

Welcome

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Keeping you informed

Introduction

Welcome to the 26th edition of Agent Update. In this edition we feature information on the declaration of offshore income or gains when completing Self Assessment tax returns for 2011-12 and news on the extension to the single compliance process trials. We also include guidance on the national minimum wage and links to publications that include the latest updates for employers, Working Together, pensions, VAT, trusts and estates.

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. To do so, please use the link below.

[Sign up to receive email reminders for future issues of Agent Update](#)

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.

This month's top articles

[Viewing PAYE Coding Notices online](#)

HMRC has launched a new facility to enable Self Assessment customers to view their PAYE Coding Notices online. This facility is also available to tax agents and advisers.

[Summary of Responses: PAYE: Collecting Real Time Information](#)

This document summarises the responses HMRC received to its consultation document on improving PAYE by collecting Real Time Information (RTI) and the next steps in the transition to RTI.

[Compliance mail scanning moves forward](#)

Following the successful rollout of the first phase of the scanning capability, we're now training staff and planning for the next phase.

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Charities

[School charities - Gift Aid and payroll giving guide](#)

HMRC has published a Gift Aid and payroll giving guide for school charities. This guide contains information and simple examples specifically related to funds received by school charities to help make the most of these donations.

[Gift Aid repayments will be made by Bacs](#)

HMRC will continue with the plans that were previously announced to make all Gift Aid repayments to charities and Community Amateur Sports Clubs by Bacs and the option to be paid by payable order will be withdrawn.

[Charitable payments to overseas bodies](#)

The guidance on 'Payments to overseas bodies' found in the charities detailed guidance notes has been updated.

Child tax-free savings

[Launch of Junior ISAs](#)

The Child Trust Fund (CTF) ceased to be available to children born after 3 January 2011. A new tax-free savings account for children - the Junior ISA - will be launched on 1 November.

[CTF subscription limit to increase](#)

The Government has announced that the CTF limit will be increased to £3,600 from 1 November 2011 to align it with the Junior ISA subscription limit.

Compliance

[Bogus financial adviser jailed for tax fraud](#)

A bogus financial adviser who fraudulently manipulated his clients' pension funds to avoid paying tax of over £1.9 million has been jailed at Hull Crown Court for three years.

[Swiss tax deal signals beginning of the end for offshore evasion](#)

The breakthrough tax agreement between Switzerland and the UK, which is expected to raise billions of pounds for the UK, was signed in London on 6 October 2011.

[Extension to the single compliance process trials](#)

Following consultation with stakeholders, HMRC has agreed to extend the single compliance process trial to 31 March 2012.

[PAYE for employers: powers to prevent deliberate non-payment of PAYE](#)

Changes are being made from 6 April 2012 which will allow HMRC to ask certain employers to pay a security where there is a risk of deliberate non-payment of PAYE or Class 1 National Insurance contributions.

[Real Time Information \(RTI\) - getting data quality right first time](#)

It's now more important than ever to make sure you report employee details to HMRC accurately and doing so could save you time too.

[RTI - update to Electronic Data Interchange \(EDI\) messages implementation guides](#)

The RTI EDI message implementation guidelines have been updated to version 2.0.

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Self Assessment

Declaring offshore income or gains

When customers come to complete their 2011-12 returns they'll face a big decision around declaring foreign income or gains. In a serious ramping up of the penalty for failing to tell us about taxable income, customers with liabilities based on assets outside the UK could find themselves with a penalty which is up to 200 per cent of the undeclared liabilities.

[Read about new penalties to tackle offshore tax evasion](#)

Customers need to consider now how to get their affairs in order and the Liechtenstein Disclosure Facility may offer a beneficial way for some customers to do this, and legitimise their offshore investments. If they meet the qualifying conditions they can register for the disclosure facility and then declare their world income.

