HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2020 - Issue 77

Keeping you informed

Introduction

Welcome to Agent Update 77. This month we are continuing with our ongoing process of continuous improvement to the look and feel of your Update. These changes have been made as a result of feedback received from you, in response to the request carried in recent editions.

This month we are trialling a new contents page, enabling you to see exactly what the issue contains. This is as a result of a suggestion made by you. We are also pleased to carry a whole section on questions to ask your cyber service provider.

In Technical Updates and Reminders this month we bring you articles on off-payroll working, interest rate reductions and much more.

Agent Forum and Engagement includes news from the Issues Overview Group and recent points raised on the HMRC Agent Forum.

It is not too late to give us your feedback

We thank you for the responses we have received to date, and are continuing to respond to them in this edition, but it's not too late to contribute. If our changes this month inspire you, please feedback your views, for the attention of Mark Adams, to: mailbox.digitalsupport@hmrc.gsi.gov.uk.

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

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HMRC Agent Services

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

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- Government support for businesses
- HMRC Postal addresses
- Removal of fax facility (or removal of fax numbers for Corporation Tax and Inheritance Tax)
- Agent toolkits: Annual refresh
- Tax Disputes
- Consultations
- Agent Blog
- Manuals
- Online
- Publications.

Agent Forum and Engagement

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

- The Agent Forum
- Issues Overview Group
- The Pensions Regulator – Automatic enrolment: qualifying earnings thresholds increased
- Working Together Contact information for Professional and Representative Bodies.

50 Questions to ask your IT provider

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COVID-19

We have published updated guidance for employers, businesses and employees, and more information can be found on the Coronavirus Business Support page.

Off-payroll working rules - reform delayed until 2021

The Government has announced it is delaying the reform to the off-payroll working rules (IR35) from 6 April 2020 to 6 April 2021.

This notice contains some important information your organisation needs to know as a result of the delay.

We would be very grateful if you would share this with colleagues, clients, members and contractors who may be affected, so they are also aware of the delay in the implementation of these changes.

This deferral has been announced in response to COVID-19, to help businesses and individuals deal with the economic impacts of the pandemic. This is a deferral of the introduction of the reform, not a cancellation.

The Government remains committed to introducing this policy to ensure that people working like employees, but through their own limited company, pay broadly the same tax as individuals who are employed directly. The policy will be introduced on 6 April 2021, representing a 12-month delay.

Private sector and third sector organisations

Contractors working through their own limited company and providing services to non-public sector organisations will continue to be responsible for operating the existing off-payroll working rules, which came into force in 2000. Contractors will need to decide whether they are employed or self-employed for tax purposes for each of their contracts, and deduct the relevant tax and National Insurance Contributions (NICs).

In 2020-21, organisations in these sectors will not need to determine whether the off-payroll working rules apply, issue status determination statements or deduct income tax and National Insurance contributions (NICs) before paying the fees for any contractors who work through their own limited company.

Contractors who work through their own limited company can continue to have their invoices paid gross of income tax and NICs by clients and agencies. Payroll need only be operated for individuals who no longer provide services for an organisation as a contractor through their own limited company but are now employed directly.

From 6 April 2020, organisations may notice some additional functionality in their payrolling software – the 'off-payroll worker subject to the rules' indicator in PAYE RTI. Organisations in the private and third sector should not use this indicator, and should not use payrolling software to make payments to a contractors own limited company. Agencies should only use this software for contracts where services are provided to public authorities and fall inside the off-payroll working rules.

Public authorities

This delay means that the current off-payroll working rules in the public sector, introduced in April 2017, will continue to operate as they do now.

The planned changes to the rules were due to bring in additional responsibilities for public authorities. For the tax year 2020-21, public authorities will not be required to:

- produce a status determination statement (SDS) and pass it to the worker and the first party in the contractual chain
- have a status disagreement process in place.

These requirements will instead take effect from April 2021.

However, from 11 May 2020 there will be an additional requirement on public authorities, or agencies, for contracts which fall inside the off-payroll working rules. The party paying the contractor's company will be required to start using the PAYE RTI 'off-payroll worker subject to the rules' indicator in payrolling software.

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While there is no requirement to start using the off-payroll worker indicator on RTI submissions from 6 April 2020, this function will be available and may be used from that date.

Further support

Due to this delay HM Revenue and Customs will be pausing the customer support and education programme that HMRC has been delivering to help customers get ready. HMRC will resume education and support activities at the appropriate time ahead of the reform in April 2021.

HMRC developed a wide range of guidance and support to help customers prepare for the changes, which are now delayed. These products will be updated shortly and remain available to access to help you prepare for the changes due in April 2021.

Government has also published updated guidance for employers, businesses and employees on further support available for those affected by COVID-19. More information can be found on the Coronavirus Business Support page.

Independent review of the loan charge - new guidance published

The Government's response to the Independent Loan Charge Review delivered a number of changes to the policy. Some disguised remuneration loans that were previously subject to the loan charge will now no longer be within the rules outlined in the original policy. Any of your clients who are subject to the loan charge should read our guidance to check if they still need to report and pay the loan charge.

Further to our publications on 20 January 2020, we have now published draft legislation and a draft scheme to refund certain voluntary payments (voluntary restitution) made on or after 16 March 2016 as part of a settlement with HMRC, in relation to loans made in unprotected years.

If any of your clients are due a refund of voluntary restitution in relation to a disguised remuneration settlement, we will write to them to invite them to make a claim after the Finance Bill has received Royal Assent. We expect this to be in summer 2020, however this does not take into account any delays which could be caused by the impact of coronavirus (COVID-19). We cannot process any claims for refunds until the legislation has been enacted.

