Tax Safe Plan

HMRC has released the initial results of its Plumbers Tax Safe Plan, which started earlier in the year. The chance to sign up to make a disclosure ended on 31 May 2011 and disclosures must be completed by 31 August 2011.

By 31 May, 600 people had notified HMRC that they planned to make a disclosure. To date, the disclosures made have generated payments on account of £94,000 and further additional promised payments of £234,756.

HMRC say that over 500 additional cases were due to start in July, mainly targeting “ghosts” with “thousands more to follow”.

Taking part in the ADR does not affect the taxpayer’s right to have their case reviewed internally or to take an appeal to Tribunal. If the ADR fails to find an agreement between the parties, the case goes back to the original review team to complete their review. Then, if necessary, it can go on to Tribunal.

By my maths, this works out at an average of £500 generated from each disclosure. This appears poor, but how does it compare with earlier schemes?

- The Offshore Disclosure Facility, which started in 2007, raised nearly £400 million with, according to HMRC, further yield of up to £100 million expected from ongoing enquiries
- The New Disclosure Facility, from 2009 and again targeting offshore bank accounts, raised £85 million from 5,500 disclosures at an average of £15,500 each
- The Tax Health Plan, which started in 2010, raised in excess of £10 million from over 1,500 disclosures at an average of £6,500 each

However you judge it, the results of the PTSP are poor. At £500 per disclosure, the results cannot be cost effective compared with the time spent preparing and marketing the campaign, administering it and checking disclosures. Despite this, HMRC trumpets it as a success.

The department has long suffered from an inability to find suitable cases to investigate (enquire into or check). The adoption of the campaign strategy was meant in part to address this problem by focussing resources on the riskiest areas. It appears though that this campaign was either poorly chosen or failed to reach its target audience or reached it but was largely ignored.

The latest HMRC campaign started last month and targets businesses that are operating at or above the VAT threshold but are not VAT registered (the VAT Initiative). In the Autumn will come the Professional Tuition and Coaching campaign, followed in early 2012 by the second Trades campaign and in the Spring by the E Marketplaces campaign. It will be interesting to see both how these campaigns differ from the PTSP by building on any lessons learned from it and what results each achieves.

Further Reading:

HMRC Campaigns

<http://www.hmrc.gov.uk/ris/hmrc-campaigns.htm>