[Find out more about the Liechtenstein Disclosure Facility including benefits and conditions](#)

[Self Assessment late filing penalties - changes for 2010-11 tax returns](#)

If your client misses the Self Assessment filing deadline this year they will be immediately liable for a £100 late filing penalty. The penalty will apply even if there is no liability or if any tax due is paid in full by 31 January 2012. Daily penalties of £10 per day will also take effect if the tax return is still outstanding three months after the filing date.

Tax and tax credits

[Revenue & Customs Brief 26/11](#)

This Brief explains the impact for taxes and tax credits of payments under the Equitable Life Payment Scheme (ELPS). It covers the background to the scheme, how ELPS will work, and the tax and tax credit effects, including reporting requirements.

Tax repayment claims

Guidance on extension of Seafarers' Earning Deduction

The Pre-Budget report Notice 23 announced the UK Government's intention to extend Seafarers' Earnings Deduction to European Economic Area (EEA) / European Union (EU) resident seafarers who pay tax in the UK on earnings as a seafarer from 2011-12. If the relevant qualifying conditions for Seafarers' Earnings Deduction are fully satisfied, this claim will be made on the new form R43M(SED) for the tax year 2011-12 and later. The first claims are expected at the end of March 2012.

However, Seafarers' Earnings Deduction may also be claimed by seafarers who claim they are not resident in the UK or an EEA/EU state, but have paid tax in the UK on earnings as a seafarer, if they satisfy certain conditions. These claims should be made on the revised form R43M - but they **must not** be made on a Self Assessment tax return.

[Find out more about Seafarers' Earning Deduction](#)

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VAT

[VAT de-registration on the grounds of reduced turnover \(voluntary de-registration\)](#)

Traders must wait for HMRC to agree the effective date of de-registration before they stop charging VAT.

Failure to charge VAT in these circumstances can leave traders out of pocket as HMRC will expect them to account for VAT up to the agreed effective date of de-registration, regardless of whether they've actually charged it. If HMRC accept the application for de-registration the effective date of de-registration cannot be backdated as this is specifically prevented in law.



[Revenue & Customs Brief 35/11](#)

This Brief expands on the insolvency implications following the Tribunal decision in Paymex Ltd - Revenue & Customs Brief 27/11.

[Revenue & Customs Brief 36/11](#)

This Brief provides further guidance on the treatment of supplies made by employers under salary sacrifice arrangements on or after 1 January 2012.

[VAT Notice 701/21 Gold](#)

This Notice has been updated to provide the correct contact details.

[VAT Notes 3 of 2011](#)

Items included in this edition include reminder to make electronic submissions when necessary, changes to the Flat Rate Scheme, HMRC's response to Paymex Ltd case, changes to Intrastat declarations, and changes to the Sailaway Boat Scheme.

[VAT Notes 3 2011 Supplement](#)

This supplement tells you about the coming changes to the new online return submission requirements.

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[Compliance mail scanning moves forward](#)

Following the successful rollout of the first phase of the scanning capability, we're now training staff and planning for the next phase.

[HMRC has announced an extension of its Business Records Checks programme](#)

Business Records Checks involve checks on the adequacy of small and medium-sized enterprises' records. A pilot found that around 44 per cent of businesses have problems with record keeping, while approximately 12 per cent have seriously inadequate records. HMRC will now extend this activity from mid-September to cover key areas across the UK.

Contact

[HMRC Learning Together events for tax agents and advisers](#)

HMRC Agent Account Managers are running a series of local Learning Together events from autumn 2011 onwards.

[Follow @hmrcgovuk on Twitter](#)

It's now almost a year since HMRC posted its first official 'tweet' on Twitter, the popular micro-blogging service.

HMRC forms

[Find a form](#)

You can use the 'find a form' search facility to search for forms, supplementary pages, worksheets and related help and guidance.

HMRC Service

[Joint statement on HMRC service improvement](#)

Read a statement following the meeting between HMRC and key stakeholders to discuss service delivery.

Manuals

[Recent manual updates](#)

You can check the latest updates to HMRC manuals and subscribe to get a reminder sent to you when changes are made.

