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Keeping you informed

Introduction

Welcome to Agent Update 75. This month's tax section includes articles on, Self Assessment exclusions, student loans and offshore investments.

The Service section carries information on Agent Toolkits that will be useful to you in this Self Assessment period.

The Working Together section includes news from the Issues Overview Group and recent issues raised on the HMRC Agent Forum.

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

It is not too late to give us your feedback

You may remember that in the last issue we asked you for your feedback on the look and feel of your Update. Seeking your opinions on its design, style, colours, and layout? Does the Update work for you in terms of how it's presented? We thank you for the responses we have received to date, but it's not too late to contribute.

We want the update to be as relevant to you as it can be, so if you didn't respond after reading the last edition, give a thought this month, not only to our tax information, but the way in which we present it. Please feedback your views, for the attention of Mark Adams, to: mailbox.digitalsupport@hmrc.gsi.gov.uk.

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

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

This month's top articles

Be prepared to send your client's 2020-21 Annual Tax on Enveloped Dwellings (ATED) return online

Everything you need to know to get ATED returns in on time.

Non-resident company landlords and Corporation Tax

Did you know, non-resident company landlords are currently chargeable to Income Tax on the profits of their UK property businesses?

What to expect from a statutory review

If HMRC makes an appealable decision and your client disagrees with it, they can have the decision reviewed.

Structures and Buildings Allowances (SBA)

Structures and Buildings Allowances is a new capital allowance providing tax relief to businesses, to support investment in constructing new structures and buildings and improving existing ones.



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Be prepared to send your client's 2020-21 Annual Tax on Enveloped Dwellings (ATED) return online

Please note when preparing to file your client's 2020-21 ATED return:

- you have the correct login details
- that the ATED period is 1 April 2020 to 31 March 2021 and returns for that period must be filed by 30 April 2020 where your client owns a property on 1 April 2020
- you are not able to submit a return for the 2020-21 before the start of the tax period, although you can begin populating an online ATED return from around mid-March.

[More information about ATED](#)

If you have not yet registered with HMRC to use the online service, do so before the 1 April 2020. This should ensure you have the appropriate access before filing by 30 April 2020.

Remember there are many benefits to using the online service including:

- instant access to registration details
- immediate confirmation of submission of a return
- instant access to a payment reference number
- authorising an agent online.

As agents you will be able to:

- see a list of all ATED clients in one place
- file returns on behalf of your clients and manage their online account
- view account information, including past returns, returns in draft and outstanding balances
- manage your own lists of clients within your agent organisation.

[Find out how to register](#)

How to check that an investor correctly declares money received from offshore investment funds

An investment fund is a form of investment that lets a number of investors bring together their assets and invest in a professionally managed portfolio of investments. Offshore Investment Funds are funds that are not based in the UK.

HMRC receive information about investment funds showing customers that may have invested in Offshore Investment Funds.

How to treat amounts gained from an investment fund can be complex. Most investors need to take extra time to check how they treat income and gains from these investments. This helps them to pay the right amount of tax at the right time.

The guidance to Offshore Investment Funds, can be found at <https://www.gov.uk/hmrc-internal-manuals/investment-funds/ifm13310> this gives information on Offshore Investment Funds to help identify an Offshore Investment Fund when looking at the fund's website or prospectus.

Check the status of the Offshore Investment Funds

HMRC have approved some Offshore Investment Funds and given them a status called a 'reporting fund'. To check if a fund is in a Reporting Fund, go to GOV.UK and search for 'approved offshore reporting fund'.

These funds are treated differently compared to funds with a 'Non-Reporting Fund' status. The status of a fund will affect how the income and gains from these investments is taxed and also affect the amounts reported to HMRC. This means the investor must check that status of their fund to help them declare the right amounts on their tax return.

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How we tax Offshore Investment Funds

Reporting funds

UK Income Tax is due on all distributions made from a fund to an investor, or distributions they are deemed to have received.

