



Keeping you informed

Introduction

Welcome to the 13th edition of Agent Update. This edition celebrates our second birthday, and we would like to take this opportunity to thank all those who have supported this publication.

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. Don’t forget to register with us: you can now [sign up for email reminders](#) as each edition is published.

This month’s top articles

[Final chance for clients to declare all outstanding tax and duties](#)

From 1 September 2009 your clients will have a final chance to declare all outstanding tax and duties. If they notify HMRC between 1 September and 30 November 2009, they could be charged a reduced penalty rate on the tax they owe. Otherwise, they could face a 100% penalty or criminal prosecution. This will be particularly relevant to clients with offshore accounts or assets. Please check the HMRC website for the latest information, available from 1 September 2009.

[New Learning Together roadshow](#)

The first Learning Together event, bringing together tax agents and HMRC compliance officers, was held in West London in May this year. The three-hour event covered Compliance Checks and Penalties, looking at the practical implications for both sides, and will now visit other cities and towns in the UK from October 2009 onwards. Learning Together is supported by the leading tax institutes and associations, including ICAEW, ICAS, ACCA, CIOT, AAT and ATT, but all practising tax agents are welcome to attend, regardless of professional affiliation. All Learning Together events are free to attend.

[Accountants’ guide to SME finance](#)

It is helpful for advisers to be aware of available sources of finance for their clients, particularly in an economic downturn. The [businesslink.gov.uk](#) ‘For Professional Advisers’ area has recently launched a new guide, aimed at accountants and other financial intermediaries whose clients include small- and medium-sized enterprises. It covers the main options these businesses have for raising finance and the key issues to consider.

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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Tax

Compliance Checks and Penalties

[New guidance published on failure to notify penalty](#)

HMRC has published a new chapter in the Compliance Handbook, CH 7000, which covers how the new failure to notify penalty will apply to almost all the Department's taxes from 1 April 2010. The law requires a person to tell HMRC when certain events happen. These events include: where a person has Income Tax, Capital Gains Tax or Corporation Tax to pay but has not been given notice to make a Tax Return for the period when a person starts a new taxable activity, when the turnover from an existing activity has reached a certain level, or when the nature of the activity changes.

[New guidance published on changes to time limits](#)

HMRC has published a new chapter in the Compliance Handbook, CH 5000, which covers how changes for the time limits in assessing taxes will work. Separately, to prevent clients from missing out on payments they are due, HMRC has published [information for SA and PAYE taxpayers](#) to remind them that the time limits to make claims are also changing.

[New guidance published on the VAT and Excise wrongdoing penalty](#)

HMRC has published a new chapter in the Compliance Handbook, CH 9000, which covers how the new VAT and Excise wrongdoing penalty will operate. From 1 April 2010 this penalty regime applies where a person makes an unauthorised issue of an invoice showing or including VAT, misuses a product so that a higher rate of Excise Duty is payable, or handles goods that are subject to unpaid Excise Duty.

[Information to help your clients understand HMRC's new penalties system](#)

Extra help in explaining new penalties to clients is available to download as a PowerPoint presentation to use when talking to businesses or clients. It will help to explain the fundamental changes that HMRC is introducing to the penalties system. The presentation can be personalised on the editable pages, includes speaker notes and highlights how the new system will affect taxpayers. Please also look for additional info in the Tax and HMRC Service sections of Agent Update.

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Corporation Tax

[Capital Allowances in the 2010 Finance Bill: anti-avoidance measures concerning transfer of entitlement on plant or machinery](#)

Legislation to counter tax avoidance schemes involving Capital Allowances on plant or machinery will be included in the 2010 Finance Bill. The proposed legislation will prevent tax avoidance through the transfer of an entitlement to benefit from Capital Allowances on plant or machinery, where a company changes hands for this purpose.

[Large Businesses serviced by Local Compliance - delivering a new relationship](#)

This publication explains the significant changes that Local Compliance offices are making to ensure HMRC meets its commitments to the 2006 Review of Links with Large Business (RLLB).