[Update of Registered Pension Schemes Manual](#)

The Registered Pension Schemes Manual has been updated to include all the amendments to the pensions rules made by Finance Act 2011 including annual allowance, lifetime allowance and changes to the benefit payment rules.

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National Insurance

[Final phase to replace National Insurance number cards with a letter](#)

From October 2011 HMRC will stop issuing National Insurance number cards to adults and juveniles approaching age 16.

National minimum wage

[New guidance on work experience and internships](#)

The Government has published new guidance for businesses that offer work experience, placements and internships. The guidance clarifies when someone is entitled to the national minimum wage.

[Increases to the national minimum wage rates from October 2011](#)

Information is available on our website about increases to national minimum wage rates.

Online

[Online service availability](#)

Information is available on any downtime that may affect the availability of our online services. Please note that the information is subject to change and confirmation by our IT provider.

[Online security - stay safe online](#)

HMRC continuously monitors systems and customer records to guard against fraudulent activity. The methods fraudsters use to obtain the information they want is constantly changing, so HMRC provides regular updates on the type of scams it's aware of. If you've any concerns regarding the validity of any emails received from HMRC, go to our online security pages for more information.

PAYE

[Viewing PAYE Coding Notices online](#)

HMRC has launched a new facility to enable Self Assessment customers to view their PAYE Coding Notices online. This facility is also available to tax agents and advisers.

Publications

[Working Together - Issue 45](#)

This edition contains an article directing you to the guidance for tax agents and advisers to help you manage the 31 October Self Assessment deadline. It also has an article setting out the key changes to the Self Assessment penalty regime which will apply to the 2010-11 tax returns.

[Employer Bulletin 39](#)

This edition contains articles about making the PAYE/NICs system fairer by tackling seriously non-compliant employers, collecting tax debts through PAYE and information about who needs to register with HMRC under the Money Laundering Regulations 2007.

Toolkits

[Toolkits to help minimise common errors - update](#)

The Small Profits Rate and Marginal Relief Toolkit (formerly the Marginal Small Companies' Relief Toolkit) has been updated following revisions to S27 Corporation Tax Act 2010 that apply to accounting periods ending on or after 1 April 2011.

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Current Consultations

[Modernising Customs and Excise Law - closes 7 November 2011](#)

Proposals for updating the provisions of the Customs and Excise Management Act 1979 and other Customs and Excise legislation with a view to simplifying the legislation, closing the tax gap, removing burdens on business and strengthening the UK's borders.

[EU Mutual Assistance in Recovery Directive \(MARD\) - closes 11 November 2011](#)

Consultation on whether the draft regulations transpose the new European Union Mutual Assistance in Recovery Directive into UK law.

[Read the Transposition Note](#)

[Go to the Council Directive](#)

Consultations - Summary of Responses

[Summary of Responses: PAYE: Collecting Real Time Information](#)

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A note from the editor

The 31 October Self Assessment filing deadline is upon us.

[Find guidance to help agents manage the 31 October Self Assessment deadline](#)

As highlighted in [Agent Update 25](#), we've started to send letters to certain groups of customer to remind them about the Self Assessment deadlines and the new penalties.

[Read about Self Assessment tax return deadlines and penalties](#)

Customers that have received a letter may have filed late, didn't submit their return at all last year, or haven't filed one or more returns in the last four years. The letters encourage them to submit their returns on time and pay any outstanding Self Assessment debt to avoid penalties.

To inform those customers who don't receive a letter, HMRC has planned communication activity that will run from late October through to February next year. The activity aims to encourage Self Assessment customers to submit their returns on time and avoid penalties.

Finally, thank you to those that took the time to let us know your views on the recent consultation 'Establishing the future relationship between the tax agent community and HM Revenue & Customs' as reported in [Agent Update 24](#).

The consultation closed on 16 September 2011 and your input was invaluable. We're now going through the responses and aim to publish a response document toward the end of the year. We'll continue to work with agents and representative bodies as we refine the proposals following your comments.



If you have any queries regarding this please [contact the editor](#).

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