If any of your clients are in the process of settling their disguised remuneration scheme use, they can continue working with us to bring their settlement to a conclusion. If you have any questions you should speak to your HMRC contact, send an email to ca.admin@hmrc.gov.uk or call us on **03000 534226**.

Tax avoidance promoters targeting returning NHS workers

We are aware that some promoters of tax avoidance schemes are targeting people returning to the NHS to help respond to the COVID-19 outbreak. We have published Spotlight 54 to warn those returning to the NHS against signing up to these arrangements.

If you have any clients who ask you about these schemes, you may want to advise them to think very carefully before signing up, and direct them to our Spotlight.

Problems paying tax because of COVID-19

We're continuing to follow government advice and are regularly reviewing our processes to make sure we're supporting customers.

If your clients are concerned about being able to pay their loan charge or disguised remuneration settlement because of COVID-19, or any other reason, we can agree instalment arrangements with them. We agree these on a case-by-case basis where necessary and can tailor them to meet individual circumstances. If you would like to discuss this, you can contact us on the details above.

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Construction Industry Scheme (CIS) - filing dates and refunds

Limited company subcontractors can off-set CIS deductions suffered against tax and National Insurance payments due for their employees, and CIS deductions from their subcontractors. This should be done monthly (or quarterly, as appropriate) and the calculation should be shown on the company's monthly Employer Payment Summary (EPS) return. At the end of the tax year, when we've received the company's final EPS and Full Payment Submission (FPS), any excess CIS deductions that cannot be set off may be refunded or set against any Corporation Tax or VAT due. Companies must keep a record of the amounts off-set against their PAYE bill. Refunds can't be processed until 24 April and it can take 40 working days for repayments to be made.

A repayment can be claimed online if the company has a Government Gateway user ID and password. If you do not have a user ID, you can create one when you claim online. If a repayment is to be made to an agent or other nominated representative, the claim must be made by post including a completed R38 form.

The Construction Industry Scheme now offers a webchat service, which you can access through the contact us page.

Company car changes: Ultra Low Emission Vehicles (ULEV) and Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

In Agent update 76 we told you about the changes to ULEV from 6 April 2020. Please revisit this information.

Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

In 2017, the government announced that it will replace the system for measuring car emissions for the purposes of calculating company car tax and vehicle exercise duty, with the implementation of the new testing regime, the WLTP, which aims to be more representative of real world driving conditions.

Following a review which reported in July 2019, the government confirmed that new cars first registered from 6 April 2020 will use CO_2 emission figures based on WLTP. Cars registered prior to 6 April 2020 will use CO_2 emission figures based on the current testing regime, New European Driving Cycle (NEDC).

The appropriate percentage bands for 2020-21 can be found on GOV.UK.

How this affects you

There will be no change to the way your client currently reports their Company Car Tax data, however your client may need to provide additional information.

Reporting a new company car or one made available to an individual for the first time in the 2020-21 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 CO_2 emission figure of 1-50g/km your client will now need to provide the car's zero emission mileage. This is the maximum distance in miles that the hybrid car can be driven in electric mode without recharging the battery
- the online P46 (car) will be updated with the changes. For paper P46 (car) submissions your client will need to ensure they complete the latest version as historic copies may not include the new zero emission mileage field. These will be available through their established method from 6 April 2020.

Payrolling the company car and car fuel benefit

- from 6 April 2020 if a car has a CO_2 emission figure of 1-50g/km your client will now need to provide the car's zero emission mileage figure in the new field available
- from 6 April 2020 it will be mandatory to provide the date a car is first registered. A new field will be available to enter this information.

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Where to find the additional information:

Zero emission mileage

Clients who are leasing their vehicle should obtain this new data item in the same way they currently receive their Company Car Tax reporting data from the car leasing firm or fleet provider.

If, in extreme circumstances this information is not available, your client can obtain the zero emission mileage figure via the car's manufacturer.

Clients who own their vehicle can find the zero emission mileage figure on the vehicle's Certificate of Conformity (CoC).

The zero emission mileage maybe displayed as 'electric range' on the CoC.

- for hybrid cars registered before 6 April 2020 (NEDC) the 'electric range' within section 49.2 on the CoC should be used
- for hybrid cars registered from 6 April 2020 (WLTP) the 'electric range (EAER)' within section 49.5.2 on the CoC should be used
- this may also be referred to as combined or equivalent AER (EAER) combined.

If the zero emission mileage figure is displayed on the CoC in kilometres, your client will need to convert the figure into miles and round up to the nearest mile before updating this field on the P46 (car), through payroll or providing the figure to their employee.

Failure to obtain the data via the correct source could lead to incorrect company car benefit in kind being calculated.

Date first registered

The car's date first registered can be obtained through the car leasing firm or fleet provider. The information is also available on the car's log book (V5C).

Car Averaging

For car averaging purposes in tax year 2020-21 onwards, any notional CO_2 between 1-50g/km will require a zero emission mileage figure. If this scenario applies, a default figure of 50 should be entered in the zero emission mileage field when submitting the company car details to HMRC.

Official Rate of Interest for the 2020-21 tax year

The Official Rate of Interest (ORI) is used to calculate the income tax charge on the benefit of employment related loans and the taxable benefit of some employer-provided living accommodation.

In March, we announced that the Official Rate of Interest is decreasing from 2.50 to 2.25 percent for the 2020-21 tax year.

How will this affect employers?

If employers provide employment related loans or living accommodation to their employees, they'll need to note the reduction in the interest rate they use when calculating the value of any benefit for 2020-21.

The average Interest Rate for the tax year 2019-20 is 2.50%.