Income Tax

[ISA subscription limits are increasing](#)

As announced in the 2009 Budget, ISA limits are being increased to £10,200, of which up to £5,100 can be invested in a cash ISA with the balance in a stocks and shares ISA. Investors who will be aged 50 by 5 April 2010 can subscribe up to the new limits from 6 October 2009. All other investors can access the new limits from 6 April 2010.

[Trusts - UK tax credit on foreign dividends: revised guidance for 2008-2009](#)

This Notice provides guidance to clarify advice about the treatment of the new UK tax credit on foreign dividends.

Inheritance Tax (IHT)

[New requirement on IHT Clearance service for business owners](#)

This Notice amends guidance on submitting applications – it details new requirements regarding DOTAS and Clearance applications, amendments to checklists, instructions on heading applications and gives an update on appeals and reviews.

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Insurance Premium Tax (IPT)

[IPT Guidance \(V2-01\) now published](#)

The IPT Guidance (V-series V2-01) used by HMRC staff is now available for the first time on the HMRC website.

New Disclosure Opportunity

[New Disclosure Opportunity - podcast](#)

A podcast detailing the New Disclosure Opportunity will be available from 1 September 2009.

[Final chance for clients to declare all outstanding tax and duties](#)

From 1 September 2009 your clients will have a final chance to declare all outstanding tax and duties. If they notify HMRC between 1 September and 30 November 2009, they could be charged a reduced penalty rate on the tax they owe. Otherwise, they could face a 100% penalty or criminal prosecution. This will be particularly relevant to clients with offshore accounts or assets. Please check the HMRC website for the latest information, available from 1 September 2009.

PAYE

[Employer CD-ROM - June 2009 now updated with downloadable file to correct fault in previous edition](#)

The Employer CD-ROM contains most of the forms and guidance you will need to run your payroll throughout the year. There are also calculators and forms you can fill in on screen and save to an employer/employee database. We apologise that some errors have been identified in the updated edition of the recently issued CD-ROM (June 2009). We have provided a downloadable file to correct these faults on our website.

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[PAYE and CIS payments](#)

[New penalties for late in-year PAYE payments](#)

From May 2010 we intend to implement new penalties for late payment of PAYE. From then on, employers and contractors may have to pay a penalty if they do not pay the PAYE due each month, on time and in full. There will be more information about this in Employer Bulletin Issue 33, which will be published at the end of September.

[New PAYE Service](#)

HMRC are changing the way we process PAYE records and are aware of three specific issues that will affect tax agents as a result of the introduction of the new PAYE Service which we are working hard to resolve.

[Self Assessment \(SA\)](#)

[SA Returns for 2008-2009 onwards: failing to file on time: reasonable excuse for online filers](#)

This notification sets out HMRC's process when an SA Return submitted online is not accepted, and a penalty arises. It details the options available to submit an SA Return, including time limits and links to the downloadable form to submit a claim for reasonable excuse to mitigate the penalty.

[Changes to SA registration processes for the self employed](#)

We are changing the self employed registration process and will no longer be able to register anyone as self employed without a verifiable National Insurance Number (NINO).

If your client does not have a National Insurance number, they should telephone the Department for Work and Pensions on 0845 600 0643 to arrange to attend an Evidence of Identity interview at a Jobcentre Plus or Social Security office.

[This year's Tax Return](#)

This year's Tax Return may be filed on paper by 31 October 2009 or online by 31 January 2010.

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Tax Avoidance

[The Tax Avoidance Disclosure Regime: Pension Savings - the Special Annual Allowance Charge](#)

Regulations SI 2009/2033 have been laid before the House of Commons. They extend the Disclosure of Tax Avoidance Schemes Regime to require the disclosure of schemes which seek to avoid the Special Annual Allowance Charge (SAAC) on pension provisions announced in the 2009 Budget (Budget Note 47 provides details). These Regulations ('the 2009 amendment regulations') amend the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2006 (S.I. 2006/1543) ('the principal regulations'), to insert a new description concerning pension arrangements. The amendment regulations will come into force on 1 September 2009.

