HM Revenue
& Customs

Agent Update

Agents and HMRC working together June - July 2020 - Issue 78

Keeping you informed

Introduction

Welcome to Agent Update 78.

In Technical Updates and Reminders this month we bring important COVID-19 updates, more on off-payroll working, PAYE and Corporation Tax news and much more.

Agent Forum and Engagement includes news on COVID-19 from The Pensions Regulator and updates 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.

This month's content

Technical Updates and Reminders

Developments and changes to legislation and allowances relating to UK tax including:

- COVID-19
- COVID-19 Statutory Sick Pay Rebate Scheme
- Statutory Residence Test and COVID-19
- Parental Pay and COVID-19
- Waiving or donating income and COVID-19
- Lifetime ISA rules and COVID-19
- COVID-19 Scams

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Corporation Tax

- Filing requirements at the end of a company's life
- Unnecessary delays in Corporation Tax repayments.

HMRC Agent Services

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

- Improvements to HMRC guidance
- Tax Disputes
- Update on Trust Registration service
- Raising standards
- Government support for businesses
- Plastic Packaging Tax consultation
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- Status of consultations
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- Agent Blog
- Complain to HMRC
- Register for email alerts
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Agent Forum and Engagement

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

Including:

- Working Together Contact information for professional and representative bodies
- COVID-19 Information from The Pensions Regulator
- Agent Forum and Professional Bodies update.

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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.

The coronavirus Statutory Sick Pay Rebate Scheme is now live on GOV.UK

If you're an employer with fewer than 250 employees, you can now claim for coronavirus-related Statutory Sick Pay (SSP). Tax agents can also make claims on behalf of employers. To make a claim now, please visit GOV.UK.

Employers are eligible to use the scheme if they meet all the following criteria:

- they're claiming for an employee who's eligible for sick pay due to coronavirus
- they have already paid the SSP to their employee
- they had a PAYE payroll scheme in operation before 28 February 2020
- they had fewer than 250 employees across all PAYE schemes on 28 February 2020
- they're eligible to receive state aid under the EU Commission Temporary Framework.

For more information about all of the above, or to make a claim please visit GOV.UK.

Statutory Residence Test and coronavirus (Covid19)

In light of the coronavirus pandemic HMRC has updated its guidance on the Statutory Residence Test (SRT) and exceptional circumstances. Full details have been published in the Residence, Domicile and Remittance Basis Manual (RDRM), and can be found on GOV.UK.

Maternity and other parental pay: change made to calculation of Average Weekly Earnings (AWE) for employees who are furloughed under the Coronavirus Job Retention Scheme (CJRS)

If your employee was on furlough and you paid them with help from the CJRS during any part of the relevant 8-week period, there are slightly different rules about how you calculate their AWE if they are due to start a period of family-related statutory pay on or after 25 April 2020.

This is to ensure your employee's:

- eligibility for Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay, or Statutory Parental Bereavement Pay; and
- earnings-related rate of Statutory Maternity Pay or Statutory Adoption Pay

are not affected if their earnings are lower than normal as a result of being furloughed.

These different rules will only apply where the employee's period of family-related statutory pay **begins on or after 25 April 2020**.

If your employee was on furlough for part or all of the relevant 8-week period, the earnings used to calculate AWE for that period will be the higher of:

a) What they actually receive from their employer; or

b) What they would have received from their employer had they not been on furlough.

Where it is not clear what the employee would have received had they not been on furlough, a helpful starting point is likely to be the reference salary which is used to determine how much you can claim through the CJRS. However, you should also consider any bonus payments, commission payments, or other payments which would have classified as earnings and which the employee was due to receive in the relevant period.

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HMRC's Basic PAYE Tools (BPT)

BPT has been updated to version 20.2 to include further guidance on Statutory Payments in the 'Calculators' section.

To update or check for updates you should select "Check now" in the update section of 'Settings' in the top right-hand corner of the tool. New customers can download BPT from GOV.UK.

Check the tax rules on waiving your income or donating to charity

During the COVID-19 pandemic, many people are choosing to give up part of their income to support their business or employers, or donate to charity.

HMRC is keen to support people who choose to waive – or give up part of their income, particularly when it comes to understanding any tax implications.

Employers, directors and employees have several options to support a business or employer, including:

- waiving their salary or bonuses before they're paid
- waiving the right to any dividends
- giving salary or dividends back to their employer after they've been paid.

To donate to charity, people can:

- use Payroll Giving
- use Gift Aid.

Supporting a business or an employer

Waiving salary or bonuses before they are paid

A 'waiver of remuneration' happens when an employee gives up rights to remuneration and gets nothing in return.

If an employee and employer agree to a reduction in the employee's remuneration before they are paid, for example to support company cashflow during the pandemic, then no Income Tax or National Insurance contributions will be due on the amount given up.