Parental Bereavement Leave and Pay

On 6 April 2020, the government introduced a new entitlement to two weeks' paid leave for parents employed in Great Britain whose child dies, or baby is stillborn. Parental Bereavement Leave and Pay applies to deaths of children under the age of 18 and stillbirths after 24 weeks' pregnancy on or after 6 April 2020.

The Parental Bereavement Leave Regulations 2020 and The Statutory Parental Bereavement (General) Regulations 2020 were approved by the Houses of Parliament on Tuesday 3 March.

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These Regulations set out the main provisions of the new entitlement, including:

- a broad definition of a 'bereaved parent' which captures a range of 'parental' relationships
- the ability to take the two weeks together or separately, within a window of 56 weeks beginning with the date of death or stillbirth
- minimal notice requirements in order to take parental bereavement leave
- a flexible notice period and minimal evidence requirements for statutory parental bereavement pay.

These regulations can be found on GOV.UK, or at the following links:

- The Parental Bereavement Leave Regulations 2020
- The Statutory Parental Bereavement Pay (General) Regulations 2020.

The government has also added regulations to make amendments to other secondary legislation. This is to reflect the introduction of Parental Bereavement Leave and Pay as well as to deal with the administration of the new statutory payment, the entitlement of certain persons abroad and mariners to this payment. Together, these regulations ensure consistency between parental bereavement leave and statutory parental bereavement pay and other, existing family-related leave and pay entitlements.

Guidance for employers and employees is published on GOV.UK.

Claiming Employment Allowance from April 2020

Before anyone claims Employment Allowance (EA), they must check they are still eligible under the new rules.

- EA will still be claimed through Employer Payment Summary (EPS), but as claims will not renew, a new claim is required each year. People should tell their payroll administrator whether they're eligible
- from 6 April 2020 EA can only be claimed if the total (secondary) Class 1 National Insurance contributions (NICs) liability is below £100,000 in the tax year before the year of claim
- EA will operate as de minimis state aid. This means it will contribute to the total aid allowed under the business sector de minimis state aid cap, in the relevant 3 year period.

If a claimant's business undertakes economic activity, and they've received or have been allocated other de minimis state aid, they'll need to make sure they have space under their business sector ceiling to receive the full amount of EA available.

You can find out more on GOV.UK.

Scottish income tax

Following recent Scottish Parliamentary approval, updated Scottish income tax thresholds will become operative from 11 May 2020. These are outlined in GOV.UK.

Changes required to tax coding calculations to implement the updated thresholds will be issued as a standard daily P6 coding notice, not as a P6B as previously stated. This will happen from 11 May 2020 and are to be operated in the next payroll run.

All guidance, products and tools will also be updated with these new thresholds from 11 May 2020.

Reminder - Changes to the Short Term Business Visitors (STBVs) special arrangement under Regulation 141

We published information about the changes to the Short Term Business Visitors (STBV) special arrangement under Regulation 141 in Agent Update 76.

The special arrangement under Regulation 141 ended on 5 April 2020 and the new Appendix 8 arrangement started on 6 April 2020. This means that the UK workday limit for a STBV coming to the UK has increased to 60 workdays.

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Changes to PAYE81950 have been published, along with an application form for employers to join the new Appendix 8 arrangement. However, if your client is a current PAYE special arrangement customer and hasn't yet notified us of their desire to move onto Appendix 8, then please read the Important Note.

Guidance on the previous special arrangement is now held on PAYE81949.

Important dates

For the 2019-20 tax year, the filing and payment dates for the special arrangement under Regulation 141 are 19 April for filing and 22 April for payment in 2020.

From the 2020-21 tax year, the filing and payment dates will change to 31 May.

Important note:

Due to the recent COVID-19 outbreak and accompanying advice the Prime Minister and HM Government have issued, we recognise most customers and agents may either be in self-isolation or will be working from home, so access to your usual resources may be limited. Therefore, we've reassessed our position and outline the following:

- the deadline of 6 April 2020 to return application forms has been extended. A new deadline date will be confirmed over the coming weeks and in line with government strategy
- if your client is returning their application via post, please encourage them to do so as soon as possible. We will endeavour to provide confirmation receipt.
- if your client wishes to respond via our new dedicated e-mail address or requires a copy of the application form digitally, please contact us at stbvappendix8referrals@hmrc.gov.uk
- please note, there are risks associated with communicating with us via e-mail. Visit www.hmrc.gov.uk/gds/vcm/attachments/Email_disclaimer.pdf for further information.

We'll continue monitoring the Government guidelines and the restrictions that are in place. Once the restrictions are lifted, we'll re-assess our position and contact all customers to outline further plans.

Student Loan & Postgraduate Loan (PGL) thresholds and rates

The thresholds and rates from 6 April 2020 are:

- Student Loan Plan 1 – £19390
- Student Loan Plan 2 – £26,575.

Plan 1 and Plan 2 repayments are calculated at 9% of the income above the threshold.

- Postgraduate Loan (PGL) – £21,000.

PGL repayments are calculated at 6% of the income above the threshold.

Remember to check and operate the correct plan and loan type for your employee.

Your employee may be liable to repay a Plan 1 or Plan 2 loan at the same time as a PGL. If so, they'll be due to repay 15% of the amount they earn over the thresholds.

Student and Postgraduate Loan Self-Assessment (SA)

We told you in Agent update 76 that the SA tax return has been updated to include Postgraduate Loan (PGL).

Customers who complete a SA tax return should record their Student loan plan type and or PGL information on their 2019-20 SA tax return.

Student loan and PGL borrowers who complete a SA tax return will have their deductions calculated against the correct threshold for their Student loan plan type and or PGL.

HMRC systems will use the information supplied by the Student Loans Company (SLC) to calculate the correct Student loan and or PGL repayment due.

