

Paper Substitutes for SA Returns

The Government accepted Lord Carter of Coles's recommendation that, to encourage online filing, computer generated substitute versions of the SA Return should no longer be approved or accepted.

This will apply from 2007/08 onwards for:

- SA Individual Returns – (SA100 series)
- SA Partnership Returns – (SA800 series)
- SA Trust Returns – (SA900 series)

For the time being, HMRC will continue to accept approved substitutes for the remaining types of SA Return (Trustees of Registered Pension Schemes - SA 970, and Non-resident companies liable to Income Tax - SA 700). Over time we hope to enable more and more customers to file their returns electronically, and will consider any continuing need for relevant substitutes going forward.

What are paper 'substitutes'?

HMRC currently approves alternative versions of the SA Return form. These alternative forms, which are known as substitutes, are paper outputs produced by 3rd party software. They have the same fields as the official HMRC form but vary in appearance.

What did Lord Carter recommend and why?

Lord Carter's Review recommended that:

"HMRC should stop accepting computer generated SA 'substitute' Returns on paper, from April 2008 for 2007-08 and subsequent Returns."

This was one of a number of recommendations intended to increase the take-up of HMRC's online services for the benefit of customers and the Department.

It makes sense that information prepared electronically should be submitted online - this is more efficient for everyone. The great majority of software products that currently provide for paper substitute outputs already incorporate the functionality to enable the Return to be submitted to HMRC online.

Which substitute Returns will HMRC no longer accept?

Lord Carter recommended that HMRC should no longer approve or accept the three main SA Returns from 2007-08 onwards.

- Individual Returns – (SA100 series)
- Partnership Returns – (SA800 series)
- Trust Returns – (SA900 series)

What about other substitute forms & Returns?

Over time we hope to enable all taxpayers to file online, and we will keep the continuing need for relevant substitutes under review. But, for the time being, HMRC will continue to accept approved substitutes for the remaining SA Returns (including

those for Trustees of Registered Pension Schemes and Non-resident Companies liable to Income Tax) and for all other forms we currently approve substitutes for, such as form R40.

Changes to SA filing dates.

For 2007-08 and subsequent years' Returns, people who are required to file a Self Assessment Tax Return will have:

- until 31 October to do so, if they choose to send a paper Return;
- or until the following 31 January if they file online.

This allows an additional three months for online filing compared with paper. This will cover the great majority of cases. In addition, in three types of case, HMRC will allow extra time beyond the statutory deadline of 31 October – until 31 January – for paper filing without incurring a penalty. The three cases are:

- Trustees of Registered Pension Schemes
- Non-resident Companies liable to Income Tax; and
- the very small number of other taxpayers (more on these below), for whom facilities to file online are not yet available.

What about aspects of the three main Returns that are not currently available online?

Currently our customers can file the three main Returns using 3rd party software. Certain Returns can also be filed using HMRC's online product. In line with no longer accepting computer generated SA 'substitute' Returns on paper we plan to:

- Enable **online filing for earlier years' Returns** from April 2009, i.e. starting with the 2007-08 Return. Paper substitute Returns will continue to be accepted for earlier years not available online provided that they have been approved by HMRC in advance.
- Enable **online amendment of Returns** submitted online for years 2007-8 onwards.

We are also planning to make additional pages, specifically the **capital gains and foreign income supplementary pages**, available through the HMRC online product in response to customer requests.

What if HMRC IT fails?

HMRC recognise the obligation, clearly stated by Lord Carter, to provide robust services, and are making a substantial investment in doing so. However, in the unlikely event that there are problems with HMRC systems close to the filing deadline, taxpayers will not be penalised for late submission of a Return due to such problems provided that they, or their agent, file within a reasonable period once the service is restored.

What about the need for agents to get client approval of Returns?

Agents are authorised in law to submit online Returns to HMRC on behalf of a client over the internet. They must make a copy of the Return information before it is sent,

which must be approved by the client before the agent submits the online Return. We haven't been prescriptive about how the client signifies and records their approval of the Return content. We're happy with electronic or paper formats, electronic or ink signatures; whichever fits best with agents' own processes and mechanisms for dealing with client Returns.

We recognise that copies can be an important part of internal processes - so there's nothing to stop an agent printing off a copy of the information submitted online and retaining it for their own records.

SA Taxpayers Who Are Unable To File Online

There are a small number of SA taxpayers (less than 1% of the total SA population) whose Returns cannot currently be filed online because HMRC has not yet been able to develop online facilities for their particular circumstances.

Because this very small minority of SA taxpayers do not have the choice of online filing, they will be allowed to file on paper up to 31 January, without incurring any penalty that might otherwise be due for paper filing after 31 October. However, HMRC encourages all taxpayers to file early where they are in a position to do so.

Tax practitioners who currently use commercial software to prepare their clients' Return's were concerned that they would be forced back to "pen and paper" for any clients within this group. Following consultations with representative bodies, HMRC will accept paper Returns that have been prepared wholly, or partly, electronically provided that computer generated output is identical in appearance to the official HMRC form. HMRC is providing guidelines to software developers about what it considers to be identical.

This solution is intended for the very small minority of taxpayers that do not have the option of filing online.

