Keeping you informed

Welcome to the 44th edition of Agent Update. In this issue we include links to the latest information on the phasing in of penalties for late real-time PAYE returns as well as useful information for employers and their advisers in respect of Workplace Pensions. Also included are details of the Credit Card Sales Campaign, this is a voluntary disclosure opportunity for businesses who accept Credit and Debit Card Payments and the recently updated Anti Money Laundering Guidance for Money Service Businesses. We also feature improvements to the service HMRC offers to bereaved customers and updated Agent Toolkits for Small Profits Rate and Marginal Relief Toolkit and the Inheritance Toolkit, together with links to the latest publications for employers, Working Together, pensions, VAT and trusts and estates.

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

Introduction

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

Tax agents and advisers webinar: Self Assessment - expenses risks and concerns

HMRC have designed a new webinar for agents, which shows the connection between the completeness and accuracy of a Self Assessment tax return and the quality of the supporting records.

Are you an Employment Intermediary?

Are your clients involved in the supply of individuals to provide their services to someone else? If so, then they could be classed as an employment intermediary and be affected by the new Income Tax and National Insurance Contributions 'Agency legislation'.

HMRC Bereavement Service

This brief highlights how HMRC is improving the service it offers to bereaved customers.

section ends
Welcome

Alcohol duty

**Alcohol Wholesaler Registration Scheme**

HMRC has published information about the introduction of a new scheme to tackle alcohol duty fraud. Under the Alcohol Wholesaler Registration Scheme, companies trading in alcohol ‘business to business’ will need to be approved to operate in the alcohol sector and will have to register for the scheme from October 2015. Retailers will also be required to purchase alcohol only from registered wholesalers. The scheme is expected to be introduced in legislation in the Finance Bill 2015.

Compliance

**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.

**Avoidance schemes involving transfer of profits - note with amended examples**

Revised guidance note on the legislation published on 19 March 2014 on avoidance schemes involving transfers of profits, with minor changes to examples.

**Changes to Code of Practice 8 (COP 8)**

Change of Civil Investigation of Fraud to Contractual Disclosure Facility and updates to HMRC web links. Addition to ‘Paying tax during our enquiries’ to include Certificates of Tax Deposits.

**Interest Rate Hedging Products: Redress Payments**

Find out the tax position if your clients receive one of these payments and how to account for it in the tax return.

**Remittance Basis**

Using unremitted foreign income or gains as collateral for a loan enjoyed in the UK - withdrawal of concessional treatment for commercial loan arrangements.

**Gambling Duty**

**Gambling Tax Service (GTS) online registration will open on 3 November 2014**

Find out more about the registration process and other changes that affect General Betting Duty (GBD), Pool Betting Duty (PBD) and Remote Gaming Duty (RGD) as they may affect your clients.

**International agreements**

**International agreements to improve tax compliance: update**

HMRC has published guidance on reporting Foreign Account Tax Compliance Act (FATCA) information to HMRC and updated the UK FATCA guidance.

**National Minimum Wage**

**National Minimum Wage (NMW) rates from 1 October 2014**

The increased national minimum wage rates applicable from 1 October 2014 have been published on the GOV.UK website.

*section continues*
Pension schemes

Workplace pensions: law has changed
Under the Pensions Act 2008, every employer with workers in the UK must automatically enrol workers who are eligible into a workplace pension and contribute towards it. Employers not complying with their duties may be fined and/or prosecuted. The Pensions Regulator is reminding all employers, including those with an existing workplace pension, they will have to take some action due to automatic enrolment. Research shows employers may turn to their advisers for help. The regulator has information and practical tools to help both employers and their advisers with automatic enrolment.

Sign up for the ‘News by email’ service for regular updates

Pension statements and annual allowance
Pension providers will soon be sending annual allowance pension statements for the 2013 to 2014 tax year to all pension scheme members contributing more than £50,000 per year to a pension scheme. Use HMRC guidance, tools and calculators to help you calculate any annual allowance charge.

PAYE

Are you an Employment Intermediary?
Are your clients involved in the supply of individuals to provide their services to someone else? If so, then they could be classed as an employment intermediary and be affected by the new Income Tax/NIC ‘Agency legislation’.

Introduction of Shared Parental Leave and Pay
Find out more about the introduction of Shared Parental Leave and Pay. It will require employers to update their parental leave and pay administration.

Time is running out to use the Employee Benefit Trust settlement opportunity
HMRC announces the withdrawal of the Employee Benefit Trust settlement opportunity (EBTSO) from 31 March 2015.

