

## DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

### Part 1: Letter of Appointment

Dear Sir/Madam,

#### Letter of Appointment

This letter of Appointment dated 11<sup>th</sup> January 2022 is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	SR767775415
From:	HMRC ("Customer")
To:	IFF Research Ltd.

Effective Date:	11/01/2022
Expiry Date:	End date of Initial Period: 29/06/2022 End date of Maximum Extension Period: 29/09/2022 Minimum written notice to Supplier in respect of extension: 1 month

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: <ul style="list-style-type: none"><li>the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B; and</li></ul>
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Key Individuals:	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 5px;"></div> <b>Information redacted under section 43 (2) of FOI Act 2000.</b>
Guarantor(s)	

Contract Charges (including any applicable discount(s), but excluding VAT):	Total contract charge is £50,000. The full Contract Charge breakdown can be found within Annex 1 of Schedule 6 of the Contract.
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Insurance Requirements	<p>Additional public liability insurance to cover all risks in the performance of the Contract, with a minimum limit of £5 million for each individual claim</p> <p>Additional employers' liability insurance with a minimum limit of £5 million indemnity</p> <p>Additional professional indemnity insurance adequate to cover all risks in the performance of the Contract with a minimum limit of indemnity of £1 million for each individual claim.</p>
Liability Requirements	<b>Suppliers limitation of Liability</b> (Clause <b>Error! Reference source not found.</b> of the Contract Terms);
Customer billing address for invoicing:	Ralli Quays, West Building, 3 Stanley Street, Salford M60 9HL.

GDPR	See Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects)
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	<p>The additional terms which will apply to this contract are as set out within the following annexes at Schedule 8:</p> <p>a. Annex 1: HMRC Mandatory Clauses</p> <p>b. Annex 2: Protection of Information</p>

**FORMATION OF CONTRACT**

**BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT** (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

**For and on behalf of the Supplier:**

**For and on behalf of the Customer:**

Name and Title:

[REDACTED]

Name and Title:

[REDACTED]

Signature:

[REDACTED]

Signature:

[REDACTED]

Date:

[REDACTED]

Date:

[REDACTED]

**Information redacted under section 43 (2) of FOI Act 2000.**

## **ANNEX A**

### **Customer Project Specification**

#### **1. Introduction**

1.1 HM Revenue & Customs (HMRC) invites suppliers from the Research Marketplace agreement (RM6018) to undertake research aimed at understanding customers' experience of the Profit Diversion Compliance Facility (PDCF) and the Diverted Profits (DP) Investigation Approach.

1.2 HMRC intends for this contract to be in place by 16th December 2021, with final outputs required by 29th June 2022.

1.3 HMRC will maintain the overall management of the project.

1.4 The contract will be awarded to the organisation that is deemed to have submitted the most economically advantageous tender (MEAT). Assessment will be based on the factors outlined in sections 15 to 18.

1.5 To ensure fairness all tenderers are required to submit their tenders in accordance with these instructions and any further requirements contained in the invitation letter. Failure to comply could invalidate your tender.

#### **2. Context**

2.1. Profit diversion is HMRC's largest Corporation Tax risk, with the OECD estimating global tax losses of \$100-240bn/pa. HMRC are keen to further improve efficient ways of tackling profit diversion.

2.2. A key area of profit diversion is the diversion of profit (DP) by large groups that:

- (i) Seek to avoid creating a UK permanent establishment that would make a foreign company liable to pay UK Corporation Tax, or
- (ii) Use arrangements or entities that lack economic substance to exploit tax mismatches either through expenditure or the diversion of income within the group.

2.3. There are two intervention approaches\* to tackling profit diversion (all customers involved in this research will have completed one of these processes):

1. The PDCF: this facility gives multi-national enterprises (MNEs) using arrangements targeted by the Diverted Profits Tax (DPT) the opportunity to bring their UK tax affairs up to date.

2. DP enquiries: HMRC has identified a number of MNEs in a variety of business sectors that could be diverting profits. HMRC have established a programme of investigation of the arrangements of these MNEs. This will involve a review of the customer's transfer pricing arrangements.

Customers under enquiry may also face a potential DPT charge, which requires an upfront cash payment whilst the enquiry is ongoing if the relevant legislative conditions are met, and, depending on the cause of inaccuracies or failures to notify, they may face penalties or civil/criminal investigations.

Please see Annex D for more detail on the two processes.