When disposing of an investment in a reporting fund, Capital Gains tax is due on any gain.

Non reporting funds

UK Income Tax is only due on distributions made from a fund to an investor. When disposing of an investment in a non-reporting fund, any gain on the disposal is treated as income and taxed as an Offshore Income Gain.

What an Investor needs to do

When completing the tax return for the period 6 April 2018 to 5 April 2019, the investor should check that they have correctly declared all interest and dividends from any Offshore Investment Funds.

If they have already submitted their 2018 to 2019 tax return, they can amend it if they do not think that it is correct based on the guidance.

They may also want to check that they have correctly declared the interest and dividends from Offshore Investment Funds in their previous tax returns.

If an amendment is needed to amend a tax return

The investor can:

- amend their tax return using a digital tax account within 12 months of the deadline date to do this, go to www.gov.uk/self-assessment-tax-returns and click on the link for 'Deadlines
- make a disclosure using the digital disclosure service if it has been more than 12 months since the deadline date - go to GOV.UK and search for 'digital disclosure service'

- contact their tax adviser, if they have one, and ask them to make the corrections for them.

What to expect from a statutory review

Who carries out a review?

If HMRC makes an appealable decision and your client disagrees with it, they can have the decision reviewed.

When making a decision, HMRC will explain how to have a review

An individual from a specialist team of review officers within HMRC's Solicitor's Office and Legal Services national review business will carry out the review. The review officer will not have been involved in the original decision.

Review officers are independent of the directorates where the compliance decisions are made. Although they are independent of the caseworker, they need to take into account wider HMRC policy in reaching decisions. If your client wishes to challenge HMRC's interpretation of the law, guidance or policy, they have the opportunity to do so at Tribunal.

Purpose of a review

The purpose of the review is primarily to look at the decision again, not to assess new facts or evidence provided with the review request. However, the review officer will give your client the opportunity to send in further information during the review period. If substantial amounts of new information is provided, the review officer may return the information to the caseworker as this may settle the dispute. If not, the review officer will look at it.

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Starting a review

When an officer makes an offer of a review, your client will have 30 days to accept that offer. However, within indirect tax legislation, it is possible to extend that period if the request is made before the 30 day period ends. This may be useful if there is a large amount of new information or arguments that need to be considered, and you believe it would be better if the caseworker considers it first.

Please note it is not legally possible to extend the 30 day period for any direct tax decision.

If your client requests a review of a direct or indirect tax decision, after the 30 day period ends, then HMRC may accept the request. This depends on whether your client has a reasonable excuse for the delay.

Review procedure

On allocation of the case, the caseworker will provide the review officer with their case papers and information they relied on in making their decision.

When the review officer receives a case to review, they will write to your client to introduce themselves. They will also explain when they will conclude the review. They will also give your client the opportunity to send in any further information or arguments for consideration.

The review officer will decide if the decision is

- legally and technically correct
- consistent with HMRC's policy, and
- consistent with HMRC's Litigation and Settlement Strategy.

The review officer will not normally contact the caseworker or discuss the case with them. But, they may contact the caseworker to understand the decision better, to locate documents or to clarify evidence.

Outcomes of a review

At the end of the review, the review officer will conclude if the decision is:

- upheld; that is, the decision your client disagreed with should stand
- varied; that is, the decision is changed in some way, or
- cancelled; that is, the decision is not appropriate.

The review conclusion letter

Whatever the outcome of the review, the review officer will write to your client (and send a copy to you, where appropriate). This will explain:

- their conclusion
- their reasons
- what are the next options.

If the review officer upholds or varies the decision, the review conclusion letter will include:

- introductory comments – this will say the review officer has concluded their review, it will also include a brief summary of their conclusions
- details of each of the reviewed decisions
- a summary of the points at issue – these are the reasons for the dispute
- relevant legislation and case law
- a facts section summarising details of the case
- an explanation of the review officer's conclusions with reference to the facts, evidence, legislation and case law
- a summary of the conclusions and amounts due (if applicable)
- information on what happens next, what your client's options are, and where they can find further information.



