

VAT Agenda

Tribunal Reform Project

You may be aware that a review has been taking place to overhaul the tribunal procedures to make a simpler and less costly way to resolve disputes.

After 01 April 2009 Taxpayers will still be able to submit an Appeal direct to the Tribunal but if a request has been made to undergo an internal review an Appeal to the Tribunal cannot be made until the internal review has been completed. This means that costs will no longer be awarded from the earlier Appeals date.

There will be a 2 tier tribunal system – the first tier for basic cases and the Upper tribunal for more complex cases. All cases both Direct Tax and Indirect Taxes will be heard by the same Tax Chamber.

No costs will be awarded in the majority of cases. However, the tribunal will have the power to award costs where either party has behaved unreasonably and the tribunal will also award costs in complex cases unless the appellant indicates that they do not want costs to apply.

HMRC are hoping that by dealing with more cases by paper review rather than by oral hearing both time and money will be saved by the Tribunals service, HMRC and the taxpayer.

We are familiar with the paper review and are yet to be convinced that the new procedure will actually go in the favour of the taxpayer and we see it purely as a means of protracting discussions and delaying the Appeals procedure in order to reduce costs. HMRC are on record as saying that 60% of cases are conceded by paper review but when it is the Assessing Officer undertakes the actual review themselves it is not surprising that this was not evidenced in a straw poll of VAT advisors taken recently.

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