

# Project Zacchaeus, Telematique Limited vs HMRC, Project Report - Part I

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## Abstract

*Since October 2013 the author (A) has submitted a number of Appeals against HM Revenue & Customs (HMRC) to HM Courts & Tribunals Service (HMCTS) in his capacity as both an individual UK Taxpayer and as the Sole Director of a UK limited company registered with Companies House in England and Wales. The author (A) analyses the performance of HMRC by relying on data in the public domain as well his own experience as both a UK Taxpayer individual (**Average UK Taxpayer**) and a UK Trader (**Average UK Small Business**) to draw conclusions about HMRC as the national tax collection authority for the United Kingdom.*

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## 1. Introduction

Project Zacchaeus arose from the author(A)'s own experience of dealing with HM Revenue and Customs (HMRC) as an individual UK Taxpayer and as the Sole Director of a small UK company registered in England and Wales which has been trading since 12-May-2008[68]. Between 5-Oct-2013 and 13-Dec-2014 seven Appeals were submitted to HM Courts and Tribunals Service (HMCTS) against HMRC decisions where the Appellant was either the individual or the company. HMCTS soon realized that the various Appeals originated from the same Appellant and proposed that the Appeals are combined and heard in a single Tribunal Hearing and A readily agreed. For some reason one of the seven Appeals (submitted third in sequence) [7] was determined on its own by Tribunal Judge Joanna Lyons on 22-Apr-2014 and dismissed without a Hearing [54] and a subsequent application by A for the judgment to be set aside was not successful [65]. The most recent Appeal submitted by the company on 13-Dec-2014 [6] has been accepted by HMCTS but is yet to be consolidated with the other six Appeals.

A's experience described in the previous paragraph seemed highly unusual and statistically inexplicable. HM Revenue & Customs as the national tax collection agency for the United Kingdom is responsible for policing the tax affairs of 30,600,000 UK individual Taxpayers [41] and 1,918,000 UK Traders [41], which is a total of 32,518,000 taxpaying entities. HMRC therefore clearly did not have the resources to devote the same level of attention that it was giving A to the other remaining 32,517,999 UK

taxpaying entities. Project Zacchaeus was thus commissioned to analyze the performance of HMRC based on information in the public domain as well as A's experience which led to the submission of seven appeals in just over 12 months.

The name "Zacchaeus" comes from the Bible and refers to Zacchaeus who was a chief tax-collector at Jericho [62].

## 2. A's Appeals against HMRC

The seven appeals submitted by A are summarized in **Table 1**. As a result of a Direction issued by HMCTS on 04-Jul-2014 [66] all the Appeals submitted by that date were consolidated into two groups of Appeals only and the Tribunal directed that all of the Appeals will be heard and decided in one hearing. The two groups are:

- A. **Appeals Group A** – Appeals by the individual UK Taxpayer (the author) against HMRC with the single reference **TC/2013/06894**
- B. **Appeals Group B** – Appeals by the UK Trader (the UK company of which the author is the Sole Director) against HMRC with the single reference **TC/2013/06895**

The new Appeal **A008** which was submitted on 13-Dec-2014 is yet to be consolidated by HMCTS but it belongs to **Appeals Group B**.

These Appeals are now part of the due legal process of the English Courts and there will eventually be a Tribunal Hearing somewhere in the UK where these Appeals will be decided based on the evidence and the defense put up by HMRC's legal team. It would be premature and inappropriate to make any other comments in this paper about the merit of these Appeals while the due legal process is ongoing beyond the following two comments:

- a. A believes that he is in the right and HMRC are in the wrong otherwise he would not have submitted the seven Appeals
- b. All seven Appeals have been accepted by HMCTS so these must meet the standard of proof set by HMCTS that there are seven cases to be answered by HMCTS.

## 3. Evidence Based on Information in the Public Domain

In order to analyze the performance of HMRC as the national tax collection agency for the United Kingdom we have chosen a number of different sets of quality criteria where evidence exists based, either on A's experience, or on information available in the public domain or based on both. HMRC, like any other legal entity which is a public or private organization has to perform against quality criteria and it is judged by its stakeholders according to these criteria. The sets of quality criteria chosen so far are the following:

1. *Prioritization and deployment of resources*
2. *Competence by comparison to other national tax collection authorities*
3. *Surviving the complexities of Globalization*
4. *Success rate in accomplishing its mission*
5. *Image, brand strength and public opinion*
6. *Identification and management of risk*
7. *Management of Conflict*
8. *Accountability to UK Parliament and abidance by UK laws*
9. *International reputation*
10. *Compliance with HMRC's own Charter*
11. *Value for money for the United Kingdom*

The above list is not exhaustive and new sets of quality criteria can be added if there is evidence to justify their addition.

In order to keep the length of the main sections of the paper under 6,000 words only the first set of quality criteria will be covered in this paper.

### 3.1 Prioritization and deployment of resources

The engagement between A and HM Revenue & Customs, which the latter initiated on 13 November 2012 when it issued Notice of Penalty Determination Number 951-NCA-ZE-415-13-T7003WW [7], and which is likely to continue for a number of months or longer, provides valuable raw research data on how HMRC sets its operational priorities and expends its resources in order to meet the objectives for which it has been created and continues to exist. In order for the analysis to be credible, however, it is first necessary to examine evidence in the public domain about how HMRC deals with the other **32,517,999 UK taxpaying entities** then compare these with how HMRC dealt with A and draw conclusions.

Fortunately for this project the operation of HMRC is well regulated in UK and there is in the public domain a plethora of electronic documents in various formats containing analysis tables, minutes of meetings, memos, reports, staff salary details and other sources of information relating to the operations of HMRC. One such source is the *HM Revenue & Customs Annual Report and Accounts 2012-13* [37] which was ordered by the UK House of Commons to be printed on 02-Jul-2013. In [37] Table 1 on page 52 [43] shows the total departmental spending, both actual (called "Outturn") and forecast (called "Plans") for the tax years beginning with 2008-09 and ending with 2014-15. The column for the year of the report titled "2012-13 Outturn" is highlighted and has the total value of **£46,762,746,000** (46.8 Billion GBP) which is the **Total Resource Budget** for the tax year 2012-13. This can be expressed as a *Formula*(F) [71] as follows:

$$TRB = \text{Total HMRC Resource Budget for the tax year 2012-13} = \text{£46,762,746,000} \dots (F_1)$$

In the same Table the ninth row of the same column shows that **Staff Costs** were **£2,305,144,000** (2.3 Billion GBP) which is the total salary bill for HMRC for the tax year 2012-13.

$$SC = \text{Staff Costs} = \text{Total salary bill for HMRC for the tax year 2012-13} = \text{£2,305,144,000} \dots (F_2)$$

In [37] on the top of page 3 the figure of **64,476** is given as the number of full-time equivalent staff that HMRC employed at March 2013.

$$FTE = \text{Number of full-time equivalent staff that HMRC employed at March 2013} = 64,476 \dots (F_3)$$

