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Keeping you informed

Introduction

Welcome to Agent Update 72. This month's edition again features an update on both EU Exit and Making Tax Digital.

The Service section carries information on, income reporting requirements for tax credit renewals, the Admin Burden Advisory Board Annual Report and updating Partnership Tax guidance.

As ever, the Tax section delivers updates from all areas of taxation.

If you would like to be notified when each edition of Agent Update is published, please sign up to receive [email reminders](#).

We encourage you to continue sending your thoughts and views to the Agent Update mailbox. If you have any comments please email mailbox.digitalsupport@hmrc.gov.uk.

EU Exit

Help your clients prepare their workforce for EU Exit today.

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.

Working Together

Working Together contact information for professional and representatives bodies.

This month's top articles

Student/Postgraduate Loan notices

Employers will now receive either a Student Loan and/or Postgraduate Loan start notice, asking them to start taking deductions.

VAT: Building and Construction Services Reverse Charge

Coming into effect on 1 October this year. Further information on the scope of the reverse charge and how it will operate.

Disguised Remuneration Loan Charge

The disguised remuneration loan charge that took effect on 5 April 2019 and your clients' responsibilities if they are subject to the loan charge.

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**IF YOU'RE AN
EU CITIZEN
LIVING IN THE UK
APPLY TO THE
EU SETTLEMENT
SCHEME ONLINE**



Help your clients prepare their workforce for EU Exit today

More than two thirds of EU citizens in the UK are currently here for work. They may be your clients or your clients' employees. If they want to continue living and working in the UK after it leaves the EU, these citizens, and their family members, can [apply now to the EU Settlement Scheme](#) (EUSS).

What does this mean for your clients?

Their EU, EEA, or Swiss employees, and their family members, can apply to the EUSS if they want to continue to live, work, and study in the UK after 31 December 2020. This applies whether we leave with a deal or with no deal.

Under the scheme, successful applications will be granted either settled or pre-settled status. Which status applicants get depends on how long they have been living in the UK when they apply. With both pre-settled and settled status, they can continue to work in the UK, use public services like the NHS, and access public funds such as pensions.

How can you help your clients?

- Make your clients aware that all EU, EEA, and Swiss citizens, and their family members, can apply to the EUSS now. The Scheme is now open for applications (Irish citizens do not need to apply)
- Share the [Employer Toolkit](#) with them. The toolkit includes useful items such as posters, videos, and explainers on how to apply. It will help employers share information about the scheme with their employees
- Point them to [EUSS pages](#) on GOV.UK for further information.

What are their obligations?

Your clients, as employers, are not obliged to pass on this information to their staff. They also do not need to check whether their staff have applied. However, lots of employers want to offer reassurance to their employees and make sure they have the right information.

Finally, employers have a duty not to discriminate against EU citizens in light of the UK's decision to leave the EU, both as a prospective and current employer. There are no changes to current right to work checks. These will not change until the Future Borders and Immigration System is introduced in 2021.

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Student Loans

Student/Postgraduate Loan notices

From 6 April, there are two loan types in operation. Employers will now receive either a Student Loan (SL1) and/or Postgraduate Loan (PGL1) start notice, asking them to start taking deductions.

It is important that the notice is checked for the loan or plan type and that deductions are taken correctly and recorded on the Full Payment Submission (FPS).

If not HMRC will either:

- make contact to request that the employer stops taking deductions under the wrong loan or plan type and start taking deductions under the correct one by:
 - phone
 - post through issuing an SL2/PGL2 and SL1/PGL1 or
 - Generic Notification Service messages to the employer's PAYE online account
- ask the employer to stop and refund the incorrect deductions if they are able to.

More information can be found in [Agent Update 71](#) and on the [Student Loan and Postgraduate Loan repayments: guidance for employers webpage](#) on GOV.UK.

Business Tax Account

The Business Tax Account has been updated to show a combined total for both Student Loan and Postgraduate Loan Deductions.

More Frequent Data Sharing

In [Agent Update 70](#) we told you that from April HMRC would start to share PAYE student loan and/or postgraduate loan repayment information with Student Loans Company (SLC) more frequently. This has now been successfully running for two months meaning HMRC are sharing data with SLC weekly.