\* N.B. most PDCF and DP enquiries are settled by agreeing transfer pricing adjustments, in many cases, without DPT being charged.

2.4. Independent qualitative research is essential to:

- Understand independent customer views on the PDCF approach/process, informing design of new compliance facilities and accompanying guidance in significant tax risk areas.
- Compare customer experience (PDCF-vs-enquiries).
- Provide further insight to feed into the Large Business Tax Admin Review<sup>1</sup>
- Understand the incentives and blockers for customers choosing to participate in the PDCF.

2.5. The findings from this research will be used to inform improvements in HMRC's strategy for tackling profit diversion and consider the appropriateness of any wider use of a compliance facility for large business, delivering upstream/downstream yield, HMRC efficiencies and improved compliance standards.

### **3. Research Aims & Objectives**

3.1. The core objectives of this research are:

- a. To gain a greater understanding of customers' experiences of the two types of approaches (PDCF and DP enquiries; see descriptions in 2.3).
- b. To understand what works well, the obstacles and barriers faced and how HMRC can change the processes to improve customers' experience of the PDCF and the DP enquiry process.
- c. To improve HMRC's understanding of how both types of approaches impact the behaviour of customers.

<sup>1</sup> The tax administration framework refers to all legislation relating to how HMRC collects revenue and makes payments. It provides the foundations that support all of the taxes and duties that HMRC administers.

3.2. The research aims to broadly answer the following questions:

PDCF:

- a. How effective have customers found the various communication channels with HMRC regarding the PDCF?

- b. What roles in the HMRC team, or what approaches, were particularly helpful/unhelpful during the PDCF process?
  - c. What factors impacted the customers decision to register for the PDCF? And how important were each of these factors?
  - d. Which aspects of the PDCF were helpful/unhelpful?
  - e. How effective is this PDCF approach at resolving transfer pricing uncertainty or differences of view?
  - f. In the customer's view, was this an efficient way to resolve transfer pricing uncertainty compared to the alternative of an HMRC investigation? If so (or not), why?
  - g. How much did the end-to-end PDCF process cost the business?
- DP Enquiries:**
- a. How effective have customers found the various communication channels with HMRC regarding the DP enquiry?
  - b. Did the HMRC approach change during the enquiry? If so, what were the key changes? Did this improve the process for customers?
  - c. What roles in the HMRC team or what approaches were particularly helpful/unhelpful during the enquiry?
  - d. What were the key factors that led to an agreement and obstacles reaching this?
  - e. How much did the end-to-end DP enquiry cost the business?
  - f. Have they heard of the PDCF and would they consider using a compliance facility in the future to review an area of significant tax risk? If so (or not), why?
  - g. If the customer was given an opportunity to register for the PDCF, but chose not to, why was this the case?

#### **4. Methodology & Scope**

4.1 The Supplier must deliver in-depth interviews with customers who have had their case concluded via the PDCF and customers who have their case concluded via a DP enquiry. These customers are predominantly large and medium-sized businesses. The interviews must be undertaken with individuals who will have been most closely involved in either the PDCF process or DP enquiry of their organisation. This may be a member of company's tax team or, if there is no in-house tax team, the finance team members who are responsible for tax within the group.

4.2 The Supplier must use a minimum of 20 semi-structured depth interviews with 10-20 PDCF customers and 10-20 DP enquiry customers. There are expected to be approximately 50 PDCF customers and approximately 100 DP enquiry customers who will have completed the respective processes by the time the research commences. Therefore, unit numbers will come from this entire population as opposed to a sample of the population to minimise bias. The Supplier must state within their proposal the number of semi-structured depth interviews

they will conduct with both the PDCF and DP customer groups and demonstrate how their proposed number will enable a broad and in-depth understanding.

4.3 If the Supplier cannot interview a minimum of 10 individuals from the two customer groups identified, we would not proceed with the remainder of the work or require any further outputs under this contract.

## **Sampling Approach**

4.4 HMRC will provide the Supplier with the respective sample frame. The sample will contain business name, the member of the company's tax team's name, telephone number, email address, as well as the approach experienced and whether the DP enquiry group were given an opportunity to register for the PDCF. HMRC will consult with the Supplier on what other information could be provided. Please note, to help maximise numbers, the sample cannot be sent until early April, which is when we will have details for all completed cases.

4.5 Whilst every effort will be made to ensure that the contact details passed to the research agency will be accurate, there may be some missing or incorrect telephone numbers or email addresses.