In [37] the *Financial Statements* on page 156 shows that for the year ended 31 March 2013 HMRC collected **£150.9bn, £101.0bn, £39.2bn, £101.7bn** in **Income Tax, Value Added Tax, Corporation Tax** and **National Insurance Contributions**, respectively for a **Total Revenue** of **£475.6bn** (which includes other streams of revenue not relevant for this project). The corresponding figures for the year ended 31 March 2012 were **£151.8bn, £99.60bn, £40.1bn, £101.6bn** for a **Total Revenue** of **£474.2bn**.

$$IT_{2013} = \text{Total amount of Income Tax collected by HMRC for the year ended 31 March 2013} = \text{£151.8bn} \dots (F_4)$$

$$VAT_{2013} = \text{Total amount of Value Added Tax collected by HMRC for the year ended 31 March 2013} = \text{£99.60bn} \dots (F_5)$$

$$CT_{2013} = \text{Total amount of Corporation Tax collected by HMRC for the year ended 31 March 2013} = \text{£40.1bn} \dots (F_6)$$

$$NIC_{2013} = \text{Total amount of National Insurance Contributions collected by HMRC for the year ended 31 March 2013} = \text{£101.7bn} \dots (F_7)$$

**$TR_{2013}$  = Total Revenue collected by HMRC for the year ended 31 March 2013 = £475.6bn... (F<sub>8</sub>)**

**$IT_{2012}$  = Total amount of Income Tax collected by HMRC for the year ended 31 March 2012= £150.9bn ... (F<sub>9</sub>)**

**$VAT_{2012}$  = Total amount of Value Added Tax collected by HMRC for the year ended 31 March 2012= £101.0bn... (F<sub>10</sub>)**

**$CT_{2012}$  = Total amount of Corporation Tax collected by HMRC for the year ended 31 March 2012 = £39.2bn ... (F<sub>11</sub>)**

**$NIC_{2012}$  = Total amount of National Insurance Contributions collected by HMRC for the year ended 31 March 2012 = £101.6bn ... (F<sub>12</sub>)**

**$TR_{2012}$  = Total Revenue collected by HMRC for the year ended 31 March 2012 = £474.2bn ... (F<sub>13</sub>)**

In [41] figures for the numbers of registered UK taxpayers and traders are given. For the tax year 2012-13 the number of *individuals who pay Income Tax* is given as **30,600,000** whereas the number of *Traders who are VAT registered* is given as **1,918,000**.

**$TPI$  = Total number of individuals who pay Income Tax Revenue in the UK for the tax year 2012-13 = 30,600,000... (F<sub>14</sub>)**

**$TPT$  = Total number of Traders who are VAT registered in the UK for the tax year 2012-13 = 1,918,000... (F<sub>15</sub>)**

In [69] there is an Excel spreadsheet containing remuneration details of HMRC staff as of September 2012. The last Worksheet entitled '*final data* junior-staff's' shows the structure of the HMRC organization containing, among other items of information, details of the grade, unit, pay scale and number of full time equivalent (FTE) staff at that grade. This Worksheet will be useful to calculate the amount of effort that an HMRC member of staff can spend on a particular assignment and hence the cost of that effort. Another source of valuable information to assess HMRC's performance is the Decision by the Information Commissioner's Office where it upheld HMRC's decision to reject an application under the FOIA [70] on the grounds it would breach the cost limit of **£600** which equates **24 hours at £25 per hour**. The legal aspects of the Decision are not of interest here, but what is of interest is the hourly rate that HMRC charges externally for HMRC staff carrying out assignments:

**$SHR$  = Standard hourly rate of a member of HMRC staff = £25 per hour ... (F<sub>16</sub>)**

Having obtained the above Formulas (F<sub>1</sub>) - (F<sub>16</sub>) it is now possible to establish profiles of the average UK Taxpaying individual (**Average UK Taxpayer**) and the average UK Trader (**Average UK Small Business**). The **Average UK Taxpayer** is defined by the following *Definition* (D) [72]:

***Average UK Taxpayer* ≡ "UK individual who pays an Income Tax amount which equals the total Income Tax collected by HMRC divided by the total number of individuals who pay Income Tax in the UK, and who pays in National Insurance Contributions an amount which equals the total National Insurance Contributions for employees collected by HMRC divided by the total number of individuals who pay Income Tax in the UK." ... (D<sub>1</sub>)**

(D<sub>1</sub>) refers to the "*National Insurance Contributions for employees*" which is not available in the source [37] as HMRC collects only the total figure for both employers and employees. In order to proceed with the analysis we shall make the following *Assumption* (A) [73]:

***National Insurance Contributions for employees* = National Insurance Contributions for employers ... (A<sub>1</sub>)**

We now introduce two new terms:

**$NIC_i$  = National Insurance Contributions for the individual (employee) ... (F<sub>17</sub>)**

**NICE = National Insurance Contributions for the employer ... (F18)**

By combining (F7), (F17), (F18) and (A1) we get:

$$NIC_{2013} = NICE_{2013} = NIC_{2013} / 2 \dots (F19)$$

By combining (F12), (F17), (F18) and (A1) we get:

$$NIC_{2012} = NICE_{2012} = NIC_{2012} / 2 \dots (F20)$$

We can now calculate the total tax paid by the **Average UK Taxpayer**, which we will refer to as **Ti**, by combining (F4), (F14) and (F19) as follows for 2013:

$$Ti_{2013} = (IT_{2013} + NIC_{2013}/2) / TPI = (£151.8bn + £101.7bn / 2) / (30,600,000) = (£151.8bn + £50.85) / (30,600,000) = £6,622.5 \dots (F21)$$

To get the corresponding value of **Ti**, for 2012 we combine (F9), (F14) and (F20) as follows for 2012:

$$Ti_{2012} = (IT_{2012} + NIC_{2012}/2) / TPI = (£150.9bn + £101.6bn / 2) / (30,600,000) = (£150.9bn + £50.8) / (30,600,000) = £6,591.5 \dots (F22)$$

We can now use (F21) and (F22) to construct a formal *logical statement (LS)* [57] characterizing the amount of tax paid by the **Average UK Taxpayer** in the years 2012 to 2013:

**“HMRC’s own figures show that during the period 2012 to 2013 the Average UK Taxpayer paid £6,607 in Income Tax and employee National Insurance Contributions each year on average” ... (LS1)**

We now proceed in the same way in order to establish a profile of the average UK Trader (**Average UK Small Business**). The **Average UK Small Business** is defined by the following *Definition (D)* [72]:

**Average UK Small Business** = “UK Small Business which is VAT registered which pays a Corporation Tax amount which equals the total amount of Corporation Tax collected by HMRC divided by the total number of Traders who are VAT registered in the tax year 2012-13.” ... (D2)

We can now calculate the total tax paid by the **Average UK Small Business**, which we will refer to as **Tt**, by combining (F6) and (F15) as follows for 2013:

$$Tt_{2013} = CT_{2013} / TPT = £40.1bn / (1,918,000) = £20,907.2 \dots (F23)$$

To get the corresponding value of **Tt**, for 2012 we combine (F11) and (F20) as follows for 2012:

$$Tt_{2012} = CT_{2012} / TPT = £39.2bn / (1,918,000) = £20,438.0 \dots (F24)$$

We can now use (F23) and (F24) to construct a new formal *logical statement (LS)* [57] characterizing the amount of tax paid by the **Average UK Small Business** in the years 2012 to 2013:

