Welcome

Introduction
Welcome to Agent Update 68. In this edition you can read about, process changes to venture capital schemes, trust and estates tax returns and the soft drinks industry levy.

We are very grateful for the feedback we received last month. You said you would like enabled links to allow you to return to link points whilst reading Agent Update. This is not straightforward due to the large numbers of different versions of browsers, operating systems and third party software which all treat pdfs differently. When considering the use of links in a document we always put our customer’s internet security first and we are exploring if there is a safe way to do this.

Please continue to send your thoughts and views to the Agent Update mailbox, we are interested in receiving your comments by email to mailbox.digitalsupport@hmrc.gsi.gov.uk.

Please note that this publication is an update on tax issues correct at the time of publication. You can sign up to receive email reminders of future issues of Agent Update here.

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. Includes updates from the Agent Account Managers and the Agent Forum.

This month's top articles

Increase in student loan thresholds
The thresholds of plan 1 and plan 2 student loans increase from April 2019.

Instalment payments for very large companies
A reminder of changes to some payments which are now required earlier.
SA900 Trust and Estates Tax Return 2017-18

On the 24 August the SA900 guidance notes were updated to reflect that a mismatch with the SA950 Trust and Estates Tax Return Guide and the SA900 2017-18 tax return has been identified.

The original guidance notes indicated that untaxed interest distributions could be declared at boxes 9.2 to 9.4. Unfortunately, if box 9.3 is populated with ‘0’, automatic capture of the return will fail.

To avoid the delays involved in applying a manual correction HMRC is advising customers to declare all untaxed interest at box 9.1 instead.

Soft Drinks Industry Levy (SDIL) - how to submit a return

If your client is a packager of drinks that are liable for the SDIL, or they need to report drinks that have been brought into the UK, they must send a return to HMRC every quarter, and pay any levy due.

Returns are for fixed reporting periods ending June, September, December and March. Returns and any payment due, must be submitted within 30 days from the end of the reporting period.

If your client is registered for the levy and has nothing to report for a period, they must submit a nil return, unless they are registered as a small producer.

How to submit a return

Your client needs to be registered for the levy before they can submit a return.

If they are a producer, importer or packager of soft drinks and have not yet registered for the levy, they should go to the Register for Soft Drinks Industry Levy webpage on GOV.UK to check if they are liable to register. It is a criminal offence if your client is liable to register and fails to do so.

Returns can only be submitted after the accounting period they apply to has ended.

Increase in Student Loan Plan 1 and Plan 2 thresholds from 6 April 2019 and Postgraduate Loans (PGL)

The thresholds of Plan 1 and Plan 2 Student Loans are increasing from April 2019.

The current thresholds for the tax year 2018-19 are:

- Plan 1 - £18,330
- Plan 2 - £25,000.

The Department for Education (DfE) has confirmed that from 6 April 2019 the thresholds will increase to:

- Plan 1 - £18,935
- Plan 2 - £25,725.

Student loan deductions will remain the same at 9% for Plan 1 and Plan 2 loans.
**Postgraduate Loans**

In Agent Update 67 we told you that the DfE had launched a new student loan product known as PGL. The earliest repayment of PGL can start is April 2019.

DfE has confirmed the student loan threshold for PGL for England and Wales will be £21,000, with deductions being taken at 6%.

In the lead up to 6 April 2019 we will be issuing more detailed guidance on GOV.UK, and further information will be in available in future editions of the Agent Update.

**A reminder to storage and fulfilment businesses to act now**

The deadline for applications from existing fulfilment businesses to the Fulfilment House Due Diligence Scheme (FHDDS) was 30 June 2018.

From 1 April 2018, certain businesses that store goods from outside the EU, that are owned by or on behalf of someone established outside the EU, and that are offered for sale in the UK or elsewhere are required to apply for the FHDDS.

If a business is required to apply to register for the scheme and hasn’t done so, they must act now. HMRC may charge escalating penalties for late applications.

Businesses that started trading on or after 1 April 2018 needed to apply by 30 September 2018.

If a business is in any doubt about whether they should have applied they can find more information on the Fulfilment House Due Diligence Scheme on GOV.UK.

