HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2018 - Issue 65

Keeping you informed

Introduction

Welcome to Agent Update 65. In this edition you can read about; Fulfilment House Due Diligence Scheme, the new Statutory Instrument relating to Research and Development Expenditure Credit and the new rules for termination payments made on, or after, 6 April 2018. There are a number of articles concerning PAYE, which you might find helpful as you prepare your clients End of Year submissions.

The Working Together section includes the latest news about the Making Tax Digital pilots and Agent Service Accounts, as well as the usual updates from the Agent Account Managers and the Agent Forum.

This is the last edition of Agent Update that I will be editing. I am moving to a new job within the department. I would like to say thank you for all your support, input and mostly for reading the publications, I have produced for you. Do please keep sending your thoughts and views to the Agent Update mailbox. I am sure the new editor will be interested to receive your comments.

If you would like an email reminder when each edition of Agent Update is published, please sign up to receive email reminders of future issues of Agent Update.

If you have any comments about Agent Update please contact the editor Peter Smith.

Tax

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

HMRC service

Details of live consultations and links to responses, changes to HMRC service and guidance.

Talking Points

The latest news and details of how to register for future meetings.

Working Together

Latest updates from the partnership between HMRC and the six main agent representative bodies.

This month's top articles

Advertising Standards Authority (ASA) ruling on CDP Tax and Wealth Ltd trading as Fiducia

The ASA has ruled against Fiducia Wealth and Tax for misleading advertising on Stamp Duty Land Tax. The adverts were promoting a tax avoidance scheme, known as a 'Security Interest Scheme'.

Cyber Security

HMRC regularly warns about the risks of malicious software ('malware') being delivered by email, and about being cautious when opening attachments and clicking links.

Tax avoidance adverts banned

The ASA has ruled against misleading advertising used by Williams Gordon to promote contractor loan schemes.

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Compliance

Fulfilment House Due Diligence Scheme (FHDDS)

The deadline for applications from existing fulfilment businesses falling within the scope of the FHDDS is 30 June 2018. Businesses that started trading on or after 1 April 2018 need to apply on or before 30 September 2018. There are penalties for late applications.

Businesses in the United Kingdom (UK) that store any goods imported from outside the European Union (EU) that are owned by, or on behalf of, someone established outside the EU, will need to apply for approval by HMRC if those goods are offered for sale in the UK.

Businesses that only store or fulfil goods that they own, or only store or fulfil goods that are not imported from outside the EU, are not required to register.

Registered businesses must carry out certain checks and keep records from 1 April 2019. Businesses who meet the criteria of this scheme will not be allowed to trade as a fulfilment business from 1 April 2019 if they do not have approval from HMRC and risk a £10,000 penalty and a criminal conviction.

Find out if you need to apply and read further information on the GOV.UK webpage Fulfilment House Due Diligence Scheme.

Advertising Standards Authority (ASA) ruling on CDP Tax and Wealth Ltd trading as Fiducia

The ASA has ruled against Fiducia Wealth and Tax for misleading advertising on Stamp Duty Land Tax. The adverts were promoting a tax avoidance scheme, known as a ‘Security Interest Scheme’.

Fiducia must remove these claims from their advertising or risk facing ASA sanctions.

It also means that other avoidance promotors will not be able to make the same claims or place similar adverts.

The scheme offered is a form of tax avoidance, which we believe does not work, and those who engage in them can find they pay more than the tax they attempted to save.

More information about this ruling, and what it means, can be found on the GOV.UK webpage Stamp Duty Land Tax avoidance: misleading advertising (Spotlight 43).

Settling disguised remuneration tax avoidance schemes before the 2019 loan charge arises

Agents with clients who have used disguised remuneration tax avoidance schemes and who wish to settle their tax affairs ahead of the loan charge arising should register their interest with HMRC as soon as possible.

You can find more information about the settlement terms in our detailed guidance for tax agents and register by emailing:

- cl.resolution@hmrc.gsi.gov.uk for contractor loan schemes
- ca.admin@hmrc.gsi.gov.uk for all other disguised remuneration schemes.

If you are already talking to someone at HMRC about a client then register with them.

Tax avoidance adverts banned

The Advertising Standards Authority has ruled against misleading advertising used by Williams Gordon to promote contractor loan schemes.

Williams Gordon must now remove or amend their advert, but more importantly, it means other promoters with similar advertising must change their adverts or they could face Advertising Standards Authority sanctions for failing to comply with its rulings.

The misleading adverts were banned after HMRC complained to the advertising watchdog. HMRC is determined to fight marketed tax avoidance and protect taxpayers from the misleading claims unscrupulous promoters make.

More information about this ruling and what it means can be found on the Contractor loan schemes: misleading advertising (Spotlight 42).

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Working to tackle tax avoidance

HMRC endeavours at all times to treat all customers fairly and even-handedly. Find out about HMRC's approach to tackling tax avoidance, how to report a tax avoidance scheme and other relevant information.

Corporation Tax

Corporate Interest Restriction digital product - template for software providers

Software developers with clients whose activities make them liable for the Corporate Interest Restriction regime will be able to develop their own products from a template that HMRC will provide them with. This will contain all the information they need to build relevant products so that clients can submit full or abbreviated corporate interest restriction returns by the 30 June 2018. These will need to be submitted in a PDF format.

For further information, please see the GOV.UK webpage Corporate Interest Restriction on deductions for groups.

