

HMRC IHT & Trusts Newsletter – December 2008

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Introduction

Welcome to the December edition of the IHT & Trusts Newsletter. If there are any issues you would like us to address in a future edition, please let our customer service team know by email at: ihtcustomerservice@btconnect.com

During the Christmas and New Year period our offices will be closed on 25 and 26 December and 1 January 2009. Our Edinburgh office will also be closed on 2 January.

The next edition of the Newsletter will be April 2009. In the meantime, we would like to wish you all a very Merry Christmas and a Happy New Year.

Dave Shaw
Head of IHT & Trusts

HMRC website

If you visit the HMRC website, it's unlikely you're there to fill a few free hours with some casual browsing. You are probably there to find a specific piece of information or to carry out a specific transaction. We want the information you find to be clear, accessible and relevant.

It's no secret that the HMRC website hasn't always met these criteria, but a major new project across Government is making great strides in transforming the online offering.

IHT and Trusts have been working on our web pages over the last six months and these will be available from 9 December 2008 at:

- www.hmrc.gov.uk/inheritancetax/index.htm
- www.hmrc.gov.uk/trusts/index.htm

Some of the benefits of the new web content include:

- information that is more logically structured – helping you find what you want quicker
- better page design and layout – allowing you to browse more easily
- clearer, more accessible use of language
- focus on the most common customer issues first
- better integration between trusts and Inheritance Tax
- thorough and consistent cross links between common tax areas
- an improved site-wide search facility
- a new Contact Us tool that can put you in contact with the HMRC department you need
- a new Find a Form tool that allows you to search for the forms you need

Some of the new pages have been written with the non-expert in mind. However, you may find them useful, particularly for topics you are returning to after a lengthy gap or you are not familiar with. You may also want to share this information with your clients.

We value your feedback and would like to know what you think of our website and online services. Please go to: www.hmrc.gov.uk/comment if you would like to give your views, suggestions or comments.

New penalties for errors in tax returns and documents

The new penalties apply to returns or other documents for tax periods starting on or after 1 April 2008 that are due to be filed on or after 1 April 2009. This means that taxpayers who don't take reasonable care to get their taxes right may incur a penalty for errors made during 2008-09 and later years.

The key points are:

- The new penalties are one of the first pieces of cross-cutting legislation designed to make the tax system simpler and more consistent;
- If people take reasonable care to get their tax right, we will not penalise them, even if they make a mistake;
- If people do not take reasonable care, errors will be penalised and the penalties will be higher if the error is deliberate;
- Telling us about errors, especially if this is unprompted, can substantially reduce any penalty due.

Most people take care to fill in their tax returns and documents correctly. We want to encourage that and help everyone to get it right.

The new penalties initially apply to Income Tax, Corporation Tax, Capital Gains Tax, VAT, Construction Industry Scheme, PAYE and National Insurance contributions.

They will be extended later to most of the Department's other taxes, levies and duties.

For more information please follow the link below through to the New Penalties leaflet;

www.hmrc.gov.uk/about/new-penalties/penalties-leaflet.pdf

New form IHT400 Inheritance Tax account

Our new IHT400 Inheritance Tax account, and the accompanying schedules numbered IHT401 to IHT423, was launched on 17 November 2008. This form replaces the IHT200 and the 'D' supplementary pages.

You may continue to submit IHT200 Inheritance Tax accounts until 9 June 2009, but from that date the new IHT400 account must be used.

For more information about the IHT400 go to our website:

www.hmrc.gov.uk/cto/iht/news-iht400.htm

Claim for loss on sale of shares

We are receiving a lot of claims for loss on sale of shares. To enable us to process these claims as swiftly as possible please remember:

- AIM shares are not qualifying investments and should not be included on the form IHT35. Most AIM shares normally qualify for business relief if held for 2yrs to the date of death so the sale should have no impact on the estate figures.
- All columns/information must be completed as required in the form. Forms not completed correctly may be returned therefore delaying a repayment.
- The price achieved per share on the date of sale is important and should not be omitted.
- The gross sale prices are required ie no fees, commission etc should be deducted.
- The date of sale is the date required not the date of completion.

You can find the guidance at: www.hmrc.gov.uk/manuals/ihtmanual/IHTM34000.htm

Non-statutory clearance service

The non-statutory business clearance service started last April to provide written confirmation of our view of the application of tax law to a specific transaction or event. Inheritance tax business property relief (IHT-BPR) clearances were included in this service on a trial basis from 1 May 2008 to 31 October 2008. We have decided to continue the IHT-BPR clearance service on the same basis as for the trial period whilst the trial is reviewed. It will remain as part of the clearances service and we will update the guidance and make a formal announcement once we know how we are going to take it forward.

Correspondence you don't need to send us

We have recently looked at letters and information sent to us with cheques and payslips. We found that 85% were covering letters which did not hold any additional information about the estate.

In previous issues of this newsletter we explained that the banking facility in Nottingham will soon be moved to Shipley. When this change happens only the payment and payslip will be processed at Shipley. Additional correspondence may cause a delay in payments being allocated to the intended estate and Shipley will not forward correspondence of this nature to our IHT offices.

Because of this please only send us the cheque and payslip which should not be stapled or pinned together in the pre-addressed envelope. This will ensure that there will be no delay in the allocation of the payment to the correct record. Please also note that from the date the transfer of this work takes effect we will no longer be issuing receipts for payments.

We also receive a large number of letters telling us about transfers and settlements that are excepted under the new IHT regulations (Statutory Instruments No's 605 and 606). The purpose of these new regulations is to reduce the number of reports that people have to make to us. There is no need for people to write to us to tell us about the event and seek our confirmation that no account is required. If you are not sure whether the regulations apply to a particular situation, there is guidance at: www.hmrc.gov.uk/manuals/ihmanual/IHTM06100.htm and if you are still unsure, you can call the IHT Helpline.

Instalment files

If you send in money to us for an instalment file, either to be placed on deposit or to pay off the outstanding instalments, please tell us what you would like to use the money for. We often receive amounts close to but not enough to cover the outstanding tax and interest due and without clear instructions are unsure of what action is required.

Revised guidance

We have published revised guidance on Business Relief on holiday lets on our website at: www.hmrc.gov.uk/manuals/ihmanual/IHTM25278.htm

The contents of this newsletter are not binding on HMRC
and reflect news and views current
at the time of writing.