

Working Together

Agents and HMRC working together March 2010 - Issue 39

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Progress of the new local Working Together model

In our last publication we confirmed the launch of the new Working Together (WT) model. As it has now been running for five months, we can provide an update on how things are going.

Local groups and access to WT

At the 2007 relaunch there were 64 local groups still in existence although some had not met for some time.

Working with the six professional bodies (listed at the end of this publication) to build representative networks of agents for each group, we established that there are now 49 local WT groups who meet regularly. There are seven locations where groups have either been dormant for a short time or where there appears to be a demand for a new group. We will shortly be reviewing the local group structure with the professional bodies to ensure that we continue to build a sustainable network of groups.

We realise that local groups can only accommodate a limited number of agents. The six professional bodies have direct routes into HMRC's national WT team, but their members who are not directly involved with local WT will be encouraged to refer issues and concerns through their respective bodies.

Additionally, agents now have the option of using the two new 'virtual' WT groups launched by AccountingWEB and Taxation on 23 February.

We aim to ensure that access to WT reaches as wide an audience of local agents as possible through these arrangements.

Issue escalation and resolution

One of the main benefits of the new local WT model is that agents can identify operational problems, discuss them with colleagues to assess their scale and potential impact and then immediately refer them to the HMRC co-ordinator for further action.

The co-ordinator will then determine if the problem is already known to HMRC. If it is then any steps being taken to rectify the issue will be reported back to the local agents.

HMRC co-ordinators can access the central register of issues held by the national WT team on behalf of their groups and can see any similar issues that have been raised (and resolved) anywhere in the country. We are exploring ways of providing more real time information direct to local agents.

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Operation of the WT model so far

38 local groups have been able to meet at least once since the launch of the new WT model and have tested all the new processes and protocols that have been introduced. It will take time for all groups to become comfortable with these new processes and tools and to make full use of the new continuous nature of the issue referral process. We are monitoring what is happening closely in order to make and plan improvements as we go along.

Feedback confirms that agents value the continued opportunity to meet with HMRC at a local level and the ability to identify and help with the resolution of operational problems or processes. We are also seeing examples of local agents bringing early warning to HMRC of emerging operational problems and we have been able to escalate these problems quickly within HMRC.

We are looking at ways to track and publicise specific areas where local and national WT have been able to make a measurable difference to the working relationship between HMRC and the agent community.

There is still much work to do, and we know that WT can't bring instant answers to every problem, but we remain committed to working with others in HMRC to secure lasting service improvements that will benefit both agents and HMRC.

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Local Working Together

Local Working Together is a forum for HMRC and tax practitioners to meet locally to discuss topics and raise issues of mutual interest.

To get involved and find out about a local group near you check the local WT directory on our website.

[Find further details in the Working Together local directory](#)

Agents and HMRC working together to improve communications

You've been telling us it's difficult to find the HMRC information you need to do your day-to-day business.

On 22 February, following consultation with your representative bodies, we launched the 'Agents and HMRC working together' area on Businesslink.gov.uk specifically for tax professionals. Here you can find news and information for your everyday requirements, all in one place.

The area is divided into three specific sections:

News and information

- Includes links to the agents' RSS news feed, agent-specific publications and also links to register for reminders for Agent Update and other tax related matters.

Guidance and support

- Guides you to more detailed information and provides direct links to some of the tools that are currently available such as the HMRC e-learning modules.

Working in partnership

- To be developed later this year. We hope to use this page to promote useful tools and guides.

[Visit the Agents and HMRC working together area](#)

Early feedback indicates that many of you have found the 'News and information' and 'Support and Guidance' sections useful and offered suggestions on how we can improve the site. This is much appreciated and we will continue to discuss these ideas with your representative bodies to agree what changes can be made.

We're still keen to hear your views on the content and what we can do to improve the site. Send us your feedback by completing the 'Let us know survey'. That way you can help us make it easier for you to find the information you need.

[Send us your feedback](#)

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National Working Together

The HMRC National Working Together team co-ordinates the partnership with key agent representatives. It's a central point for any issues submitted by the local groups that are of national significance.

The team meets on a quarterly basis with the Working Together Steering Group.

[View the minutes of these meetings](#)

R40 and capital gains

HMRC is reminding customers that the R40 form should only be used for making repayment claims.

Customers who usually complete the R40 form and have capital gains to declare with no overall repayment due should instead file a Self Assessment tax return and complete the supplementary capital gains pages SA108. In these circumstances, customers will need to register for Self Assessment by means of completing form SA1 and then submit their return either online or on paper, within the relevant time limit depending on when notification is given.

[R40 form](#)

[Register for Self Assessment using form SA1](#)

We understand that some customers will complete the R40 and R40(CG) forms believing a repayment is due. However, after these forms have been checked by HMRC it may be the case that no such repayment is due and tax is in fact payable. In such circumstances HMRC will register the customer for Self Assessment without requiring form SA1 and issue a notice to file a tax return. Customers can then choose to file online or contact the Self Assessment orderline for a paper return and the relevant supplementary pages.