This is provided the agreement is not part of any wider arrangement to divert the amount to a particular recipient or a cause. For example, if it was waived on condition that the sum would be donated to a particular charity, this would be still be liable to tax.

Waiving dividends

Directors or other shareholders, including employees, are able to waive their right to be paid a dividend.

For this to be effective, a Deed of Waiver must be formally executed, dated and signed by shareholders and witnessed and returned to the company.

The waiver must be in place before the right to receive a dividend arises. For final dividends, this is before they are formally declared and approved by the shareholders. For interim dividends, the waiver must be in place before the dividends are paid.

Giving salary or bonuses back to your business or employer after they have been paid

It is possible to give back salary or bonuses to a business or employer after they have been paid.

However, it is not possible to claim back the Income Tax and National Insurance contributions that would already have been deducted from the salary or bonuses on payment.

Bonuses must be waived before the date they are due to be paid. If they are waived on or after the due date then tax will still be payable on them, even if the bonus is not paid over.

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Donating to charity

Payroll Giving

Payroll Giving is a way of giving money to charity without paying tax on it. It must be paid through PAYE from someone's wages or pension.

Employees should select a registered charity to donate to, and let their employer's payroll department know.

Employers should contact a Payroll Giving agency to set up a scheme. The donation will be taken from employees' pay before income tax but after National Insurance. Any registered charity in the UK or the EU that is recognised by HMRC for tax purposes can receive donations through payroll giving.

For more guidance on Payroll Giving go to GOV.UK.

Gift Aid

Donating through Gift Aid means charities and community amateur sports clubs can claim an extra 25p for every £1 donated.

This means that if an individual makes a donation to an eligible charity, the charity can claim back from HMRC the basic rate tax they would have paid on the amount. This is a way of giving to charity, tax efficiently even after an individual have been paid.

For more information on Gift Aid go to GOV.UK.

Further help

HMRC has a dedicated helpline available to support any of our customers affected by coronavirus (COVID-19).

Lifetime ISA rules changed to help people whose incomes are affected by Coronavirus

People whose income has been affected by Coronavirus and who want to access their Lifetime ISA funds early will no longer face an additional withdrawal charge, thanks to a temporary rule change.

The Lifetime ISA (LISA) is intended to help younger people save for their first home or for later life. As with many other long-term saving products, withdrawing funds early or for unintended purposes normally incurs a charge.

But to help people who need access to their money earlier as a result of the pandemic, the charge on unauthorised withdrawals will be temporarily reduced. This means savers will get back all the money they originally put in to their LISAs, subject to any investment losses incurred on stocks and shares.

The LISA offers a 25% bonus, paid monthly, on up to £4,000 of savings each year. The current withdrawal charge is 25% of the amount withdrawn. This is to disincentivise people from using LISA funds, including the generous government bonus, for a purpose other than buying a first home or for later life as intended.

HM Treasury legislated for a temporary reduction in the LISA withdrawal charge to 20% between 6 March 2020 and 5 April 2021 (inclusive). This will mean account holders will only have to pay back any government bonus they have received, and not the full 25% charge.

The rule change will be backdated to 6 March, so anyone who has made an early withdrawal from their LISA since that date and paid the 25% withdrawal charge will have the difference refunded.

It is important for people to weigh up their options when considering the use of savings at this time; further guidance on managing finances through this crisis can be found on the Money and Pensions Service website.

More information is available at lifetime ISA withdrawal charge reduced and lifetime ISA.

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Radio ad campaign warns about scams

As a well-known organisation with a recognisable brand, HMRC is a target for scammers.

We see HMRC-branded tax scam campaigns throughout the year, peaking at different times in line with many of our key business events (for example around the Self Assessment deadline in January).

HMRC has a dedicated Customer Protection Team, which prevents scams by:

- automatically identifying most cyber scams before customers have even reported them to us
- asking Internet Service Providers (ISPs) to remove the malicious content from websites
- deploying innovative technologies to prevent misleading and malicious communications from ever reaching our citizens
- warning the public through sharing details and examples of genuine and scam communications on GOV.UK and through the media
- maintaining channels through which people can report suspicious contact, at phishing@hmrc.gov.uk and **60599** for texts
- working with the telecoms industry to identify abuses of the words in text messages that can be used in place of phone numbers, and requesting that they are blocked automatically
- working with national and international law enforcement organisations.

Our work in this area has meant that HMRC has dropped from 14th to 146th most-phished brand in the world over three years. However, we know we can never be complacent.

COVID-19-related scams

Criminals are taking advantage of the package of measures announced by the Government to support people and businesses affected by coronavirus.

HMRC has detected more than 80 COVID-19-related financial scams to date, most by text message and some by email.

So far, we have asked Internet Service Providers to take down more than 100 web pages associated with these COVID-19-related scam campaigns.

Radio campaign

In addition to our ongoing work to warn customers about scams, we have been running a radio ad campaign to alert people to an increased threat of scams.

