

Tax Centre of  
Excellence

# Welcome and Introduction

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# 1. Introduction

## 1.1 Why have a Tax CoE?

The creation of CoEs is a fundamental part of the Future Finance Target Operating Model and key to the success of the model. The main driver for the creation of CoEs is increasing the capability and effectiveness of finance. A CoE consolidates, standardises and enables knowledge-based processes to enhance their delivery, reduce costs and allow departments to benefit from effectively using scarce skill sets and scaling the delivery of enterprise-wide processes.

Tax was identified as one of the first CoE where the creation of a centralised resource of specialists would lead to an improvement in quality, resilience and efficiencies.

## 1.2 What can it Offer?

A Tax CoE will make available to all Government Departments a shared expertise by pooling resources and knowledge. Its aim will be to drive up the quality of tax advice and compliance to manage the real reputational and financial risks faced by all Government Departments and ALBs from getting tax wrong.

The current service proposal ranges from a standard offering of advice and core services, including guidance, training, central point for cross-government resolution and HMRC / HMT liaison, to a full service offering.

## 1.3 How will it benefit you?

- High quality and timely tax advice and service provision leading to:
  - Greater tax compliance; and
  - Reduced financial (HMRC repayments, penalties and interest) and reputational risk.
- Greater expertise available for all Government Departments (GDs) with established best practice, formal links, guidance, knowledge sharing and an internal assurance function.
- Increased consistency in tax treatment across Government and resilience due to pooled resources.
- Economies of scale, reducing duplication of work in both HMRC and GDs e.g. by reducing the number of queries submitted to HMRC, contract tax implications assessed once and a single lead on cross-government tax issues.
- Decreased spend on external tax advisors replacing these by in-house expertise.
- Pro-active advice on risks and tax changes.
- Succession planning, career development and staff tax training.

## 2. Progress to date

### 2.1 Who is leading on this?

A Tax Task and Finish Group was established to support the design and build of the Tax CoE and reports to the Finance Operating Model Committee. It is made up of Project Lead, HM Revenue and Customs, HM Treasury and the leads of the current 3 virtual tax hubs:

- Ministry of Justice;
- Ministry of Defence; and
- Department for Work & Pensions / Department of Health.

### 2.2 Activity so far

A number of tax hubs had already been encouraged to form covering common areas of tax, locations and niche areas where appropriate. The Tax CoE work initially built upon this work as a starting point to develop a more structured and formal provision of tax advice and services from a single centre.

The cross-government work performed by the hubs has been growing in size and now a number of Government Departments are able to benefit from a range of services including bespoke tax advice, a recent cross government tax forum and a full service tax provision.

### 2.3 Service Roll-Out

The formal launch of the Tax CoE is April 2016 and from this time the service is being rolled out to increasing numbers of Government Departments (GDs). The GDs who join have access to a service offering and we encourage contact with the Tax CoE to discuss current and future requirements. There will be:

- A Tax CoE service catalogue detailing the choice of tax service offerings from bespoke tax advice and assessments for individual Government Departments to centralised HMRC / HMT consultations on Government tax issues.
- A Tax CoE single point of contact for receipt of service requests / advice.
- Access to web based tax resources including guidance, sharing of best practice, training, compliance tools and dedicated HMRC / Tax CoE communications.
- The building of cross-government tax networks to share knowledge and understand and resolve common issues in a consistent and timely way.
- Monitoring of the Tax CoE service provision for quality, improvements, consistency and timeliness.

## 3. How does it work?

### 3.1 When is it happening?

The launch date of the single Tax CoE is April 2016.

### 3.2 What does it look like?

The Tax CoE is made up of a virtual team of dedicated tax experts resourced from the tax hub leads. The service provision will be delivered seamlessly to customers who will benefit from a range of expert knowledge as part of a timely and quality driven tax service.

Each Government Department will have a Memorandum of Understanding with the Tax CoE. This will set out roles, responsibilities, accountabilities and liabilities between the Tax CoE and Government Departments.

A standard service offering will be accessible to all Government Departments (see separate Service Catalogue) and a supplementary 'full service' will be available on request.

Service provision will be generated from either:

- Government Departments' requests from their agreed single point of contact to their Tax CoE contact; or
- Pro-active work by the Tax CoE including an internet tax resource providing guidance, communications, sharing of best practice and training.

### 3.3 Service Catalogue

The service will cover all areas impacted by tax as detailed in the service catalogue.

- Value Added Tax (VAT)
- Employment Related Benefits and Taxable Expenses (PAYE)
- Tax Guidance and Training
- HMRC Liaison
- Other Services - Off-Payroll, Corporation Tax, Stamp Duty Land Tax, Customs and Duty and more

A high level description of the services available is given in Section 4. Service Catalogue.

### 3.4 How is it funded?

The Tax CoE standard service offering available to all Government Departments (see separate Service Catalogue for details) will require additional funding for a number of posts to meet the initial demand. The initial funding will be met by the Tax CoE but requirements will need to be reviewed at regular intervals to ensure services can be delivered to all who request them.

For any additional service provision up to and including the full service provision funding will be agreed on a case by case basis.

## 4. Service Catalogue

### 4.1 Value Added Tax (VAT)

**Sales VAT and Purchase VAT Recovery** advice including overseas, contracts and large programmes of work and new initiatives

**HMRC Mandatory Returns** advice, and completion of, including VAT returns and partial exemption calculations

**VAT Recovery Assessments** on contracts, large programmes of work and new cross government initiatives and for individual Government Departments

**Review and Assurance Function** for VAT recovered on purchases and charged on sales

### 4.2 Employment Related Benefits and Taxable Expenses (PAYE)

**Income Tax and National Insurance** advice on benefits including impacts of current and new legislation, new initiatives and TUPE arrangements

**HMRC Mandatory Returns** advice on, and completion of, mandatory returns including P11Ds and PAYE Settlement Agreements (PSAs)

**Compliance and Assurance** work including supporting the set up Shared Services compliance work as well as performance of bespoke compliance / assurance of expenses and tax compliance

### 4.3 Guidance and Training

**Provision of Tax Guidance, Training and Forum** for VAT Liaison Officers and employees

**Compliance Tools and Advice** to review tax compliance and support during HMRC audits

### 4.4 HMRC Liaison

**HMRC Technical Query** submission advice, support and completion

**HMRC / HMT Consultation** for a co-ordinated Government response

**Formal Cross-Government Tax Representation** and central contact for common tax issue resolution

### 4.5 Other Services

**Off-payroll** advice and assessment

**Corporation Tax** advice, calculation and submission

**Stamp Duty Land Tax** advice

**Customs and Duty** advice

**Other Services** inc. Machinery of Government (MoG) changes tax advice

# Contacts and Useful Links

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