4.6 Please note, the majority of the customers in our sample have Customer Compliance Managers (CCMs). Due to the small sample size, HMRC leads will reach out to CCMs prior to the research to encourage participation.

4.7 Prior to fieldwork, the Supplier must undertake an opt-out process. Opt-out letters will include information on the appointed contractor, enhancing trust and reassurance.

4.8 Tenderers must demonstrate how they will adopt proven methods to maximise participation from the sample in their proposals. Suppliers must not propose monetary incentives for participation in their tender.

## **5 Timetable**

5.1 The timeline provided below is indicative of the timelines expected by HMRC. Tenderers are required to demonstrate in their tenders that they will be able to complete the research within the below timelines or sooner.

<b>Activity</b>	<b>Date</b>
ITT Issued	Friday 5 <sup>th</sup> November
Deadline for queries on ITT	Friday 12 <sup>th</sup> November
HMRC response to ITT queries	Wednesday 17 <sup>th</sup> November
<b>Deadline for response to ITT</b>	Wednesday 24 <sup>th</sup> November
Contract awarded	w/c 13 <sup>th</sup> December
Set-up meeting	Early January
Prepare fieldwork materials	February - March
Opt-out (conducted by agency)	Early April 2022
Fieldwork	April - May
Presentation of interim findings	Early May
Presentation of findings	Late May
Final outputs signed off, project close	Friday 29 <sup>th</sup> June

5.2 The successful supplier will be expected to attend a set-up meeting in the week commencing 10th January 2022.

5.3 All stages of the contract must be completed by 29th June 2022. Tenderers must demonstrate that they can meet this deadline.

## **6 Length of Contract**

6.1 The total contract duration will be nine months with an optional extension period of 3 months.

## **7 Outputs**

7.1 Outputs must include:

- a. Attendance at an initial project set-up meeting.
- b. A detailed project plan that outlines key dates and milestones and indicates any key actions for HMRC. If substantial changes are made to this plan, revisions need to take place.
- c. Draft and final copies of the advance letters inviting potential participants to opt-out from being contacted further and question the authenticity of the research.



- d. Draft and final copies of topic guides (separate suitable topic guides for PDCF customers vs DP investigation customers) used by interviewers.
- e. Weekly, written progress updates during the fieldwork period.
- f. Five randomly selected transcripts.
- g. A written report of interim findings.
- h. A presentation of final findings with draft and final copies of the slides used.
- i. Draft and final copies of a written research report suitable for publication.

7.2 All summaries, reports, data outputs (e.g. tables and graphs) and presentations should be provided in an electronic format, compatible with Microsoft Office applications. All presentations and reports should be concise and written in plain English. They should be of a high (publishable) standard suitable for online publication. HMRC expects all drafts to be complete, to have been proof-read before delivery and for data in the drafts to have been quality assured. HMRC may arrange for any final reports produced to be peerreviewed, either in-house or externally.

7.3 Contractors are also reminded that any research reports to be published on [www.gov.uk](http://www.gov.uk) must meet the accessibility requirements for public sector bodies' publications:

<https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps#accessibility-standards>

7.4 The raw dataset must be anonymised before sharing with HMRC: any personal information should be removed, and responses should not be shared if they could lead to individuals being identified.

## 8 Quality and Risk Management

8.1 Tenderers must include a project plan and time schedule for the work that identifies the main tasks and key milestones that will be used to monitor progress, indicating clearly where HMRC is expected to contribute.

8.2 Tenderers should include a quality control plan with their proposal, which should demonstrate their internal procedures to assure quality control. This should include strategies for achieving the minimum number of interviews requested, with specific emphasis on overcoming the difficulty of reaching out to previously non-compliant customers, monitoring interviewers' performances, ensuring high-quality analysis and producing final outputs that meet HMRC's needs.

8.3 Proposals should also include an assessment of the key risks to this project. This should identify the most significant risks to successful completion of the programme of work, assess the degree of risk (likelihood and impact), and set out strategies for minimising these risks and managing the consequences if problems occur. A risk register template is at Annex B.

## 9 Expertise and Capability

9.1 HMRC acknowledges that considerable resources are required for the successful delivery of this project to time. It is possible that agencies invited to tender have the skills and ability within their organisation to undertake all or part of this research but do not have

sufficient resources required to successfully deliver the whole research requirement. We therefore encourage agencies to collaborate with other suppliers if required to ensure that they are fully capable of undertaking this work.