We are supporting the radio ads with social media posts, including on Twitter, Facebook and Linkedin.

We are also working closely with the Home Office, National Cyber Security Centre and other government departments, co-ordinating efforts to combat scams.

How you can help

Please help to fight these scams by supporting our social media campaigns:

- on Twitter
- on Linkedin
- on Facebook
- we have also posted a video about scams on YouTube.

You might also want to register to receive GOV.UK email phishing or scam alerts.

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HMRC's radio ads advice

At HMRC, we're working hard to fight tax scams during the Coronavirus pandemic.

Here's how you can also protect yourself:

Be alert – think before parting with your information or money.

Be calm – it's ok to refuse requests. If you feel rushed, it could be a scam.

Be secure – tell HMRC and your bank if you think you've been a victim.

If it doesn't feel right, it probably isn't. For more information search 'scams' on GOV.UK.

Agreed tax postponements automatically extended until end of June 2020

HMRC has written to customers whose tax payments had already been postponed, due to them being affected by COVID-19 (Coronavirus), to say that the postponement has been extended to 30 June 2020. There is no need for customers to contact HMRC about this now.

After 30 June 2020, HRMC will contact customers again to talk about their payment options, if they have not paid in full, to try and find a way of paying that they can afford.

If their position has changed and customers can pay, they can find everything they need to do so online by going to GOV.UK and searching 'paying HMRC'.

Interest will be charged where applicable on the amounts outstanding within the postponement agreement until they are paid in full.

Where possible, customers have also been contacted by phone, SMS or email about this.

Deferring Self Assessment payments on account

We have published new COVID-19 guidance on deferring Self Assessment payments on account. You can find out more about deferral, as well as information on paying in instalments or making a full payment in the guidance.

Your clients have the option to defer their payment due in July 2020 until 31 January 2021. Any Self Assessment customer, including the self-employed, landlords and others, who are in financial difficulty due to COVID-19 can defer their Self Assessment payment on account (POA).

We will assume the deferral option has been taken if no payment is received – it is automatic and there isn't an application process. We will not charge interest or penalties on the deferred POA, provided it is paid in full by 31 January 2021.

Self Assessment customers have the option to:

- defer payment of their POA in full up until 31 January 2021
- pay their July POA as normal by 31 July 2020
- pay their POA any time between now and 31 January 2021 (as one payment or in instalments).

You do not need to tell us if your clients choose to pay in instalments, they can simply implement a budget payment plan.

If any of your clients wish to add the July 2020 POA to an existing time to pay arrangement, then they will need to contact us to arrange this. We will ensure that the POA element of the Time to Pay arrangement does not incur any interest provided it is paid in full by 31 January 2021.

Please discuss the options with your clients who are due to make their payment by 31 July 2020.

Thank you for your support. We will continue to provide you with the latest updates through our online guidance.

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Moving goods between Great Britain and Northern Ireland

The government published the UK's Approach to the Northern Ireland Protocol command paper on 20 May 2020. Following on from this, we would like your assistance to help us reach businesses who will be impacted by any new requirements for goods moving between Great Britain and Northern Ireland.

We have published a form on GOV.UK for businesses to tell HMRC that they will be impacted by the new processes for Northern Ireland goods movements.

They can also sign up for email updates on the new requirements. The form will be live on GOV.UK from 11 June 2020. We want to ensure that we reach as many businesses as possible.

We would especially like to encourage businesses to get in touch if they have no experience of international trade. However, we want all businesses to self-identify if they are affected so we can make sure that our guidance and communications are reaching the right people.

We would ask that you share the questionnaire with your members/clients and encourage them to complete the form.

If you have any questions or would like to discuss further, please contact hmrctraders@hmrc.gov.uk.

Coding-out of Self Assessment outstanding debt

In Agent Update 76 we explained that the way we code out Self Assessment outstanding debt is changing. This message is to add further clarification to Agent Update 76. Self Assessment outstanding debt we have identified as part of our normal business review processes will have already been notified to the customer by letter. Where a customer has not engaged with us to identify ways to settle the debt, we will write to them again to explain that we intend to collect the amount due through their PAYE Code number.

If the customer does not respond to that letter, we will start to collect the debt through their PAYE Code immediately. This could be at any point during the current tax year, not from the start of the following tax year. The change to the coding-out of Self Assessment outstanding debt will mean that customers can settle their debts sooner than might otherwise be the case.

We want to be absolutely clear that this approach applies only to established Self Assessment outstanding debt and does not apply to the Self Assessment balancing payments process. The coding out of Self Assessment balancing payment process remains unchanged. Self Assessment balancing payments that come from the latest tax return will be coded as normal. For example, a balancing payment from the 2018-19 tax return, that can be coded, will start to be collected from 6 April 2020 and will be collected throughout that tax year.

Changes to Top Slicing Relief on life insurance policy gains

It was announced at Budget (11 March 2020) that legislative changes would be made regarding the calculation of Top Slicing Relief (TSR).