[Further guidance on how to report Capital Gains Tax](#)

[Further guidance on claiming a repayment using the form R40](#)

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Updates from HMRC

New legislation to develop a standard compliance system

HMRC will implement six closely related pieces of legislation on 1 April 2010 to help introduce a standard compliance system across most of its taxes.

These changes build on earlier legislation introduced on 1 April 2009. They will include:

- A new compliance checks system with standard information and inspection powers. The new system will check Capital Gains Tax, Corporation Tax, Income Tax, PAYE and VAT.
- A new penalty for inaccuracies in tax returns and other documents which applies across Capital Gains Tax, Corporation Tax, Income Tax, National Insurance (excluding Class 1A), PAYE and VAT.

From 1 April 2010 there will also be:

- New time limits for assessments and claims for Capital Gains Tax, Corporation Tax, Income Tax, PAYE and VAT. If any of your Self Assessment clients wish to claim back tax they have overpaid in earlier years please check the guidance urgently. Time is running out to file claims for the 2004-05 and 2005-06 years and we don't want anyone to miss out on their entitlements.

[Find more information in our guidance](#)

- A new 'failure to notify' penalty across most taxes for people who fail to register with us or notify us about us about their chargeability to tax at the right time.

[See the list of affected taxes](#)

- New VAT and Excise penalties.

[Read the simple summary](#)

Also from 1 April 2010:

- The compliance checks legislation is extended to include Aggregates Levy, Climate Change Levy, Inheritance Tax, Landfill Tax, Stamp Duty Land Tax, Stamp Duty Reserve Tax, Insurance Premium Tax and Petroleum Revenue Tax.
- The inaccuracy penalty is extended to include Aggregates Levy, Air Passenger Duty, betting and gaming, Climate Change Levy, excise duties, Inheritance Tax, Insurance Premium Tax, Landfill Tax, Petroleum Revenue Tax and Stamp duties.
- HMRC will be able to publish the names of deliberate defaulters who evade more than £25,000 of tax if they do not fully disclose details and the extent of the evasion as soon as possible after the compliance check starts.

[View our questions and answers](#)

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Guidance

Technical guidance for all these changes (apart from publishing details of deliberate defaulters) is available in the Compliance Handbook.

Technical guidance for publishing details of deliberate defaulters is planned for April, along with the operational guidance for compliance checks and penalties.

[Compliance Handbook](#)

Shares and Assets Valuation (SAV) changes

Following extensive discussions with HMRC colleagues it has been agreed, with effect from 1 April 2010, that SAV will issue Information Notices under Schedule 36 of the Finance Act 2008 (FA2008) in respect of valuations that have been referred to them.

Schedule 36 FA2008 introduced a new framework for compliance checks that enables HMRC to ask taxpayers and third parties for information and documents where they are reasonably required to check a tax position.

The relevant pages of the SAV Manual (SVM) have been amended to reflect this new practice.

[View the changes made to SVM on 11 January 2010](#)

We would like to draw your attention to a specimen Information Notice and the steps that SAV valuers will take before issuing one. These procedures are similar to those followed by other parts of HMRC.

[Visit our website to see SVM 118100 \(Appendix A\) and SVM118110 \(Appendix B\)](#)

Correction and amendment of Self Assessment tax returns and Company Tax Returns

Section 119 FA2008 made changes to the circumstances in which HMRC can correct an Income Tax Self Assessment (ITSA) return, or Corporation Tax Self Assessment (CTSA) return (Company Tax Return) without opening an enquiry into the return. It also changed the way that enquiries into Company Tax Returns are closed. The changes are effective from 1 April 2010.

Correction of Self Assessment tax returns and Company Tax Returns

HMRC has had the ability to correct obvious errors or omissions without the need to use formal enquiry procedures since Self Assessment was introduced. Subsections (1) to (4) of Section 119 made changes to Sections 9ZB and 12ABB of the Taxes Management Act 1970 and paragraph 16(1) of Schedule 18 to Finance Act 1998. This expands what HMRC can correct without the need to use formal enquiry procedures.

From 1 April 2010 HMRC will be able to correct a return, taking into account other information it holds and believes to be correct, even if the error or omission is not obvious from simply examining the return.

As a safeguard against inappropriate use of the extended correction power the taxpayer can reject the correction. If, following rejection, HMRC still believes a correction is necessary, it can give notice of intention to enquire into the return. The taxpayer then has access to the closure and appeal safeguards provided by the enquiry procedures.

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Amendment of Company Tax Returns

The current process for amending a Company Tax Return at the conclusion of an enquiry gives two consecutive windows of 30 days after the issue of the closure notice during which the return can be amended, firstly by the company and then by HMRC. The company has a right of appeal against an HMRC amendment.

Sub-sections (6) to (8) of Section 119 FA2008 amend paragraph 34 of Schedule 18 FA1998 to remove those two 30 day windows and require the closure notice to amend the return to agree with HMRC's conclusions. A separate provision allows HMRC to make any consequential amendments to other returns made by the company that are affected by the conclusions.

