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Keeping you informed

Introduction

Welcome to the 45th edition of Agent Update. In this issue we include news about the latest updates to HMRC's online services. These encompass the VAT Mini One Stop Shop, a new spreadsheet checking service for Employment Related Securities and the improvement to Corporation Tax online which enables simplified filing for micro-entity customers. Also featured is an update on the National Insurance Contributions Employment Allowance and information from the Pensions Regulator on help and guidance available for both employers and their advisers in respect of new workplace pensions duties, together with links to the latest publications for employers, Working Together, pensions, VAT and trusts and estates.

Following your feedback we'll publish the next Agent Update in February avoiding the Self Assessment peak.

As ever, we recognise that not all topics will be relevant to you. By scanning the brief introductions to each piece you should be able to identify the topics that are relevant within a couple of minutes. You can then follow the link to view the full information.

Don't forget to register with us. You can sign up for email reminders as each edition is published. To do so, please use the link below.

[Sign up to receive email reminders of future issues of Agent Update](#)

If you have any queries about this publication please contact: [Andria Barber, Editor](#)

Best wishes for the holiday season.

Tax

Developments and changes to legislation and allowances relating to UK tax.

HMRC service

Changes to HMRC service, upcoming HMRC events and guidance.

Consultations

Details of live consultations and response summaries.

Working Together

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

This month's top articles

[Autumn Statement 2014](#)

Read the full details of the Autumn Statement 2014 which was made by the Chancellor of the Exchequer on 3 December 2014.

[David Gauke's speech at HMRC's 2014 autumn stakeholder conference](#)

The Financial Secretary to the Treasury sets out progress made, and future plans, on creating a modern and efficient tax system.

[Employment-Related Securities Bulletin \(ERS\)](#)

HMRC have introduced a new spreadsheet checking service for Employment Related Securities. As an employer or an employer's agent use this service to check the formatting of ERS spreadsheets before submitting with your returns. You can read more in ERS Bulletin 18.

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Alcohol duty

Tackling alcohol duty fraud

Under proposed new legislation all businesses wholesaling alcoholic drinks will need to apply to register for the Alcohol Wholesaler Registration Scheme between 1 October and 31 December 2015, or be at risk of trading illegally. From January 2016 HMRC will then assess all applications received. Those who cannot demonstrate that their business is sufficiently protected from the illicit alcohol trade, or where there is evidence of fraud, may have their right to trade in alcohol removed. From April 2017 it will become an offence for a retailer to buy alcohol from an unregistered wholesaler.

Compliance

Autumn Statement 2014

Read the full details of the Autumn Statement 2014 which was made by the Chancellor of the Exchequer on 3 December 2014.

Deadline for final IR35 payments/returns - tax year ending 5 April 2014

Intermediaries who have operated the IR35 concession to delay making a final return and payment for the tax year ending 5 April 2014 have until 31 January 2015 to submit accurate figures and pay any outstanding amounts, reminder letters will not be issued.

IR35 Business Entity Tests

HMRC has announced that the IR35 Business Entity Tests will be withdrawn from 6 April 2015.

HMRC announces scale of enquiries into big business

Two-thirds of the 800 biggest businesses operating in the United Kingdom are under enquiry by HMRC.

Ten things you need to know about tax avoidance

The list sets out the risks that people face when they sign up to a tax avoidance scheme. These include not only the possible monetary costs and reputational damage of tax avoidance, but also a potential criminal conviction.

Working to tackle tax avoidance

HMRC endeavours at all times to treat all customers fairly and even-handedly. Find out about HMRC's approach to tackling tax avoidance, how to report a tax avoidance scheme and other relevant information.

Excise Duty

Machine Games Duty: introduction of a new higher rate

In the 2014 Budget the Chancellor of the Exchequer announced the government were introducing a new rate of Machine Games Duty (MGD) at 25 per cent, this change will apply from 1 March 2015. This means that from 1 March 2015 there will be three MGD rates as follows:

- the lower rate of 5 per cent
- the standard rate of 20 per cent
- the higher rate of 25 per cent

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PAYE

National Insurance Contributions (NICs) Employment Allowance

Over 850,000 businesses and charities throughout the UK have benefitted from the Employment Allowance since it came into effect in April 2014. Eligible businesses and charities can reduce their employer Class 1 NICs bill by up to £2,000 every year. Businesses only need to claim the Employment Allowance once - the allowance will automatically roll over to future years. If your clients haven't claimed their Employment Allowance for 2014-15 yet, there is still time and claiming is straightforward.