The new measure introduces new rules allowing reduced personal allowances to be recalculated within the calculation for TSR. The original policy intent of top slicing relief was to provide relief to taxpayers who have become subject to a higher rate of tax as a result of a gain being included in their income.

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Some taxpayers pay tax on their gain solely because they have lost their entitlement to some, or all, of the personal allowance. Allowing reduced personal allowances to be recalculated will mitigate the impact of this, which is in line with the original policy intent.

This will provide additional relief for taxpayers whose entitlement to the personal allowance has been reduced because a gain has been included as part of their income for the year. These new rules will apply to gains arising on or after 11 March 2020, however, we will also apply these new rules to all gains arising in 2019-20 as a concessionary treatment.

The measure also clarifies HMRC's position with regards to beneficial ordering of reliefs and allowances within the TSR calculation. Allowances and reliefs available to a taxpayer must be set as far as possible against other income in preference to the gain.

These changes will ensure that relief can be calculated automatically in a fair and consistent way and will also ensure that excessive relief cannot be claimed.

The Insurance Policyholder Taxation Manual (IPTM) chapters 3820-3850 will be updated to reflect these changes and provide additional examples of how the relief is calculated in practice.

An exclusion will be included on the e-filing exclusion list for 2019-20 to reflect these changes. This means that for 2019-20, affected customers will receive a correction calculation from HMRC applying the new basis. No customer will receive less relief than was previously calculated by HMRC.

For returns submitted for 2020-21 onwards, the calculation for Top Slicing Relief will be calculated automatically as part of the self-assessment process.

We are aware that the calculation for TSR has created some uncertainty for you and your customers, and we thank you for your patience and ongoing support.

Updates to the online disguised remuneration Loan Charge form

If any of your clients have outstanding disguised remuneration loans that are subject to the Loan Charge, the details must be reported on the disguised remuneration loan charge form by 30 September 2020. Details can be provided using the online form on GOV.UK.

The disguised remuneration loan charge form has now been updated so that an election can be made to spread outstanding disguised remuneration loan balances evenly across 3 years. The 3 tax years that loans will be spread across are: 2018-19, 2019-20 and 2020-21.

The deadline to make an election to spread outstanding disguised remuneration loan balances is 30 September 2020.

Anyone who needs a paper copy of the form can call **03000 599110** to ask for one.

Further help and support

Any of your clients who are subject to the loan charge, who think they may have difficulties paying what they owe, should contact HMRC. We want to help people, by considering their individual circumstances and working with them to agree an affordable payment plan.

Those with concerns can call HMRC on **03000 599110**
or email ca.loancharge@hmrc.gov.uk

Capital Gains Tax - payment for property disposals

The rules for reporting and paying Capital Gains Tax on the disposal of a UK residential property changed from 6 April 2020. From then, any UK resident disposing of a UK residential property and any non-UK resident disposing of both UK residential and non-residential property must report and pay the Capital Gains Tax due within 30 days from completion. To support these changes HMRC has launched a new service which is easy to use and is accessible from GOV.UK.

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Non-Resident Capital Gains Transparency and Exemption elections: Update

Schedule 5AAA Taxation of Chargeable Gains Act (TCGA) 1992 sets out the rules relating to 'UK property rich' collective investment vehicles (CIVs) and their investors. A CIV manager may make certain elections on behalf of eligible CIVs that meet certain conditions set out in the legislation.

From 24 February 2020, CIV managers should make the following elections online:

- transparency elections for offshore collective investment vehicles under Paragraph 8 of Schedule 5AAA of the Taxation of Chargeable Gains Act 1992
- exemption elections for offshore collective investment vehicles under Paragraph 12 (2) of Schedule 5AAA of the Taxation of Chargeable Gains Act 1992
- exemption elections for qualifying companies under Paragraph 12 (3) of Schedule 5AAA of the Taxation of Chargeable Gains Act 1992.

In addition, we have added pages to GOV.UK to give details of the process for making the annual reports required to maintain exemption elections under Paragraph 12 (2) and (3) of Schedule 5AAA of the Taxation of Chargeable Gains Act 1992.

You can find the relevant information, forms and template on the 'Transparency and exemption elections for collective investment vehicles' GOV.UK webpage.

Application deadline date for Short-Term Business Visitors (STBV) under regulation 141 PAYE Special Arrangement applying for Appendix 8

This update only refers to STBV's who operated under the previous PAYE special arrangement (prior to the 2020-2021 tax year).

A deadline date of 13 July 2020 has now been set for your client to provide HMRC with their decision to apply/move onto the new Appendix 8 special arrangement or cease operating under any STBV special arrangement.

Your client can now respond to us via 2 methods:

1. By post – follow the instructions on the invitational letters we have sent to your client
2. By email – provide a digitally signed copy of the application form found within PAYE81950 or letter we issued to your client, to the STBV Appendix 8 Referrals (CS&TD) mailbox.