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Student loan plan type and or PGL and the Student loan and PGL PAYE deduction boxes may be pre-populated if you are using the online tax return. If the boxes are changed:

- a warning message will be issued advising that the entry is different from the plan type or loan provided by SLC. The warning message advises to check the letter from SLC for the correct loan and or plan type
- an automatic calculation will be issued advising HMRC have changed the loan/plan type and the affect this has had on the calculation.

If the boxes are not pre-populated, you should select the correct loan and or plan type box and record the correct Student loan and or PGL PAYE deductions.

Recording incorrectly will affect the Student loan and or PGL amount charged, however, HMRC systems will verify the information supplied by SLC and a calculation will be automatically issued to advise of any changes.

More Frequent Data Sharing (MFDS)

We have now completed our first year of in-year MFDS.

We send the information you report to us for the employees Student/Postgraduate Loan deductions to the Student Loan Company (SLC) regularly throughout the year.

SLC use this information to:

- update borrowers accounts
- provide borrowers with their current loan position.

There is no action for you to take but some employees may ask you to check and confirm the information you have sent to HMRC.

Capital Gains Tax - Payment for Property Disposals

We have previously advised you that from 6 April 2020, UK residents must report and pay any Capital Gains Tax (CGT) due on gains on the disposal of a UK residential property to HMRC within 30 days of completion of the disposal. Non-UK residents must also report any disposals of UK property or land and if there is tax due, pay their CGT liability within 30 days of completion of the disposal.

HMRC have now launched its new online service to allow customers to do this, which now means that someone disposing of a UK residential property will be able to report and pay the gain within 30 days from completion. Agents will be able to use the service to act on their client’s behalf.

Some elements of the service won’t be fully implemented until early May. Until then, you won’t be able to amend returns or send additional ones for the same person and if someone is acting as a capacitor for someone else the service won’t open for them until May. If this applies, you’ll get a service message that explains the alternative arrangements we have put in place. We expect that this will only affect a small number of people.

Go to GOV.UK for more information.

In the summer we’ll add further enhancements to the service, including automated repayment requests.

Stamp Duty - new process for share transactions

We have put temporary measures in place for processing Stamp Duty share transfers.

To protect our customers and staff from the coronavirus (COVID19) we can only process documents submitted to us by email, and where Stamp Duty is paid electronically. More information on the new process can be found on GOV.UK.

Please do not send applications to HMRC by post, our staff are working from home and they will not be processed. If you have already posted documents, please resubmit them by email.

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Class 1A liabilities payable on Termination Awards and Sporting Testimonials and Sporting Testimonial Payments come into effect from 6 April

Termination Awards

From 6 April 2020, a new Class 1A NICs liability on non-contractual "cash" (or cash equivalent) taxable termination payments over a £30,000 threshold, which have not already incurred a Class 1 NICs liability as earnings will come into force. This will bring closer alignment between income tax and NICs treatment of termination payments.

This new liability will be chargeable on the employer and will be payable at the same Class 1A NICs percentage rate (currently 13.8%) that applies to existing Class 1A NICs liabilities on Benefits in Kind (BIKs).

However, unlike Class 1A NICs liabilities that arise on BIKs, this new liability will not be payable and reported via the annual P11D(b) payment/reporting process. Instead, from 6 April 2020 onwards, termination awards that comprise of cash payments will be paid and reported through the PAYE/Real Time Information (RTI) process.

The existing P11D(b) reporting process will be retained for employers reporting Class 1A NICs liabilities arising on BIKs, including the reporting of any BIKs provided to an employee before and after their employment has been terminated (such as the continued provision of a company car).

Sporting Testimonials

From 6 April 2020, any non-contractual and non-customary sporting testimonial payments which exceed £100,000 paid to a sportsperson by a testimonial committee will incur a Class 1A NICs liability. This follows changes introduced in the Finance Bill 2016 that put beyond doubt the tax treatment of sporting testimonials.

That new Class 1A NICs liability will be chargeable on the sporting testimonial committee and it will be the responsibility of the committee controller to report and pay that Class 1A NICs liability to HMRC.

Cash sporting testimonials payments from 6 April 2020 onwards, will be paid and reported through the PAYE/Real Time Information (RTI) process.

If, during the sportsperson's testimonial year, the sporting testimonial committee provide the sportsperson with the use of a Benefit in Kind (such as a car) then the amount of BIK that is taxable will also incur a Class 1A NICs liability, to be paid and reported by the sporting testimonial committee via the P11D(b) process.

PAYE

Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2020

The deadline for reporting any Expenses and Benefits in Kind is **6 July 2020**.

Your client needs to do this for every employee they've provided with expenses or benefits.

If your report is late, your client's employees could end up paying the wrong tax and be out of pocket.

If you're an Authorised Agent registered with the PAYE for Agents online service you can do this online, saving you and your client's time.

If you can't do the above online, use our official forms P11D and P11D(b).

You can find more information on how to complete these forms here.

You'll need to complete form:

- P11D(b), if your client has a Class 1A National Insurance contribution liability, because they payroll their expenses and benefits
- P11D to declare any non payrolled expenses or benefits.

There's more information on reporting expenses and benefits here.

If we've asked your client to submit a form P11D(b) and they didn't provide any employee expenses or benefits – complete this declaration.

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Making Tax Digital

Improving Digital Communications

We recently announced that we will stop automatically sending physical Self Assessment returns. This is part of our work to encourage customers to take advantage of the online service and cut unnecessary use of paper.

Increasing numbers of people expect HMRC to engage with them digitally, as they do with other finance and service industries as well as other government departments. There are positive customer, operational and environmental benefits of doing so. Last year, 94% of HMRC's SA customers filed their return online and we recently saw a 110% increase in customers registering to communicate digitally.

