



Keeping you informed

## Introduction

Welcome to the eleventh edition of Agent Update. This month we feature some important new Compliance guides, along with details of a useful handbook. We are going to press shortly ahead of the 2009 Budget, so please be sure to check these details on the HMRC homepage from Wednesday 22 April 2009. We will pick up any points of interest in the next edition.

As ever, we recognise that not all topics will be relevant to you. By 'scanning' the brief introductions to each piece, you should be able to identify the topics that are relevant to you within a couple of minutes. You can then click on the link to view the full information.

## This month's top articles

### [Publication of Compliance Handbook](#)

The recently published Compliance Handbook contains technical and operational process guidance relating to the new Compliance Checks framework and the New Penalties for inaccuracy regime. It relates to Income Tax, Corporation Tax, VAT, PAYE, Construction Industry Scheme and Capital Gains Tax.

### [Appeals, Reviews and Tribunals Manual & transitional guidance](#)

A copy of the [Appeals, Reviews and Tribunals Manual](#) that has been produced for HMRC staff is now available; in addition, [guidance](#) for customers and their advisers on the transition to the new reviews, appeals and tax tribunal system is also available.

### [Free key tax deadline calendar for agents](#)

A 2009-2010 key tax deadline calendar is now available on the agents' news page. The calendar sets out the key fixed dates and also provides information on variable and repeat deadlines that agents need to plan for.

A small business calendar is also available for your clients on Business Link's [Tax Guides and Information](#) page.

### Tax

Developments and changes to legislation and allowances relating to UK tax.

### HMRC Service

Changes to HMRC services, upcoming HMRC events and guidance.

### Consultations

Details of live consultations and response summaries.

## Tax

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## Capital Allowances

### [R&C brief 20/09 - modernising tax relief for business expenditure on cars](#)

The brief sets out the amendments to draft legislation and anti avoidance measures. This will be of interest to agents whose clients' businesses buy or lease cars or sell or lease cars to other businesses.

### [R&C brief 12/09 - re-classification of claims to Capital Allowances](#)

Explains HMRC's view that the 'error or mistake' provisions cannot be used to substitute a claim for plant and machinery allowances for an earlier claim to industrial or agricultural Buildings Allowances, in respect of expenditure incurred in a closed year.

## Compliance Checks

### [Publication of Compliance Handbook](#)

The recently published Compliance Handbook contains technical and operational process guidance relating to the new Compliance Checks framework and the New Penalties for inaccuracy regime. It relates to Income Tax, Corporation Tax, VAT, PAYE, Construction Industry Scheme and Capital Gains Tax.

### [Fact sheets on Compliance Checks and New Penalties](#)

A series of fact sheets have been published to help agents and their customers understand the new framework for Compliance Checks and the New Penalties for inaccuracy regime.

### [Review of standard letters in Local Compliance from 1 April 2009](#)

We have reviewed a selection of the letters we use in Compliance Checks across the tax regimes. We have tried to make our letters clearer, to help make it easier for our customers to comply with their tax obligations. The new letters came into effect from April 2009, and reflect the legislative changes to Tribunals, Penalties and Information and Inspection Powers.

### [Self learning module for Information Powers](#)

An in-depth learning module, developed for HMRC staff to help them understand and implement the legislation for Information Powers introduced by Schedule 36 of Finance Act 2008, is now available for agents.

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### [Self learning module for Inspection Powers](#)

An in-depth learning module, developed for HMRC staff to help them understand and implement the legislation for Inspection Powers introduced by Schedule 36 of Finance Act 2008, is now available for agents.

### [Self learning module for Penalties](#)

An in-depth learning module, developed for HMRC staff to help them understand and implement the legislation for Penalties introduced by Schedule 36 of Finance Act 2008, is now available for agents.

## Capital Gains Tax

### [R&C brief 09/09 - Capital Gains Tax: rebasing rules Finance Act 2008 and partnerships](#)

The changes to Capital Gains Tax in Finance Act (FA) 2008 amended the rebasing rules regarding assets held by a partnership on 31 March 1982. The changes apply to disposals of assets from the start of the 2008-09 tax year (6 April 2008). The brief explains how the rebasing rules apply for people who dispose of partnership assets or who change their share of partnership assets from 2008-09 onwards.