Increases to the amount of debt that can be recovered by PAYE Tax code

HMRC are changing the coding out limits to increase the amount of debt collected through a PAYE Tax code (coding out). A graduated income based scale can be applied if an employee has a yearly primary source of PAYE income of £30,000 or above.

Shared parental leave and pay

New legislation came into force on 1 December 2014 regarding the statutory pay and leave entitlements available to employed parents. Shared Parental Leave and Pay is available to eligible parents of babies due on or after 5 April 2015. If the baby is born early and the due date is on or after 5 April, eligible parents of babies will still be eligible for Shared Parental Leave and Pay providing the baby was due on or after 5 April 2015. Detailed guidance to help employers is available on GOV.UK and the ACAS website.

[ACAS advice and guidance](#)

Pension schemes

Workplace pensions: automatic enrolment update

Recent research by The Pensions Regulator shows a wide variation in the awareness of staging dates - the date on which your clients need to comply with the new workplace pensions law. The research shows only 43 per cent staging between June and November 2015 and 28 per cent staging between January and November 2016 are planning for the correct date. When your clients come to you for advice on automatic enrolment make sure you know your clients' staging dates so you can help ensure they comply with their automatic enrolment duties on time to avoid penalties.

[Find out your clients' staging dates](#)

[Sign up for 'news-by-email' for regular updates](#)

Revenue & Customs Briefs

Revenue and Customs Brief 32 (2014): VAT - policy on holding companies

HMRC's policy on holding companies following the decision of the Court of Appeal in the case of BAA ([2013] EWCA Civ 112).

Revenue and Customs Brief 33 (2014): reporting Payment Protection Insurance interest payments

Changes have been made to the list of Fully Reportable countries for Bank and Building Society Interest returns.

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[Revenue and Customs Brief 34 \(2014\): VAT Retail Export Scheme - market engagement on a digital solution](#)

Businesses are invited to register for a forthcoming market engagement event with HMRC to develop a digital system to support the VAT Retail Export Scheme.

[Revenue and Customs Brief 35 \(2014\): Lok'nStore Group PLC decision on calculating deductible VAT](#)

This brief sets out HMRC's position following the decision of the Upper Tribunal in Lok'nStore Group PLC FTC/05/2013.

[Revenue and Customs Brief 36 \(2014\): VAT - liability of snowballs](#)

This brief sets out HMRC's position following the decision of the First Tier Tribunal. The case concerned the VAT liability of a food item and whether or not it was confectionary (standard rated) or a cake (zero-rated)?

[Revenue and Customs Brief 37 \(2014\): VAT grouping rules](#)

This brief outlines HMRC's position following the European Court of Justice Judgment in Skandia America Corp. (USA), filial Sverige (C-7/13).

[Revenue and Customs Brief 39 \(2014\): VAT - liability catering and other services linked to education](#)

This brief sets out HMRC's position on the litigation in Brockenhurst College following the decision of the Upper Tribunal. Supplies closely related to education.

[Revenue and Customs Brief 40 \(2014\): recovering tax credits overpayments from previous awards](#)

This brief provides an update on changes to how HMRC will recover some tax credit overpayments.

VAT

[Businesses should register to use the VAT Mini One Stop Shop now](#)

Businesses are now able to register for the VAT Mini One Stop Shop (VAT MOSS) optional online service. VAT MOSS will save businesses supplying digital services to consumers from having to register for VAT in every EU Member State where they supply these services. Businesses must register themselves but can then authorise an agent to act on their behalf. The first VAT MOSS return will cover the period 1 January to 31 March 2015. It will be available for completion online from 1 April 2015 and needs to be filed and paid by 20 April 2015.