Employers should continue to report their employee's student loan and postgraduate loan deductions to HMRC in the same way as they currently do. HMRC send the information reported on the FPS to SLC who will update the employee's student loan balance based on the date and amount that has been reported.

SLC and the employee will have greater visibility of this information, therefore it is important that accurate and timely deductions are made as the employee may ask their employer to check and confirm the information if there are discrepancies.

Tax-Free Childcare - School holidays made cheaper

In [Agent Update 71](#) we told you about Tax-Free Childcare, a government scheme available to working parents with children aged 0-11.

It explained how eligible parents could get up to £2,000 per child, per year to spend on qualifying childcare.

For parents with two children that could be a £4,000 per year saving on the family's budget.

You may have already advised your clients about this help, but did you know that Tax-Free Childcare is not just there for everyday childcare costs, such as childminders, nurseries and nannies?

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Your clients can also use it to pay towards the cost of (qualifying):

- after school clubs
- play schemes
- holiday clubs
- summer camps.

We know some parents are still missing out on the benefits of Tax-Free Childcare.

We would welcome your help in changing that, so please advise any clients, who have not applied, about Tax-Free Childcare and how it can reduce their childcare costs.

To apply, please advise your clients to visit the [Childcare Choices website](#).

Help your clients understand the High Income Child Benefit Charge

Individuals who receive Child Benefit may have to pay a tax charge known as the [High Income Child Benefit Charge](#). They could still be better off by claiming Child Benefit. The tax increases gradually by 1% for every £100 of income over £50,000, and at £60,000 the charge is equal to 100% of the Child Benefit entitlement.

Telling your clients about the High Income Child Benefit Charge may help them to understand their obligations and avoid facing a penalty.

As your clients and their employees receive their P60 statement summary of pay and tax at the end of the tax year they should:

- check their annual income, either on their P60 or [Personal Tax Account](#)
- if their pay was just below £50,000, check what taxable benefits were provided by their employer as it counts as income and could take their income over the £50,000 threshold
- use the [child benefit tax calculator](#) to work out if they are affected by the tax charge
- notify HMRC and register for [Self Assessment](#) by 5 October
- complete a Self Assessment tax return by 31 January and pay what they owe.

Child Benefit remains a universal benefit and it is important for people to fill in the Child Benefit claim form. This ensures that they do not miss out on National Insurance credits, which help to protect their State Pension, and will help their child to automatically receive a National Insurance number before their 16th birthday.

People have the option to [opt out](#) of receiving Child Benefit payments so they will not have to pay the charge. If they do this, they will still accrue credits towards their pension.

Offshore Time Limit Extension

The assessing time limit for offshore matters and transfers has been extended to 12 years. This applies to Income Tax, Capital Gains Tax and Inheritance Tax.

This measure will affect taxpayers whose behaviour was not deliberate. The existing 20 year time limit will still apply for deliberate behaviour.

The guidance has been updated to cover this new assessing time limit and can be found in [HMRC's Compliance Handbook CH53505](#) on GOV.UK.

Disguised Remuneration Loan Charge

In [Agent Update 71](#) we reminded you about the disguised remuneration loan charge that took effect on 5 April 2019 and your clients' responsibilities if they are subject to the loan charge.

Anyone who provided all the required settlement information to us by 5 April 2019, and is still in the process of settling, should take the necessary actions outlined by HMRC by the dates set out in our correspondence. As long as these are met, the [November 2017 settlement terms](#) will remain available and the loan charge requirements will not apply.

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Loan Charge Reporting Requirements

If a settlement is not reached by the date set out in our letter of offer, any outstanding disguised remuneration loans must be [reported as income](#) and the loan charge must be paid. The outstanding loans must be reported as income arising on 5 April 2019.

Any employers who are still in the settlement process, but decide not to settle, must report and pay the loan charge as soon as possible after they know they will not reach settlement with HMRC. This payment should be made using an [Earlier Year Update](#) through the [Basic PAYE Tools](#).

Clients not in the settlement process

Clients with outstanding disguised remuneration loans, who are not settling, must report the loans and pay the loan charge in line with legislation. Employers should have reported any outstanding loans and paid the loan charge by 22 April 2019. If they have not done this, they can contact us on 03000 599 110 to discuss what they must do.

HMRC is in the process of reviewing the records of employers from whom they expect returns to be made, and contacting those not in the settlement process who have not reported outstanding disguised remuneration loans. We will consider issuing Regulation 80 determinations and S8 decisions where needed.