## Capital Gains Tax and Income Tax

### [R&C brief 16/09 - Capital Gains Tax and Income Tax: former shareholders in Bradford & Bingley plc and members of employee share schemes](#)

This brief gives details of the Capital Gains Tax and Income Tax position of people who were shareholders in Bradford & Bingley plc and members of employee share schemes on 29 September 2008 when the company was taken into public ownership.

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## Corporation Tax

### [Draft Finance Bill 2009 tax change: group relief for preference shares](#)

Changes in paragraph 1 of Schedule 18 to ICTA 1988 mean that the holders of preference shares that carry rights to a fixed or market-linked variable rate dividend, or where the dividend can be reduced in certain circumstances, will no longer be regarded as equity holders for the purpose of determining entitlement to group relief.

### [R&C brief 23/09 - changes to Land Remediation Relief: publication of draft regulations](#)

HMRC is publishing for comment the draft secondary legislation for the amendments to Land Remediation Relief announced at 2008 Pre-Budget Report.

## Corporation Tax and Income Tax

### [Landlords' Energy Saving Allowance \(LESA\) reminder](#)

Agents with landlord clients may advise them to claim LESA, deducting the capital cost of insulation against taxable profits. This improves the energy efficiency of residential properties, saves money and reduces carbon emissions, whilst providing the landlord with a reduced tax bill.

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## Employer Compliance

### [Employer Compliance factsheets](#)

These Employer Compliance factsheets explain different stages in the employer/contractor Compliance Checks process.

These factsheets have been updated and the new versions are now available online:

[‘Employers and contractors - reviewing your records’](#)

[‘Employers and contractors Compliance Checks - your obligations’](#)

[‘Large employers and contractors - reviewing your records’](#)

[‘Compliance Checks - what happens during and at the end of a check’](#)

[‘Compliance Checks - Penalties’](#)

The Penalties factsheet will only be for cases prior to 1 April 2009 when the New Penalties came in.

## Excise and Fuel Duty

### [Alcohol & Tobacco warehouse declarations](#)

There are changes to the payment of Excise Duty on Alcohol and Tobacco moving out of an excise warehouse to home use. There is also a new location for the National Warrant Processing Unit and changes to the declared quantities for Wine and Made Wine Products.

### [R&C brief 22/09 - increase in Fuel Duty rates from 1 April 2009](#)

The Fuel Duty increases announced at the 2007 and 2008 Budgets and confirmed at the last 2008 Pre-Budget Report which came into effect on 1 April 2009.

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## Income Tax

### [R&C brief 24/09 - benchmark scale rates for day subsistence](#)

HMRC has set benchmark scale rates which employers can use to make subsistence payments to employees who incur allowable business travel expenses free of tax and National Insurance Contributions (NICs). The new advisory system will be implemented from 6 April 2009.

## Inheritance Tax

### [R&C brief 21/09 - Inheritance Tax and valuation of gifts](#)

Guidance on Inheritance Tax and valuation of gifts involving Discounted Gift Schemes (DGS).

## Money Laundering Regulations

### [Money Laundering threats](#)

The Financial Action Task Force (FATF) is concerned by Iran's failure to apply its Anti-Money Laundering and Combating Terrorist Financing (AML/CTF) regime. All UK businesses regulated under the Money Laundering Regulations 2007 should be aware that transactions associated with Iran present a higher risk of money laundering.

### [Changes to Money.Web Portal](#)

Money.Web Portal can no longer be used to submit Suspicious Activity Reports (SARs), nor to verify the accreditation status of Financial Investigators, or the identity of their organisation. See the website for alternatives.

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## New Penalties

### [New guidance on Penalty changes](#)

HMRC has published technical and operational guidance within the Compliance Handbook on changes to its Compliance and Penalty systems. It details how inaccuracy Penalties under schedule 24 of FA2007 will be applied with effect from 1 April 2009 across all the UK's main taxes. FA2008 extends the inaccuracy Penalty system to all other UK taxes from 1 April 2010. FA2008 also introduces a New Penalty system for Failure to Notify a taxable activity along with a New Penalty for VAT and Excise wrongdoings. Please see the new Q&A briefing for more details.