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[Updated guidance for calculating a company car benefit](#)

HMRC has updated the guidance at EIM25250 to EIM25265 on when private use deductions are available in calculating a company car benefit.

Contact

[HMRC - withdrawal of 0845 helpline telephone numbers](#)

As announced in Agent Update 44 we are withdrawing our 0845 helpline telephone numbers. Between the 8 and 11 December we will be taking our 0845 numbers out of service, after which customers will only be able to use our 03xx helpline numbers. Customers who call an 0845 number after it has been taken out of service will receive a message telling them that calls to HMRC are no longer dealt with on that number. They will be given the new 03xx number, and the call will then terminate.

[Obtain our helpline telephone number through our 'contact us' page](#)

[HMRC working with Tax Agents Blog](#)

The blog supports HMRC's strategy for engaging with agents. It provides another channel to communicate about joint HMRC and agent Consultative meetings, improvements to HMRC services by working together, HMRC's Agent Strategy and the rollout of new digital services available for agents.

[Twitter](#)

Tweets cover information about HMRC and tax - including news, publications, information, consultations, speeches and publicity campaigns. Follow us on [Twitter@HMRCgovuk](#).

Corporation Tax

[Corporation Tax Online service updated](#)

HMRC'S Corporation Tax Online service has now been improved to offer simplified filing for micro-entity customers.

HMRC service

[David Gauke's speech at HMRC's 2014 autumn stakeholder conference](#)

The Financial Secretary to the Treasury sets out progress made, and future plans, on creating a modern and efficient tax system.

[HMRC publishes 2012 to 2013 tax gap](#)

The tax gap, which is the difference between the amount of tax due and the amount collected, was 6.8 per cent of tax liabilities, or £34 billion, in 2012 to 2013.

[Construction Industry Scheme \(CIS\) website material moving to GOV.UK](#)

HMRC's web content is moving to GOV.UK - the home of government services and information online. All our high traffic guidance topics, including Tax Credits, Self Assessment, PAYE and VAT have already been moved to GOV.UK. The Construction Industry Scheme (CIS) web material is the latest to make the move. Customers trying to access guidance about CIS on the HMRC website (e.g. using a bookmarked link) will be automatically redirected to the equivalent information on GOV.UK. We will shortly also be moving to GOV.UK all our Personal Tax International material.

[Update: Moving to GOV.UK](#)

Read about progress and how we are preparing to move our web content for agents to GOV.UK.

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Manuals

Recent Manual updates

You can check the latest updates to HMRC manuals or subscribe to be notified when changes are made.

Online

Learning products: updated agents webinars now available

HMRC has updated its learning products to help you manage the 31 January Self Assessment deadline. You may find the Income From Property webinar of particular assistance.

Future online services downtime

Information is available on any downtime that may affect the availability of HMRC's online services. Please note that the information 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 and provides regular updates on the type of scams it is aware of. If you have any concerns regarding the authenticity of any emails received from HMRC, go to the online security pages for more information.

Really Simple Syndication - RSS

RSS is a quick and easy way to receive daily updates about recent changes to agents' information. Find out how to subscribe to this and get the latest news from the HMRC website delivered directly to you.

Paying HMRC

Paying HMRC - new online payment gateway

HMRC will soon introduce an online payment service, operated by Worldpay, for customers to pay their tax using their debit or credit card.

Customers paying their Self Assessment or VAT bill through GOV.UK by debit card will use a new payment screen to complete their payment.

Publications

Employer Bulletin

Look out for issue 51 of the Employer Bulletin, available week beginning 17 December. This will contain topical and useful information about PAYE processes and procedures. For employers to be informed when it is available on the website they must register to receive the email alert.

Register to receive email alerts

Employment-Related Securities Bulletin (ERS)

HMRC have introduced a new spreadsheet checking service for Employment Related Securities. As an employer or an employer's agent use this service to check the formatting of ERS spreadsheets before submitting with your returns. You can read more in ERS Bulletin 18.

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Current consultations

[Withdrawal of extra-statutory concessions - closes 8 January](#)

Extra-statutory concessions (ESCs): consultation on the impacts of withdrawing three of HMRC's ESCs.