P11D(B): Interim Penalties 2013-14
The first interim penalties for form P11D(B) that should have been received by 19 July 2014 will be issued in November 2014. To prevent your clients receiving further penalties you should ensure they submit their forms as soon as possible.

Short Term Business Visitors - new EP Appendix 4
The wording of the agreement has been updated as a result of discussions at the Joint Forum on Expatriate Tax and NICs. Existing users should use the new version without signing new agreements.

Basic PAYE Tools for the 2014 to 2015 tax year
HMRC has produced an update to the existing version of Basic PAYE Tools.
Welcome

Revenue & Customs Briefs
Revenue & Customs Brief 28/14
This brief provides clarification on the domestic reverse charge for wholesale trading in gas and electricity.

Revenue & Customs Brief 29/14
This Brief explains changes to VAT Regulations for online filing of VAT returns.

Revenue & Customs Brief 30/14
This brief provides information about changes made to the charging and collection of excise duty (fuel duty) on the fuel used in private pleasure craft and for private pleasure-flying.

Social Investment Tax Relief
Introduction of the Social Investment Tax Relief scheme
The Social Investment Tax Relief scheme (SITR) helps individuals support social enterprises and gives social enterprises access to new sources of finance. It is available for qualifying investments made on or after 6 April 2014. Social enterprises can make sure they (and the proposed investments) qualify by sending an advance assurance application to HMRC.

Tax

VAT

Registration for the VAT Mini One Stop Shop opens
The VAT Mini One Stop Shop (VAT MOSS) optional online service is being introduced to save businesses supplying digital services to consumers from having to register for VAT in every EU Member State where they supply these services. Businesses can register for the online service from 20 October 2014. Registration for the service has to be carried out by the business itself. Once registered, a business can authorise an agent to act on its behalf for VAT MOSS.

VAT Notes No 3 of 2014
HMRC publish VAT Notes quarterly. They contain a summary of all recent changes to the VAT rules and announce future changes.

Notice 60 (July 2014) - Intrastat General Guide
The latest version of Notice 60 is now available. This notice cancels and replaces the January 2014 version.

VAT Notice 701/31: health institutions
This notice cancels and replaces Notice 701/31 (February 2007). Details of changes to the previous version can be found in paragraph 1.2.

Notice 708 (August 2014) - buildings and construction
This notice cancels and replaces Notice 708 (April 2014) and a number of amendments. The details of the changes to the previous version can be found in paragraph 1.2 of this notice.
HMRC campaigns

Credit Card Sales Campaign
HMRC launched this campaign on 9 October 2014, it offers a voluntary disclosure opportunity for businesses who accept Credit and Debit Card payments. HMRC now has access to information from the companies that process UK credit and debit card payments that details the number and value of transactions completed by a specific trader. HMRC is giving any businesses that take card payments, but haven’t paid all the tax they owe, the chance to come forward and put their tax affairs in order on the best terms available. Businesses that make a full disclosure will be offered a simple and straightforward way to put their tax affairs right.

HMRC service

HMRC digital strategy: 2014
HMRC’s refreshed digital strategy was published on 29 September 2014. The original strategy was published in 2012 and since then we’ve made some important decisions about the approach we’ll take over the next few years.

HMRC Bereavement Service
This brief highlights how HMRC is improving the service it offers to bereaved customers.

HMRC appoints two new Non-Executive Directors
HMRC has announced the appointment of two new Non-Executive Directors.

Self Assessment - Transition to GOV.UK
Self Assessment guidance transitioned from the HMRC website to GOV.UK on 21 August 2014. This note explains why that’s happened and what it means for our customers.
Employer PAYE guidance - Transition to GOV.UK
PAYE Employer guidance transitioned from the HMRC website to GOV.UK on 30 September 2014.
[Access the PAYE Browser]

Pension Schemes Services web content - Transition to GOV.UK
Pension schemes guidance on the HMRC website is moving to the GOV.UK website. Find out how you'll be able to access HMRC guidance on pension schemes. Also coming soon to GOV.UK, guidance on:
• Capital Gains Tax
• VAT
• Paying HMRC
• Self-employed
• Income Tax and National Insurance contributions.

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

Online
Tax agents and advisers webinar: Self Assessment - expenses risks and concerns
HMRC have designed a new webinar for agents, which shows the connection between the completeness and accuracy of a Self Assessment tax return and the quality of the supporting records.