## PAYE

### [Changes to P46 \(Car\) reporting for employers](#)

From 6 April 2009 employers will no longer be required to complete a form P46 (Car) when one car is replaced with another. This is relevant for agents who operate payroll or complete benefits in kind forms for clients.

### [Employer CD-ROM](#)

Agents should receive the updated 2009 Employer CD-ROM on or before 10 June – later than usual due to the later Budget. HMRC has identified a small number of errors on the CD-ROM issued in February. To ensure that you are operating your clients' payroll correctly (and have all the up to date information while awaiting the updated version), please see our website to download the latest update. If you do not have access to the Internet and need a disc, please call the Employer Orderline on 08457 646646 and ask for the Employer CD-ROM Download 2009. If you need more technical advice, please call the Online Services Helpdesk on 0845 6055999.

## Residence & Domicile

### [New Residence & Domicile guidance](#)

The Finance Act 2008 changed a number of remittance basis tax rules and tax residence rules. Agents should go to the Residence & Domicile web pages for full details of all changes in operational procedures.

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## Student Loans

### [Student Loan repayment regulations](#)

New regulations governing Student Loan repayments were published on 9 April 2009. If you advise Self Assessment customers or employers on Student Loans, consult the new regulations at the OPSI website. The original 2000 regulations have been amended considerably. Note that this website link is external to HMRC's site.

## Tax Avoidance

### [Identifying users of Disclosed Tax Avoidance Schemes](#)

Tax Avoidance (Information) (Amendment) Regulations SI 2009/611 were made and laid before the House of Commons on 11 March and came into effect on 1 April 2009. The National Insurance Contributions (Application of Part 7 of the Finance Act 2004) (Amendment) (No 2) Regulations SI 2009/612 were made and laid before both Houses on 11 March and also came into effect on 1 April 2009.

Updated guidance is published alongside the revised regulations. These regulations are as a consequence of changes made in Finance Act 2008 and introduce further changes to improve and clarify the system of identifying users of disclosed Tax Avoidance Schemes through the transmission of Scheme Reference Numbers (SRN). Updated guidance is also published alongside these regulations. HMRC issues a SRN to promoters of disclosed Tax Avoidance Schemes, which must in turn be issued to clients who use the scheme. These regulations simplify and improve the way users of disclosed Tax Avoidance Schemes notify the SRN back to HMRC. Advisers and clients need to be aware of these changes.

## Tribunals Reform

### [Challenging an HMRC decision](#)

Guidance explaining how the new reviews and appeals system for tax decisions works.

### [R&C brief 10/09: Tribunals Reform - changes to the tax appeals system and a new internal review process](#)

This brief outlines the new tax appeals system and HMRC's new internal review process, implemented on 1 April 2009.

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### [Appeals, Reviews and Tribunals Manual & transitional guidance](#)

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### [Tribunals Reform Awareness training](#)

A copy of the Tribunals Reform Awareness training that has been produced for HMRC staff is now also available for agents to see.

## VAT

### [VAT Notes 1/2009](#)

VAT Notes is a quarterly bulletin issued by HMRC detailing changes to the VAT rules that have occurred in the previous quarter.

### [R&C brief 19/09 - VAT: Partial Exemption - changes to the Standard Method](#)

This brief sets out the four changes to simplify the Standard Method to help reduce Compliance costs for businesses which came into effect 1 April 2009.

### [R&C brief 18/09 - VAT: implications to the Bad Debt Relief conditions as a result of the Tribunal decision in Times Right Marketing Ltd](#)

This brief announces a change in the treatment of VAT Bad Debt Relief claims made when the net VAT due on a Tax Return has not been paid or has been partly paid.

### [R&C brief 14/09 - VAT Repayment Claims and Statutory Interest - treatment for the purposes of Direct Tax](#)

This brief announces the recent legislation to ensure that from 1 April 2009 VAT repayments arising from any 'new mistake of law decision' by the courts will be subject to a four year cap (increased from three years).