If we have not received the application by the deadline date, your client will need to cease their arrangement and are not permitted to use their previous arrangement after 2019-20. If your client then wishes to use Appendix 8, they will have to reapply as a new customer.

Please return the completed application form as soon as possible.

Further information on Short Term Business Visitors can be found on GOV.UK.

Student and or Postgraduate Loan Repayments

There are no changes to the Student loan and or Postgraduate loan (PGL) deductions process as a result of COVID-19.

Customers whose income falls below the threshold for their loan type will not be due to repay their Student loan and or PGL.

More information can be found on GOV.UK.

Student and Postgraduate Loan Information on Self Assessment Tax Return

We told you on Agent Update 77 that the Self Assessment tax return from 2019-20 has been updated to include Postgraduate Loan (PGL) information.

It is important that the information held within the Student loan and or PGL section is correct.

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Before you complete the Student and or PGL section of the return, ask your client:

- what loan and or plan type they have
- if they are liable to repay for the tax year you are completing
- what loan deductions have been taken from their PAYE employment if any.

If your client does not know what:

- loan type they're on, ask them to go to repaying your student loan to find out
- Student loan and or PGL deductions have been taken from their PAYE employer, ask them to check their payslips or P60 the year relevant to their return and provide this information to you.

HMRC use this information to work out how much your client will need to repay in the year. Repayments will only be due if the income is above the threshold.

Repayments deducted by the employer will be taken off when the amount is entered on the return.

Recording Student loan and or PGL information incorrectly could affect the loan charge and balance and could result in your client being over charged and issued with a penalty.

It is important that you record the correct loan type even if the income is below the loan threshold.

You can find more information on GOV.UK.

Student and Postgraduate Loan Generic Notification Service Messages

It is important that you check the HMRC Online Services for GNS messages.

HMRC send GNS messages as a reminder to:

- take deductions
- stop taking deductions
- use the correct plan or loan type.

A fourth GNS message, was introduced in April 2020 as a reminder to not take Student Loan or Postgraduate Loan (PGL) deductions for:

- employments subject to the off-payroll working rules
- employees who have an occupational pension rather than a salary.

These employees are not liable for Student Loan and PGL deductions.

If action is not taken from the initial GNS message, a second GNS message will be issued.

If no action is taken on the second, HMRC may contact you or your client by telephone.

Failure to action the GNS message could result in the employee being over charged for their Student Loan and or PGL.

Customs Declaration Service (CDS) Update: CHIEF/CDS Dual Running

HM Revenue and Customs (HMRC) introduced the new Customs Declaration Service (CDS) in August 2018 to replace the existing Customs Handling of Import and Export Freight (CHIEF) system.

CDS is currently being used by a small group of high-volume businesses submitting certain Supplementary Declarations, with the platform now able to process the full range of declaration types for imports and exports.

CHIEF/CDS dual running

HMRC continues to work in close partnership with the customs intermediary industry, developing and testing CDS to deliver a customs platform, which supports our needs and those of our customers.

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Through this partnership work and listening to our key delivery partners about the pace of change, we have decided to extend our migration timelines and keep CHIEF open beyond December 2020. This means that we will dual run CHIEF and CDS for longer, until all traders are migrated from CHIEF, and that traders will not need to move from CHIEF to CDS by the end of September 2020.

We will continue to keep our key delivery partners informed of progress, with regular updates made available and shared with their customer and member networks.

What should businesses do to prepare?

- visit GOV.UK to understand how the changes affect your business; what you need to do to prepare for the introduction of CDS, and when
- understand the changes to the Import and Export Tariff, as explained on GOV.UK
- make sure you register for a Government Gateway account and, once notified by your software developer, register for CDS and authorise your software provider
- if you use a C88 form (for CIE input) or the Web based Declaration system to submit NES declarations, please visit GOV.UK where you'll find further information on this
- consider any training or information needs your business will provide to staff, for example outlining how 'Boxes' in CHIEF are being replaced with 'Data Elements' in CDS
- consider any finance process impacts, for example changes to Duty Deferment or Flexible Accounting System (FAS) accounts
- as an Importer/Exporter your Customs Agent may require additional information from your business about your goods; under UCC requirements, CDS will require Agents to provide extra mandatory data elements which may not be required in CHIEF – your agent will contact you if this is the case.

Further Information

HMRC has published a series of resources to help traders prepare, these can be found on GOV.UK.

PAYE

COVID-19 and the tax treatment of reimbursed expenses for Home Office Equipment

To support businesses and their employees working at home during the COVID-19 pandemic, the government has introduced a temporary new exemption on income tax and National Insurance Contributions (NICs) linked to the reimbursement of expenses linked to the purchase of home office equipment. HMRC will also use its Collection and Management powers to ensure that no liabilities will be due from 16 March 2020 until the end of the tax year 2020-21.