If a business should have registered for the scheme and has not done so, they risk having their goods seized. Unregistered businesses will not be able to continue trading legally from 1 April 2019. Businesses risk being issued a penalty of up to £10,000 and criminal conviction if they continue to trade without approval from that date.

**Venture Capital Schemes process changes**

HMRC has updated the iforms and changed the procedures for companies seeking an advance assurance or submitting a compliance statement for the venture capital schemes.

Companies and social enterprises will find the new iform compliance statements on GOV.UK for:

- the Enterprise Investment Scheme (EIS)
- the Seed Enterprise Investment Scheme (SEIS)
- Social Investment Tax Relief (SITR).

Companies seeking an advance assurance for an investment under the SEIS, EIS or from Venture Capital Trusts must use the new iform available here.

The changes are:

- Mandatory iforms for advance assurance applications under the EIS and SEIS and for VCT investments
- Updated iforms for compliance statements (EIS, SEIS and SITR)
- You can now email your completed iform with supporting documents and information; no need to print and post
- HMRC have introduced new compliance certificates that are available in a digital format. HMRC will no longer issue paper compliance certificates for companies to complete and post to their investors. Unique Investment Reference numbers (UIR) for investors to use when they claim tax relief have also been introduced.

To support these changes HMRC have updated the guidance on GOV.UK and sections of the Venture Capital Manual (VCM), and will be introducing check lists to help companies and social enterprises make an advance assurance application.
Name change for the Small Company Enterprise Centre
HMRC has also changed the name of the specialist operational team that administers the venture capital schemes to the Venture Capital Reliefs Team. This is part of a wider reorganisation of operational teams dealing with tax reliefs for SMEs. All other contact details remain the same.
For written enquiries, the address is:
Venture Capital Reliefs Team
HM Revenue and Customs
WMBC
BX9 1BN
Email - enterprise.centre@hmrc.gsi.gov.uk

Corporation Tax (CT)
Extending Security Deposit Legislation
In the 2017 Autumn Budget, the government announced plans to extend the scope of existing security deposits legislation to include CT and Construction Industry Scheme (CIS) deductions. This will now take effect from 6 April 2019.
HMRC conducted a consultation on the implementation of this change between 13 March and 8 June 2018. You can now view the consultation outcome on GOV.UK.
HMRC has the authority to request high-risk businesses provide an upfront security deposit. A necessary action for the protection of the revenue.
Currently, this authority only applies to:
• VAT
• PAYE
• National Insurance Contributions
• Insurance Premium Tax and some environmental and gambling taxes.

From 6 April 2019, this measure will give HMRC the authority to also request securities in relation to CT and CIS deductions.
This measure will strengthen HMRC’s ability to deal effectively with the small minority of rule breakers that will not, rather than cannot, pay tax that is due. Businesses that are experiencing genuine difficulties are not the target of this measure.
For more information please see the Extension of security deposit legislation policy paper on GOV.UK.

Reminder of changes to instalment payments for very large companies
For accounting periods beginning on or after 1 April 2019, companies with taxable profits exceeding £20m will be required to make payments four months earlier. For a 12 month accounting period, payments will be due in months 3, 6, 9 and 12 of the current accounting period.
The £20m threshold is reduced where the company is a member of a group and is adjusted pro-rata for accounting periods shorter than 12 months.
Payments relating to bank levy and CT and supplementary charge on ring fence profits of oil and gas companies will not move to the new payment regime. However, if a company is very large, all other liabilities including bank surcharge will move to the new regime.
Affected businesses should ensure that they are ready for the changes. The first instalment payment under the new rules will be due before the final payment under the current regime and will impact on cash flow in the first year.
Settling disguised remuneration tax avoidance schemes before the 2019 loan charge arises

The 30 September date for sending all required information has now passed. However, you can still come forward and settle your clients’ avoidance use.

To give your clients the best chance of settling before the loan charge comes into effect, you should provide all the required information, with a tax calculation as soon as possible. The later you leave it, the less chance your clients will have of reaching a settlement ahead of the loan charge.

A five year instalment plan is available for those individuals with a current income of less than £50,000, and who are no longer engaging in avoidance. These payment terms are only available for clients who settle ahead of the loan charge.