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### [VAT Retail Scheme notices](#)

Businesses with an annual retail turnover of £100m or less may not use one of the five published Retail Schemes – instead they must either account normally or agree a bespoke Retail Scheme with HMRC. From 1 April this limit was revalorised to £130m.

### [VAT Flat Rate Scheme: changes to joining and leaving tests](#)

This notice explains the changes to the eligibility criteria and clarifies what is included in the Flat Rate turnover. The second eligibility test, which required that total annual business income should not exceed £187,500, was withdrawn with effect from 1 April 2009. A business may now join the Scheme provided its taxable turnover (excluding VAT) is less than £150,000. The leaving test requires annual income not to exceed £225,000. The meaning of income has been clarified: it is to be calculated based on the same method used by the business to calculate income whilst using the Scheme.

## Working Together (WT)

### [WT publication](#)

WT publication 34 includes a summary of 31 January Self Assessment (SA) filing peak, the future of WT, workshops held in April and May and changes to form 64-8 entitled 'Authorising your agent'.

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## Businesslink.gov

### [Cross-government information for Tax Agents launched](#)

Businesslink.gov now has dedicated cross-government information and tools for accountants and tax agents.

## Capital Gains tax agent toolkit

### [Developing toolkits to help and support agents](#)

HMRC is developing a series of voluntary toolkits for agents to provide guidance on risk management and how they can minimise mistakes in the Tax Returns they submit. Agents are being sought to volunteer to take part in the pilot.

## Corporation Tax (CT)

### [HMRC is re-organising its CT work](#)

This news alert gives details of changes of office for CT customers in **Suffolk, Birmingham and Tees Valley**.

### [HMRC is re-organising its CT work](#)

This news alert gives details of CT re-organisation for customers in **Lincoln, South Yorkshire, Humberside and Leicester**.

## HMRC website

### [Improvements to HMRC's website](#)

HMRC's website is being improved to make information and guidance easier to find and understand. The latest area to benefit is Stamp Duty Land Tax (SDLT).

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## HMRC Service

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## Tax Calendar

### [Free key tax deadline calendar for agents](#)

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## VAT

### [VAT Online Service - events](#)

From April 2010 HMRC plans to phase out paper VAT Returns. To find out more about these changes and the benefits of filing your VAT Return online speak to our advisers at one of our free events.

Events are scheduled as follows:

- 14 May 2009 Newcastle,
- 27 May 2009 Bristol,
- 14 July 2009 Liverpool

Places need to be booked in advance and spaces are limited, so please book early. Anyone wanting to attend can obtain an electronic booking form by emailing us at [marketing.online@hmrc.gsi.gov.uk](mailto:marketing.online@hmrc.gsi.gov.uk) (please mark your request with your preferred location and VAT Online Event as the subject heading.) More information will soon be available on the [VAT updates](#) page.

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## Corporation Tax

### [Publication of the draft Corporation Tax Bill for public consultation](#)

The second and final Corporation Tax Bill was released for a final round of public consultation on 2 March 2009. Agents have until 29 May to respond. HMRC expects the Bill to be introduced to Parliament in November 2009 and come into force in April 2010.

## Corporation Tax and Income Tax

### [Publication of the draft Taxation \(International and Other Provisions\) Bill for public consultation](#)

The Taxation (International and Other Provisions) Bill was released for a final round of public consultation on 2 March 2009. Agents have until 29 May to respond. HMRC expects the Bill will be introduced to Parliament in November 2009 and come into force in April 2010.

## Consultation responses

### [Summary of responses to the technical consultation on extra-statutory concessions](#)

This document summarises the responses received to this consultation on the draft legislation for extra-statutory concessions, including responses from accountancy bodies.

### [Summary of responses to the consultation on Stamp Duty Land Tax relief for commercial sukuk](#)

This document summarises the responses received to the consultation on HMRC proposals for a relief from Stamp Duty Land Tax for commercial sukuk. This consultation ran from 26 June 2008 to 18 September 2008 and included responses from accountancy bodies.

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