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.

section continues>
PAYE

Penalties for late real-time PAYE returns to be phased in
Employers with fewer than 50 employees will face automated in-year penalties for late real-time PAYE returns from 6 March next year. Those who employ 50 or more people will face penalties from 6 October 2014.

Updated PAYE penalties and appeals helpsheet
HMRC has updated this helpsheet following the announcement of the phasing in of in-year PAYE filing penalties for 2014-15.

Offshore Intermediaries - Oil and Gas industry. NICs help for employers/agents
New Tax and National Insurance rules for Offshore Employment Intermediaries came into force from 6 April 2014. HMRC has published further guidance to help employers and agents with these changes.

Pension schemes
HMRC Scheme Reconciliation Service
An update on the Scheme Reconciliation Service for pension scheme administrators and trustees.

Publications
A final published version of the CT600 Guide is now available.

Employer Bulletin
Issue 50 of the Employer Bulletin is now available and contains topical and useful information about PAYE processes and procedures. This publication is now issued 6 times a year and it is no longer published on paper. For employers to be informed when it is available on the website, they must register to receive the email alert. HMRC issued over 546,000 email alerts linking to Employer Bulletin on publication day.

Register to receive email alerts

Pensions Newsletter 65
The September 2014 edition has now been published.

Trusts & Estates Newsletter
The August 2014 edition of the Trusts & Estates newsletter for trusts and estates practitioners is now available online.

Inheritance Tax Manual - Updates
Recent updates to the Inheritance Tax Manual including changes made by the Finance Act 2014.

Toolkits
Toolkits to help minimise common errors - update
Agent Toolkits signpost agents to the most common errors in returns. In September HMRC published the updated and refreshed Small Profits Rate and Marginal Relief Toolkit and the Inheritance Tax Toolkit. All 20 Toolkits to reduce errors in returns have now been updated.

section ends
Current consultations

Tackling offshore tax evasion: Strengthening civil deterrents - closes 31 October
HMRC is seeking views on options to strengthen civil sanctions for those evading tax by hiding taxable income, gains and assets offshore.

Tackling offshore tax evasion: A new criminal offence - closes 31 October
HMRC is seeking views on a new strict liability criminal offence of failing to declare taxable offshore income and gains.

Summary of responses
Sharing and publishing data for public benefit
HMRC published some additional information on 21 August 2014 responding to issues raised.

section ends
Update follows on the open priority issues:

WT050: HMRC ran a formal consultation from 18 June to 9 September 2014 seeking the views on replacing the current system of dispensations for reporting non-taxable expenses with an exemption for paid or reimbursed expenses. HMRC are currently analysing the feedback received and WT will keep agents updated as the analysis from the consultation emerges.

WT117: The lack of employer name or PAYE reference on P6 and P9 makes it difficult for an agent to link them to their client’s record. The IOG members confirmed this is still an issue for agents and WT continues to pursue the issue.

WT143: HMRC is planning an IT solution to address the current issue of misalignment of dates/information held on both the SA and PAYE systems, this is scheduled for implementation during 2015. The IT solution will update the SA and PAYE systems so that the correct start year for SA is transferred to the PAYE system ensuring that cases are not reconciled on both systems where a customer is registering for SA in the year after a Return is issued. WT agreed with IOG members that this issue be made dormant but kept under review to monitor the proposed IT solution.

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. WT is pursuing this issue.
WT can now report that a decision has been made by HMRC to turn the pilot into business as usual. A third box will now appear on the SA Return from 2015 onwards within the Student Loan Repayment section asking whether the loan is expected to be fully repaid within the next two years. The factsheets currently available on the HMRC website are scheduled for amendment to reword and remove the references to a pilot.

See Student Loans – Information for agents

WT161 - Recording of CG Losses

All HMRC records are maintained in accordance with the departments retention policy which takes into account our obligations to meet the legal requirements for the retention and disposal of records laid down in the Public Records Acts, The Data Protection Act 1998 and the Freedom of Information Act 2000. HMRC would like to remind customers of their responsibility to maintain their own records of losses claimed and utilised for the purposes of self assessment.

WT193 - Online coding notices for 2013/14 showing incorrectly for 2012-13

An IT fix has been put in place and no further problems have been reported.