**“HMRC’s own figures show that during the period 2012 to 2013 the Average UK Small Business paid £20,672.6 in Corporation Tax each year on average” ... (LS2)**

#### 4. Evidence Based on A’s Experience

We are now in the position to examine evidence based on A’s own experience with HMRC and start to draw conclusions about the performance of HMRC based on information in the public domain. **Table 3** is an event log detailing all the significant events that took place between 13-Nov-2012, when HMRC started devoting significant resources in targeting A, and 17-Oct-2014. **Table 3** only includes events for which there is evidence which forms part of the ongoing legal action against HMRC in the English Courts. Our purpose in creating **Table 3** is to arrive at a monetary value, or a cost figure, for the amount of time and resources that HMRC has spent on targeting A during the above period. This is a standard technique in

project management and comes under the area of Earned Value Management (EVM) [74]. The following explanatory notes about the headings of the columns in **Table 3** may be helpful to the reader:

- i. **Resource ID**– this is unique reference number we have given to the individual or the team (e.g. R001) who initiated the event.
- ii. **Name** – this is the name of the HMRC member of staff as it appears on the document or deliverable which was served on A.
- iii. **Estimated Annual Salary**–this column contains our assessment on the salary of this HMRC member of staff based on the spreadsheet in [69]. The latter spreadsheet contains a Worksheet named '*final data junior-staff*' which gives the **Payscale Maximum (£)** and **Payscale Minimum (£)** for HMRC staff based on their **Generic Job Title** as of September 2012. Another Worksheet named '*reference junior-grades*' gives similar Payscale information for staff based on their **Junior Grade**. In cases where the grade or job title of the HMRC staff member was stated their estimated annual salary was calculated to be the midpoint between the **Payscale Maximum** and **Payscale Minimum**. In cases where the grade or job title was not given, we used judgment and common sense to guess the grade of the member of staff and if we have guessed incorrectly then the affected HMRC member of staff will have the option to correct any errors during the forthcoming Tribunal hearing.
- iv. **Daily Cost of Resource**– The daily cost of this HMRC member of staff is worked out based on their **Estimated Annual Salary** and information in the following table:

Working Hours in a Day at HMRC	7.00
Calendar Days in Year	365.00
Public Holiday Days in Year	8.00
Weekend Days in a Year	104.00
Annual Leave Days in a Year	27.50
Sickness Days in a Year	15.00
Working Days in a Year	210.50
Hourly rate for HMRC staff member to work on a FOI request	£25.00
Daily rate for HMRC staff member (based on FOI figure)	£175.00

The *Standard hourly rate of a member of HMRC staff (SHR)* has already been shown in (*F16*) to be £25 per hour. This gives a standard daily rate of £175 based on a 7 hour working day as per the above table. So in each case the figure for the **Estimated Annual Salary** is divided by the number of Working Days in a Year which is taken to be 210.50 in the above table. If the result of the division is less than £175 then the figure £175 is the one used since it is the figure used publicly by HMRC and supported by legislation [70]. If the result of the division is greater than £175 then the result is the figure used. For example, in the case of HM Inspector of Taxes Chris Simpson we estimated the annual salary to be £65,241.88 and when that figure is divided by 210.50 the result is £309.94, which is greater than £175, so the figure £309.94 is the one used.

- v. **Projects** – This is UID for the Appeal as per **Table 1**.
- vi. **Date** – This is the date of the actual event which is the date on the document or deliverable.
- vii. **Task** – This is a short description of what happened, for example the first row refers to a letter that Resource *R004* composed in order to create a Notice of Penalty Determination then sent it to Appellant.

- viii. **Duration** – This our estimate of the duration of event in days
- ix. **Effort** – This our estimate of the effort expended by the Resource during the event, also in days
- x. **Cost to Taxpayer** – This is the result of multiplying **Daily Cost of Resource** by **Effort**
- xi. **Other expenses** – This shows any other costs incurred by the Resource, for example scanning documents or paying for a courier
- xii. **Total Cost to Taxpayer** – This is the sum of **Cost to Taxpayer** and **Other expenses**

To get the **Total Cost to Taxpayer** of all the events shown in **Table 3** we add up the values of the last column across all the rows and the total is shown at the bottom of the table. This total figure is the cost to the UK Taxpayer of HMRC pursuing *A* between 12-Nov-2012 and 29-Oct-2014:

*Cost to UK Taxpayer of HMRC pursuing A between 12-Nov-2012 and 29-Oct-2014* = £49,121.14 ... ( $F_{25}$ )

*12-Nov-2012 Cost-to-UK-Taxpayer<sup>29-Oct-2014</sup>* = £49,121.14... ( $F_{26}$ )

( $F_{26}$ ) is a restatement of ( $F_{25}$ ) in abbreviated form. It is important to note that the cost to the UK Taxpayer of HMRC pursuing *A* (denoted by  $\text{start time Cost-to-UK-Taxpayer}^{\text{End Time}}$ ) will continue to increase with time as the legal process progresses in the English Courts. The cost figure of £49,121.14 in ( $F_{25}$ ) & ( $F_{26}$ ) was incurred by HMRC staff simply doing their normal jobs while working at their base locations. That cost figure might well double, triple or increase even higher by the time the legal process has run its course with the cost of the Tribunal hearings, legal costs for both parties, travelling and accommodation costs for witnesses, as well as other so far unforeseen costs which may arise.

## 5. Analysis of HMRC's Pursuance of *A*

The cost figure in ( $F_{25}$ ) & ( $F_{26}$ ) needs to be seen in context in terms of three things:

- i. *The resources that HMRC has at its disposal*
- ii. *HMRC's responsibilities of policing the entire community of UK Taxpaying legal entities*
- iii. *How *A* compares to those other UK Taxpaying legal entities*

The three different figures derived in ( $F_1$ ) - ( $F_3$ ) summarize the resources that HMRC has at its disposal:

$TRB = £46,762,746,000$  ... ( $F_1$ )

$SC = £2,305,144,000$  ... ( $F_2$ )

$FTE = 64,476$  ... ( $F_3$ )

The two different figures derived in ( $F_{14}$ ) - ( $F_{15}$ ) summarize the size of the community of UK Taxpaying legal entities that HMRC has to police:

$TPI = 30,600,000$ ... ( $F_{14}$ )

$TPT = 1,918,000$ ... ( $F_{15}$ )

So in order to calculate the resources that HMRC should allocate on average to each UK Taxpaying individual we divide the figures  $TRB$ ,  $SC$  and  $FTE$  by  $TPI$  thus giving:

$TRB / TPI = £46,762,746,000 / 30,600,000 = £1528$  ... ( $F_{27}$ )

$SC / TPI = £2,305,144,000 / 30,600,000 = £75$  ... ( $F_{28}$ )