[Control of Raw Tobacco - closes 30 January](#)

HMRC is seeking views on two options for controls on the holding and movement of raw tobacco.

[Travel and subsistence review - closes 31 January](#)

The government review on the rules underlying the taxation of travel and subsistence expenses.

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Working Together Team (WTT)

Working Together (WT) is a partnership between HMRC and the six main agent representative bodies which looks for ways to improve HMRC operations for the benefit of tax agents, their clients and HMRC. The WTT maintains an issues register that provides details of all issues (some of which are working within the Joint Initiative on HMRC Service Delivery projects). The issues register can be viewed by the professional bodies (PBs) on the Issues Overview Group (IOG) and local WT coordinators who use the register to keep their WT groups up to date with the latest information, news and updates.

WT open Issues Register

The following are the priority issues agreed by IOG and WT:

WT ref	Business area	Issue
WT050	PAYE Individuals	Processing P11D Expenses and associated S336 claims
WT117	PAYE Employers	Outputs issued by HMRC with insufficient details for agents to easily identify their client
WT218	Customer Contact	Intelligent Telephony Automation system
WT226	PAYE Individuals	PAYE coding (P2) not showing week 1/Month 1

WT050: The Government's intention is to publish the response to the consultation shortly. Please see the Travel and subsistence review open consultation which closes 31 January 2015.

[Travel and subsistence review](#)

WT117: In the longer term we envisage that the personalised agents' homepage that will be designed as part of Agent Online Self-Serve (AOSS) will provide a one stop shop for agents to deal with all of their clients' tax affairs. Current thinking is for all forms/communications for agents' clients to go in/out via this account which would be clearly referenced.

WT218: Following the progress update that we gave in Agent Update 44, we can advise that work is continuing on a generic "Hints & Tips" guide which we hope to be able to share with agents soon.

WT226: PAYE coding (P2) not showing wk1/mth1 indicator. Agents do not receive a copy of the client's P2 and rely on the information provided by the client and this can lead to confusion and discrepancies in the client's liability when it is not known when an emergency or cumulative coding has been applied. HMRC acknowledges that although this issue affects a small percentage of the whole customer base, it still creates a large amount of contact. They want to involve agents on how to progress this issue and will work closely with WT and the IOG.

WT Closed Issues

WT always do all they can to ensure that an issue has been fully addressed before closing it and part of the role of the Issues Overview Group is to ensure that issues are not closed prematurely. However we recognise that sometimes we may close an issue and agents may still experience problems, when that is the case WT are always prepared to re-open a closed issue provided agents can supply the evidence that the issue is continuing to cause problems.

Update follows on the issues and suggestions WT has closed since those published in Agent Update, AU44:

[See Agent Update 44](#)

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WT168 - Interaction of 64-8 and new form R27

The bereavement service was changed on 13 October 2014 and form R27 is no longer relevant from that date irrespective of when the customer died. Form R27 was withdrawn on 13 October, to prevent forms being completed and submitted unnecessarily. Some contact centre staff were giving out incorrect information but this has now been corrected and guidance given to all staff. The new letters to personal representatives ask if there is a third party acting and there is space available to nominate an accountant or solicitor if the personal representative wishes to do so. A form 64-8 is no longer required.

WT198 - Hand delivery of paper returns on 31 Jan

On the 30 June 2014 all HMRC Enquiry Centres (EC's) closed, the closures were well publicised prior to this date. The Self Assessment manual was amended in July 2014 to remove all references to EC's. The remaining guidance on hand delivery still stands and customers may post paper returns and documents at buildings where HMRC staff currently work and there is an HMRC post box available, or where it is possible to hand deliver items to a member of HMRC staff. Buildings which only contained an EC which has now closed have had their post boxes sealed shut and cannot be used.

A press release was issued on 17 October reminding all customers of the paper return deadline on 31 October and a reminder will be published on HMRC's What's New page closer to the deadline.

[See HMRC's What's New](#)

The following issues have been made dormant as opposed to closed to ensure that they are kept under a longer term review:

WT222 - Request for an agent's dedicated line to the Employer Helpline

The provision of a dedicated line for agents who have queries about their clients Employer PAYE schemes has been discussed with the Employer Helpline and their records show that the majority of calls made to the Employer Helpline are from agents. IOG members are gathering evidence and HMRC continues to monitor the performance of the Helpline.