New Statutory Instrument relating to Research and Development Expenditure Credit

A new Statutory Instrument, which updates the list of overseas bodies, which have been prescribed for the purposes of section 1142 CTA 2009, was laid before Parliament on 22 February 2017 and came in to force on 16 March. That instrument, along with its explanatory note and an explanatory memorandum, can be viewed on the GOV.UK webpage The Research and Development (Qualifying Bodies) (Tax) Order 2018.

Reform of Corporation Tax Loss Relief: Deductions Allowance

The reform of Corporation Tax loss relief applies from 1 April 2017. The reform has several parts and includes a restriction on the amount of relief available for carried-forward losses. In accordance with the restriction, from 1 April 2017, companies with profits in excess of the deductions allowance, which is a maximum of £5 million, are no longer able to reduce profits to nil by using relief for carried-forward losses.

The deductions allowance applies only to determine the amount of carried-forward losses a company can use. It is not a tax-free allowance and does not itself provide any relief from tax. Rather, it enables companies to gain greater use of their carried-forward losses than would otherwise be possible in accordance with the restriction.

Companies with carried-forward losses should state the amount of their deductions allowance in their returns, for example by stating the amount in their tax computations. This is necessary whatever the level of their profits; in order to show what amount of profits they can relieve using carried-forward losses.

A company that is not in a group has a £5 million deductions allowance per twelve month period. Where the company's accounting period straddles the 1 April 2017 commencement date, the deductions allowance should be reduced pro rata, as it only applies for the post 1 April 2017 period.

The definition of a group for the purposes of the restriction is at section 269ZZB of the Corporation Tax Act 2010 (CTA 2010). The definition is similar but not identical to the definition used for group relief.

Where a company is a member of a group, the group members share a maximum £5 million deductions allowance per twelve month period. For periods that straddle 1 April 2017, the group deductions allowance should be reduced pro rata.

The deductions allowance is shared amongst group members as they choose. Companies in a group must nominate a company responsible for allocating the group deductions allowance (section 269ZS CTA 2010).

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The nominated company must submit a group allowance allocation statement (section 269ZT and section 268ZU CTA 2010). In most cases, the deadline for HMRC to receive the group allowance allocation statement is the first anniversary of the filing date for the company tax return for the accounting period the statement relates to.

The nominated company can submit the group allowance allocation statement in pdf format as an attachment to its return. Other companies in the group do not need to submit copies of the statement, so long as it is submitted by the nominated company. However, each company's return should specify the amount of that company's deductions allowance for the period (section 269ZZ CTA 2010).

For further information please see the GOV.UK webpage Reform to Corporation Tax loss relief: draft guidance but please note the date for comments has expired.

Income Tax

Scottish Income Tax

The 2018-19 Draft Budget was passed by the Scottish Parliament on Wednesday, 21 February 2018. For further information and confirmation of the rates and thresholds, visit the Scot.GOV website.

PAYE

Apprenticeship Levy

Make full use of the apprenticeship levy.

From 6 April 2017 as an employer, you pay the apprenticeship levy each month if you:

- have an annual pay bill of more than £3 million
- are connected to other companies or charities for Employment Allowance which in total have an annual pay bill of more than £3 million.

You can find information on the GOV.UK webpage How to register and use the apprenticeship service as an employer.

Transferring apprenticeship service funds to another employer

From April 2018, employers who pay the apprenticeship levy will be able to transfer apprenticeship service funds to other organisations to pay for their apprenticeship training and assessment.

Transfers will give employers more flexibility and help larger employers to support smaller employers in taking on more apprenticeships.

For the first phase, employers can transfer up to 10% of their annual funds to one other employer. The number of employers they can make a transfer to will increase over time and after user feedback from the first phase.

Key dates:

- levy-paying employers who use the apprenticeship service will be able to see their transfer allowance at the end of April 2018
- employers will be able to make a transfer to one other organisation from May 2018
- the receiving organisation will be able to start adding apprentice commitments from May 2018.

For further information, please see the GOV.UK webpage Transferring apprenticeship service funds.

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Keeping up to date with the apprenticeship service

Is a client's organisation using the apprenticeship levy to its full potential for training their workforce? Follow @ESFAdigital on Twitter and read our blog posts to learn more about how to use the apprenticeship service as a levy-paying employer.

Significant recent improvements include, employers being able to edit the stop date of an apprentice, and being able to download transactions from the finance section of their apprenticeship service account, making it easier to manage their funding. We have built these new functions in response to feedback from employers using the service.

Do any of your clients offer their employee's cash allowances, flexible benefit packages with a cash option or salary sacrifice in return for a Benefit in Kind (BiK)?

If an employee foregoes any amount of earnings in return for a BiK since 6 April 2017, the taxable value of the BiK is the higher of the amount foregone or the previous taxable value of the BiK. These are known as Optional Remuneration Arrangements (OpRAs).

These rules apply to all BiKs, including previously exempt BiKs. However, pensions, pension advice, childcare, Cycle to Work and cars with emissions of 75g CO_2 /km or less remain tax advantaged.

Further information can be found in the Employment Income Manual on GOV.UK.

Arrangements entered into, on or before 5 April 2017 kept their previous tax treatment until the earlier of renewal, automatic renewal, or variation of the contract. **All pre, 6 April 2017 BiKs moved into the new rules on 6 April 2018.**

However, cars and accommodation will move into the new rules on renewal, automatic renewal, or variation of the contract, from April 2021. School fees have special rules, but will also move into the new rules from April 2021.

P11Ds for the tax year 2017 to 2018

Pre, 6 April 2017 arrangements are reported on the traditional rules.

Post, 6 April 2017 arrangements, including contractual renewals and variations, are reported under the new OpRA rules. Previously exempt BiKs are also reportable and taxable, if part of an OpRA, except for pensions, pension advice, childcare or Cycle to Work.