VAT

[Cross-border VAT changes 2010](#)

On 1 January 2010 there will be major changes to the VAT rules for businesses who supply services to or receive services from overseas businesses, supply goods to other EC countries or reclaim VAT incurred in another EC country. These changes affect where, how and when VAT is accounted for, as well as the completion of EC Sales Lists and reclaiming VAT incurred in another EC country. All these changes mean that businesses now have to consider whether the changes affect them and what they need to do to prepare for them.

[The 'Fleming' VAT case: updated guidance](#)

The 'Fleming' VAT case brought about changes relating to repayment claims. Updated HMRC guidance is now available.

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[Details of the VAT treatment of deposits relating to sales of land on which dwellings are to be constructed](#)

Where development land is sold to registered social landlords (RSLs), it is normal for a deposit to be paid at the time of exchange of contracts when construction has not commenced and the plot is still 'bare land'. In many cases this deposit will be held by a stakeholder and will not create a tax point for VAT purposes until it is released to the vendor (or vendor's agent), normally at the time of completion. Completion of the sale will in most cases occur at a time when construction of the dwellings has commenced and progressed beyond what is commonly known as the 'golden brick', that is, beyond foundation level. This means the supply can normally be zero-rated.

It has, however, become increasingly common for the deposit to be made available to the vendor at the time of exchange when the land is still bare land. This has raised questions about the VAT treatment of the deposit, and in particular, whether it can be treated as part payment for the future zero-rated supply.

[HM Revenue & Customs brief 39/09 - change in zero rating for charitable buildings use](#)

There has been a change in HMRC's interpretation of the legal provisions that apply when allowing new buildings used for charitable purposes to be zero rated. Extra Statutory Concession (ESC) 3.29 and two related concessions will also be withdrawn.

[HM Revenue & Customs brief 41/09 - setting out the three-year cap for VAT claims](#)

This notification sets out the three-year cap for VAT claims, relating to CRC versus Scottish Equitable Plc (unreported), the Order of the Inner House of the Court of Session. This brief sets out HMRC's position on the judgment of the Court of Session in this case and tells claimants and appellants how to proceed.

[Revised VAT Notice 700-06 detailing new requirements for tax avoidance disclosure issues](#)

This Notice has updates to VAT Notice 700-06. It details new requirements regarding DOTAS and applications for a ruling and gives an update on appeals, reviews and complaints.

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HMRC Service

Business Link

[Accountants' guide to SME finance](#)

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Compliance Checks and Penalties

[New information available for inaccuracy penalties](#)

We have published a simple summary of the inaccuracy penalties, updated to include the extension of these penalties to other taxes from 1 April 2010. A full [Q&A briefing](#) on all the penalty changes is also available.

[New Learning Together roadshow](#)

The first Learning Together event, bringing together tax agents and HMRC compliance officers, was held in West London in May this year. The three-hour event covered Compliance Checks and Penalties, looking at the practical implications for both sides, and will now visit other cities and towns in the UK from October 2009 onwards. Learning Together is supported by the leading tax institutes and associations, including ICAEW, ICAS, ACCA, CIOT, AAT and ATT, but all practising tax agents are welcome to attend, regardless of professional affiliation. All Learning Together events are free to attend.

Cross Tax

[Update to HMRC Code of Practice 10 \(COP10\)](#)

Update to COP10, including how to obtain information and advice from HMRC.

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[Non Statutory Business Clearance Service new requirements, with details of tax avoidance disclosure issues](#)

This is a notification of new requirements regarding Disclosure of Tax Avoidance Schemes (DOTAS) and Clearance applications, amendments to checklists, instructions on heading applications and updates on appeals and reviews.

[Research Report 87 - Evaluation of the Review of Links with Large Business](#)

This publication looks at the impact of changes following the 2006 Review of Links with Large Business. It surveyed large business customers' experience of their relationship with HMRC and priority areas for improvement.

[Research Report 89 - Extended Clearances Evaluation](#)

This evaluation was conducted by the British Market Research Bureau (BMRB) on behalf of HMRC on the Non Statutory Business Clearance Service introduced in April 2008. It looked at the experience of agents and business customers and suggested areas for improvement.