Taxpayers can still file a paper return if they choose but HMRC will encourage those who are able to file online to do so. This environmentally-friendly measure means that from April, instead of automatically receiving a paper return, taxpayers who've previously filed on paper will now receive a notice to file. They can then request a paper return if they wish.

There will be a small number of taxpayers for whom the nature of their return or their personal circumstances means that filing digitally will not be an option in 2020-21. Where we can identify them in advance, we'll provide them with a paper return in April 2020.

Corporation Tax

Non-resident company landlords and Corporation Tax

Corporation Tax Unique Tax Reference Agent Authority 64-8

On 6 April 2020, the profits or UK property income from UK property businesses of over 20,000 non-resident company landlords were brought within the scope of Corporation Tax.

We have written to the majority of these companies to let them know their Corporation Tax Unique Tax Reference (CT UTR) and the action needed to be taken by them. However, we have had feedback that some letters have not yet been received. Since the existing 64-8 agent authority does not extend to Corporation Tax, we cannot advise the company's agent of the CT UTR for their client.

We expect that all letters should be received by 30 June 2020. Unless your client needs to file a CT return before this date, we ask that you do not contact HMRC. Should you need to file a CT return by 30 June 2020, please provide HMRC with a new signed 64-8 agent authority for Corporation Tax, together with a covering letter. You should quote the SA UTR on the covering letter but leave the space for the UTR on the new 64-8 blank.

Please send your letter and 64-8 agent authority to

Charities, Savings and International 1
HM Revenue and Customs
BX9 1AU.

If your client has not received their letter by 30 June 2020, please take the same action as above.

The team will accept bulk applications in one envelope but each 64-8 will need a separate cover letter stating the company name, the SA UTR and a sentence to request that the 64-8 be added to your client's record. This will allow each 64-8 to be scanned into our postal queue as a separate item.

This, in turn, allows us to work the 64-8s remotely. We will aim to deal with your requests within 4 weeks. Depending on demand we may not be able to reply to all the requests within this timeframe. However, if you have not had a response within 6 weeks of your original request, please contact the team for a progress update.

More information

More information on the changes can be found on GOV.UK.

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Corporation Tax rate - impact on quarterly instalments

At Budget 2020, the Chancellor announced that the Corporation Tax (CT) rate would remain at 19% and would not reduce to 17% on 1 April 2020.

This rate is set at least a year in advance to accommodate companies that pay their CT by quarterly instalments. These companies must estimate their liability within their accounting period and so need to be certain of the rate.

This change in the rate will affect large and very large companies (as defined in the Corporation Tax (Instalment Payment) (Amendment) Regulations 2017) with accounting periods straddling 1 April 2020. These companies will have made instalment payments calculated by reference to the 17% rate applying from 1 April. These payments may now be insufficient and may incur an interest charge (debit interest) as a result.

Action required

Affected businesses should ensure that they review their quarterly instalments and correct any inadequate payments as soon as possible. This will mitigate any further potential interest charges. Debit interest will be calculated and charged when the normal due date has passed and the company tax return has been submitted.

Businesses carrying out this review may find that their forecast CT liability may be less than previously expected due to the impacts of the Covid-19 outbreak. In such cases, it may be necessary to reduce or stop subsequent instalments falling due accordingly. If payments made to date are now considered excessive, businesses may make a claim for a repayment of the excess under Regulation 6 of the Instalment Payment Regulations. Claims should specify the amount that the company considers is repayable and the grounds for that belief.

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HMRC Charter consultation

We've opened a public consultation on HMRC's Charter and we'd like your feedback.

HMRC's Charter sets out the standards of behaviours our customers can expect from us. It explains what you can expect from HMRC and what is expected from you. We've simplified the Charter so customers can clearly understand the service we want to deliver.

More information on the proposed HMRC Charter and the consultation can be found on GOV.UK.

You can email your views to HMRC.Charter@hmrc.gov.uk.

This list may help you structure your feedback:

- do you think the Charter sets the right standards for HMRC's service to customers?
- to what extent do you feel the Charter sets out the areas which are most important to customers when interacting with HMRC?
- how would you like to see HMRC measure and monitor its performance against the Charter, including responding to feedback and taking action on areas for improvement?

Raising standards in the tax advice market call for evidence - have your say

As announced at Budget 20, the government has launched a call for evidence on raising standards in the tax advice market. This opened on 19 March and we're inviting you to submit your responses and evidence.

The call for evidence is outlined on GOV.UK. It covers and asks questions about:

- the market for tax advice and tax services
- the characteristics of good and bad agents
- the impact of current government interventions
- international comparisons
- consumer protection
- possible approaches to raising standards.

Responding is easy, you can email your views to taxadvicecallforevidence@hmrc.gov.uk.

The call for evidence closes on Thursday 28 May and we look forward to hearing from you.

Government support for businesses

Government has recently launched a new Business Support campaign. This brings a range of business advice and support into one place, from help with finance and business planning, to export advice. For more information, visit www.businesssupport.gov.uk.

HMRC Postal addresses

Using old HMRC addresses results in redirection and handling delays. It is important that you send correspondence to the correct HMRC address, so please use our contact details.

Removal of fax facility (or removal of fax numbers for Corporation Tax and Inheritance Tax)

We scan all incoming Corporation Tax processing and Inheritance Tax post. This means we can remove our fax machines and we'll also be removing their numbers from the contact details on our letters, forms and GOV.UK pages. We had intended to stop accepting faxes from 1 May 2020, but due to the current situation we are unable to process anything received via fax so please send any correspondence to the address published on the GOV.UK contact page or, if you're replying to us, to the HMRC address shown on the correspondence you received from us.

section continues>

Agent toolkits: Annual refresh

We've updated the following toolkits for 2020:

- Director's Loan Account
- Capital Allowances for plant and machinery
- Private and personal expenditure
- Income Tax Losses
- Property Rental

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.