9.2 HMRC is looking for suppliers who can demonstrate that their proposed team incorporates those with:

- a. Relevant qualifications/training/methodological specialisms;
- b. Experience with particular methods (in-depth interviews) and building a strong interviewer-participant relationship whilst conducting these;
- c. Experience delivering the outputs required;
- d. Experience researching UK taxation topics (e.g. Diverted Profits; this is preferred, but not essential);
- e. An organisational capacity to deliver the project in the timelines given.

9.3 Proposals must demonstrate the skills and expertise relevant to this requirement that particular members of staff bring to the team and clearly identify the project manager, with CVs included as an annex.

9.4 The proposal must detail which aspects (if any) of the project will be subcontracted, the name of the sub-contractor who will work on the project, their experience of related research, and their responsibilities within the project. If it is proposed to sub-contract any of the work, the same details as those provided by the tenderer must be given about the qualifications, experience and responsibilities of sub-contractor staff involved along with a description of their respective roles and the management arrangements put in place. Ultimately, the Supplier will be held to account for the performance of any sub-contractor and needs to demonstrate how sub-contractors will be effectively managed. This must also be considered for any joint submissions, as the second contractor will be treated as a sub-contractor.

## **10 Project Management and Contract Administration**

10.1 Jodie Hope and Meg Dougall are the HMRC Managers for this project. They will be responsible for the day-to-day management of the contract. Once the contract has been awarded, all contact with HMRC concerning the project should be made through them. The research organisation will be required to appoint a contract manager who will act as the principal point of contact for the Department.

10.2 The Supplier will work closely with the HMRC project manager and through them, with internal customers within HMRC throughout the duration of the contract. The Supplier must keep HMRC informed of progress and be involved in key decisions. Proposed changes in project staffing (at all levels) or deviations from the agreed work programme must be discussed and agreed with the project manager in advance. Jodie Hope and Meg Dougall are responsible for all decisions that involve funding.

10.3 In costing your tender you should allow for attendance at a minimum of 3 meetings. The majority of meetings are expected to take place at HMRC offices in London, although some may take place at the research organisation's premises by arrangement. Given the current

COVID-19 restrictions, the meetings may alternatively take place via telephone/digital call. These might include the following:

- a. Project set-up meeting;
- b. A presentation of interim findings and;
- c. Presentation of key findings and final analysis.

## **11. Tax Compliance**

### **11.1 General**

11.1.1 As referred to in Regulation 57(3) and 57 (4) of the Public Contracts Regulations, Tenderers may be subject to mandatory or discretionary exclusion if they are found to be in breach of obligations relating to the payment of taxes or social security contributions.

11.1.2 HMRC, as a revenue collecting Government Department, reserves the right to (a) conduct revenue compliance checks and enquiries throughout the procurement process and (b) exclude any economic operator from participation in the competitive procurement exercise and/or potential delivery of the contract or framework agreement where it can demonstrate the non-payment of taxes or social security contributions, including in instances where no binding legal decision has been taken by a judicial or administrative body.

### **11.2 Scope and Conduct of the Revenue Compliance Checks**

11.2.1 HMRC will undertake revenue compliance checks in connection with the fulfilment of obligations relating to the payment of taxes and social security contributions over the last three years of trading.

11.2.2 Where revenue compliance enquiries identify certain circumstances such as, but not necessarily limited to those listed below, the Tenderer may be required to provide additional explanations or background information necessary for a full understanding of the situation:

- a. time to pay arrangements;
- b. late payment of taxes;
- c. late payment of taxes resulting in interest charges; and
- d. a breach of obligations, which has been established by a judicial or administrative body having final and binding ruling in accordance with the legal provisions of the country in which it is established or with those of any of the jurisdictions of the United Kingdom.

20.2.3 Decisions whether to exclude any party will be taken on a case by case basis and will take account of (a) the regulatory provisions, (b) any clarification or additional information that might subsequently be provided by the Tenderer, (c) information available to HMRC from its own resources by virtue of its special status as a revenue collecting Department and

administrator of direct and indirect taxes and (d) any other relevant information from any other appropriate source.