WT214 – Difficulty in setting up new PAYE schemes as the reference on the P30BC is in the incorrect format

This issue originated in booklets that were issued during the weekly runs before January 2014. At the start of the 2014-15 bulk issue new coding was put onto the system that stopped this formatting problem. However should there be any evidence to the contrary please refer again.
Intelligent Telephony Automation

In November, 2013 HMRC deployed a new telephony messaging platform, investing in speech recognition technology (Intelligent Telephony Automation - ITA). On 1 July 2014, a number of improvements were made to ITA which have enhanced the customer experience and help to get customers through to the correct helpline for their needs more quickly. These improvements take account of representations from staff, customers, agents’ and their representative bodies, along with detailed analysis undertaken by our suppliers. These include:

- Changes to include new and extend existing grammar and wording that the system recognises, based on what customers are actually saying. Over 40 new tags (the term given to groupings of similar things that customers say) have been created in recognition of new subject areas/lines of enquiry. Examples here are that tags were introduced for Real Time Information (RTI) issues, Notification of Vehicle Arrivals (NOVA), and Machine Games Duty.
- Improvements to how the system uses what the customer says to better identify the reason for calling. Call routing has been changed and should reduce the incidence of customers ending up at the wrong place.
- Improvements in the way customers get through to the appropriate help line, for example although a tag may be joint it might only be specific to Tax Credits and Child Benefit so rather than offer all lines of business, the system has been changed to just say “is that for Tax Credits or Child Benefit”.
- Additional questioning and prompting introduced based on the incoming line of business - addressing feedback that the initial questions and prompts that the system asks to confirm the reason for calling, sometimes do not seem relevant to the line of business dialled. Similarly, prompts used when the system is unable to recognise an answer have been amended, and are now based on the incoming line of business rather than the generic one so as not to confuse callers.

Other News and updates

WT223 - Opening an Enquiry: Response times in local compliance enquiry cases

The Enquiry Manual, EM1580, is the national guidance HMRC follows when opening an enquiry: The guidance says to set a time limit for response, normally 30 days minimum.

See EM1580 - Opening the enquiry: Information request: Time to respond

The guidance at EM1814, says that during the course of an enquiry HMRC, the customer and the agents should work to a 15 working day turnaround time.

See EM1814 - Working the enquiry: Keeping control: Avoiding delay by taxpayer

WT224 - Two versions of Form CF10 on the HMRC website

HMRC would like to thank agents for pointing out that both the 2013 and 2014 version of forms CF10 were available on the HMRC website. The 2013 version of form CF10 has now been removed from the HMRC website.

See CF10 (2014-15)

S002: Suggestion for HMRC to consider allowing agents to have access to the online self-serve services as soon as they become available to customers

Agent Online Self-Serve is looking at all levels of access and to standardise procedures. The suggestion will be recorded on the log of customer requirements for further consideration.

Other News and updates

Interaction of 64-8 and new form R27 (Issues Register WT168)

HMRC has published a brief highlighting how it is improving the service offered to bereaved customers.

Bereavement service for customers
Welcome

• Additional questions have been included in some areas to establish more detail and achieve a better understanding of the caller’s reason for calling (referred to as disambiguation) to assist with routing customers to the correct place.

• Improvements to when questions are asked again, or general messages are played. As mentioned earlier, the threshold settings have been changed as part of tuning so that a wider range of responses will be accepted by ITA. Additionally, when the system does not recognise what the customer has said, it will ask the customer again and provide some prompts.

• Improvements to a significant number of messages to make them clearer, more concise, and more relevant to the customer’s enquiry. Messages have been reworked to better fit with what customers say in order to provide better, and more targeted information to the customer. For example, the Employers Helpline message around Statutory Payments has been updated (along with others), to signpost the new GOV.UK web address rather than the HMRC web address to ensure that customers are referred to the most up to date information.

These changes have been made as part of a regular tuning cycle of improvements to ITA, and work is already under way on the next round.

Consultations

Plan to simplify the way self-employed customers can pay their Class 2 National Insurance Contributions (NICs)

What is the proposed change?

At Budget 2014 the Government announced the proposal that the collection of Class 2 NICs from people who are self-employed would move into the Self Assessment (SA) process so that customers can deal with their tax and NICs payments at the same time. Subject to Parliamentary approval, the changes will come in with effect from the 2015-16 tax year.

The proposed change is to the way Class 2 NICs is collected. It will enable most self employed customers to pay their Class 2 NICs through SA alongside income tax and Class 4 NICs.

Why is this relevant for the Agent community now?