$FTE / TPI = 64,476 / 30,600,000 = 0.002$ ... ( $F_{29}$ )

So, in words, HMRC is responsible for policing the tax affairs of **30,600,000** individual UK Taxpayers ( $F_{14}$ ), it has a total resource budget of **£46,762,746,000** ( $F_1$ ), employs **64,476** staff ( $F_3$ ) and pays them **£2,305,144,000** in salaries ( $F_2$ ). Best practice in project management [74] dictates that HMRC allocates on average to each UK Taxpayer £1528 of its total resource budget ( $F_{27}$ ), 0.002 of its staff ( $F_{29}$ ) and pays these staff £75 ( $F_{28}$ ). We now superimpose these findings on the financial profile of *A* (the Individual) which is contained in **Table 2**. The bottom half of **Table 2** shows the financial profile of the Individual UK Taxpayer

[1][2]. The results of the comparison are plotted in **Figure 1**. The graph in **Figure 1** clearly illustrates that during the period 2012 – 2013 HMRC chose to commit **3114.7%** more of its resources to pursuing **A** than it could afford to commit to an **Average UK Taxpayer** when the Total Tax Deducted from **A** during that period was **53.2%** below that for **Average UK Taxpayer**. This is a sharp departure from best practice which HMRC needs to justify to HM Courts & Services Tribunal at the forthcoming hearing.

Similarly, in order to calculate the resources that HMRC should allocate on average to each UK Taxpaying Trader who is VAT registered we divide the figures **TRB**, **SC** and **FTE** by **TPT** thus giving:

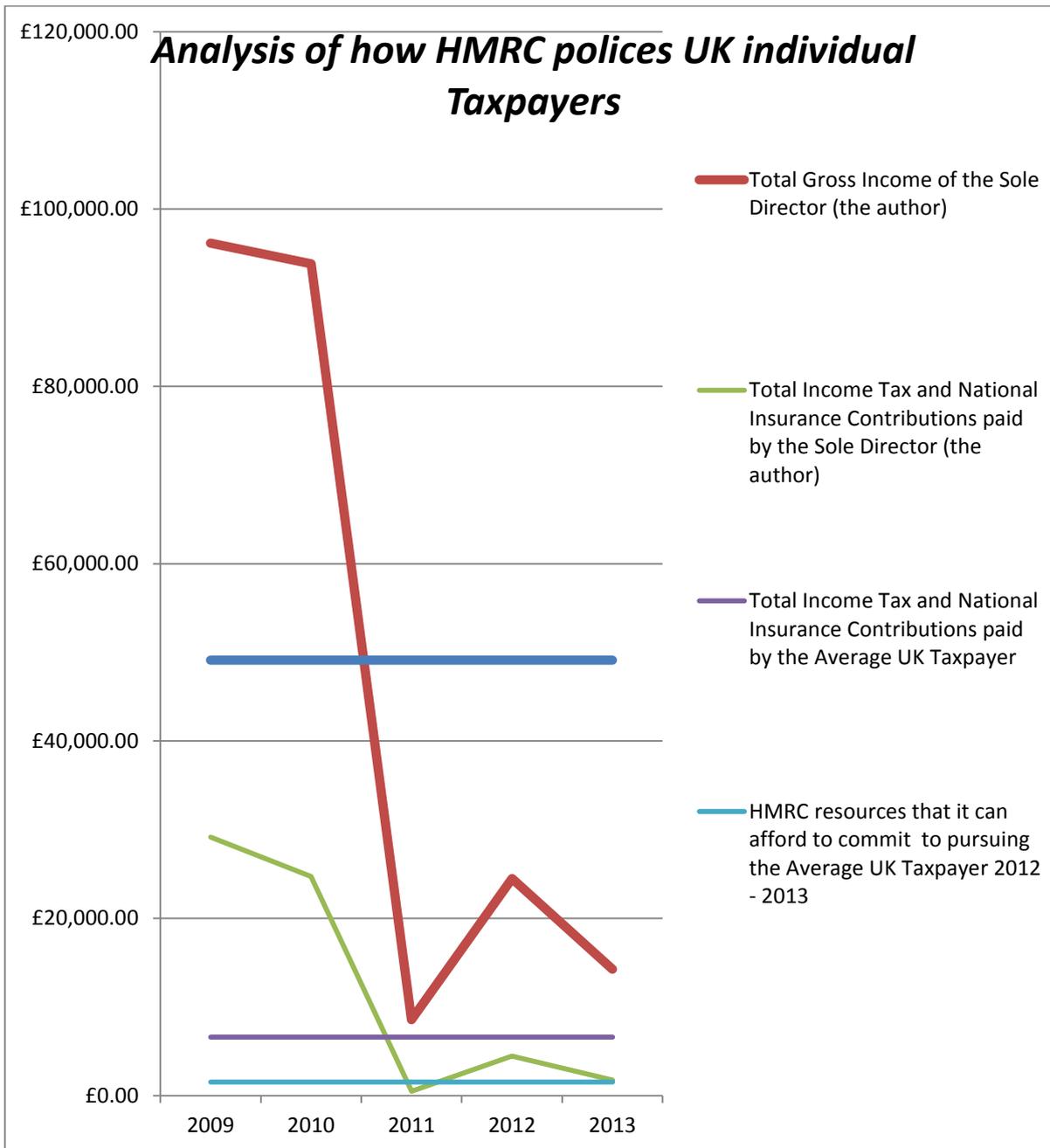
$$TRB/ TPI = £46,762,746,000 / 1,918,000 = £24,381 \dots (F_{30})$$