Clients with higher incomes, or those who need a longer period to pay can still agree instalment plans but they will need to provide more detailed supporting information.

Further information can be found on the Disguised remuneration: settling your tax affairs webpage on GOV.UK.

To discuss your client’s request to settle, get in touch with your current HMRC contact or email us at:
- cl.resolution@hmrc.gsi.gov.uk for contractor loan schemes
- ca.admin@hmrc.gsi.gov.uk for all other disguised remuneration schemes.

Apprenticeship service transition, acting on user feedback

The Government’s goal is for all employers to take more ownership of their apprenticeships and access the full range of high quality training provision on offer.

The Education and Skills Funding Agency (ESFA) planned for all employers to access apprenticeship funding, from April 2019, through the apprenticeship service.

Acting on user feedback, ESFA want to ensure that future changes are introduced in a gradual, well-managed way. This will give time for employers and training providers to prepare for the new approach and keep stability in the marketplace.

To ensure a more gradual transition, ESFA will extend current contracts for training providers delivering training for employers that do not pay the apprenticeship levy for 12 months, from April 2019 to March 2020.

ESFA will continue to work with employers and training providers to plan the transition, and will publish further details in the autumn, including:
- what this will mean for providers with existing contracts
- plans to develop the apprenticeship service for all employers.

For more information, visit this ESFA webpage on GOV.UK.

Compliance

Spotlights

These warn agents about certain tax avoidance schemes to be aware of.

HMRC published a new Spotlight on tax avoidance warning people about umbrella companies that claim to save tax and increase take home pay that are in effect tax avoidance schemes.

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.

section continues>
Employees Bonus Schemes: Growth Securities Ownership Plan (GSOP) tax avoidance and similar schemes

**Spotlight 28**

Tax agents with clients who have used such schemes may be interested in a recent decision by the First-tier Tribunal (FTT).

Many users of GSOP schemes have already settled their liabilities, but a minority are seeking to challenge HMRC's view of the scheme in the FTT. The Tribunal has decided that two appeal cases, which were the most advanced in the litigation process, should proceed as lead cases, with all other similar appeals being put on hold pending a decision. This means the Tribunal's final decision on lead cases will be binding on all similar appeals, unless they can be distinguished.

The Tribunal's decision will not have any impact on HMRC's ability to negotiate with those who wish to settle their affairs, whether their case is before the tribunal or not. HMRC will continue to issue determinations to users of the scheme for the tax believed to be due.

Once a final decision is reached, it will not impact on HMRC's ability to issue follower notices and accelerated payment notices in relation to related appeals.

If your clients are involved in this type of tax arrangement and want to withdraw from the scheme and find out how to settle their tax liability, please see the [Getting out of an avoidance scheme](https://www.gov.uk) webpage on GOV.UK.

VAT Notices

See all the VAT Notices listed numerically.

Welsh rates of Income Tax (WRIT)

Individuals who have been identified by HMRC as Welsh taxpayers will receive a notification letter in November informing them of their Welsh taxpayer status. It is important that HMRC are notified of any change of address to ensure that customers receive their notification letter. Please check that HMRC has their correct address by registering and logging onto their [Personal Tax Account](https://www.gov.uk).

Further information

A [Technical Note](https://www.gov.uk), setting out UK Government policy on areas of the Income Tax system that will be affected by WRIT, is now available on GOV.UK.

More information on the changes is also available on the [Welsh Government website](https://www.gov.uk).

HMRC will be issuing further detailed guidance on Welsh taxpayer status on GOV.UK shortly, and further information will be available in future editions of the Agent Update.
Agent Toolkits

HMRC has several toolkits to help you with submitting your client’s 2017-18 Self Assessment tax returns. Remember if you’re doing this by paper, the deadline for receipt by HMRC is midnight on 31 October 2018.

The toolkits are available online and can be downloaded for free. They have been tailored to support you by addressing the most common errors seen in SA tax returns submitted in previous years. These set out mitigating steps you can take to avoid those errors.

Each toolkit provides:

- a checklist
- an explanation and mitigation section
- links to online guidance.

