

**MEETING: 14/03/2018**

**Ref: 14333**

**ASSESSMENT CATEGORY - Reducing Poverty**

**TaxAid UK**

**Adv: Geraldine Page**

**Base: Lambeth**

**Amount requested: £57,659**

**Benefit: London-wide**

**Amount recommended: £58,000**

**The Applicant**

TaxAid UK (TAUK) is a unique charity providing free, independent, advice across the range of tax issues that impact on people on low incomes. TAUK was established twenty-four years ago by tax professionals who were concerned that people on low incomes were suffering significantly because they could not afford tax advice. There was evidence that people were being made bankrupt unnecessarily on tax demands based on estimated figures; that people had been overpaying tax for years because they didn't understand the rules; and that unrepresented people did not know how to access their rights of appeal. TAUK helps the most disadvantaged 20% of unrepresented taxpayers on low incomes who cannot afford professional advice. It uses its unique experience in advising to influence government and HM Revenue and Customs in cases where the tax system is unfair, inefficient or reduces incentives to work and trains other advice agencies how to recognise issues, and appropriately refer. TAUK runs a national helpline, and provides face-to-face services in London, Manchester, Birmingham, and Newcastle upon Tyne.

**The Application**

TAUK is requesting funding to increase and extend its Tax Debt Help Service for low income, disadvantaged people in London by increasing the available advisor hours by 12 hours a week. As a consequence this would increase its London client handling capacity by 2,400 people over 2 years.

**The Recommendation**

Over the years TaxAid has developed a strong reputation both with the accountancy profession and HM Revenue and Customs (HMRC) for supporting those on low incomes. Through a network of qualified staff and tax professional volunteers, it provides sound advice and casework support to people on low incomes (defined as less than £20,000 per annum) seeking to ensure that they are paying the right amount of tax.

**£58,000 (2 x £29,000) for running costs to extend TaxAid UK's London Advice service by 12 hours per week for 2 years.**

**Funding History**

Meeting Date	Decision
28/01/2016	Application withdrawn
02/10/2008	£100,000 over two years for a project to support people with mental health problems resolver their financial difficulties

**Background and detail of proposal**

TAUK clients can access the Tax Debt Help service via phone, email, web, post and an office "drop in" facility is also available for face-to-face consultation. TAUK works with and for its clients until their problem is resolved and due to the complex nature of many the client's histories and circumstances that support can take many

interventions and sessions over many months. TAUk has developed a flexible, adaptable and sensitive approach to its service delivery and access model. It has a good partnership network with other advice agencies for referrals.

The need for tax advice has grown and there has been a significant increase in the number of self-employed people, many of whom are on low incomes. There are also more people in multiple employments to supplement their income and so have much more complex tax positions. People can become self employed by default through roles as, for example, cleaners, security guards, handy people, for more than one employer; or they can change jobs frequently and have several tax codes in one year. Additionally, language is a significant barrier for those where English is not their first language. TAUk clients are all individuals with individual problems, circumstances and issues that makes effective connection and dealing with HMRC difficult, or even impossible. The tax system has become more complex and, with the closure of public tax offices in 2015 and the reliance on digital engagement, it has also become even more remote and inaccessible for many people. The project is well planned and clearly meets the priorities of your Reducing Poverty programme. With your funding this extended service will help 2,400 low-income, disadvantaged Londoners resolve their pressing tax issues and associated anxieties.

### Financial Information

TAUK receives both financial and in-kind support from the 'Big 4' accountancy firms as well as from HMRC itself, which has a budget to work with voluntary and community organisations to promote good financial practice. Deloitte has indicated they will agree 3-year funding rather than annually going forward and TAUk has a rolling 3-year contract with HMRC. From the 1st June 2016 TAUk employed a joint CEO with its sister charity Tax Help for Older People. The CEO was given the task of reducing costs, improving efficiency and effectiveness across both charities. Following advice about VAT and plans to share the senior management teams across both organisations, a Service Company was established. This employs four directors, two from each charity chosen from the current trustees and the shared senior management staff. This solution is beneficial to both charities in saving costs. There are no plans to formally merge the two charities.

Year end as at 31 March	2017 Audited Accounts £	2018 Forecast £	2019 Budget £
<b>Income &amp; expenditure:</b>			
Income	785,943	651,250	655,800
- % of Income confirmed as at 7/2/18	n/a	86.57%	75%
Expenditure	(867,168)	(645,200)	(653,974)
Total surplus/(deficit)	(81,225)	6,050	1,626
Split between:			
- Restricted surplus/(deficit)	0	0	0
- Unrestricted surplus/(deficit)	(81,225)	6,050	1,626
	(81,225)	6,050	1,626
<b>Cost of Raising Funds</b>			
15,925	12,904	13,080	
- % of Income	2.0%	2.0%	2.0%
Operating expenditure (unrestricted funds)	386,068	189,650	205,924
<b>Free unrestricted reserves:</b>			
Free unrestricted reserves held at year end	178,577	182,627	184,253
No of months of operating expenditure	5.5	11.8	10.7
Reserves policy target	193,034	94,825	68,641
No of months of operating expenditure	6.0	6.0	4.0
Free reserves over/(under) target	(16,457)	87,802	115,612