$$SC/ TPI = £2,305,144,000 / 1,918,000 = £1202 \dots (F_{31})$$

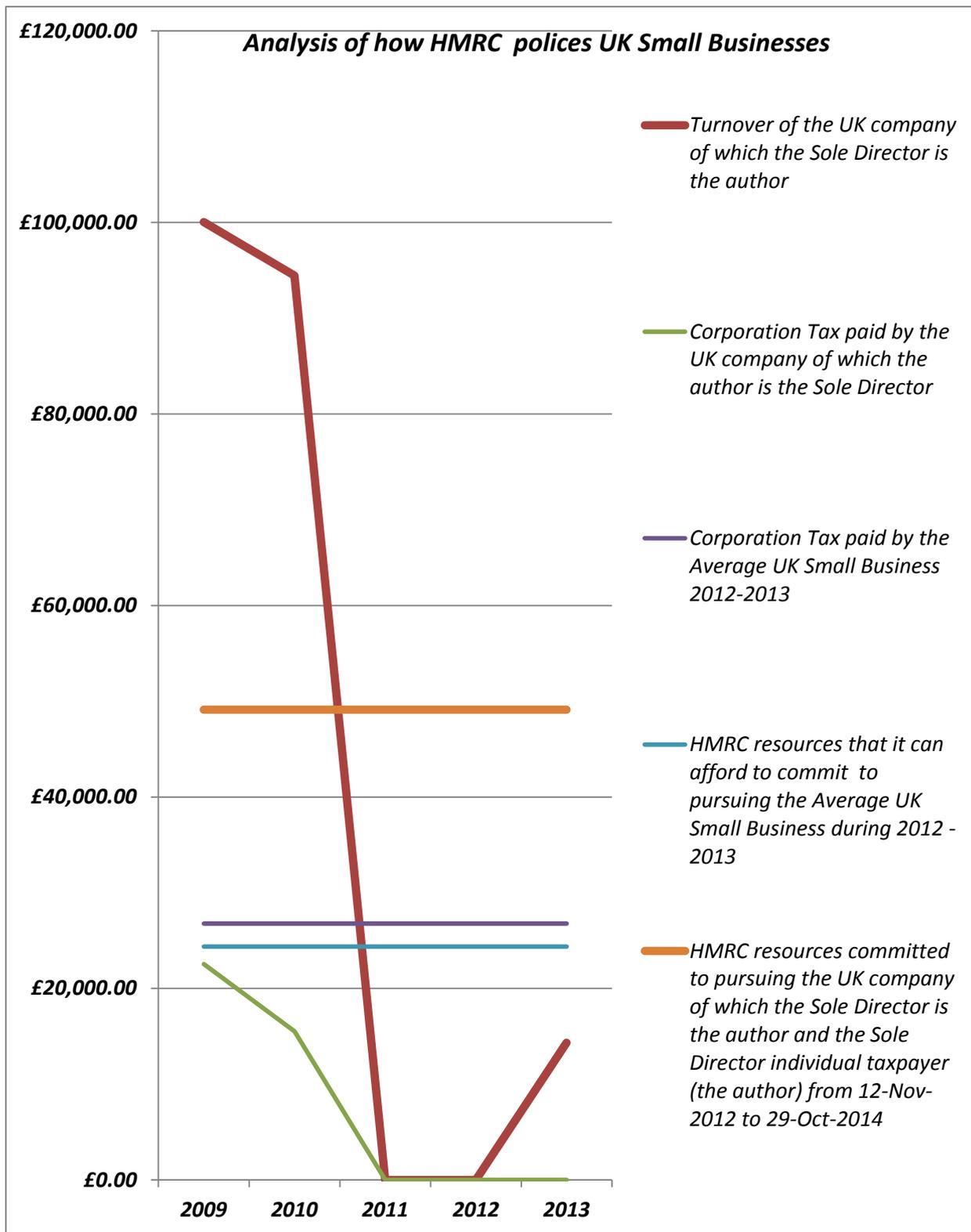
$$FTE/ TPI = 64,476 / 1,918,000 = 0.034 \dots (F_{32})$$

So, in words, HMRC is responsible for policing the tax affairs of **1,918,000** individual UK Taxpayers (**F<sub>15</sub>**), it has a total resource budget of **£46,762,746,000** (**F<sub>1</sub>**), employs **64,476** staff (**F<sub>3</sub>**) and pays them **£2,305,144,000** in salaries (**F<sub>2</sub>**). Best practice in project management [74] dictates that HMRC allocates on average to each UK Trader **£24,381** of its total resource budget (**F<sub>30</sub>**), 0.034 of its staff (**F<sub>32</sub>**) and pays these staff **£1202** (**F<sub>31</sub>**). We now superimpose these findings on the financial profile of **A** (the Trader) which is contained in **Table 2**. The top half of **Table 2** shows the financial profile of the UK Small Business (*Telematique Limited*) [1][2]. The results of the comparison are plotted in **Figure 2**. The graph in **Figure 2** clearly illustrates that during the period 2012 – 2013 HMRC chose to commit **101.5%** more of its resources to pursuing **A** than it could afford to commit to an **Average UK Small Business** when the Corporation Tax paid by **A** during that period was *infinitely* below that for the **Average Small Business**. This is also a sharp departure from best practice which HMRC needs to justify to HM Courts & Services Tribunal at the forthcoming hearing.

Figures



**Figure 1**  
 Analysis of how HMRC polices UK individual Taxpayers



**Figure 2**  
 Analysis of how HMRC polices UK Small Businesses

## Tables

#	UID	Project Name	Appellant	Date Submitted	Submitted To	Original HMCTS Reference Number	Decision Date	Type of Tax	Consolidated Reference Number	Amount (GBP)
1	A001	HMRC Appeal - Medical Benefit TY2009/2010	DrAyad Al-Mukhtar	05-Oct-2013	HM Courts & Tribunals Service	HMCTS-TC/2013/06894	20-May-2013	SELF ASSESSMENT	<b>HMCTS-TC/2013/06894</b>	£496.30
2	A002	HMRC Appeal - VAT 01-Jun-2013 to 31-Aug-2013	Telematique Limited	05-Oct-2013	HM Courts & Tribunals Service	HMCTS-TC/2013/06895	07-Oct-2013	VAT	<b>HMCTS-TC/2013/06895</b>	£4,515.04
3	A003	HMRC Appeal - Self Assessment Deadline 31-Jan-2014	DrAyad Al-Mukhtar	24-Apr-2014	HM Courts & Tribunals Service	HMCTS-TC/2014/02244	18-Feb-2014	SELF ASSESSMENT	<b>HMCTS-TC/2013/06894</b>	£100.00
4	A004	HMRC Appeal - VAT Inaccuracy Penalty 31-Aug-2013	Telematique Limited	26-Apr-2014	HM Courts & Tribunals Service	HMCTS-TC/2014/02287	26-Feb-2014	VAT	<b>HMCTS-TC/2013/06895</b>	£2,071.91
6	A006	HMRC Appeal - CLASS 1A NIC 11-Nov-2011	Telematique Limited	10-Jan-2014	HM Courts & Tribunals Service	HMCTS-TC/2014/00323	11-Nov-2013	CLASS 1A NIC	HMCTS-TC/2014/00323	£400.00
7	A007	HMRC Appeal - PAYE Late Filing Penalty 31-Dec-2013	Telematique Limited	25-Apr-2014	HM Courts & Tribunals Service	HMCTS-TC/2014/02345	31-Dec-2013	PAYE + CLASS 1A NIC	<b>HMCTS-TC/2013/06895</b>	£799.97
8	A008	HMRC Appeal - Notice of Penalty Assessment dated 10-Nov-2014	Telematique Limited	13-Dec-2014	HM Courts & Tribunals Service	HMCTS-TC/2014/06671	10-Nov-2014	PAYE + CLASS 1A NIC	<b>HMCTS-TC/2013/06895</b>	£400.00