Details

This is a regulatory change under section 210, ITEPA 2003 and section 3(2) and (3) Social Security and Benefits Act 1992 and will make it easier for employees to remain productive while working at home without incurring a liability to income and NICs.

An exemption will apply where reimbursements are made by an employer who instructs or allows an employee to buy home office equipment to support them in working at home during the COVID-19 pandemic. This new exemption does not replace the current exemptions at section 316 ITEPA 2003 that applies to equipment provided directly by an employer.

More information is available on GOV.UK.

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Employment Allowance claims for 2020-21 tax year

We have received some queries about eligibility for Employment Allowance (EA), to clarify:

Before claiming EA:

- employers should continue to assess their own eligibility for EA **before** claiming – some extra checks are required from 2020-21 – more information can be found on GOV.UK
- Only claim EA if you are eligible – by making the claim, you are declaring you have checked the criteria and are eligible, HMRC will not contact you to confirm this
- remember to include your business sector on your EPS, information on this can be found on GOV.UK.

After you've claimed:

- you can use your EA against employer Class 1 National Insurance liability straight away, this process has not changed
- If your business is undertaking economic activity, **and** you provided a business sector on your EPS, a letter will be issued to advise EA has been given as de minimis state aid, this is usually within 6 weeks of your EA claim, but may take longer – you don't need to wait for this letter to start to use your EA, but you may need it if you apply for any other de minimis state aid
- you can see details of EA in your Business Tax account – PAYE statement.

Reminder for reporting Expenses and Benefits for the tax year ending 5 April 2020

Our last update told you, the deadline for reporting any expenses and benefits is **6 July 2020**.

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

If your client's report is late, their 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 and you still need to send your client's report, 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 on GOV.UK.

You'll also 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 on GOV.UK.

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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Payrolling software updates

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.'

This indicator is only to be used by public sector organisations, or agencies, for contractors working through their own limited company or other type of intermediary and providing services to public sector clients who are subject to the off-payroll working rules (IR35). From 11 May it is mandatory for this indicator to be used in these circumstances and there are no other reasons to use this marker.

For the year 2020-21, this indicator is not to be used by private or voluntary sector organisations, by agencies for contractors working outside of the public sector or by contractors and their own limited companies. The off-payroll working rules will change for the private and voluntary sector from 6 April 2021.

If you have used this indicator incorrectly, please make sure this is corrected urgently on a corrective Full Payment Submission for the relevant period.

Corporation Tax

Corporation Tax: Filing requirements at the end of a company's life

If a company receives a 'notice to deliver a Company Tax Return' (CT603) from HMRC they must send a Company Tax Return (CT600).

This notice is sent to every company HMRC believes to be active and it defines requirements which include:

- a copy of the company accounts for the period covered by the Company Tax Return
- details of how the specified information has been calculated from relevant figures in the accounts.

Following discussions with the external profession, we recognise that meeting the requirements to supply accounts detailed in Schedule 18, Finance Act 1998, Paragraph 3 is not always possible in informal and formal windings-up.

While full accounts are **always** preferable, an Insolvency Practitioner's (IP) ability to provide them often depends on whether a company has prepared accounts up to the last normal accounting date before entering the formal winding-up process, or had any necessary audit carried out if they have been prepared.

We have now changed our internal guidance to reflect that where an IP can clearly explain to us why they have not been able to source and supply the company accounts, then colleagues should take a pragmatic approach to accepting submissions and if necessary, we will contact the IP to discuss.

Unnecessary delays in Corporation Tax repayments

Customers are facing unnecessary delays in receiving repayments of Corporation Tax because company bank account details (or those of the nominee) are not included on each and every CT600 (original or amendment) that they submit. To make the process quicker and to stop your clients having to provide these in writing separately to HMRC, please ensure these details are included.

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Improvements to HMRC guidance

In October 2018 the Office of Tax Simplification (OTS) published a report on HMRC Online Guidance that made twelve specific recommendations which HMRC agreed to implement.

Since then we have been working hard to review the online guidance we are responsible for, including GOV.UK guidance pages and manuals covering technical, procedural and operational guidance. This is a significant challenge, but we are making good progress.

For example, we have already delivered on several recommendations from the report which means that we;

- have appointed a strategic Head of Guidance for HMRC with a dedicated team ensuring the recommendations are implemented
- are introducing more decision based interactive guidance that allows customers to navigate more easily through the tax processes they are following – go to GOV.UK for more information
- are improving the customer journey through more general guidance to more technical guidance, where that's appropriate
- are working closely with representative bodies on our guidance strategy and acting swiftly on customer feedback provided through existing GOV.UK channels.

But we are not finished yet. In the coming months we will be:

- consulting with representative bodies on more areas of HMRC guidance that would benefit from decision based interactive guidance
- continuing to work with policy and technical content owners to develop processes that will ensure technical guidance is up to date and correct.