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.

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.

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 editions

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 51 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.

Tax avoidance promoters targeting returning NHS workers

Spotlight 54 highlights tax avoidance promoters targeting returning NHS workers.

What is the Agent Forum?

The Agent Forum is a private online service which highlights potential widespread systemic tax and business issues affecting agents and gives updates, support, guidance and assistance on these.

The Agent Forum is for tax agents who are members of a professional body. Agents can ask questions, see what others are asking and get the answers and top tips on a range of topics including VAT, self-employment, Self Assessment and other relevant topics to assist their role as a tax agent. Agents can use the service to identify to HMRC potential widespread issues impacting firms and receive updates on resolution or potential solutions. Agents can also provide input and ideas to improve the operation of the tax system.

The forum is for general questions or queries on systemic items that may be impacting the operation of the tax system. Client specific information should not be posted – queries on individual cases should continue to be progressed through existing contact channels.

How do I join?

Agents who are members of professional bodies and wish to join the Agent Forum, may do so by accessing HMRC Community Forums at GOV.UK. Once registered, agents should request access to the Agent Forum by confirming the professional body they are a member of and their registration number. We're developing guidance on how to use the Agent Forum and will publish this soon.

How are potential issues progressed on the Agent Forum?

Confirmed significant widespread issues raised by agents on the Agent Forum are reviewed and prioritised by the Agent professional bodies representatives on the Issues Overview Group (IOG). The IOG is a joint HMRC and professional body forum, established under the Working Together initiative, which progresses issues raised by agents.

There are five escalation stages in the process, but the expectation is most issues will not be progressed beyond the first:

- agents post evidence and impact of an issue on the Agent Forum
- Professional bodies prioritise significant, high impact, widespread issues for progression
- HMRC subject matter experts provide an update on the Agent Forum
- Professional bodies and HMRC subject matter experts jointly review outstanding issues
- HMRC Director confirms the outcome of issues following review by Professional bodies and HMRC subject matter experts.

Recent issues raised on the forum include:

- announcement of the deferral of the introduction of IR35 to April 2021
- Capital Gains Tax on UK Properties: (CGT-3951)
- HMRC Processing of SA returns: (SA-4006)
- Marriage Allowances Guidance changes (SA-3891)
- Online Services Helpdesk & Agent Account Services: (SA2020-3806).

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Issues Overview Group

The March meeting of the IOG focused on items to improve operation of the Agent Forum and progression of issues, including:

- agreeing improved guidance on the use of the Agent Forum
- improving promotion of the forum
- inviting Law Society and STEPS members to join to aid resolution of issues on Trusts and Capital Gains Tax.

The IOG prioritised and escalated several issues:

SA4391 – Delays in SA Repayments
The professional bodies posted this as a priority issue in February 2020. Agents have been asked to email evidence of specific examples directly to the Agent Form mailbox. These examples will be used to investigate claims of late payment.

Others 3198 – Time taken by HMRC to answer complaints
HMRC management representing complaints handing at the meeting, requested professional bodies and agents to highlight issues they're experiencing, supplying evidence of dissatisfactions without being case specific. These will be pursued with the complaints handing group.

Agents seeking prioritisation of issues on the online Agent Forum are invited to contact their professional body. The next meeting of the IOG is scheduled for June. Agents should contact their Professional Body if they wish to provide input or comment to the discussions. The latest updates on progressing priority issues identified will be published on the Working Together online Agent Forum and in the next edition of Agent Update.

The Pensions Regulator

Automatic enrolment: qualifying earnings thresholds increased

On 6 April 2020, workplace pensions earnings thresholds changed. The lower threshold of qualifying earnings increased to £6,240, but the upper threshold and the earnings trigger remained the same, at £50,000 and £10,000 respectively.

You should make sure that any software you or your clients use for assessing workers has been updated with these changes. Your software provider may have done this automatically for you, but please check and speak with them if you're not sure.

The full list of earnings thresholds is in the business adviser section of our website, along with all the information you need about automatic enrolment, re-enrolment and ongoing duties.

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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

CPAA Alison Hale

IAB

ICAEW Caroline Miskin

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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50 Questions to ask your IT provider

Many companies use external service providers to look after their IT systems to enable them to focus on their core business. Whilst the day-to-day management can be outsourced, security should be everyone's responsibility as the consequences if it goes wrong can be catastrophic. These questions are to promote conversation between Small to Mid-sized tax agents and their IT providers supporting a strong cyber security culture within the business. Security is a sliding scale that needs to be balanced within a risk management framework; not all of the methods discussed will be appropriate, or even sufficient, for different companies.

Internet connection and your network

1. Do we have firewalls enabled at our network edge and on our devices?
2. Do we let traffic into our network, e.g. remote workers?
   Is it all necessary?
   How often do we review the firewall settings?
3. Do we have logging enabled on our perimeter firewall?
   Are these logs monitored to identify any unexpected or suspicious activity?
4. If staff are able to work remotely, are we using a VPN and reviewing the logs?
   If we're using Windows Remote Desktop without a VPN, what controls are in place to stop criminals logging in?
5. Does your provider use remote administration tools like LogMeIn or TeamViewer to access computers?
   Are these products on PCs where it isn't required?
6. Do we use a web proxy[1] or DNS filtering service[2]?
   Do we use this for content filtering to stop potentially malicious files from being downloaded, or sites visited?
7. Is our Wi-Fi setup with appropriate security and encryption, and limited so that only authorised devices can connect?
8. Are the default passwords on all of our security devices changed to strong alternatives?
9. Do we segment our network, keeping our key systems in separate zones to protect them should our users or internet-facing systems be compromised?
10. Do we conduct regular penetration tests against our external internet connections?