If there is an employee who has a pre, 6 April 2017 arrangement, and moves into the new rules mid-year, then your client can report either a combined figure, or as two separate figures.

For example, an employee has medical benefit, which costs your client £150, salary sacrifices £200 a year, started to receive it in January 2017 and renews the arrangement in January 2018. Your client can either:

- report the first benefit £112.50 (£150 time apportioned up to 1 January), and report a second benefit of £50 (£200 time apportioned from 1 January) or
- report a single benefit worth £162.50 (combining the two values).

Further information can be found in the Employment Income Manual Optional remuneration arrangements: transitional provisions on GOV.UK.

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P11Ds and cars

It is important that your clients report all of the information regarding cars, and to do so correctly.

Incorrect or incomplete reporting means:

- your client will pay the wrong amount of National Insurance Contributions
- their employee's will pay the wrong amount of tax, and
- your client will need to amend each incomplete or incorrect P11D.

Common mistakes include submitting the wrong CO2 emissions, not including accessories and incorrectly recording capital contributions and private use payments.

Employers' end of year tax obligations

As you prepare your clients end of year documents you may want to remind them of their tax obligations and commitments.

Late submissions and inaccurate data can have consequences for the amount of tax and National Insurance their employee's pay and the benefits they receive, so please encourage them to consider the following:

- employer's full tax obligations for when they pay their employee's are on the GOV.UK webpage Payroll: annual reporting and tasks
- the HMRC You Tube video How to send your final submission for the year
- our series of live webinars to Help and Support employing people.

Throughout the tax year, employers must submit accurate payroll submissions to HMRC either on or before the day your clients pay your employee's, whether that is weekly, monthly or more frequently.

Increase of the diesel supplement for company cars from 6 April 2018 and the introduction of the Real Driving Emissions 2 (RDE2) standard

From 6 April 2018, the diesel supplement, relating to the car benefit and the car fuel benefit charge increased from 3% to 4% for all diesel cars that are not certified to meet the RDE2 standard.

The Certificate of Conformity available from the manufacturer will confirm whether the car is RDE2 (also known as Euro 6d) compliant.

Although it is not expected that there will be any cars on the market that meet the RDE2 standard prior to 2019/20, there may be a few.

The diesel supplement will continue to apply to those cars propelled solely by diesel (not diesel hybrids) and registered on or after 1 January 1998, which do not have a registered Nitrogen Oxide (NOx) emissions value. It will also apply to models registered on or after 1 January 1998, which have a registered NOx emissions value that exceeds the RDE2 standard.

From 6 April 2018, if the diesel company car is RDE2(Euro 6d) compliant, the diesel supplement must not be applied when calculating the car benefit and car fuel benefit charge.

For the tax year 2018 to 2019 only:

- use the appropriate percentage for 'Fuel Type A - All other cars' when calculating the cash equivalent for diesel company cars which are RDE2(Euro 6d) compliant
- use 'Fuel Type A - All other cars' when reporting diesel company cars which are RDE2(Euro 6d) compliant.

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If your client has registered to payroll the car and car fuel benefit charge for an RDE2(Euro 6d) compliant diesel car:

- calculate the cash equivalent using the appropriate percentage for 'Fuel Type A' and
- enter this amount in 'Box 182' of the Full Payment Submission (FPS)
- enter 'A' in 'Box 177' of the FPS.

Net of Foreign Tax Credit Relief Scheme

Employers who are required to deduct foreign tax, in addition to UK PAYE, from the salaries of employees who are sent to work abroad are required to submit an end of year statement to HMRC in addition to their final FPS of the tax year. You can read more about this in the April edition of Employer Bulletin.

New rules for termination payments made on, or after, 6 April 2018

We would like to confirm the changes shared in Agent Update 64 have now taken effect.

Payments in lieu of notice (PILON)

Changes to the taxation of non-contractual PILONs came into effect from 6 April 2018. All PILONs made on, or after 6 April 2018 are chargeable to income tax and Class 1 National Insurance Contributions, whether or not they are contractual payments. Detailed guidance can be found in the Employment Income Manual on GOV.UK.

Foreign service relief

Foreign service relief on termination payments has been removed for UK residents from 6 April 2018. Employees whose employment terminated on, or after, 6 April 2018 and who receive a payment or benefit in connection with that termination will not be eligible for tax relief in respect of any period of foreign service undertaken as part of their office or employment if they are UK resident for the tax year in which their employment is terminated. Seafarers remain eligible for foreign service relief. Detailed guidance can be found on the GOV.UK. webpage Termination payments: removal of foreign service relief.

PAYE late filing penalties for the tax year ending 5 April 2018

The Quarter 4 late filing penalty notices will be issued during week commencing 7 May 2018. If you do not agree with the penalty, you can appeal using the online appeals service.

You can read more about this in the April 2018 edition of Employer Bulletin.

Reporting Expenses and Benefits in Kind (BiK) for the tax year 2017 to 2018

6 July 2018 is the deadline for any P11D and P11D(b) forms that employers need to file for the tax year 2017 to 2018. Any employer who has supplied employees with BiK, or non-exempt expenses, need to file a P11D(b) to declare Class 1A National Insurance contributions due.

You can read more about this in the April edition of Employer Bulletin.

Simplifying PAYE Settlement Agreements (PSA)

The process for administering and agreeing PSA has changed to reduce the burden for employers.

From 6 April 2018, a PSA will be agreed between the employer and HMRC and will remain in place for subsequent tax years unless varied or cancelled by the employer or HMRC.