Individuals have a longer time period than employers to report outstanding loans to HMRC and pay the loan charge. Guidance and deadlines for all reporting responsibilities can be found on the [Report and account for your disguised remuneration loan charge webpage](#) on GOV.UK. We will be writing to those affected to make them aware of their reporting requirements.

If we write to a client about the loan charge, and they would like to discuss our letter with us, they can contact us on 03000 599 110. Agents are also welcome to use this number if you have any loan charge related queries.

Letters to Employers

HMRC is aware that some individuals have written, what appear to be, template letters to companies claiming that they were employed by that company in the past, and seeking confirmation that the employer will account for the loan charge on their behalf.

If a company is, or was, the end user of an individual's services, and the contractual terms provide no evidence that they employed the individual, then it is unlikely they need to make any report or pay the loan charge on the individual's behalf.

Please refer to the [loan charge reporting guidance](#) on GOV.UK or call 03000 599 110 if this issue affects your clients and you need further help.

Webinar

On 12 July 2019 we will be hosting a webinar about loan charge compliance and the reporting requirements. If you would like to know more about this topic then we encourage you to join us. You are welcome to ask questions in advance, or on the day of the event. Details of how to register for this webinar can be found [here](#).

The Pensions Regulator

Re-enrolment is a two-stage process

The majority of employers are successfully meeting their on-going automatic enrolment responsibilities. However, there are a small number that are risking a fine because they are failing to complete re-enrolment on time.

Agents should remind clients (who act as employers) to re-enrol and ensure tasks are started in good time.

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Re-enrolment must be carried out every three years. Firstly, staff who opted out of their workplace pension, must be put back in. Secondly, employers must complete and submit the online re-declaration of compliance form to show The Pensions Regulator how they have met this responsibility.

More information on re-enrolment is available on [The Pension Regulator website](#).

Venture Capital Trusts - Introduction of New Regulation 22/22A Returns

Venture Capital Trusts (VCT) must make a return of all their investments for each accounting period.

We have introduced a new standardised digital template to replace the free format paper returns which were previously accepted. The new template and a guide to completing it are now available within our [Venture Capital Schemes Manual \(VCM\)](#).

It is mandatory for all VCTs to use the new template when submitting their returns of investment details. The return must be filed electronically using the Secure Data Exchange Services (SDES) system.

The VCT or nominated agent must apply to be enrolled for SDES. There is information about enrolling for and accessing SDES, and uploading a return file, on the [HMRC Secure Data Exchange Service webpage](#) on GOV.UK.

To support these changes we have also updated associated content within the VCM to clarify the most recent legislative changes affecting VCTs.

2018-19 SA Exclusions and Specials Documents

HMRC initially produced the Exclusions document to help software developers identify cases where customers should file a paper tax return rather than an online one. Agents have advised that these documents are also useful for them when dealing with clients' sometimes complicated tax affairs.

The latest version of the Exclusions document, 'version 1.1', was published on GOV.UK on 24 May 2019. This has replaced version 1.0 that was published on 7 May 2019.

The latest version of the Specials document, 'version 2.0', was also published on GOV.UK on 24 May 2019.

The documents can be found under the [Self Assessment technical specifications \(2019\): Individual Returns](#) section on the [Self Assessment Latest Documents webpage](#) on GOV.UK.

SA Payments on Account (POAs)

In [Agent Update 71](#) we advised you of a problem where POAs for 2018-19 were not always being created from the 2017-18 tax return.

We know that in some of these cases individuals or their agent contacted us and POAs for 2018-19 were then set up. For these individuals the second POA for 2018-19 will be due on 31 July 2019. Statements of account reflecting this will be issued as normal.

If your client does not receive a statement of account letter in June or July 2019, as no 2018-19 POA have been created, you and your client do not need to do anything about this. Any liability for 2018-19 will be payable, in full, in January 2020. Any payment intended for the 2018-19 POA will be allocated against any 2018-19 Balancing Payment due on 31 January 2020.

If your client made a payment intended for the 2018-19 first POA but 2018-19 POA have not been created and you or your client insists on POAs being created, then this can be done by phoning HMRC. Agents can call the Agent Dedicated Line on 0300 200 3311. If your client needs to call us, the number is 0300 200 3310. The due date of the 2018-19 second POA is 31 July 2019. Interest will be charged as normal if the second POA is paid late.