Secure devices and software

11. What is our vulnerability and patch management policy?
    Do we apply critical security updates straight away?
    If not, is the amount of time to test and install them proportionate to the risk they expose?
    Are we applying this to third party software we use in our website, or other online services too?
12. Do we have any computers running older versions of Windows or other operating systems to support legacy software that we cannot upgrade?
    What are the additional controls we have in place to protect these?
13. How do we ensure we are using the latest, secure versions of web browsers, browser plugins, operating systems, Office applications, website software, etc?
    Are successful updates logged and unsuccessful updates addressed?

Footnote

[1] Web proxies can store frequently-requested files, speeding up the office internet access. They also provide a central log of sites visited by employees, and like firewalls, these can integrate with security products and threat feeds to stop access to known malicious sites.

[2] DNS filtering services can help prevent devices on your network from connecting to known-malicious internet domains. There are a number of commercial and free options available, such as quad9.net.

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14. Do we conduct regular vulnerability assessments to identify out-of-date services and software on our network to verify our patching procedures?
    If we run a website, do we regularly check for web vulnerabilities, including the OWASP[3] Top 10?
15. If you have Bring Your Own Device to work policy, how do we secure work data on our employee's personal devices?
    What mobile device management service are we using to ensure control of our data?
    Can we remotely delete work data should our employee lose the device or their job?
16. Have we got an inventory of all the devices (computers, printers, etc.) allowed to access the network?
    Have we got controls in place to stop any other devices getting access?
17. Have we got an inventory of authorised software?
    Have we got controls[4] to identify and prevent unauthorised software from running?
    Do we have any remote administration tools installed that are unnecessary?
    Are we sure we installed them?
18. Have we got a secure baseline installation setup for our computers?
    This includes settings to ensure deployment of software updates, strong password requirements, removal of any unnecessary software and services and limiting user ability to prevent them changing security controls.
19. Do we have encryption on our devices to keep data safe should phones, laptops, USB drives, etc. be lost or stolen?
    Do we issue removable media (USB devices) to staff and restrict the use of unauthorised USB devices on our network?

Control access to your data and services (accounts)

20. Do we have a clear understanding of our most important and sensitive data, with proportionate security controls to protect it, and monitoring to ensure the controls are effective?
21. Have we got end-to-end account management processes?
    Are accounts removed as employees leave, and their devices revoked from accessing the network?
    Do you monitor for new accounts being created that aren't authorised?
22. Do our users have the minimum level of system privileges required to do their job?
23. Are our administrators' accounts restricted to a limited number of people, and do we avoid using these accounts for high-risk activity like reading emails and web-browsing?
    Do we use privileged access management processes to carefully manage the administration of our most critical services?
24. Is access to our audit logs restricted to prevent deletion or modification?

Footnote

[3] The Open Web Application Security Project (OWASP) aims to educate developers, designers, architects, managers, and organizations about the consequences of the most common and most important web application security weaknesses. The Top 10 provides basic techniques to protect against these high risk problem areas, and provides guidance on where to go for further information.

[4] An example of application whitelisting is AppLocker in Windows 10.

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25. Are our audit logs centrally consolidated and monitored in a Security Incident Event Management application for monitoring?
    Are our privileged accounts monitored to ensure only authorised activity is conducted?
26. Do we have a password policy that prohibits weak passwords?
    Do our accounts lock-out following repeated failed login attempts?
    Do our teams use two-factor authentication to log into their accounts?
    Should we be using a password manager application?
27. If you use Remote Desktop services, is logging enabled for successful and failed logins on your devices?
    Are these logs reviewed to ensure accesses are legitimate, and is the retention period sufficient to investigate problems?
    Is there an account lock-out setup for multiple failed logins, especially administrator accounts?
28. Do we have any data loss prevention tools to identify sensitive information leaving our network?
    Does this include coverage of encrypted data?
    How would we detect unusual data transfers?
    Do we record and monitor network flow data to help identify this?
29. Do we protect client data with encryption when stored, whether on devices, cloud storage, backup services, etc?
    How do we manage access to encrypted material when individuals or suppliers no longer require access?
30. Do we protect client data with encryption in transit outside our network?
    Are data transfer applications, such as web, FTP and email, restricted to only encrypted channels?

Protect yourself from malware

31. What protection do we have from malware on email?
    Does our email provider reject email that fails sender checks (DMARC)?
    Do we use threat feeds to reject email from known spam domains?
    Does our mail provider run anti-virus checks on our email?
    Does our desktop AV product run checks too (and is it a different AV product[5])?
32. What protection do we have in place for malware loaded from Office documents and PDF files?
    Are macros disabled by default on Office documents?
    Are PDF viewers up-to-date?
33. What protection do we have from web browser-based malware delivery?
    Do we have any controls to prevent our staff from accidentally visiting malicious sites?
    Do we have riskier services like Java enabled in our browsers for external sites?
34. Can our staff install extensions and plugins on their browsers?
    How do we ensure these are not malicious and remain up-to-date?
    Can programs be downloaded and run from the internet by users?
35. Are we running the most up-to-date operating systems with the most current anti-malware capabilities?
36. What restrictions do we have in place to prevent staff from installing software themselves, whether intentionally or not?

Footnote

[5] Multiple checks can be helpful if conducted at different points in delivery, as different vendors may detect different malware. Running multiple AV products on the same computer isn't a good idea though, as they are likely to interfere with each other's operation.