Wider use – by people for whom online filing services are available - would run counter to Government's implementation of Lord Carter's recommendations, jeopardising customer service and efficiency benefits. However, if such paper output is used by taxpayers or their agents, for Returns which could be filed online, it will be accepted provided it is identical to the official HMRC Return but must be submitted to HMRC by the paper filing date of 31 October.

If HMRC found significant inappropriate use of this solution, we would have to consider withdrawing this facility. This would mean, even for the very small group that do not have the option of online filing, computer generated output would no longer be accepted as a valid Return.

What HMRC will accept as amounting to 'identical'

We will require computer-generated paper output to have the same visual appearance, or substantially the same visual appearance, as the HMRC original. In practice, this means that IT applications will need to be capable of generating output that:

- replicates the HMRC version of the Return for layout, pagination, graphical elements including logo, font** and answer boxes***;
- renders in either grey-scale or colour. If in colour, applications producing output should be designed to mimic colours used and specified in the original

- HMRC designs (but we recognise that colours in eventual paper output may be different in shade, according to printer constraints and differences)****;
- renders, either bound or as separate A4 sheets, simplex or duplex, comprehensively and securely in correct page order (but we recognise that final output may have a print-area or printing-size slightly smaller than A4, depending on printer constraints and differences – as a broad indicator, up to around 5% smaller will be acceptable).

The computer-generated paper output will contain data, relating to the taxpayer, necessary for that output to amount to a Return. The paper output may also contain designatory data additional to that required by HMRC, for example to facilitate agent and client activity recording. Such data, if included, must be positioned on the paper output in a space which is blank on the official HMRC Return. However, the computer-generated paper output:

- must not contain any guidance or other material designed within the software application to appear on-screen to facilitate data entry;
- must not contain other elements (for example, additional graphics or wording) not found on the official HMRC printed version of Returns (other than applied taxpayer data)

To facilitate development of application software HMRC will provide developers with:

- pdfs of forms, constructed specifying CMYK
- Quark 6 versions of forms, where required
- list of Pantone colours/CMYK formulae, plus RGB equivalents, used in forms design. Also a marked up page 1 of the Return to demonstrate space available for applied designatory data.

***For the 2007/08 product, replication of font for the Main SA Tax Return suite means using HMRC Modena, and for the SA Trust and Partnership Returns either Stone Sans, or a similar font visually the closest available to the provider and occupying the same footprint as text applied using Stone Sans (for example, Arial) . HMRC Modena to be supplied by HMRC solely for the use of developers designing software applications capable of producing paper output identical to the HMRC official paper Returns. The material is implicitly Crown Copyright.*

**** Imprecise 'overlay' of personal data will not of itself invalidate a Return, providing that the data is legible and clearly aligned with a question/side heading, and wording.*

*****Black on white output (i.e. omitting tint) is not acceptable*

Specific design questions

Q: Will a printed Return which includes a bar-code be accepted as identical?

A: Yes, if the bar-code is in the same area on the computer generated paper output as it would be on an HMRC issued Return, i.e. top left hand corner.

Q: What information can we include in the footer?

A: The computer generated paper output may also contain designatory data, for example to help agent and client activity recording. Such data, if included, must be positioned on the paper output in a space which is blank on the official HMRC Return. The footer might include taxpayer name, UTR and the IR Mark. Electronic page numbering may also be included.

Q: Must taxpayer data fit precisely within the Return boxes?

A: A Return will be acceptable as long as the taxpayer data can be read by HMRC and it is completely clear to which box such data relates. For instance, the majority of amount boxes within the Return support 8 digits; if required it would be acceptable for the amount box to include more than 8 digits as long as these were legible.

Q: What font is acceptable in the Returns?

A: The computer generated paper output is required to replicate the HMRC version of the Return including the font. If vendors choose to embed the HMRC pdf in their software, the question of which font to use will not be an issue.

For the 2007/08 product, replication of font for the Main SA Tax Return suite means using HMRC Modena. HMRC Modena will be supplied by HMRC to developers to support the design of software applications capable of producing paper output identical to the HMRC official paper Returns.

For the SA Trust and Partnership Returns replication of font means either Stone Sans, or a similar font visually the closest available to the provider and occupying the same footprint as text applied using Stone Sans (for example, Arial).

Q: Can I print the Return in black and white? It is cheaper and more environmentally friendly.

A: Paper Returns produced using software packages will be legally valid if printed in colour or in 'grey-scale'; pure black on white output (i.e. omitting tint) will not be accepted as identical to the HMRC official Return.

However, many software packages may provide an option to print in pure black and white if the output is being produced as a paper record for the taxpayer's or tax agent's own use.

Software certification

Following the withdrawal of SA paper substitute Returns from 2007/08 and subsequent Returns, HMRC will no longer be providing an approvals process. To be legally valid relevant computer-generated paper output must be identical to the official Return and it has been agreed with software vendors that in this context an approvals process would add little value.

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To support the transition HMRC is working with software vendors to ensure the full parameters of 'identical' output are clearly communicated. This will facilitate the production of legally valid Returns and allow vendors to certify that their software packages have been developed to HMRC specifications.