**Table 1**  
Consolidation of the Appeals as Directed by the Tribunal on 04-Jul-2014 [66]

	Years				
	2009	2010	2011	2012	2013
<b>Telematique Limited</b>					
<b>Profit and Loss Account</b>					
Turnover	£100,053.00	£94,451.00	£0.00	£0.00	£14,327.00
Operating profit	£80,399.00	£55,397.00	-£5,423.00	-£2,959.00	-£763.00
Profit before taxation	£80,550.00	£55,397.00	-£5,423.00	-£2,953.00	-£763.00
Retained profit carried forward	£35,581.00	£43,192.00	-£4,284.00	-£2,953.00	-£763.00
<b>Balance Sheet</b>					
Current assets	£55,678.00	£55,515.00	£35,627.00	£3,726.00	£3,499.00
Creditors (within one year)	£19,997.00	£12,223.00	£1,119.00	£1,119.00	£1,655.00
Net current assets	£35,681.00	£43,292.00	£34,508.00	£2,607.00	£1,844.00
Net assets	£35,681.00	£43,292.00	£34,508.00	£2,607.00	£1,844.00
Shareholders' funds	£35,681.00	£43,292.00	£34,508.00	£2,607.00	£1,844.00
<b>Taxes paid</b>					
NICS	£303.00	£736.00	£0.00	£0.00	£0.00
PAYE	£0.00	£0.00	£0.00	£0.00	£0.00
Corporation Tax	£22,554.00	£15,511.16	£0.00	£0.00	£0.00
VAT	£12,650.43	£16,776.56	£0.00	£0.00	£0.00
<b>Sole Director</b>					
Self Assessment Summary	<b>YE 05-Apr-2009</b>	<b>YE 05-Apr-2010</b>	<b>YE 05-Apr-2011</b>	<b>YE 05-Apr-2012</b>	<b>YE 05-Apr-2013</b>
<b>Income (Gross)</b>					
Legal & General Pension	£0.00	£0.00	£0.00	£154.86	£952.36
Cap Gemini UK Pension	£0.00	£0.00	£0.00	£11,675.74	£11,136.91
EDS Retirement Plan Pension	£0.00	£0.00	£0.00	£896.05	£1,151.87
Standard Life Pension	£0.00	£0.00	£0.00	£658.16	£1,010.16
Other UK income (Note 1)	£96,149.00	£93,843.54	£8,551.67	£11,102.00	£0.00
Total Gross Income (Note 1)	£96,149.00	£93,843.54	£8,551.67	£24,486.81	£14,251.30
<b>Tax deducted</b>					
Legal & General Pension	£0.00	£0.00	£0.00	£0.00	£4.60
Cap Gemini UK Pension	£0.00	£0.00	£0.00	£1,945.60	£1,487.40
EDS Retirement Plan Pension	£0.00	£0.00	£0.00	£150.60	£230.20
Standard Life Pension	£0.00	£0.00	£0.00	£0.00	£7.37
Other UK tax (Note 1)	£29,165.75	£24,717.41	£490.00	£2,370.90	£2.05
Total Tax Deducted (Note 1)	£29,165.75	£24,717.41	£490.00	£4,467.10	£1,731.62
<b>Total Net Income (Note 1)</b>	<b>£66,983.25</b>	<b>£69,126.13</b>	<b>£8,061.67</b>	<b>£20,019.71</b>	<b>£12,519.68</b>

**Note 1:** Telematique Limited was incorporated on 13-May-2008 to service a Project Management Services contract with the NHS Eastern and Coastal Kent Primary Care Trust. The company has a Sole Director (Appellant) and no Company Secretary. The contract was due to terminate in March 2010 but the NHS wanted to terminate the contract early in January 2010 due to their own financial constraints. The purported termination of the contract by the NHS was unacceptable to Appellant who proceeded to issue legal proceedings against the NHS for breach of contract. The NHS agreed to pay the balance of the contract so the case did not proceed to court but no further work was done by Appellant after the dispute began in January 2010. January 2010 was also the time when Appellant's marriage was breaking down and this impacted the company whose registered address was the former matrimonial home of Appellant.

Date updated on 30-Oct-2014

**Table 2**  
Summary of the financial profile of A for the five tax years ending on 05-Apr-2013 [1]

Resource ID	Name	Estimated Annual Salary	Daily Cost of Resource	Projects	Date	Task	Duration	Effort	Cost to Taxpayer	Other expenses	Total Cost to Taxpayer
R004	Chris Simpson	£65,241.88	£309.94	A006	13 November 2012	Letter to A - Notice of Penalty Determination Number 951-NCA-ZE-415-13-T7003WW	1	1	£309.94		£309.94
R007	Andrew Peebles	£65,241.88	£309.94	A001	28 February 2013	Letter to A - Referred to in letter of 20-May-2013	3	3	£929.81		£929.81
R003	Mr M Bennet	£38,136.27	£181.17	A006	08 May 2013	Letter to A - PAYE payment overdue for 2012-2013	1	1	£181.17		£181.17
R007	Andrew Peebles	£65,241.88	£309.94	A001	20 May 2013	Letter to ClearSky - Reminder: Check of Self Assessment return - year ended 5 April 2010	5	5	£1,549.69		£1,549.69
R003	Mr M Bennet	£38,136.27	£181.17	A006	29 May 2013	Letter to A - PAYE payment overdue for 2012-2013	1	1	£181.17		£181.17
R003	Mr M Bennet	£38,136.27	£181.17	A006	19 June 2013	Letter to A - PAYE payment overdue for 2012-2013	1	1	£181.17		£181.17
R003	Mr M Bennet	£38,136.27	£181.17	A006	19 June 2013	Letter to A - PAYE payment overdue for 2012-2013	1	1	£181.17		£181.17
R014	Sue Taylor	£38,136.27	£181.17	A001	08 July 2013	Letter to Capgemini copied to A	1	1	£181.17		£181.17
R006	HMRC Employee 1	£33,378.94	£175.00	A006	23 July 2013	Letter to A - P11D(b) interim penalty letter	1	1	£175.00		£175.00
R007	Andrew Peebles	£65,241.88	£309.94	A001	01 August 2013	Letter to A - Notice of further assessment	10	10	£3,099.38		£3,099.38
R007	Andrew Peebles	£65,241.88	£309.94	A001	01 August 2013	Letter to A - SA statement of account	5	5	£1,549.69		£1,549.69
R007	Andrew Peebles	£65,241.88	£309.94	A001	01 August 2013	Letter to A - Notice of further assessment (Ref CFSC-142631)	1	1	£309.94		£309.94
R007	Andrew Peebles	£65,241.88	£309.94	A001	01 August 2013	Letter to ClearSky Accounting - Notice of further assessment (Ref CFSC-142631)	1	1	£309.94		£309.94