The following toolkits can support you through the remainder of the SA period:

- Business profits toolkit
- Capital v revenue expenditure toolkit
- Income Tax losses toolkit
- Private and personal expenditure toolkit
- Capital allowances for plant and machinery toolkit
- Capital Gains Tax for shares.

Does your client own land or property?

If your client owns land or property then you may be interested in the Capital Gains Tax for land and buildings toolkit. Since the last edition of Agent Update, the highly popular Property Rental toolkit has been refreshed for 2017-18 and may also be useful if your client owns an interest in land or property that they receive rent or another type of income from.

For more information visit the Tax Agent Toolkits webpage on GOV.UK.

Making payments to HMRC easier

Your clients can now pay VAT quickly by using the green ‘Pay now’ button on the How to Pay VAT webpage on GOV.UK.

By using the ‘Pay now’ feature, your clients will automatically be offered various payment options to choose from and the information they need to pay HMRC.

Payment options:

- Direct Debit is easy to set up to avoid missing payment deadlines and receiving late payment charges
- Bank Transfer by Faster Payment, BACS or CHAPS using clients’ own banking software or applications
- Debit or corporate credit card, please note that credit card payments are charged a non-refundable fee.

This facility is expected to include Self Assessment, PAYE and Corporation Tax in the future.
Consultation outcomes

Corporate interest restriction - consultation on leases
Rent a room relief
Allowing Entrepreneurs’ Relief on gains made before dilution
Zero emission capable taxis: Vehicle Excise Duty rates
Simplifying the Gift Aid donor benefits rules: further consultation
Plant and machinery lease accounting changes
Making Tax Digital: interest harmonisation and sanctions for late payment

VAT and Vouchers
Extension of offshore time limits
Extension of security deposit legislation
Gaming Duty - review of accounting periods
Tax avoidance involving profit fragmentation
Capital Gains Tax: Payment window for residential property gains.

Contact

Agent Blog
Did you know there is a regular Tax agent Blog, highlighting the work HMRC do with tax agents, advisers and professional bodies?
The blog covers Agent specific news and updates, consultations and HMRC’s Agent strategy to name but a few.
You can subscribe here to receive a notification when a new blog is posted.

Twitter

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

Complain to HMRC

To make a complaint to 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.

Where’s My Reply? for tax agents

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.

section continues>
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.

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.

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.

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 first 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 27: October 2018 has been added to this collection.

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 briefs 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.

section ends
Talking Points

It is great to see that more than 9,500 of you took part in 20 of our live Talking Points webinars over the past couple of months.

The most popular topics included Making Tax Digital, which saw more than 2,500 of you take part and our webinars on Income From Property had 2,000 of you listening in.

Other popular areas included Capital Gains Tax: Aspects of Private Residence Relief, Business Expenses for the Self-Employed and Submission of SA Returns affected by Exclusions.

If you missed any of these meetings you can catch up with our recordings.

We have got more webinars taking place in October and November, so do not miss out. These will look at:

- Cryptoassets
- Double taxation
- Automatic enrolment.

If you are interested please remember to register for your place by visiting the Help and support for tax agents and advisers webpage on GOV.UK. You can also keep updated on Talking Points through our email alerts or our tax agent blogs.

Your feedback about webinars has also been brilliant.

Here is what some of you told us:

- “I gained a lot of knowledge over a short period of time without having to leave the office”
- “There’s lots of relevant tax topics that are being covered by HMRC. It’s the best way to stay ahead”
- “The webinars are very useful, especially the question and answer section, as this helps me get an understanding of how to apply the rules in real-life situations”.

section ends
Acting as an Agent

If you act as a tax agent or adviser, you must have [formal authorisation](#) to deal with HMRC on your client’s behalf.

It is easiest to do this online using [HMRC Online Services](#). If you cannot set up authorisation online, you will need to get your client to complete one of HMRC’s paper authorisation forms.

There are three types of paper form, these are:

- **64-8** - for most types of authorisation
- **FBI 2** - to authorise, use the PAYE for Agents online service to deal with PAYE for employers matters on behalf of your client
- **CH995** - for High Income Child Benefit Charge matters.

Agent Account Managers (AAM)

AAMs help resolve client specific issues and provide an alternative to the formal complaints process.