Tax Disputes

Do you have an appeal either with HMRC or at the Tribunal, that is currently held up by the COVID-19 crisis? If so, you may wish to consider HMRC's Alternative Dispute Resolution (ADR) service. The team are still accepting new applications and, while the travel restrictions are in place, are working hard to conduct all their mediations either online, by telephone, or by correspondence. If you would like a case to be considered, please complete the online application form on GOV.UK. Once received, a mediator will be in contact with you to discuss the case and your options. The application will not affect your client's right to continue their appeal with the Tribunal. Please note that while we're currently operating a normal service this may be subject to disruption if our resources are called elsewhere.

Update on the Trust Registration Service (TRS)

The new Trust Registration Service can now be accessed via GOV.UK.

Agents and Trustees can now use the new service to register the following types of Trusts:

- a trust that was set up after the settlor died
- a trust created during their lifetime to gift or transfer assets
- a trust for a building or building with tenants
- a trust for the repair of historic buildings.

Agents and Trustees can also use the new service to take the following action in respect of a Trust:

- view data held by HMRC
- notify HMRC no changes have been made (declare no change)
- change trustee data

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- add new trustees
- remove a trustee
- change beneficiary details
- add a new beneficiary
- remove a beneficiary
- add or change a settlor's name
- add or change a protector's details
- close a trust
- clients can claim a trust (where Trust is registered by Agent)
- clients can authorise an agent (establish a relationship with the Agent – handshake).

If an Agent or Trustee needs to register one of the following types of Trust:

- a trust through a Deed of Variation or family agreement
- a trust for the employees of a company.

This can currently be done by accessing the iForm. You will be able to carry out these actions via the new service soon.

Extension to the deadline of the call for evidence on raising standards in the tax advice market

In Agent Update 77 we invited you to respond to the call for evidence on raising standards in the tax advice market, published on 19 March and due to close on 28 May.

We recognise that many sectors with an interest in this policy are affected by COVID-19. We are grateful for the responses we have already received, but we want to give all stakeholders time to submit their views, so we have extended the consultation. The closing date is now 28 August 2020 (11.45pm). However, we encourage early responses from stakeholders, where possible, to support our ongoing consideration of this policy.

We strongly recommend that you respond to the consultation by email, given the temporary closure of HMRC's Canary Wharf office and the wider impact of COVID-19 on postal services. Sending responses by post may result in a delay to your submission being considered.

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 GOV.UK.

Consultations

Plastic Packaging Tax: Policy design consultation open

At Budget in March, the government announced key decisions on the design of the Plastic Packaging Tax ahead of its commencement in April 2022.

The tax will apply to plastic packaging containing less than 30% recycled plastic content and will be charged at £200 a tonne. The tax will be paid by businesses who manufacture or import plastic packaging in the UK, including imported filled packaging. A de minimis threshold of 10 tonnes will prevent excessive administrative burdens being placed on the smallest businesses.

Alongside the Budget announcement, the government launched a consultation to provide more information on these announced areas and to seek views on the treatment of imported filled and unfilled plastic packaging, definitions, exemptions, and reliefs.

This consultation was originally due to close on 20 May 2020.

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However, the government recognises that many sectors with an interest in this policy are affected by COVID-19. To give stakeholders time to submit their views, we have extended the consultation and the closing date is now 20 August 2020. The document and details of how to respond can be found on GOV.UK.

We are particularly interested in the views of businesses who manufacture or import plastic packaging, and agents who represent such businesses.

HMRC Charter consultation - deadline extension

The deadline for responses to the consultation on HMRC's Charter has been extended by three months until 15 August.

We recognise that many of you have been affected by the coronavirus (COVID-19) and you may need more time to respond.

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

The HMRC Charter sets out the standards of behaviour and values that HMRC aspires to when dealing with customers. It says what you can expect from HMRC and how we will work with you to get your tax right.

We are grateful for the feedback we have received so far. If you haven't provided your views and want to respond, then please email your comments to HMRC.Charter@hmrc.gov.uk

The consultation closes on 15 August. We look forward to hearing from you.

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.

Tax Agent Toolkits: annual refresh 2020

HMRC have 19 agent toolkits available for you to download and use. They have been designed to address the most common errors seen from previous years. They include checklists of the key issues to consider and links to HMRC technical guidance and manuals.

We have recently refreshed 16 toolkits to assist you with completion of:

- 2019 to 2020 Company Tax Returns
- 2019 to 2020 Self Assessment Tax Returns (including Capital Gains Tax toolkits)
- 2019 to 2020 National Insurance Contributions & Statutory Payments and employers' end of year forms and 2020 to 2021 record keeping
- 2019 to 2020 Property Rental Income
- 2020 VAT toolkits.

By identifying the most common errors this may prompt a conversation between you and your clients to ensure submissions are correct.

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.

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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.

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

We have added examples of emails and text messages being circulated regarding COVID-19.

