



**Advice NI submission to Treasury Committee
Regarding Tax Credits**

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Background

Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure effective advice services delivery. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 70 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 150,000 people each year dealing with over 237,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit www.adviceni.net.

Advice NI welcomes the opportunity to contribute as our member organisations have seen a marked increase in the number of tax credit enquiries and a steady rise in tax credit overpayment enquiries since the introduction of the present regime in 2003. As a direct result of the increased tax credit workload, Advice NI facilitated an eConsultation on the tax credit overpayment issue, culminating in a report summarising the main issues generated by the eConsultation surrounding the tax credit overpayment issue. The full report can be viewed via <http://www.adviceni.net/econsultation/default.asp>

From a Northern Ireland perspective, Advice NI would summarise the ongoing tax credit issues as follows:

- Although the implementation of the Paymaster General's Ministerial Statements in 2005 does seem to have had some effect, tax credit difficulties and in particular overpayments continue to occur. Advice NI believes that the tax credit system is generally difficult for most people to comprehend and that overpayments remain an inherent risk within the tax credit system.
- Advice NI continues to advocate that the system for disputing the recovery of tax credit needs to be overhauled. HMRC are the judge and jury in relation to making decisions on tax credit overpayments. There needs to be impartiality and independence in the handling of tax credit overpayment disputes. If not there may well be the potential for legal challenge under Human Rights legislation (right to a fair trial) but aside from the legalities the lack of independence contributes to a continuing lack of confidence in the process for disputing the recovery of tax credit overpayments.
- Advice NI is concerned that there is no local point of access to highlight NI-specific cases and issues. The centralisation of tax credit overpayments processing to GB and the removal of any 'local point of access' is frustrating for advisers and clients alike. NI has representation on the Tax Credit Consultation Group but this forum is not ideal as meetings take place in London, the agenda is very full and it is not particularly responsive to the needs of NI advisers and clients.
- Advice NI believes that the communication / information flow between HMRC and Northern Ireland organisations could be improved. As an example, Advice NI

has had no proactive contact made by HMRC on providing updates, news relating to tax credit developments and perhaps NI-specific statistics regarding uptake.

Again this perceived communication vacuum may be a side-effect of the centralisation highlighted above.

- Advice NI welcomes the funding streams made available by HMRC to reach out to the ‘hard to reach’ vulnerable customers and in particular people from Black and Minority Ethnic communities. However from a purely Northern Ireland position, Advice NI would underline HMRC’s equality duties under Section 75 of the Northern Ireland Act 1998. This comment is made in the context of the ongoing debate around integration of people from BME communities and where responsibility lies in terms of the responsibilities of the state and responsibilities of the individual. Advice NI believes that care must be taken to ensure that a balance is struck and that HMRC continues to meet it’s statutory equality duties in terms of providing either direct or indirect information and support to people from BME communities.

Finally Advice NI would make comment on ensuring public involvement in the process of debating tax credit issues. It is important that people have every chance to feed in and express their views. Regarding the latter point, Advice NI believes that more could be done to actively engage with a wider range of stakeholders– most importantly the general public who are most affected by tax credit issues. Advice NI would offer the eConsultation service as one of a range of potential tools for maximising participation and we would ask HMRC to keep this situation and this offer under review.

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