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VAT: Building and Construction Services Reverse Charge

This reverse charge measure comes into effect on 1 October this year. Further information on the scope of the reverse charge and how it will operate can be found in this [guidance note](#) on GOV.UK.

The key aspects are:

- it will apply to standard and reduced-rated supplies of building and construction services made to VAT-registered business who, in turn, also make onward supplies of those building and construction services
- the scope of supplies affected is closely aligned to the supplies required to be reported under the Construction Industry Scheme, but does not include supplies of staff or workers
- the legislation introduces the concept of “end users” and “intermediary suppliers”. This covers businesses or groups of associated businesses that do not make supplies of building and construction services to third parties and as such are excluded from the scope of the reverse charge if they receive such supplies. Examples include landlords, tenants and property developers.

Further guidance on the reverse charge will be published in the coming months. More information can be found on the [Construction Industry Scheme: a guide for contractors and subcontractors \(CIS 340\) webpage](#) on GOV.UK.

P11D and P11D(b) Filing and Payment Deadlines

You need to tell us about any Class 1A National Insurance contributions (NICs) that are owed for the tax year ending 5 April 2019 by **6 July 2019** at the latest.

You also need to send us any P11D forms due by **6 July**, failure to do so may result in a penalty. Any Class 1A National Insurance owed must reach us by **22 July (19 July if you pay by cheque)**. The [April edition of the Employer Bulletin](#) contained detailed information on how to do this.

Please remember it is important that you complete P11D forms correctly the first time. If you make a mistake, it is time-consuming to correct it and employees will pay the wrong tax in the meantime.

There are a number of live [webinars](#) being run throughout June covering expenses and benefits, and filing forms P11D and P11D(b). Full guidance on [how to complete forms P11D and P11D\(b\)](#) is also available on GOV.UK.

More information can also be found in June’s Employer Bulletin.

PAYE Online Refresh

HMRC has modernised the [PAYE online content](#) to send expenses and benefits.

This has been done to make it:

- accessible using a wider variety of devices
- clearer and simpler to use by as many people as possible, including those with impaired vision and impaired hearing.

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Income reporting requirements for tax credit renewal

When speaking to your clients about their SA income, please also remind them of income reporting requirements for tax credits. It is important for those with tax credits entitlement, to comply with the instructions on their annual renewal form ahead of the 31 July 2019 deadline.

Income reporting at renewal is for the 2018-19 tax year. This includes net profit from self-employment. If they have other income, for example: dividends, investment income, interest, pensions or property/rent, these also need to be included. These sources are often omitted from tax credits claims and renewals.

Further details of the full income reporting requirements are provided in the renewal form and accompanying notes.

Claimants who receive too much money will need to repay HMRC later.

Claimants can renew their claim online by going to the [Manage your tax credits webpage](#) on GOV.UK and logging into their Personal Tax Account.

Claimants can also renew their claim by sending their completed tax credit renewal forms to the following address;

Tax Credit Office
HM Revenue and Customs
BX9 1LR
United Kingdom.

Claimants can get help to work out their correct tax credits income by visiting the [Tax credits: income working sheet \(TC825\) webpage](#) on GOV.UK.

Admin Burden Advisory Board (ABAB) 2019 Annual Report

ABAB is a group of small and medium sized business operators and advisers who meet with HMRC and report annually, as an independent body, to the Financial Secretary to the Treasury.

Their primary goal is to 'make a noticeable difference' for small and medium sized businesses, particularly in relation to the administrative burdens imposed by the tax system.

The ABAB 2019 Annual Report was published on 18 April on [GOV.UK](#).

HMRC Updating Partnership Tax Guidance

HMRC is updating the online Partnership Tax guidance. These updates will consolidate the majority of the existing partnership guidance from the Business Income Manual and the Employment Status Manual into the Partnership Manual. At the same time we will also be publishing some new and updated partnership guidance, to include the relevant guidance for the Finance Act 2018, and we will also be looking to make improvements to the technical content of the Partnership Manual in the following months.

Our intention is that the updated guidance will be easier to navigate and provide better support to all taxpayers and agents. These updates started on 12 June 2019, although it may take a few days for the full effect of these changes to filter through.