R015	Michelle Warbey	£65,241.88	£309.94	A001	08 August 2013	Respond to letter to from A of 08-Aug-2014	5	5	£1,549.69		£1,549.69
R016	HMRC Employee 3	£33,378.94	£175.00	A001	03 September 2013	Letter to AC - Self Assessment Statement (Ref CR/CM13619)	2	2	£350.00		£350.00
R017	Joyce Olaman	£38,136.27	£181.17	A001	18 September 2013	Letter to A - Advising that no response from Cap Gemini has been received	3	3	£543.51		£543.51
R018	Officer in Charge	£65,241.88	£309.94	A001	27 September 2013	Letter to A - Self Assessment Statement: Final Reminder	1	1	£309.94		£309.94
R013	Deanna Harris	£31,391.68	£175.00	A002	07 October 2013	Letter to A - Change to amount claimed on VAT return	39	39	£6,825.00		£6,825.00
R013	Deanna Harris	£31,391.68	£175.00	A004	18 October 2013	Letter to A - VAT Amendment Return 08/13 Re: Penalties for inaccuracies (Schedule 24 of the Finance Act 2007)	11	11	£1,925.00		£1,925.00
R004	Chris Simpson	£65,241.88	£309.94	A006	11 November 2013	Letter to A - Notice of Penalty Determination Number 951-NCA-ZE-600-14-T7003WW	1	1	£309.94		£309.94
R012	Elizabeth Smith	£15,814.12	£175.00	A002	17 December 2013	Letter to A - Appellant: Telematique Limited Our Ref: TC/2013/06895	1	1	£175.00		£175.00
R012	Elizabeth Smith	£15,814.12	£175.00	A001	17 December 2013	Letter to A - Appellant: Ayad Al-Mukhtar Our Ref: TC/2013/06894	1	1	£175.00		£175.00
R005	Mr E Lewis	£38,136.27	£181.17	A007	31 December 2013	Letter to A - re PAYE late filing penalty of £399.97	1	1	£181.17		£181.17
R009	Mrs W Allerton	£19,057.08	£175.00	A002	13 January 2014	Letter to A - A's letter of 05-Oct-2013 forwarded to her team	3	3	£525.00		£525.00
R010	Mrs Jane Kingdom	£38,136.27	£181.17	A002	20 January 2014	Letter to A - Telematique Limited (TL) VAT Registration Number: 933-6260-27C's letter of 05-Oct-2013 forwarded to her team	20	20	£3,623.40		£3,623.40
R001	Barry Sellers	£65,241.88	£309.94	A002	22 January 2014	email to A re ADRP	1	1	£309.94		£309.94

R008	Xuan Gieng	£24,926.68	£175.00	A002	13 February 2014	Letter to A - Telematique Limited - TC/2013/06895 - Appeal to the First Tier Tribunal	1	1	£175.00		£175.00
R019	Mrs G Orimoloye	£31,391.68	£175.00	A001	14 February 2014	Letter to A - HMRC Statement case and List of Documents	5	5	£875.00		£875.00
R005	Mr E Lewis	£38,136.27	£181.17	A007	18 February 2014	Letter to A - 2nd Letter re PAYE late filing penalty of £399.97 threatening debt collection	1	1	£181.17		£181.17
R002	Paul Lamberton	£31,391.68	£175.00	A006	19 February 2014	Letter to A re Appeal T7003WW/LDY/ARU/73581	5	5	£875.00		£875.00
R011	HMRC Employee 2	£33,378.94	£175.00	A004	26 February 2014	Letter to A - Notice of penalty assessment (number 933626027/NPPS-261769)	1	1	£175.00		£175.00
R008	Xuan Gieng	£24,926.68	£175.00	A002	03 March 2014	Letter to A - Telematique Limited - TC/2013/06895 - Appeal to the First Tier Tribunal	1	1	£175.00		£175.00
R004	Chris Simpson	£65,241.88	£309.94	A006	10 March 2014	Letter to A re Penalty Number 951-NCA-ZE-600-14-T7003WW	1	1	£309.94		£309.94
R008	Xuan Gieng	£24,926.68	£175.00	A002	28 March 2014	Letter to A - Telematique Limited - TC/2013/06895 - enclosing witness statement for Deanna Harris	5	5	£875.00		£875.00
R008	Xuan Gieng	£24,926.68	£175.00	A002	24 April 2014	Letter from A objecting to witness statement of Deanna Harris and asking for additional documents	3	3	£525.00	£200.00	£725.00
R009	Mrs W Allerton	£19,057.08	£175.00	A002	25 April 2014	Respond to letter from Appellant of 25-Apr-2014	3	3	£525.00		£525.00
R002	Paul Lamberton	£38,136.27	£181.17	A006	26 April 2014	Respond to letter from Appellant of 26-Apr-2014	2	2	£362.34		£362.34
R003	Mr M Bennet	£38,136.27	£181.17	A006	26 April 2014	Letter to A - PAYE payment overdue for 2012-2013	1	1	£181.17		£181.17

R004	Chris Simpson	£65,241.88	£309.94	A006	26 April 2014	Respond to letter from Appellant of 26-Apr-2014	2	2	£619.88		£619.88
R008	Xuan Gieng	£24,926.68	£175.00	A002	26 April 2014	Letter from A asking for documents to be sent to Kurdistan	1	1	£175.00	£200.00	£375.00
R019	Mrs G Orimoloye	£31,391.68	£175.00	A001	26 April 2014	Respond to letter from A of 26-Apr-2014 asking for disclosure of documents	5	5	£875.00	£200.00	£1,075.00
R005	Mr E Lewis	£38,136.27	£181.17	A007	27 April 2014	Respond to letter from Appellant of 27-Apr-2014	2	2	£362.34		£362.34
R011	HMRC Employee 2	£33,378.94	£175.00	A004	27 April 2014	Respond to letter from A of 27-Apr-2014	5	5	£875.00		£875.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	28 August 2014	email to A re:Appeals [OFFICIAL] making error in one of email addresses of A	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	29 August 2014	email to A re:Appeals [OFFICIAL] apologising for error in email address	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A002, A004, A007	01 September 2014	Producing Statement of Case for TC/2013/06895 (formerly TC/2014/02345)	7.5	7. 5	£1,312.50		£1,312.50
R20	Bruce Robinson	£31,391.68	£175.00	A003, A004, A007	01 September 2014	Letter ref LC/A&R/S0483/7W/BXR to HMCTS re TC/2013/06894 and others	2.5	2. 5	£437.50		£437.50
R20	Bruce Robinson	£31,391.68	£175.00	A003	01 September 2014	Producing Statement of Case for TC/2013/06894 (formerly TC/2014/02244)	12. 5	12 .5	£2,187.50		£2,187.50
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	01 September 2014	email to HMCTS re Ayad Al-Mukhtar TC/2013/06894 &Telematique Ltd TC/2013/06895 - SOC's [OFFICIAL]	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	01 September 2014	email to HMCTS re Ayad Al-Mukhtar TC/2013/06894 &Telematique Ltd TC/2013/06895 - SOC's [OFFICIAL]	1	1	£175.00		£175.00