This means that employers will no longer have to renew their PSAs annually, so long as this enduring agreement remains accurate.

HMRC have started issuing P626s, which will form the basis of the first enduring agreement. The P626s will invite employers to agree their enduring PSA on the basis of the criteria that was in place for the tax year 2017 to 2018. Employers should receive this by the end of April 2018.

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Alternatively, employers will be able to set up an enduring PSA based on different criteria to the PSA agreed for the tax year 2017 to 2018, if this is more appropriate. Employers will still be required to provide an annual calculation.

For further information, please visit the GOV.UK webpage PAYE Settlement Agreements.

Student Loans

Mandatory box for student loan plan types

Your payroll software should now have been updated to include a new student loan plan type box on the Full Payment Submission (FPS) you send to HMRC.

This box is mandatory. You need to complete this box for all employees who have a Student Loan. You should select either plan 1 or plan 2 depending on your employee's Student Loan plan type.

Student Loan Generic Notification Service (GNS) messages

An employer may receive two different types of Student Loan GNS messages to their PAYE online inbox. These GNS messages will instruct them to do one of two things:

1. start taking Student Loan deductions from a named employee from their next available pay day and report this on the next FPS they send to HMRC. This is sent when HMRC receives an FPS showing zero Student Loan deductions for an employee we know has a Student Loan.
2. include the correct Student Loan plan type for a named employee on the next FPS they send to HMRC. This is sent to them when HMRC receives an FPS for an employee showing the incorrect plan type.

If the above GNS messages are not actioned on the next FPS submitted for the named employee(s) a second GNS message will be issued. If this is not acted upon, HMRC may contact them by telephone.

Student Loan thresholds for the tax year 2018 to 2019

The Student Loan thresholds for the tax year 2018 to 2019 are:

- plan 1 £18,330 annually
- plan 2 £25,000 annually.

Remember to check and operate the correct plan type when you set up Student Loan deductions for an employee. You will find the plan type information on form SL1, the starter checklist or by asking the employee. If the employee does not know their plan type, they can check the Student Loan webpages.

More information on student loans for employers can be found on the GOV.UK webpages Student Loan repayments: guidance for employers.

When to send an amended Full Payment Summary (FPS) and when to send an Earlier Year Update (EYU)

If you have not submitted an FPS or reported incorrect year to date figures for the tax year 2017 to 2018 there are two ways you can correct it:

- on or before 19 April - submit an additional FPS showing the corrected year to date figures as at 5 April 2018
- after 20 April - submit an EYU showing the difference between the last reported final figure(s) and the correct final figure(s) for the tax year to 5 April 2018.

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If you are including a negative employee National Insurance Contributions (NICs) amount, the EYU should also be completed to show:

- **Yes**
  - if there is an over payment of employee NICs which has been refunded to the employee, or
  - to confirm the EYU is to amend a previous submission but no refund of employee's NICs is due.
- **No**
  - if there is an overpayment of employee NICs that has not been refunded to the employee.

For further guidance, please see the GOV.UK webpage Fix problems with running payroll.

Tax

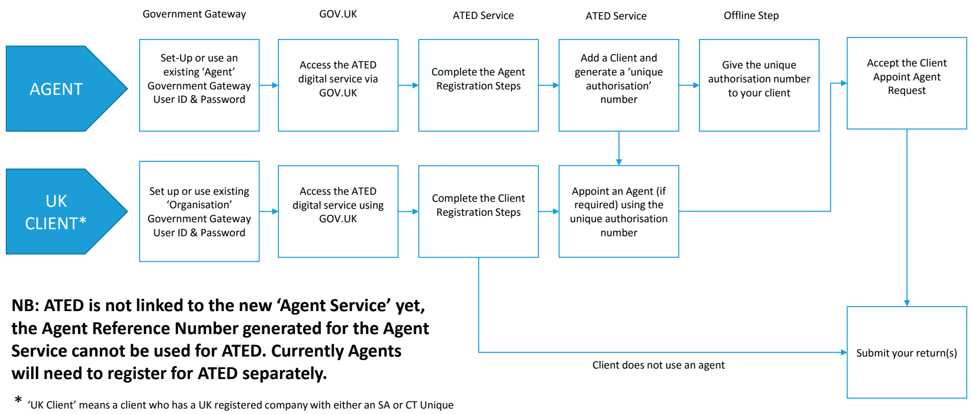
Annual Tax on Enveloped Dwellings (ATED)

If you need to submit an ATED return, it must be received by 30 April 2018 so that you do not incur a filing penalty. You can use the ATED online service to submit a return.

For further information, you can view a recording of the Talking Points ATED meeting.

If you still need to register for the online service, please see the flowchart below.

Registration High-Level Process



NB: ATED is not linked to the new 'Agent Service' yet, the Agent Reference Number generated for the Agent Service cannot be used for ATED. Currently Agents will need to register for ATED separately.

* 'UK Client' means a client who has a UK registered company with either an SA or CT Unique Tax Reference number. Overseas companies who do not have an SA or CT UTR can be registered by the agent.

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Do you represent a client who is a non-UK resident selling a residential property in the UK?

If so, please ensure you notify HMRC within 30 days of the conveyance date to avoid incurring financial penalties. Capital Gains Tax may be payable on any gains made on the property when sold. For more information go to the GOV.UK webpage Capital Gains Tax for non-residents: UK residential property.