AAMs can help agents where normal communication channels have broken down.

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 September 2018 the most common issues were:

- **SA Correspondence - Progress chasing letters/forms not processed** (including SA302 and R40)
- **PAYE Correspondence - Progress chasing letters/forms not processed**
- **SA Returns - Progress chasing returns submitted by post/online**
- **CT Related queries - Progress chasing letters/registrations (including Certificate of Residency & Scheme registrations)**
- **SA Repayment - Progress chasing repayment requests made by return/online/post.**

For more information about the AAM service, please visit the GOV.UK webpage [Agent Account Managers in HMRC](#).

Agent Services Account

Over 7,000 UK agent firms have set up an agent services account and are ready to act for their VAT clients in Making Tax Digital (MTD) or other new digital services such as registering a trust or estate.

You can now use software from external software suppliers to submit your client’s VAT returns to HMRC. Check with your existing software supplier to find out if they have software available or see HMRC’s approved list of suppliers at: [Software Suppliers Supporting Making Tax Digital](#).

You will be able to act for your VAT clients in MTD for VAT once you have created an agent services account.

Alongside the agent services account, you can:

- link your existing agent-client relationships to your account and act for those clients without having to be re-authorised (over 2,500 firms have used this service to date)
- complete an end to end a digital authorisation journey to create an agent-client relationship in MTD without the need for a paper form
- break MTD agent-client authorisations.

Agent Account Managers (AAM) help resolve client specific issues and provide an alternative to the formal complaints process. AAMs can help agents where normal communication channels have broken down. 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 September 2018 the most common issues were:

- SA Correspondence - Progress chasing letters/forms not processed (including SA302 and R40)
The services are delivering, as designed, with no issues. We are making continuous improvements based on your feedback, and on user research. For example, we have recently released significant updates to both the subscription and the linking agent-client relationships journey.

Over the next couple of months, the criteria for creating an agent services account will expand to non-UK based agents.

For more information on the agent services account and MTD see:

- Help and support for Making Tax Digital
- Making Tax Digital for VAT
- Agent Update: issue 66.

If you are having trouble setting up an agent services account, use the ‘Get help with this page’ link which will be available at the bottom of each page. This will put you in contact with our Digital Customer Support Team who will be able to help.

**Agent Forum**

**An update on private beta**

The Agent Forum was launched just over a year ago, creating a dedicated interactive online space where agents can talk tax and bring any issues to the attention of HMRC. Since its launch, we have registered hundreds of agents to the service and handled nearly 3,000 messages, but we want to see more.

**How do I sign up?**

As we are in the private beta test and learn stage, we have been rolling out the Agent Forum slowly so we can test different approaches and get feedback from users. Therefore, membership is currently restricted to members of Professional Bodies (PBs). The sign-up process is easy. Contact your PB who will talk you through membership and provide details of how to register and access the site. Once you are registered, we will send an email confirmation including our terms of use policy plus a handy user guide.

On the forum you will find a wealth of information, including regular HMRC service updates, topical messaging and an opportunity to post issues to our dedicated Resolution Managers. In the last year we resolved nearly 600 issues and escalated a number of issues to our Issues Overview Group (IOG).

**Agent Forum Priority Issues for resolution**

HMRC and PB representatives, continue to identify widespread issues through the IOG. We will set up a bespoke meeting if any identified widespread issues are supported by evidence. Furthermore, we involve Subject Matter Experts from across HMRC to assist with resolution.

The IOG requested improved information around Class 2 National Insurance Contributions (NICs) from HMRC following a bespoke meeting to discuss how improved guidance may reduce errors. PBs will publish this information when available.

The IOG will be holding a joint meeting with HMRC to review the operation of the Agent Forum and resolution of issues in December. Agents wishing to provide input can do so by contacting their IOG professional body representative, listed at the end of the Working Together Section. The latest updates on issues concerning Class 2 NICs are published on the Agent Forum.

Join the conversation today. Contact your PB for more information or email the Agent Engagement Mailbox. If you are not represented by a PB, you can join the conversation on the Tax agent blog.
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 Jacqui Mount
ICPA Tony Margaritelli
IFA
VATPG Ruth Corkin

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