In October 2014, HMRC will inform existing Class 2 NICs customers about the proposed changes as an insert into the normal bill. In addition we will no longer accept new Direct Debit applications from Class 2 customers. This facility has been withdrawn because of the changes to the collection process. These customers will receive a bill for any Class 2 NICs due up to 11 April 2015.

In December 2014 customers who defer payment of Class 2 or Class 4 NICs will be advised they no longer need to apply to do this.

In March 2015 customers who have a Small Earnings Exception certificate will be advised that they no longer need to apply to renew this and that any certificate held will cease to be valid from 11 April 2015.

From the 6 April 2015 liability for Class 2 NICs will only exist if the customer has profits above the Small Profit Threshold (SPT) which will equate with what is now the Small Earnings Limit. If the profits are below the threshold the customer will be able to choose whether to pay Class 2 NICs voluntarily to maintain their record for benefit purposes.

You may receive questions from your clients to understand more detail and clarify whether any actions are required.

What we have said to our self-employed customers

The proposed changes for customers who fill in the self-employment and/or partnership pages on their tax return are as follows:

• In April 2015 – you’ll receive your last Class 2 National Insurance payment. request under the current collection process.
• In July 2015 the last Direct Debit for Class 2 National Insurance will be collected.
• From April 2016 - any Class 2 National Insurance contributions due from 12 April 2015 will be collected together with your tax and Class 4 National Insurance contributions.

• If your Self Assessment payments are up to date, and you’d prefer to spread the cost of your tax and National Insurance contributions, there’ll be an option in SA to set up a budget payment plan.

We’ll give you more details how to do this nearer the time.

If you’re not required to make a SA tax return you’ll continue to get a separate payment request for your Class 2 National Insurance contributions. You’ll get this once a year instead of twice a year.

What actions are required?
You or your clients do not need to do anything at this stage.

What next?
We will be sending out more information and updating our internet pages with more details in due course.

**Update on Local Working Together (WT)**

**Working Together - Taking Forward a Virtual VAT WT group**

Thank you to all those who recently volunteered to help the WT team pilot a virtual VAT meeting. The webinar was delivered on 18 August and involved VAT agents and professional body representatives, the aim was to:

1) test the functionality and potential for running a WT meeting via a GoToMeeting (CITRIX) webinar and
2) gather feedback from the agent volunteers on their experience of using the Webinar.

The feedback received from the agent volunteers who participated in the VAT GoToMeeting (CITRIX) webinar was positive, both WT and Agents felt this had been a great success and the majority of agents felt that the Webinar functionality was easy to use and that they would be willing to continue to engage with WT via this means.

Here are the Q&As from the session:

Q1. **What terms and conditions for sharing information such as personal email addresses do delegates sign up for?**
   A1. Delegates do not sign up for terms and conditions - but there is a link regarding our privacy policy that covers this. [http://www.citrix.com/about/legal/citrix-online-privacy-policy-overview-en.html](http://www.citrix.com/about/legal/citrix-online-privacy-policy-overview-en.html)

Q2. **Can delegates request a copy of the transcript? - If so are delegates aware of the above point?**
   A2. It would be useful to know what type of transcript participants would require, we will explore this further.

Q3. **Does the release or sharing of information agree with data protection guidelines?**
   A3. Yes, this is covered in the privacy policy.

Q4. **Do Citrix retain email addresses/responses? If so for what purpose?**
   A4. The information is held in the cloud for 365 days and then destroyed. It is only retained for a subscribers use, and not for Citrix use.

Q5. **Do HMRC or Citrix use personal information for any other purpose?**
   A5. No

WT is currently exploring the trial of further live VAT forums before the end of 2014. The feedback from the Agents at the first test has given WT much to build on for the next set of live VAT interactive meetings.
Digital Support for Agents

• In line with the Government’s ‘Digital by Default’ agenda HMRC is looking at how it can provide greater choice and more flexible services to agents (and all customers) through increased use of digital channels.

• HMRC plans to provide more of our support and services to you through digital channels. We are working closely with your agent representative bodies to explore what will work best and ensure that we design new digital services that meet your needs and improve the quality and speed of our responses.

• We’ve recently re-organised our Business Customer and Strategy teams, bringing together Working Together and the Agent Account Manager (AAM) service and the work on SME education, into one team, Digital Support for Business and Agents.

• We’ll take a collaborative approach to exploring how we might use digital tools to improve local Working Together arrangements. Discussions are taking place with local WT agents and the professional bodies. Thanks for the comments you have already provided, please keep sending your views to Gill.harmon@hmrc.gsi.gov.uk to 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.

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.