The company's right of appeal against an HMRC amendment is preserved. The company has 30 days after being notified of the amendment to appeal against it.

The CTSA closure process will, from 1 April 2010, more closely align with the current Self Assessment closure process. The link that follows will take you to the updated guidance which will be available mid April 2010.

[Read the 'concluding the enquiry' section of the Enquiry Manual](#)

Filing VAT Returns online for your clients from April 2010

Around 1.1 million VAT businesses will have to submit their VAT Returns online - or get an agent to do it for them - and pay any VAT due electronically.

Clients who are subject to compulsory online filing will have received a letter in February setting out the requirement to submit their returns online for VAT periods starting on or after 1 April 2010. The letter also included:

- confirmation of the business's effective date of registration for VAT (which you or your client will need in order to register and enrol for HMRC's online services)
- a guide for businesses on how to sign up to VAT Online and submit a VAT Return electronically.

Act now - sign up and set up your clients online

You may get clients contacting you on receipt of the February notice. So, if you're going to act online on their behalf, you should register/enrol for the VAT for Agents online service and set up your online client authorisations now if you haven't done so already.

In the previous bulletin we gave you detailed guidance on how both VAT registered and non-VAT registered agents can now do all of this online. You can take a look at the updated agents section of the HMRC online demonstrator for further help.

[View the HMRC online demonstrator](#)

You'll need to set up online client authorisations, even if you have previously sent HMRC a paper form 64-8 or letter of authority. This applies to agents who choose to use commercial filing products as well as the HMRC software.

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What else you need to know about signing up and online authorisation

If you sign up to use the VAT for Agents online service to submit your clients' VAT Returns online HMRC will automatically provide you with the option to use the VAT EU Refunds for Agents online service.

When you set up your clients using the online authorisation service, we'll send your client a unique authorisation code through the post. Your client will need to pass this to you. Take care when keying this in - especially if you've been given the code verbally. If you experience any difficulty, please check the code provided by your client before asking HMRC to issue another code as this may result in a delay.

When you've signed up for the VAT for Agents service, you can choose to receive an email reminder to let you know when your client's VAT Return is due. Just log in to the VAT for Agents online service and request an email reminder. From the 'Your HMRC services' page, select the 'Your Account' link in the left-hand menu. You'll find a heading on the main page, 'Your contact details'.

You should select the 'Update personal details' link that appears below this heading. You'll then be presented with a page called 'Your information' and you can set up or make your changes here.

Once a client is added to your VAT client list HMRC won't send them a paper VAT Return for completion. This applies to all clients on your list, regardless of turnover.

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Working Together is a partnership between HMRC and CIOT, ICAEW, ACCA, ICAS, ATT and AAT. Comments on any article appearing in this publication are welcomed and should be sent to The Editor, Agent & Employers Service Improvement Team, 7th Floor, South West Wing, Bush House, Strand, London, WC2B 4RD or to your professional body.

Back issues can be found on the HMRC website.

[Working Together publications](#)

[Read news, updates and events for agents and advisers](#)

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Contact details

One of the key objectives of Working Together is to improve two-way communication between HMRC and tax advisers. If you have any comments please contact the HMRC Working Together team or your professional representative (contact details are below). If you are contacting your professional body please make clear that your comment is about Working Together.

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HMRC is solely responsible for the content of this publication and for the views expressed in it.

Agent Update
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HM Revenue & Customs

Welcome | Tax | HMRC Service | Consultations | Editorial

Introduction

Welcome to the 'new look' 16th edition of Agent Update. In October 2009, we asked what you thought of the style and layout of Agent Update. You gave us some really useful feedback which we used in this redesign. We hope you're pleased with the result. This edition features important news for agents filing online - including leaflets providing guidance on registering and filing, and a number of new online processes.

As ever, we recognise that not all topics will be relevant to you. The brief introductions to each issue should enable you to identify topics that are relevant to you within a couple of minutes. You can then click on the link to view the full information.

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

Sign up to receive email reminders of future issues of Agent Update

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

HMRC Service
Changes to HMRC services, upcoming HMRC events and guidance.

Consultations
Details of live consultations and response summaries.

This month's top articles

New service for agents
HMRC has launched an online resource specifically for tax professionals. Here you'll find many of the essentials you need to keep up-to-date with the latest tax news, as well as details of events, practical support and in-depth guidance. Please tell us what you think by completing the 'Let us know' survey.

Register for VAT online - agent demonstration
This demonstration shows agents how to register and enrol and outlines the benefits of online services.

Self Assessment repayment claims - new deadlines
The deadline for claiming tax back are about to change, from six to four years. Don't miss out on claiming back money your claim may be entitled to, for 2004-05 if you need to make a claim by 31 March 2010.

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Read the latest HMRC Agent Update

The latest edition of Agent Update is now available. It provides a bimonthly digest of information published on the HMRC website that could be useful if you offer tax and accountancy advice and your customers need up-to-date information.

[View the latest Agent Update](#)

[Sign up here to receive reminders for future Agent Updates](#)