WT230 - High income child benefit charge (HICBC) letters from HMRC

The High Income Child Benefit charge letters are simply designed to help taxpayers get their returns right by raising awareness of the High Income Child Benefit Charge (HICBC), and to remind customers who file under Self Assessment of the importance of including HICBC on their return. Those who have paid the tax charge due need not be concerned and can simply disregard the letter. The letter reminds taxpayers to include the charge on future tax returns and encourages couples to discuss between themselves which partner might be eligible for the charge. If that is not possible, HMRC can provide guidance to allay any concerns about who is to pay the charge.

The professional bodies have provided feedback to HMRC with suggestions on improving future HICBC letters.

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WT231 - Form CG34 processing

The professional bodies have raised an issue concerning where to submit completed forms CG34 and processing times. The business would like to work with the professional bodies on this issue and WT is keeping under a long term review so that developments and outcomes from the consultation review of the CG34 process are known.

S001 - Suggestion from the professional bodies for HMRC to introduce a facility for agents to view their clients PAYE code notices in cases where their clients are not within Self Assessment to allow agents to see their clients PAYE code notice when no live Self Assessment record held.

HMRC has noted this as a risk and is being included as part of the Digital Tax Account work within HMRC going forward. Currently there is no fix possible using the current systems available. We have made this suggestion dormant and will review again and check on progress in six months' time.

Other News and updates

Payment of Class 2 National Insurance contributions by monthly or six monthly Direct Debit

The Government announced plans to simplify the way self-employed people pay Class 2 National Insurance contributions from April 2015. Most self-employed people will be able to pay their Class 2 National Insurance contributions through Self Assessment, together with any income tax and Class 4 National Insurance contributions that are due.

As a result, we are no longer accepting new Direct Debit applications to pay for Class 2 contributions. We will write to your clients to explain that instead of setting up a Direct Debit, we will send them a payment request in April 2015 to ask for the payment of any outstanding Class 2 National Insurance contributions they owe up to 11 April 2015.

Further information about alternative ways to pay Class 2 National Insurance payment requests can be found at GOV.UK

[How to pay your Class 2 National Insurance bill](#)

Deferment of Class 2 and Class 4 National Insurance contributions

The planned changes from April 2015 mean that your clients who wish to defer the payment of Class 2/4 National Insurance contributions will no longer need to apply or re-apply for Class 2/4 deferment. On or around 17 December we are sending letters to all those self-employed people who have deferred payment of their Class 2/4 contributions to let them know they do not need to make another application. Any new applications to defer Class 2/4 National Insurance contributions we receive will not be processed.

Next steps

From 2015-16 onwards, the information provided by your clients in their Self Assessment tax returns, together with information we already hold, will enable HMRC to determine the amount of any Class 2 or Class 4 National Insurance contributions they need to pay. A breakdown of all the amounts to be paid will be displayed on their Self Assessment calculation.

More information will be available on GOV.UK nearer the time.

[See GOV.UK](#)

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Digital Support for Agents

In Agent Update issue 44, we told you that HMRC is looking at how it can provide greater choice and more flexible services to agents through the increased use of digital channels. HMRC continues to consult with the professional bodies and local WT agents. Please continue to send your views to Gill.harmon@hmrc.gsi.gov.uk and let us know what digital support for agents means to you and how we can use it to keep you up to date and involved.

[See Agent Update 44](#)

Contact information for the other professional bodies

[AAT Jeremy Nottingham](#)

[ACCA Chas Roy-Chowdhury](#)

[ATT Jon Stride](#)

[CIOT Nigel Clarke](#)

[ICAEW Philippa Stedman](#)

[ICAS Elspeth Orcharton](#)

Thank you from the Working Together Team Leader

Since the last edition of Agent Update we have said goodbye to some of our WT members who have moved on for various reasons and we thank them for their past support and contributions. During the same time we have also gained some new members and would like to welcome them to the WT community.

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