Landfill Tax now applies to unauthorised sites

On 1 April 2018, the scope of Landfill Tax was extended in England and Northern Ireland to disposals made at landfill sites without an environmental disposal permit. This means that anyone who now disposes of waste, or knowingly is involved in its disposal, at an unpermitted landfill site will be liable for the tax due. Those responsible could be liable to a penalty of up to 100% of the tax due, or face criminal prosecution. The tax also applies to any material still on an unauthorised waste site, which was disposed there before the change, but HMRC is allowing those involved until 1 May 2018 to come clean about these disposals in order to avoid a penalty on top of the tax due. The criteria setting out the material, subject to Landfill Tax when disposed of at a landfill site with a permit, has also been updated.

The changes form part of the government's strategy to tackle waste crime. You can find the full details in the guidance on the GOV.UK webpage Landfill Tax.

Similar changes have also been introduced in Wales and Scotland and will be regulated by the devolved tax authorities.

Soft Drinks Industry Levy (SDIL)

From 6 April 2018, your clients may need to register for the SDIL if they are a producer, importer or packager of soft drinks. Further information on registering for the levy can be found on the GOV.UK webpage Soft Drinks Industry Levy.

Soft drinks liable for the levy will need to be reported to HMRC on a quarterly return. These will be fixed quarterly returns ending June, September, December and March.

Your client may be prosecuted or charged penalties if they do not register and pay any levies due at the right time.

From 6 April 2018, if you or your clients are aware of any potential fraud involving the SDIL you can Report fraud to HMRC on GOV.UK.

Obligations under the 'Disclosure of tax avoidance schemes: VAT and other indirect taxes' rules also apply to the SDIL. Further information can be found on the GOV.UK webpage Tax avoidance schemes forms.

Taxation of foreign pension

With effect from 6 April 2017, an individual became liable to tax on 100% of their foreign pension arising in the tax year regardless of when they started to receive this. The 10% foreign pension allowance no longer exists.

Further information can be found in the Employment Income Manual on GOV.UK.

Venture Capital Schemes: the risk to capital condition

The Finance Act 2018 introduced the new risk to capital condition, which applies to investments made on or after 15 March 2018 under the Enterprise Investment Scheme (EIS), Seed EIS and by Venture Capital Trusts. The condition targets the schemes on higher risk investments in companies with long term objectives to grow and develop.

We have updated the guidance on the new risk to capital condition on GOV.UK following an informal consultation on draft guidance published in December 2017.

We are holding a meeting to explain how the new condition works and answer your questions. The meeting will be held from 1.00pm to 2.30pm on Monday 14 May 2018, at HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ.

Places are limited and will be allocated on a first come, first served, basis. Please email venturecapitalschemes.policy@hmrc.gsi.gov.uk to reserve your place.

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Self Assessment (SA)

Registering a limited liability partnership for SA

When partnership agreements are set up, HMRC will create a SA record for the partnership but not for the individual partners. This is because the notification we receive from Companies House does not include any individual partner details. We will write to the partnership to explain what happens next.

What we need individual partners to do

If they have not already done so, each partner needs to complete a partner registration form so HMRC can make sure the partnership record is accurate. This applies to all partners, including the nominated partner and those partners already registered for SA, as we need to register their interest in each partnership they join.

There are two partner registration forms, both of which are available on the GOV.UK webpage HMRC Forms:

- SA401 Registering a partner for Self Assessment and Class 2 NICs
- SA402 Registering a partner for Self Assessment if they are not an individual.

These forms can be completed online, before being printed and sent to HMRC.

One form should be completed for each partner using either an SA401 or an SA402. The nominated partner or the person completing the SA400 must also complete an SA401 or SA402 as appropriate. This applies to both active and dormant partnerships.

If you want to register partnership agreements and individual partnerships, please see the guidance on GOV.UK Set up and run a limited liability partnership (LLP).

VAT Notices

The following notices have been issued since Agent Update 64 was published:

VAT Notice 700/1: should I be registered for VAT?

This notice explains when you must register for VAT and how to do it.

VAT Notice 700/11: cancelling your registration

This notice tells you when and how to cancel your VAT registration.

VAT Notice 706/2: Capital Goods Scheme

This notice explains how the Capital Goods Scheme works and which items are covered by the scheme.

See all the VAT Notices listed numerically

section ends

Community Interest Companies (CICs)

What are CICs

A CIC is a company for people wishing to set-up a business as a 'social enterprise'. The legal structure is a limited liability company, but the business trades with a social purpose, carrying out activities for the benefit of the community.

CICs are more flexible than some other legal forms. They are not strictly 'not for profit', but returns to investors must be balanced and reasonable, to make sure community benefit is always its purpose.

Creating a CIC has significant legal implications, such as the 'asset lock', meaning the assets of the CIC (including any profits or other surpluses it makes) are used for the benefit of the community. This is a permanent step, which cannot be reversed.

To register as a CIC, a company must adopt articles that comply with The 'CAICE' Act and CIC Regulations 2005. Existing companies must make changes to their articles and a change of name. A CIC's name must end in either, 'CIC' or 'community interest company', and not 'limited' or 'ltd'.

The CIC Regulator

CICs report to the Office of the CIC Regulator. The regulator's job is to make sure the CIC is genuinely a social enterprise and is not abusing the trust the public expects to put in a CIC.

By filing the CIC annual report with their accounts, the CIC can openly show that the company is a genuine social enterprise venture, and not for private profit.

For further information, please see the GOV.UK webpage Do's and don'ts of completing an application to incorporate a CIC.

The CIC Regulator is working with Companies House to develop an online filing service for CICs so they can file their annual report and accounts online.

If you are an agent who files on behalf of a CIC, you can help shape this service by answering a quick survey about online filing. The survey closes 30 June 2018.