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If the review officer cancels a decision the letter will normally be shorter. But it will still explain what they have reviewed and the reasons for cancellation. It will also inform your client that the review officer has instructed the caseworker to cancel the decision.

Review deadline

The review officer will aim to complete the review as quickly as possible. The statutory period for conducting a review is 45 days. This period can be extended by agreement. If a review is not concluded in 45 days, or a longer agreed period, the decision is deemed to be upheld. Restoration decisions must be completed in 45 days.

What should you do?

Sometimes resolving disputes at tribunal is the only option, but generally it is more cost effective to resolve disputes before they reach that stage. So, it is important that your client provides all the information that the review officer needs to carry out their review. It is useful if your client explains what they disagree with, and why. Did they rely on any case law or evidence to form that view? It is also useful to know what your client does agree with, as this will help focus the review to the key points in dispute.

More Information

A more senior officer usually countersigns the completed review for accuracy and consistency. Another review officer may also check it before it is sent to your client. HMRC use the review process to learn and improve the quality and consistency of decision making.

Your client can only have a decision or assessment reviewed once. If they are not satisfied with the review officer's conclusion they may appeal to the Tribunal within 30 days.

There is no legal basis to carry out a second review even if you or your client provide new information. For more information please see the [Appeals reviews and tribunal guidance manual](#).

High Income Child Benefit Charge deadline 31 January

People who receive Child Benefit and earn over £50,000 may have to pay a tax charge known as the [High Income Child Benefit Charge](#).

If your clients are liable for the charge then they may need to file a tax return before the **31 January deadline**.

Telling your clients about the High Income Child Benefit Charge may help them to understand their obligations and avoid facing a penalty. 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 threshold
- use the [child benefit tax calculator](#) to work out if they're affected by the tax charge
- notify HMRC and register for [Self Assessment](#) online if they have not already done so
- complete a Self Assessment tax return by **31 January** and pay what they owe.

Even if your clients have to pay the charge, they could still be better off by claiming Child Benefit. The tax is 1% of Child Benefit for each £100 of income over £50,000. If your income is over £60,000 the total HICBC will be equal to the Child Benefit you receive.

Pension contributions and payments to charities are not included in income but salary and taxable benefits-in-kind, such as a company car are.

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

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Updates to 2019-20 Self Assessment Tax Returns for Student and Postgraduate Loan Borrowers

You were informed in [Agent Update issue 74](#) that DFE launched a new Loan product known as Postgraduate Loan (PGL). Customers who complete a Self Assessment (SA) tax return should record any PGL deductions from PAYE employments on their 2019-20 SA tax return.

HMRC are working with software developers to ensure that software IT includes a new box for PGL in SA tax return.

The PGL box will replace the existing box 3 which currently states “If you think your loan may be fully repaid within the next 2 years” and will now ask customers to “Put the total amount of all Postgraduate Loan deductions taken from all PAYE employments”.

SA notes and GOV.UK guidance will be updated to reflect this change.

More information will be published in February’s Update.

2018-19 Self Assessment (SA) Exclusions and Specials Documents

On 4 October 2019 HMRC published on GOV.UK updated versions of both the 2018-19 Exclusions and Specials documents.

The latest version of the Exclusions document is ‘version 2.0’ which replaces version 1.1 that was published on 24 May 2019.

The latest version of the Specials document is ‘version 3.0’ which replaces version 2.0 that was also published 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](#) page.

Structures and Buildings Allowances (SBA)

The SBA is a new capital allowance providing tax relief to businesses to support investment in constructing new structures and buildings and improving existing ones.

The SBA relieves the construction costs for new structures and buildings used for qualifying purposes and the improvement of existing structures and buildings, including the cost of converting existing premises for use in a qualifying activity, over their lifetime. In addition it will improve the international competitiveness of the UK’s capital allowances system.

