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Using Mediation to Resolve Tax Disputes: The HMRC Pilot ADR Project Evaluation

Rafal Morek (DWF LLP) · Thursday, May 9th, 2013

[Her Majesty's Revenue & Customs \(HMRC\)](#), a department of the UK Government responsible for the collection of taxes, published the results of its pilot ADR project evaluation. It has been testing a new way of resolving tax disputes, with the SMEs and individual taxpayers, since 2011.

The way the scheme works is that an official from HMRC, who has not been involved in the case already in any way and who has been specially trained to act as a mediator, works with the parties to the dispute to try to broker an agreement. Expected to remain neutral, the mediator sits down with a tax official familiar with the case and the taxpayer themselves, holding discussions to move towards a final agreement. In some circumstances, the two parties can agree to jointly pay for a professional mediator from outside HMRC.

The evaluation shows that the project has been a success. If appropriately used, mediation results in significant time and cost efficiencies for both taxpayers and the tax authority. Two-thirds of applicants to the scheme left with either a partial or full resolution to their claim, with the majority (58%) seeing their cases completely resolved.

HMRC announced that the system is to be rolled out as one of its standard services. It will be interesting to see how the program develops in the UK, and whether other countries decide to follow.

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