[Reorganisation of Corporation Tax work](#)

There is to be a bulk movement of clients' records in [Wales](#), [Merseyside](#), [Warwickshire](#) and [Dorset & Wilts](#). Agents need to be aware of their clients' new tax district.

Income Tax

[Change in contact details for the Small Companies Enterprise Centre \(SCEC\) administration team](#)

The SCEC admin team has moved from Cardiff to Nottingham. Contact details for the SCEC admin team dealing with Enterprise Investment Scheme (EIS), Venture Capital Scheme (VCT), Corporate Venturing Scheme (CVS) and Enterprise Management Incentive Scheme (EMI) have changed. New applications for approval should be sent to the Nottingham team. Technical queries made to the Nottingham address will continue to be forwarded to the SCEC inspectors in Cardiff or Maidstone, as appropriate. Companies who already have a reference at either the Cardiff or Maidstone office can continue to send correspondence direct to the office which previously dealt with them.

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Online Security

[HMRC's online security measures and what you can do to improve your online protection](#)

HMRC's website outlines measures that it takes to protect you and your data, as part of ongoing internet security improvements.

Self Assessment (SA)

[Amendments to the 'Welcome to Self Assessment' letter \(SA 250\)](#)

HMRC has made changes to the 'Welcome to Self Assessment' letter (SA250) that is issued upon registration for SA. It includes changes to wording, and explains that the 'Our Ref.' number quoted is the customers' Unique Taxpayer Reference (UTR) number, consisting of 10 digits. It advises customers to pass this reference to their agent if they have authorised one to act on their behalf. The first letters incorporating the new wording were issued on 30 June 2009.

Working Together (WT)

[Working Together \(WT\) Publication - Issue 36 now available](#)

WT Publication 36 includes a summary of changes to the VAT filing and payment arrangements for some businesses from 1 April 2010, Learning Together events for tax agents and compliance officers starting in October 2009, and the new WT Pack.

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[Bulk and specialist information powers - closes 1 October 2009](#)

This consultation document and Impact Assessment seek views on proposals to modernise HMRC's bulk and specialist information powers, improve accompanying safeguards and to repeal further legislation.

[Code of Practice on Taxation for Banks - closes 25 September 2009](#)

This consultation looks at the implementation of a Code of Practice on taxation for banks.

[Excise: Modernisation and Compliance Checks - closes 1 October 2009](#)

This consultation seeks views on how to modernise the Excise administrative processes and the framework for checking compliance with Excise law.

[Extra-Statutory Concessions \(ESCs\) - closes 7 October 2009](#)

This is the second technical consultation on draft legislation needed to bring a number of HMRC's ESCs into law, following the House of Lords decision in the Wilkinson case. It aims to ensure that draft legislation successfully preserves the current tax treatment under the relevant ESCs.

[False self-employment in construction: taxation of workers - closes 12 October 2009](#)

This consultation is published on the HM Treasury website. It aims to ensure that construction workers in an employment relationship are taxed appropriately.

[Simplification review: Capital Gains rules for groups of companies - a discussion document](#)

This discussion document outlines policy options to simplify some of the legislation on capital losses after a change in ownership, legislation on value shifting and depreciable transactions, and legislation on degrouping. HMRC and HM Treasury would like to hear the views of business, as well as the views of representative bodies and tax advisers.

[VAT Finance Notice 701/49 revised](#)

This VAT Notice cancels and replaces Notice 701/49 Finance (August 2006) and includes 'updates' issued in February and April 2007. Details of any changes to the previous version can be found in paragraph 1.2 of this Notice. Section 7 of the Notice dealing with the management of investments and portfolios, funds, and 'wrapper' products has been revised.

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[Summary of Responses: Corporation Tax for smaller companies](#)

This document, published on the HM Treasury website, summarises the responses received to the consultation on simplifying Corporation Tax calculations for smaller companies, which ran from 24 November 2008 until 20 February 2009.

[Summary of Responses: Mandation of Online Filing](#)

This is a summary of the responses to the draft amendment regulations for mandation of online filing of end of year PAYE and NICs forms for Small Employers.

[Summary of responses to a public consultation on a new Charter.](#)

This document summarises stakeholders' views on a draft Charter.

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