You can also take part in user-testing at the Companies House office in Cardiff. This will help develop a new service fit for your needs.

Consultations open

Review of the corporate intangible fixed assets regime

HMRC and HM Treasury are inviting views on the corporate intangibles regime and reforms to support its administration, cost-effectiveness and international competitiveness.

This consultation closes on 11 May 2018.

Extension of offshore time limits

HMRC is inviting views on how we should legislate to extend the time limits to assess tax in cases involving offshore income, gains or chargeable transfers.

This consultation closes on 14 May 2018.

Allowing Entrepreneurs' Relief on gains made before dilution

Seeking views on changes to Entrepreneurs' Relief to ensure that it does not discourage entrepreneurs' from seeking external finance for their companies.

This consultation closes on 15 May 2018.

Employment status

We are seeking views on how to make the employment status rules for employment rights and tax clearer for individuals and businesses.

This consultation closes on 1 June 2018.

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Extension of security deposit legislation

We are seeking views on extending the existing securities regime to Corporation Tax and Construction Industry Scheme deductions.

This consultation closes on 8 June 2018.

Online platforms' role in ensuring tax compliance by their users

The government will explore how online platforms' could work with HMRC and taxpayers to help people who make money through the platforms' understand and meet their tax obligations.

This consultation closes on 8 June 2018.

Alternative method of VAT collection - split payment

This consultation seeks views on possible options for how a potential split payment mechanism could work to combat online VAT fraud.

This consultation closes on 29 June 2018.

Consultation outcomes

Consultation on the Business Risk Review

Draft legislation: the Fulfilment Businesses (Approval Scheme) Regulations 2018

Draft legislation: The Value Added Tax (Amendment) Regulations 2018

Agent Update 65 contains all new open consultations and a summary of responses available when this issue was being published, but please check for any that have subsequently been issued.

Contact

HMRC working with Tax Agents Blog

The blog provides another channel to communicate about:

- joint HMRC and agent consultations
- improvements to HMRC services by working together
- news and updates that are agent specific
- HMRC's Agent Strategy and the rollout of new digital services available for agents.

Twitter

Tweets cover information about HMRC and tax including; news, publications, information, consultations, speeches and publicity campaigns. Follow us on Twitter@HMRCgovuk.

HMRC service

Complain to HMRC

To make a complaint against HMRC on behalf of your client you must be appointed as their Tax Advisor.

Employers need to register for email alerts

As the Department moves rapidly down the digital road, it is becoming more apparent that the days of paper mailings are numbered. It is important agents encourage employers to register to receive email alerts so they are aware of the latest coding changes and important information that is published on the Government Web pages.

section continues>

Where's My Reply?

Find out when you can expect to get a reply from HMRC to a query or request you have made. There is also a dedicated service for tax agents to:

- register you as an agent to use HMRC Online Services
- process an application for authority to act on behalf of a client
- amend your agent details.

Start using Where's My Reply? for tax agents

Manuals

Recent Manual updates

You can check the latest updates to HMRC manuals or subscribe to automatic notification of changes.

Online

Future online services downtime

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

Online security - stay safe online

HMRC continuously monitors systems and customer records to guard against fraudulent activity, providing regular updates on scams we are aware of. If you have any concerns regarding the authenticity of any emails received from HMRC, see the online security pages for agents.

Online training material and useful resources for tax agents and advisers

HMRC videos on YouTube, online learning modules, and live and pre-recorded webinars are available for tax agents and advisers providing you with free help, learning and support on topical subjects.

Phishing emails and bogus contact: HMRC examples

A new type of phishing scam regarding 'Tax Returns', which is being circulated in high volumes, has been added.

Publications

Employer Bulletin

The latest edition of Employer Bulletin is now available and contains topical and useful information about PAYE processes and procedures. For employers to be informed when it is available on the website, they must register to receive the email alerts.

HMRC: Trusts and Estate newsletters

The latest edition provides more information about the Trust Registration Service and the penalty regime.

National Insurance Services to Pensions Industry: countdown bulletins

Countdown Bulletin 32: February 2018 has been added to this collection. This publication provides important guidance and information to pension scheme administrators about the end of contracting-out.

section continues>

Pension schemes newsletter 97: March 2018

This newsletter is published by HMRC's Pension Schemes Services to update stakeholders on the latest news for pension schemes.

Revenue and Customs briefs

These are bulletins announcing changes in policy or setting out the legal background to an issue. They generally have a short lifespan, as announced changes are incorporated into permanent guidance and the brief is then removed.

Tax

Non Domiciled Customers - Deemed domiciled changes from 6 April 2017

Clients who are non-UK domiciled may also be affected. They could now be treated as deemed domiciled in the UK if they meet either of the 2 conditions. There have been a number of changes for those who use the remittance basis of taxation - business investment relief, cleansing of mixed funds, overseas workday relief and remittance basis charge. There are also changes to the Inheritance Tax deemed domicile rules as well as changes to the Capital Gains Tax regime and the introduction of Trust Protections.

For further information please see GOV.UK webpage Deemed domicile changes from 6 April 2017.

Toolkits

The annual refresh of HMRC's 20 online agent toolkits has begun, with the following toolkits having been updated so far:

- Expenses and Benefits from employment
- National Insurance Contributions and Statutory Payments
- Capital Gains Tax for land and buildings
- Capital Gains Tax for shares.

The full 2018 toolkits refresh programme will be completed by the end of the summer. See the full catalogue of toolkits on GOV.UK.

In March, we held a Talking Points consultation on a proposed new toolkit design.