## **12. HMRC eTrading System**

- 21.1 HMRC has a “Purchase Order Mandatory Policy” and with effect from 11th November 2019 will process all purchase orders and all invoices using its eTrading system, provided by SAP Ariba.
- 21.2 Successful Tenderers are required to register on the SAP Ariba Network in order to transact with HMRC via the eTrading system and to ensure that they will continue to be able to receive purchase orders from and issue invoices to HMRC.
- 21.3 Registration for HMRC’s eSourcing and eTrading portals is undertaken concurrently and instructions are set out here: <http://hmrc.supplier-eu.ariba.com/ad/register/SSOActions?type=full>. SAP Ariba will not charge suppliers to HMRC, VOA or RCDTS to register on the SAP Ariba Network and suppliers will not incur any fees when transacting with HMRC, VOA or RCDTS across HMRC’s eTrading system. However, fees may apply when transacting with suppliers’ other customers over the SAP Ariba Network.
- 21.4 Suppliers to HMRC, VOA and RCDTS are not required to invest in any additional products or services from SAP Ariba or from any other supplier in order to transact with HMRC, VOA or RCDTS using HMRC’s eTrading system.
- 21.5 Payment will be made by BACS within 30 days of receipt of a valid invoice.

## **13. Data security and protection**

- 13.1 The successful contractor will be required to submit a security plan in their tender submission. This will detail your approach to safeguarding confidential information including your company policies for handling sensitive documents and computer files from unauthorised access. This will contain details of how the following will be administered:
- a. How tenderers will hold data on sampled participants;
  - b. How long tenderers will keep data on sampled participants;
  - c. What details about participants will be passed to recruiters and/or interviewers; and
  - d. How tenderers will destroy data once they have been used. This must include originally transferred data files, copies of data files held on all computers, and copies held on archived back-up systems.
- 13.2 If you intend to involve sub-contractors at any stage of the project, please include details of how you will ensure their compliance with all aspects of the Security Plan.
- 13.3 The Security Questionnaire submitted at tender stage will form the Security Plan within the contract.

13.4 A Security Plan questionnaire is attached (please see Annex C) which is assessed on a pass/fail basis. Where suppliers are unable to meet HMRC's data security requirements, they will not be awarded the contract.

13.5 Where the highest scoring bidder is not awarded the contract due to failing to meet HMRC's data security requirements as per 22.3, HMRC reserves the right to award the contract to the next highest scoring bidder, subject to that bidder meeting HMRC's data security requirements.

#### **14. Other Ethical Issues**

14.1 To preserve confidentiality and anonymity, details of individual participants in the research must not be included in the analysis and reports.

14.2 Published outputs of statistics will be consistent with statistical disclosure guidelines, as advised by HMRC.

#### **15. Procurement Transparency**

15.1 HMRC is obliged to publish tender documents for all contracts with a whole life value of over £10,000. It is a condition of bidding for this work that applicants agree to the subsequent publication of the contract once awarded.

15.2 If Bidders believe that any of the information requested is commercially sensitive they should provide such information in a separate letter marked as such.

15.3 HMRC ITTs are commercially sensitive documents; the contents of any HMRC ITT should not be divulged to those without a business need to know.

#### **16. Access to Government Information**

16.1 Under the Government Code of Practice on Access to Government Information, the Department must reserve the general right to disclose either information about your tender or the tender itself, including your price or range of prices, once a contract is awarded. However, you may request that certain information is not disclosed if to do so would prejudice your legitimate commercial interests. Requests for non-disclosure must accompany your tender and include clear and substantive justification together with a time limit when any confidential information could be disclosed – this is not normally expected to be more than 7 years. It would be helpful, if appropriate, if you could keep the areas that you consider should not be disclosed separate from other areas of your tender. The terms of any confidentiality agreement (not the items themselves – they would remain confidential) would, if necessary, be available for publication.

#### **17. Financial Capacity**

17.1 HMRC will act in accordance with the Public Contracts Regulations 2015 and Cabinet Office Procurement Policy Note 02/13 (Supplier Financial Risk Issues) when specifying any minimum financial standards and undertaking financial assessments.

17.2 Where considered appropriate, on the basis of a financial assessment, award of contract may be conditional on a successful Tenderer providing a Parent Company Guarantee. If the guarantor is a charity, HMRC would need to establish whether anything in the charity's constitution prevents them from performing this role and, if

so, whether an alternative guarantor may be required. Where suppliers are unable to satisfy HMRC's minimum financial standards, they will not be awarded the contract.

**ANNEX B**  
**Supplier Proposal**



**Information redacted under section 43 (2) of FOI Act 2000.**

## **Annex 1 – Contract Charges**



**Information redacted under section 43 (2) of FOI Act 2000.**