The legislation is in Part 2A Capital Allowances Act 2001 inserted by [SI2019/1087](#). [Guidance](#) on the SBA was published on GOV.UK with detailed [technical guidance](#) published 30 October 2019.

The SBA is a flat rate of 2% a year, for up to 50 years, on the eligible costs of building, converting or renovating non-residential structures or buildings that have been brought into [qualifying use](#). Certain costs are specifically excluded such as those costs that qualify for [plant and machinery allowances](#), planning permission, landscaping, cost of land and [integral features and fixtures](#). For a comprehensive review of [excluded costs](#) please refer to the technical guidance.

For a claim to be valid the date of the earliest contract for construction of the structure or building must be on or after 29 October 2018. The first use of the structure or building must be non-residential.

There are specific rules where a lease has been granted, please see guidance for details. Subsequent purchasers of the structure or building may be able to claim the SBA as long as it is put to non-residential use for a [qualifying activity](#) and the purchaser holds an [allowance statement](#). The [allowance statement](#) is an important document and must be brought into existence before any claim to SBA is made.

Claims for the allowance must be made on a [tax return](#). For tax returns up to April 2020 there is no specific box for SBA claims, to make a claim please follow the guidance contained in the notes to the returns.

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After April 2020, the relevant boxes should be completed. Further details can be found in the self-employment ([short](#)) and ([full](#)) notes and the Corporation Tax [Service Issues](#).

Non-resident company landlords and Corporation Tax

Corporation Tax Unique Tax Reference Number (CT UTR)

Non-resident company landlords (“NRCLs”) are currently chargeable to Income Tax on the profits of their UK property businesses. They complete and file a paper Non-resident Company Income Tax Return (SA700). That will change from 6 April 2020 when they become chargeable to Corporation Tax.

In late January to early February 2020 we will write to each NRCL to let them know their Corporation Tax Unique Tax Reference Number (CT UTR) and list the actions that they need to take straight away and those actions that can be done later.

The generation of the CT UTRs will be carried out through an automatic process based on the information provided in the 2017-18 Non-resident Company Income Tax Return. We will write separately to those NRCLs that did not file a tax return for 2017-18.

Action required when the CT UTR is provided:

- to tell HMRC if the NRCL already has a CT UTR or no longer lets out UK property or completes a different Tax Return that is NOT a Non-resident Company Income Tax Return – this helps us to take action so that there is only one CT record for the NRCL
- to tell HMRC in writing if the NRCL prepares its accounts or financial statements to a date that is different to 5 April – we will set up the CT record with a default accounting period which will end on 5 April 2021. This information, which is required by law in writing, will help us to issue the notice to file a Company Tax Return at the right time. This helps to avoid possible late filing penalties and interest charged on late payment of tax which are linked to the end date of the Corporation Tax accounting period

- to register with HMRC Online Services – the Company Tax Return can only be filed online
- to update any agent authority in place to include Corporation Tax matters if they wish.

More information

We will be publishing practical guidance on GOV.UK to provide our customers with an overview of the more common changes to expect when the NRCLs transition from Income Tax to Corporation Tax.

We will also update our internal manuals for the more detailed technical aspects raised by advisers as we work through the various issues.

Ultra Low Emission Vehicles

In [Agent Update Issue 74](#) we told you about the proposed changes that will impact Ultra Low Emission Vehicles from 6 April 2020. Please revisit this information.

How this affects you:

“Reporting a new company car or one made available to an individual for the first time in the 2020/2021 tax year”

From 6 April 2020 a new zero emission mileage field will be shown on the form P46 (car). If a car has a CO₂ emission figure of 1-50g/km; you will now need to provide the car’s zero emission mileage. This is the maximum distance in miles that the car can be driven in electric mode without recharging the battery.

Payrolling the company car and car fuel benefit

From 6 April 2020 if a car has a CO₂ emission figure of 1-50g/km you will now need to provide the cars zero emission mileage figure in the new field available.