These changes can be found in the [Partnership Manual](#) on GOV.UK.

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Cyber Essentials - Simple and Effective

All businesses today face multiple threats to their IT systems and the data that they rely upon. Many businesses rely on a single control such as anti-virus as a protection, but is this enough against today's threats?

Impacts from cyber-attacks include theft of confidential client, financial and staff records, loss of entire systems and databases as a results of ransomware attacks.

The Cyber Security Breaches Survey 2019 found that 32% of businesses in the UK had identified at least one cyber security breach in the previous 12 months.

GDPR requires businesses to act swiftly in the event of a data breach. Introducing obligations to notify customers and fines.

To assist UK businesses, the National Cyber Security Centre have developed [Cyber Essentials](#) to help you protect your organisation against the most common cyber-attacks. These simple steps recognise that not everyone has the time or resources to develop complex cyber security solutions and provide practical guidance that is easy to understand and put in place.

Cyber Essentials Certification, using the self-assessment option, costs less than 10% of the average cost of a single data breach.

Consultations

Check the status of tax policy consultations

Find out about ongoing and closed tax policy consultations.

[Check the status of tax policy consultations](#)

ODS, 15.4KB

This file is in an [OpenDocument](#) format.

Agent Toolkits

The following toolkits have recently been updated for 2019:

- [Chargeable gains for companies toolkit](#)
- [Directors' Loan Account toolkit](#)

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?

We cover 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.

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 webpages.

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[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.

Manuals

[Recent Manual updates](#)

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

[Residence, Domicile and Remittance Basis Manual \(RDRM\) & Deemed Domicile](#)

The domicile chapter within the RDRM has now been updated to include the changes applicable from the introduction of deemed domicile.

For more information, see the [Residence, Domicile and Remittance Basis Manual](#) on GOV.UK.

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

Spotlights

HMRC recently published a number of new Spotlights. The schemes referred to in these Spotlights do not work and people need to be aware of entering into these or similar schemes.

[Spotlight 50 - Disguised remuneration: asset transfer arrangements set up to avoid the loan charge](#)

This relates to contractor loan arrangements designed to get around the disguised remuneration loan charge, by transferring ownership of shares in a Personal Service Company.

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[Spotlight 51 - Remuneration trust: tax avoidance using loans or fiduciary receipts](#)

This relates to remuneration trust schemes designed to avoid tax using loans or fiduciary receipts that claim to provide large tax savings.

[Spotlight 52 - Disclosure of Tax Avoidance Schemes: tax avoidance using offshore trusts](#)

HMRC has argued two cases in the Tribunal, concluding that the disguised remuneration arrangements being promoted were notifiable under the Disclosure of Tax Avoidance Schemes [legislation](#).

[Check for new additions](#)

[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.

[National Insurance Services to Pensions Industry: countdown bulletins](#)

Countdown Bulletin 45 has been added to this collection.

[Pension schemes newsletter](#)

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.

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Making Tax Digital for VAT Submissions now exceed 180,000. Are you ready to submit?

Since 1 April 2019 when Making Tax Digital for VAT became a requirement for the majority of customers with turnover above the VAT threshold, the service has gone from strength to strength. Over 325,000 customers have registered for the service and over 180,000 VAT submissions have been received.

We have now passed the first submission deadline of 7 June 2019 for the first monthly Making Tax Digital for VAT submission since the introduction in April. We are also approaching the first quarterly filing deadline of 7 August 2019. Agents are advised to ensure they and their clients have registered for Making Tax Digital and are ready to submit their returns on time.

We are now issuing reminder emails to customers to prompt them to meet the submission deadlines. These reminders will continue through June and July. We are also utilising our social media channels to show the importance of submission before the relevant deadlines.

Any help agents can provide in ensuring the timely submission of Making Tax Digital for VAT returns is very much appreciated.

Our recent [Tax Agent Blog](#) outlined the tools available to help agents and further support is available on the [step by step](#) guide on GOV.UK.

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Working Together Contact information for Professional and Representative Bodies

[AAT Jeremy Nottingham](#)

[ACCA Jason Piper](#)

[AIA](#)

[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 Anne Davis](#)

[VATPG Ruth Corkin](#)

If you are not a member of a professional body, please contact the [Agent Engagement Mailbox](#).

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