We received valuable feedback from you on the BETA test example that will help us develop the toolkits service. One of the main points raised was in relation to the colour scheme used. We acted on this and introduced a colour scheme in-line with GOV.UK.

We are still assessing all other feedback received and will notify you of any further developments in the near future.

If you missed the toolkits Talking Points consultation, you can watch a recording here.

We would still like your feedback on this proposed new design. Why not try the BETA test version for yourself and let us know what you think through our online feedback form?

Last year we announced our intentions to build a National Minimum Wage (NMW) toolkit.

Our experts needed a wider range of customer insight to aid development of the NMW toolkit, and how specifically this would benefit the agent community.

Together, with feedback through channels such as the Virtual Comms Group (VCG), Talking Points, webinars and our NMW schemes launched last year, we have gained a greater insight into where our gaps are in terms of information and understanding of the NMW legislation and regulations.

Based on this feedback, we have now decided that we are not going to develop a NMW agent toolkit. Instead, we will be working to improve and provide clarity on the existing presentation of guidance. This will support payroll providers and agents who offer NMW support to businesses.

section ends

Talking Points

During February and March 2018, we delivered 25 live Talking Points meetings with over 14,000 agents attending. The most popular subject was Making Tax Digital - VAT where we delivered six meetings to a total of 6,187 agents. Other subjects covered were Corporation Tax Loss Relief, New deemed domicile provisions and from The Pensions Regulator “Automatic Enrolment - getting it right”.

Below are a few comments that you have made about the meetings:

“Good way to get updates on recent legislation and ask questions”

“I’ve joined a couple of these over the last week or so and have found them very useful. It’s a good opportunity to hear HMRC’s views on recent tax changes and to ask questions. The changes have some complications so it was good to see I haven’t misunderstood how they work”

“Interesting content. Worth my team watching it live”

If you wanted to join one of our Talking Points meetings but the times did not suit your busy schedule, we record our digital meetings and share the link to register and view as soon as it becomes available, with anyone who registers for the live meeting. You can find a list of our recordings on our GOV.UK webpage Help and support for tax agents and advisers.

During April and May we will be delivering Talking Points meetings on various topics including Corporation Tax - online filing, Tax Reliefs for the Creative Industry, Statutory Maternity and Paternity Pay and another offering from our Agent Services and Making Tax Digital colleagues. If you are interested in any of our meetings, please remember to reserve your place.

Did you know you can find out about the latest Talking Points meetings by signing up to our email alerts or by visiting the Tax Agent blog?

section ends

HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2018 - Issue 65

Agent Forum (AF)

The AF was launched in July 2017 and continuous to increase its reach.

It provides an opportunity for agents to:

- raise potential widespread issues
- provide evidence to support an issue
- receive updates on current issues
- suggest solutions or disagree with an item being referred to as an issue
- view recently cleared issues
- suggest ideas for operational improvements
- help each other with any possible solutions.

The success of the AF is evidenced by the following measures up to and including March 2018:

- 390 registered agents
- 328 issues (topics) raised - live and cleared
- 1,812 associated posted messages - live and cleared
- 28,658 total AF views.

The AF is hosted within the HMRC online forum in an area dedicated to agents. As we are in the private beta Test and Learn stage, membership is currently restricted to members of Professional Bodies (PB)

To join please contact your PB, details can be found at page 20, who will issue an invitation. This will include details of how to register and request access to the new service.

Upon registration, HMRC will send you an email confirming access has been granted. This will include terms of reference.

Issues raised on the AF are monitored and prioritised by the Issues Overview Group (IOG) who progress responses with HMRC.

Key issues resolved and messaged on the AF since the publication of AU64

Following feedback from users of the forum, we are pleased to announce a number of improvements to its look and messaging capability:

- made permanently available, GOV.UK links to 'Service Availability' status home pages at the top of each AF Tax subject section, providing agents with real time alerts (colour coded pink)
- established announcement postings for Generic and Specific issues beneath the above; which also initiate automatic and related alerts to agents (colour coded yellow)
- assigned unique 'Topic' and 'Announcement' references to distinguish subject posting threads, and facilitate more efficient searches for users.

AF Priority Issues for resolution

The IOG is made up of both HMRC and PB representatives, who currently agree the current widespread issue is:

PAYE: P800s issued without the most up to date income compilations where a client has a number of income sources such as pensions, bank and building society interest, dividends and is also self-employed. Two separate 'bespoke' meetings have been held as requested by the IOG since Agent Update 64. HMRC put up Subject Matter Experts to provide updates on what action we have and are taking to mitigate P800 errors happening in the future and the resolutions to deal with ongoing problems. Actions being progressed following discussions with the IOG included: improving information on GOV.UK in relation to joint account for bank and building society interest (BBSI) further analysis of the different error categories to identify risk areas to address, and information on the scope, development and timeframe for development of BBSI measures.

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We work collaboratively with the IOG to resolve these issues and will provide progress updates. If you want to know more about the issues being discussed at the IOG or you want to have your say, please contact your PB. If you are not a member of a PB, please contact the Agent Engagement Mailbox.

Agent Account Managers (AAMs)

AAMs provide a service to help resolve client-specific issues. They act as an intermediary between agents and HMRC where the normal communication channels have broken down. This facility is an alternative to a formal complaint being raised.

To use this service you need to:

- complete the online registration form
- hold 64-8 authority to act on behalf of your client
- demonstrate you have attempted to resolve the issue through normal HMRC channels.

AAMs do not give advice on technical matters, or the interpretation of tax legislation and guidance.