More information on the proposed changes and where to obtain this information will be available in the near future.



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Tax Disputes

Is your client in dispute with HMRC over an appealable tax decision? You may be interested to know that HMRC offer an Alternative Dispute Resolution (ADR) service.

This service involves an impartial HMRC mediator working with all parties to prevent unnecessary litigation. Using a collaborative and flexible approach, HMRC hopes to resolve your tax dispute within 120 days.

ADR does not affect your client's right to appeal or review.

For more information please visit:

<https://www.gov.uk/guidance/tax-disputes-alternative-dispute-resolution-adr>

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 - Supporting you through the Self Assessment (SA) period

Why not take a look at the following toolkits to help you minimise errors on your clients' 2018-19 SA tax returns:

[Business profits](#)

[Capital allowances for plant and machinery](#)

[Capital Gains Tax for shares](#)

[Capital Gains Tax for land & buildings](#)

[Capital v revenue expenditure](#)

[Income Tax losses](#)

[Private and personal expenditure](#)

[Property Rental.](#)

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.

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

[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](#).

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[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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The Pensions Regulator - Workplace pensions - remind your clients to keep paying in

People are saving into workplace pensions more than ever before thanks to automatic enrolment (AE). Employers have put an astonishing 10 million members of staff into pension schemes since AE began – but their legal duties don't end there.

All employers should keep paying contributions into their staff's workplace pensions. It's not enough for your clients to enrol their employees in a scheme and stop there – they need to continue paying in every time they run payroll. Not only that, but the law sets a minimum amount of 3% of the employee's gross earnings for employers to pay in. Your clients can pay more than this if they'd like, but they're not allowed to pay any less.

If your clients aren't paying contributions into their staff's schemes – or they're not contributing enough – then they aren't complying with their ongoing AE legal duties and could be fined by The Pensions Regulator.

Your clients need to remember that putting their staff into a workplace pension isn't the end of their AE duties. Make sure they know how often they should be paying in, and how much they should be paying in. Visit [our website](#) for more information. Visit our website for more information.

Working Together - Issues Overview Group (IOG)

The Working Together IOG is a joint forum of HMRC and professional bodies (PBs) which progresses key operational issues or problems raised on the online Agent Forum, or otherwise identified by HMRC or PBs representing tax agents and advisers. Information including the Terms of Reference for the IOG can be found on the IOG webpage on GOV.UK. Agent Update highlights items being progressed by the IOG. The latest updates on progressing priority issues identified will be published on the Working Together online Agent Forum.

Recent issues raised on the Agent Forum include:

PAYE-2987 – HMRC response – PAYE codes following tax return submission

MTDVAT-2970 – Default browser problems

PAYE-2374 – PAYE Coding changes for high earners

SA-2935 – 2017-18 Calculations incorrect Class 4 NIC

TRS-2974 – Registration of trust where tax is on interest only

SA-2962 – Partnerships – incorrect amended 2017-18 Self Assessment tax calculations.

The Professional Bodies on the IOG met recently to assist prioritisation in resolving issues and have prioritised the following Agent Forum items – seeking further updates from HMRC:

CT2375 – CT helpline performance

CT2407 – Repayment delays

SA2411 – State pension figures missing from agent portal

VAT 2422 – Processing of 64-8s.

(Agents are invited to contact their professional body if they are seeking prioritisation of other issues on the online Agent Forum).

The next meeting to review the operation of the re-platformed Agent Forum and management of issues is scheduled for late November. Agents should contact their Professional Body should they wish to provide input or comment to the discussions.

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Working Together Contact information for Professional and Representative Bodies

[AAT Aleem Islan](#)

[ACCA Jason Piper](#)

[AIA](#)

[ATT Jon Stride](#)

[CIMA](#)

[CIOT Jon Stride](#)

[CIPP Samantha Mann](#)

[IAB](#)

[ICAEW Caroline Miskin](#)

[CPPA Alison Hale](#)

[ICAS Tax Team](#)

[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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