R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	02 September 2014	email to HMCTS attaching documents for appeals TC/2013/06894 and TC/2013/06895	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A002, A004, A007	02 September 2014	Producing Statement of Case for TC/2013/06895 (incorporating TC/2014/02287)	25	25	£4,375.00		£4,375.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	13 October 2014	email to A attaching record of call on 13-Aug-2013 and print of company details	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A002	13 October 2014	email to A attaching record of call on 28-May-2013	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A002, A004, A007	13 October 2014	Creating List of Documents for HMCTS re appeals with Telematique as A	10	10	£1,750.00		£1,750.00
R20	Bruce Robinson	£31,391.68	£175.00	A003	13 October 2014	Creating List of Documents for HMCTS re appeals with Telematique as A	3	3	£525.00		£525.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	13 October 2014	email to HMCTS attaching documents for appeals TC/2013/06894 and TC/2013/06895	1	1	£175.00		£175.00
R21	Clerical Team	£15,814.12	£175.00	A003	13 October 2014	Extracting record of phone call from database Contact Centre Enquiry CJW1735 Version 7.1 Alpha	1	1	£175.00		£175.00
R21	Clerical Team	£15,814.12	£175.00	A003	13 October 2014	Extracting information about Telematique Ltd held by Companies House	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A001 - A008	14 October 2014	email to A re Ayad Al-Mukhtar TC/2014/06894 & Telematique Ltd TC/2013/06895 - Application	1	1	£175.00		£175.00
R20	Bruce Robinson	£31,391.68	£175.00	A003	17 October 2014	email to A re Ayad Al-Mukhtar TC/2014/06894 - Application	1	1	£175.00		£175.00

R20	Bruce Robinson	£31,391.68	£175.00	A003	17 October 2014	Letter to HMCTS - Application to admit supplementary document for HMRC's List of Documents	5	5	£875.00		£875.00
R21	Clerical Team	£15,814.12	£175.00	A003	17 October 2014	Transcribing of telephone call with A's Agent	5	5	£875.00		£875.00

<b>Total cost to UK Taxpayer as of 29-Oct-2014 of Appellant's actions against HMRC</b>	<b>£49,121.</b>
	<b>14</b>

**Table 3**  
 Event log of all the recorded actions that HMRC staff took in targeting *A* during the period between 12-Nov-2012 and 29-Oct-2014

## REFERENCES AND EXHIBITS

Ref #	Reference Description
[1]	1-Exhibit 1 – Financial profile of Appellant
[6]	6-Exhibit 6 – Appeal # A005: CH-PEN-1A/065890934
[7]	7-Exhibit 7 – Appeal # A006: CASE REF TC/2014/00323
[37]	37-Exhibit 37 – HM Revenue & Customs Annual Report and Accounts 2012 – 13, Ordered by the House of Commons to be printed on 2-Jul-2013, The Stationery Office Limited, ISBN: 9780102984347
[41]	41-Exhibit 41 – Statistics, Numbers of taxpayers and registered traders, <a href="https://www.gov.uk/government/publications/numbers-of-taxpayers-and-registered-traders">https://www.gov.uk/government/publications/numbers-of-taxpayers-and-registered-traders</a> , retrieved on 15-May-2014
[43]	43-Exhibit 43 – Table 1 on page 52 of HM Revenue & Customs Annual Report and Accounts 2012 – 13, Ordered by the House of Commons to be printed on 2-Jul-2013, The Stationery Office Limited, ISBN: 9780102984347
[54]	54-Exhibit 54 – HM Courts & Tribunals Service, First-tier Tribunal (Tax Chamber), 3rd Floor, Temple Court, 35 Bull Street, Birmingham B4 6EQ, Decision of Judge Joanna Lyons re Appeal number: TC/2014/00323 on 22-Apr-2014
[55]	55-Exhibit 55 – “HM Revenue & Customs: About the customer relationship management model”, <a href="http://www.hmrc.gov.uk/large-businesses/crm.htm">http://www.hmrc.gov.uk/large-businesses/crm.htm</a> , retrieved on 12-Jun-2014 14:03 GMT
[57]	57-Exhibit 57 – Statement (logic), From Wikipedia, the free encyclopedia, <a href="http://en.wikipedia.org/wiki/Statement_(logic)">http://en.wikipedia.org/wiki/Statement_(logic)</a> , retrieved on 19-Nov-2014 06:10GMT
[62]	62-Exhibit 62 – “Zacchaeus, From Wikipedia, the free encyclopedia”, <a href="http://en.wikipedia.org/wiki/Zacchaeus">http://en.wikipedia.org/wiki/Zacchaeus</a> , Retrieved 11-Jun-2014 13:050 GMT
[65]	65-Exhibit 65 – Application by Appellant to set aside Judge Joanna Lyons' Decision to dismiss case TC/2014/00323 on 22-Apr-2014
[65.1]	Exhibit 65.1 – email from Appellant to MrBarkat Ali, Tribunal Clerk, HMCTS dated 13-Jun-2014
[65.2]	Exhibit 65.2 – Letter from Appellant to HMCTS making application to-set-aside dated 13-Jun-2014
[65.3]	Exhibit 65.3 – HMCTS' decision re Appellant's application dated 4-Jul-2014
[66]	Exhibit 66 – Direction by HMCTS to consolidate all Appeals made by Appellant as a an individual (TC/2013/06894, TC/2014/02244) and a company (TC/2013/06895, TC/2014/02287, TC/2014/02345) made on 04-Jul-2014
[68]	68-Exhibit 68 - Relevant facts about Appellant (person) and Appellant (UK Company)

[69]	69-Exhibit 69 - HMRC organisation structure data as at 30 September 2012, <a href="http://www.hmrc.gov.uk/transparency/hmrc-org-sept2012.xls">www.hmrc.gov.uk/transparency/hmrc-org-sept2012.xls</a> , Inland Revenue [ live site <a href="http://www.hmrc.gov.uk/transparency/hmrc-org-sept2012.xls">http://www.hmrc.gov.uk/transparency/hmrc-org-sept2012.xls</a> ], retrieved on 21-Dec2014 01:14GMT
[70]	70-Exhibit 70 – Information Commissioner’s Office, “Freedom of Information Act 2000 (FOIA) Decision notice dated 18-Aug-2014”, Reference: FS50538469, <a href="https://ico.org.uk/media/action-weve-taken/decision-notice/2014/1025064/fs_50538469.pdf">https://ico.org.uk/media/action-weve-taken/decision-notice/2014/1025064/fs_50538469.pdf</a> , retrieved on 21-Dec-2014 13:59GMT
[71]	71-Exhibit 71 – Formula, From Wikipedia, the free encyclopedia, <a href="http://en.wikipedia.org/wiki/Formula">http://en.wikipedia.org/wiki/Formula</a> , retrieved on 22-Dec-2014 08:32GMT
[72]	72-Exhibit 72 – Definition, From Wikipedia, the free encyclopedia Formula, <a href="http://en.wikipedia.org/wiki/Definition">http://en.wikipedia.org/wiki/Definition</a> , retrieved on 27-Dec-2014 08:15GMT
[73]	73-Exhibit 73 – Assumption, Dictionary.com, <a href="http://dictionary.reference.com/browse/assumption">http://dictionary.reference.com/browse/assumption</a> , retrieved on 27-Dec-2014 11:14GMT
[74]	74-Exhibit 74 – Project Management Institute, A Guide to the ProjectManagement Body of Knowledge (PMBOK® Guide) – Fifth Edition, ISBN: 978-1-935589-67-9, Published by: Project Management Institute, Inc., 14 Campus Boulevard, Newtown Square, Pennsylvania 19073-3299 USA, <a href="http://www.PMI.org">www.PMI.org</a> , Copyright 2013 Project Management Institute, Inc.