During March 2018 the most common issues were:

- SA Correspondence - progress chasing letters/SA302, Child Trust R40's complaints, compliance, penalties
- SA Returns - progressing chasing submitted returns not processed
- SA Repayment - progress chasing repayments from submitted returns
- PAYE Correspondence - Disputed Charge, underpayments, Real Time Information, penalties, duplicate records
- Agent Maintainer - Deeds of Assignment rejection/missing 64-8 form.

For more information about the AAM service, please visit the GOV.UK webpage Agent Account Managers in HMRC.

Agent Services Account

Agents who want to register will need to create an Agent Services Account if they:

- want to register a trust using the Trust Registration Service
- want to voluntarily participate in Making Tax Digital for Business (MTDfB)
- are amongst the small number of agents taking part in the whitelisted, "Agents for Individuals" pilot service.

In addition to creating an Agent Services Account, those agents volunteering to participate in MTDfB can also test the following services:

- linking existing SA clients to the agent services account - this involves linking existing Government Gateway IDs to the Agent Services Account, so an agency can act on behalf of their client in Making Tax Digital (MTD) without needing to be re-authorised by that client
- subscribing a client to the MTD service - an agency can subscribe any existing SA client who has previously authorised the agency to act for them in SA e.g. 64-8 authorisation is in place
- requesting MTD authorisation from a new client (a digital 64-8) - an agency firm with an Agent Services Account can invite any customer who has already signed up to MTD to authorise them to act on their behalf in MTD SA
- completing a quarterly update for a client - an agent must have HMRC compatible commercial software to do this.

A recording of the Talking Points meeting on the Agent Services Account is now available.

section continues>

HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2018 - Issue 65

Making Tax Digital (MTD) Pilots

The delivery of MTD took two significant steps forward since the last Agent Update. In March, the pilot for Income Tax for sole traders with income from one business and their agents was opened up, and in early April the VAT pilot entered its private beta phase. Both the ITSA and VAT service will continue to be developed on an iterative basis, enabling a wider range of businesses with differing requirements to join, as functionality is added and as new software products are made available.

Please encourage your clients who are eligible to get involved in the Income Tax pilot as well as the VAT pilot. The first step is to keep digital records: many agents are already working with their clients to streamline and automate their record keeping processes. In addition to the Income Tax pilot, which is available to access through GOV.UK, the VAT pilot has also started. Initially this will be with a small number of invited volunteers to allow us to test all the different elements, but it will be made available more widely once we have completed this testing. That means you can sign up your clients to the MTD service for VAT before April 2019 when it becomes mandatory for those above the VAT threshold to keep digital records for VAT and send their VAT returns through MTD.

It is easy to sign up a client to MTD - you will need an Agent Services account and to have an existing relationship with your client that HMRC is aware of. Find out how to sign up for HMRC's Agent Services on GOV.UK.

If you do not have an existing agent-client relationship in place, we will be releasing new functionality to allow you to do this soon.

Signing up to the Income Tax Pilot.

We will shortly be running a Talking Points meeting on the pilot for Agent Services and Income Tax. It will explain how to:

- sign up for your agent services account
- sign up your clients for the pilot, and
- submit quarterly updates for Income Tax on their behalf using MTD software.

In due course, we will produce one on the VAT Pilot. Look out for details on the GOV.UK webpage Help and support for tax agents and advisers. In the meantime, you can watch a recording of recent MTD Talking Points on VAT.

Cyber Security

Browser exploitation and *Malvertising*

HMRC regularly warns about the risks of malicious software ('malware') being delivered by email, and about being cautious when opening attachments and clicking links. Email is a common method used by criminals, but other techniques are equally dangerous and require different defences. One such technique is exploiting security vulnerabilities in web browsers.

Web browsers and associated software (e.g. plug-ins like Flash) enable users to enjoy a wealth of digital content, in a range of different data formats. There is a lot of complexity behind the scenes in these programs, and security researchers and criminals work hard to find mistakes made by software developers that maintain them. These mistakes often relate to how the web browser processes data within a web page; by crafting the right content, an attacker can get the browser to mistakenly run the attacker's code. When these vulnerabilities are discovered or reported, the software developers hurry to release software 'patches' (updates) to plug the holes.

Not everyone applies these updates though, or they may even use older versions of web browsers that updates are no longer provided for. This presents an opportunity for criminals, who use 'exploit kits' - a collection of specially crafted code, on a website that will target a wide range of vulnerabilities. Their only challenge is to get potential victims to visit their site - once they do, criminals are able to gain entry and install or run their malicious software. This includes sending out emails with links to these websites, littering social media sites with links, or paying for online adverts, which direct victims to the malicious site.

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The latter technique is referred to as malvertising (derived from malware and advertising), and criminals use a range of techniques to sneak their adverts past the checks of online marketing companies to appear on popular websites. Many legitimate sites have unknowingly hosted malvertising, including household names.

Applying software updates is an important part of keeping your IT systems secure, and generally keeps you safe from this method of attack.

Applying security patches to ensure the secure configuration of systems forms part of the National Cyber Security Centre (NCSC) 10 Steps to Cyber Security.

Further information on the 10 Steps and other useful guidance can be found on the NCSC website.

Working Together Contact information for Professional and Representative Bodies

AAT Jeremy Nottingham

ACCA Jason Piper

AIA Tim Pinkney

ATT Jon Stride

CIMA

CIOT Nigel Clarke

CIPP Samantha Mann

IAB Kelly Pike

ICAEW Caroline Miskin

ICAS Charlotte Barbour

ICB Jacquie Mount

ICPA Tony Margaritelli

IFA

VATPG Ruth Corkin

If you are not a member of a professional body, please contact the Agent Engagement Mailbox.

section ends