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37. Do our staff get sufficient awareness training of the techniques criminals are currently employing to deploy malware, and to dupe them into disabling security controls, e.g. enabling macros/content in Office?
38. Do we automatically run virus scans on removable media inserted into our computers?
    Is the auto-run feature disabled to stop programs automatically running when inserted?
39. How frequently are anti-virus scans run on devices?
    Are we logging successful scans and identifying where scans have failed to run, and investigating why?
40. Do we have any controls that look for indicators of malware on our network, like an Intrusion Detection System?
    How frequently are the signatures updated?
    Have we considered Endpoint Detection and Response tools for identifying suspicious behaviours?
    Who looks at the logs and alerts and what action is taken on detections?

Being prepared

41. Do you use a risk management approach for security?
    Are you getting sufficient and frequent intelligence from your provider to appropriately assess the risk?
42. How does my IT provider keep their knowledge current about cyber threats?
43. Do we have an incident management plan to deal with likely cyber security scenarios?
    Are we testing these frequently enough?
44. Are we prepared for a ransomware infection on our network?
    Are we confident in our backup solution and frequency, and that network-aware ransomware cannot encrypt our backup data too?
    When did we last perform a test restoration of our backup data?
45. Are we prepared if our website is compromised and defaced, our corporate email or social media accounts taken over, our HMRC login credentials stolen, etc.
46. Do we have DMARC email controls on our domain to restrict others from pretending to issue emails using our internet domain?
    This can help defend against external phishing attacks impersonating staff.
47. Are my staff suitably trained and aware of cyber threats and their responsibilities for security?
    How do we validate this is effective?
48. Have we enabled additional logging on services and devices where appropriate to provide additional information useful for investigating the scope and scale of a network intrusion?
49. Would we benefit from a penetration test and regular vulnerability scanning, internally and externally, to verify where our security controls are effective and where we have gaps?
50. Are we confident in our assurance of our partners and supplier's cyber security, that they apply similar controls to the data we trust them with, and we understand and manage the risk of the access we grant them to our systems?

The National Cyber Security Centre (NCSC) provides clear, practical advice and guidance for a range of audiences, including a dedicated section for small and mid-size businesses.
https://www.ncsc.gov.uk/section/information-for/small-medium-sized-organisations

Cyber Essentials is a scheme developed by Government and industry to help business get the basics right to defend against cyberattacks. A self assessment questionnaire can be completed to certify your business, reassuring your customers about your security and may attract new business. If you're not Cyber Essentials certified already, consider working with your IT supplier to achieve it. For more information, visit:
https://www.cyberessentials.ncsc.gov.uk/

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What does ‘Good’ look like?

You have identified the data and services that are most critical to the successful running of your business, and the likely costs to your business should these be compromised. You are aware of the risks to these assets and you have invested proportionately to mitigate them to an acceptable level – your level of risk tolerance.

Internet connection and your network

Perimeter and host firewalls, configured to your businesses requirements. Remote access is via VPN and RDP services not directly exposed to the internet. Gateway controls block access to high-risk websites and IP addresses. Your network is segmented with key assets such as databases held within separate zones with firewall rules (not set to any<>any) and monitoring of traffic between zones. Wi-Fi networks are encrypted. Logs are fed into your SIEM tool and monitored for anomalies. Regular scans of your IP addresses provide part of your assurance processes to identify any misconfiguration and unnecessary services visible to other internet users.

Secure devices and software

You have a patching policy that ensure updates are applied promptly, proportionate to the security risk that the update addresses, prioritised and fixed within defined timescales. Audit logs and vulnerability assessments are used to verify successful installation of updates, both on systems on your network, and on internet-facing services[6]. You have an inventory of authorised devices on your network, and the authorised applications installed, with means to identify any unauthorised items. Logs are fed into your SIEM tool and monitored for anomalies. You have a baseline build for your computers providing consistency, ease of management and easier for security staff to identify anomalies. This includes full disk encryption, and encryption of removable media.

Control access to your data and services (accounts)

User accounts are provisioned and removed to an agreed process, and a minimal number of accounts have Administrator privileges on a just in time basis, which are solely used for system administration tasks.

Logs are fed into your SIEM tool and monitored for anomalies. Two-factor authentication is used where available. Staff have the option of password managers to promote the use of unique, strong passwords across accounts. Remote Desktop access is not permitted without connecting via a VPN. Data loss prevention tools look for important data (client financial details, etc.) or unusually large volumes of traffic leaving your network. Secure (encryption) options are used for data transfers and external storage.

Protect yourself from malware

Incoming and outgoing email is scanned by anti-virus tools. Our email service checks the validity of incoming email using DMARC and anti-spam threat feeds. Office macros are disabled and staff aware of the risks of enabling them. Applications and browser plugins can only be installed by administrators, not users. Anti-virus scans run regularly and any incomplete or positive scans are reviewed. Intrusion Detection Systems scan our network traffic for indicators of malware, using a frequently update signature set. If we are still using Windows 7 or prior we are conscious of the reduced protections in these older operating systems, and apply other layers of security to compensate.

Footnote

[6] For example, this could include checking for updates for the software used on your website, like Wordpress.

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HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2020 - Issue 77

Being prepared

Current cyber threats are monitored to help evaluate the effectiveness of our controls. We have an incident management plan and 'playbook' for several likely scenarios, and these are tested in simulations to validate their effectiveness and ensure staff are familiar with procedures. We run phishing simulations to raise staff awareness of techniques used by criminals. We have two-factor authentication on our corporate online accounts (our internet domain, cloud services, email admin, company Twitter account, etc.). Logging across all of our devices and cloud environments is centralised and monitored; we have an incident management process to address any issues identified. We validate our security controls and detection capability, and identify any gaps through regular vulnerability scanning and penetration testing of our systems.

section ends