Online training material and useful resources for tax agents and advisers

From 30 March 2020, HMRC is delivering a programme of webinars to provide information about the support available to help customers and agents during the coronavirus (COVID-19) pandemic.

You can sign up for email alerts about live and pre-recorded webinars, YouTube videos, Agent Toolkits and online guidance, offering tax agents and advisers help, learning and support on topical subjects.

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Publications

Spotlights

Spotlight 55

HMRC has published Spotlight 55.

This Spotlight is to warn people about comparison and broker websites that are promoting tax avoidance schemes through non-compliant umbrella companies. HMRC advises anyone thinking of using an umbrella company, to do some research before signing up.

If you know anyone who has been advised to use these types of tax avoidance arrangements, you may want to direct them towards this Spotlight for more information.

Check for new additions

Employer Bulletin

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

HMRC: Trusts and Estate newsletters

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

National Insurance Services to Pensions Industry: countdown bulletins

Keep up to date with the latest bulletins.

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.

section ends

The Pensions Regulator

TPR COVID-19 guidance: What your clients need to know

There are a whole range of issues that your clients may be facing because of COVID-19. Core focus for all activities should be on any risks to the pension's saver. Now more than ever your clients are relying on your support and guidance during this difficult time.

Your clients automatic enrolment and re-enrolment duties continue to apply as normal, whether their staff are still working or are being furloughed as part of the Coronavirus Job Retention Scheme. It is also important that your clients keep paying the correct contributions.

If your clients offer their staff a DB pension scheme, make sure to direct them to TPR's latest guidance, which includes information on how to work with the scheme's trustees if your clients need to temporarily reduce scheme deficit repair contributions.

The Coronavirus Job Retention Scheme provides essential support for your clients and workers. It also supports their ability to make contributions up to 3% of the automatic enrolment statutory minimum for any workplace pension they provide for their staff.

Make sure to regularly visit our COVID-19 page for important updates and further guidance.

Agent Forum

Highlighting and providing updates, assistance, and resolution on potential widespread systemic issues impacting agents.

The Agent Forum - what is it?

The online Agent Forum (AF) is a private online service for tax agents who are members of a professional body, providing help, support and guidance regarding general tax and benefits matters. There are currently 800+ agents participating in the AF who can ask questions, see what other agents 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. In addition, members of the Law Society and the Society of Trusts and Estates Practitioners (STEP) have also been invited to join the AF so they can avail themselves of online support on Trusts and Estates. 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 use the facility to provide input and ideas to improve the operation of the tax system.

It is important to note that 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 continuing to be progressed by agents through existing contact channels.

How do I join the Agent Forum?

Agents who are members of professional bodies who wish to join the Agent Forum, may do so by accessing HMRC Community Forums on GOV.UK. Once registered agents should request access to the Agent Forum by confirming the professional body there are members of and providing their registration number. Guidance is published on how to use the Agent Forum.

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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/Professional Body forum, established under the Working Together initiative which progresses issues raised by agents. There are five stages in the issue process, from an agent posting evidence through to outcome:

- Agents post evidence and the impact of an issue on the Agent Forum
- Professional Bodies prioritise to HMRC significant widespread issues of high impact requiring 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 issue outcome after review by Professional Bodies and HMRC Subject Matter Experts.

Recent Capital Gains Tax (CGT) Issues raised on the forum following changes introduced from 2020-21 on second residential property disposals include:

- CGT-5317 – HMRC Response – New CGT on residential property – in year losses
- CGT-5424– HMRC Response – CGT report and pay system – error message
- CGT-5398 – Government Gateway – NINO problem.

COVID-19 Information

A dedicated section has been created on the Agent Forum for COVID-19. This provides updates and links to information on GOV.UK including COVID Job Retention Scheme (CJRS) and Self-Employed Income Support Scheme (SEISS). Agents may also raise possible systemic issues and post queries on COVID-19 for clarification.

Agent Forum staff can give priority to COVID-19 responses and will liaise with Professional Bodies on the escalation of these and other high priority non-COVID-19 issues impacting agents.

Issues Overview Group (IOG)

The IOG met in March and agreed a number of items to improve operation of the Agent Forum and progression of issues. Measures included:

- agreeing improved guidance on the use of the Agent Forum
- improving promotion of the forum
- promoting membership of the AF to Law Society and STEPS members for resolution of issues on Trusts and Capital Gains Tax.

The IOG from time to time will prioritise and escalate issues it deems HMRC need to provide timeous resolutions to. Such issues will be published here by agreement of both parties.

IOG members have held meetings with the HMRC teams implementing the Coronavirus Job Retention and Self Employment Income Support Schemes to provide feedback on these support measures. The next scheduled meeting of the IOG on 16 June will continue this dialogue. Agents are invited to continue to contact their professional body if they are seeking prioritisation of issues posted on the online Agent Forum. 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.

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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

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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