

Financial Institutions Returns Bulletin

Returns Bulletins keep Financial Institutions (FI's) and other data providers informed about developments relating to annual information return reporting requirements. Please let the appropriate people in your organisation read it.

This bulletin is about all of the following schemes unless stated:-

- Section 17 & 18 TMA 1970
- EUSD (SI 03/3297)
- ISA
- Registered Pension Schemes (RPS RAS)
- VCT
- Chargeable Events

You might like to keep these bulletins at the front of your copy of the relevant Magnetic Media Specifications.

If you are reading an electronic copy of this bulletin, selecting or clicking any of the links [in blue](#) will take you to the item described.

What this bulletin contains

[Click to go to the paragraph](#)

[Preferred format](#)

[Preferred method of submission](#)

[Withdrawal of old Spreadsheets](#)

[Withdrawal of Media](#)

[Withdrawal of labels](#)

[Reducing the use of paper](#)

[Incomplete Returns](#)

[Using the HMRC PGP Key](#)

[Submitting Returns via SET](#)

[Common Failures](#)

Preferred format

Our preferred format in order of preference

1. Flat text file in line with the magnetic media specifications;
2. HMRC spreadsheet (where available) for small returns of 1000 entries or less; or
3. Our least favoured option is paper OCR forms.

Our systems are designed to capture data from a flat text file that meets the magnetic media specifications (mag. specs) for that scheme. We realise that the name is out of date as it still bears the original name from when files could only be submitted on magnetic media such as floppy disc or tape. Technological advances now allow files to be submitted on optical or electronic media such as CD or USB stick or electronically (and more securely) using our SET service (Secure Electronic Transmission).

Our first preference is for submissions to be in the format described by the mag. specs, if that's not possible we'd like them to be on the spreadsheet (where one exists) and finally we'll accept paper copies. We will not accept files by e-mail for security reasons nor do we recommend using e-mail.

The magnetic media specifications can deal with returns of all sizes from a handful of items up to several million. Due to their complexity it may be disproportionate to expect small returns (returns of fewer than 1000 items) to be submitted in this format. As an alternative paper (OCR) forms are available.

For small returns (returns with fewer than 1000 entries) we will, wherever possible, supply a spreadsheet alternative. The advantages of the HMRC spreadsheet:

- They can be downloaded from the HMRC website.
- They are designed for electronic data and can often be completed by copying and pasting the data from your own system.
- Because the data is supplied electronically the quality is usually better.
- Because they are in electronic format they can be submitted by SET or on encrypted media, improving security.

Currently we provide spreadsheets for S17, S18 and the European Savings Directive (EUSD). These spreadsheets were updated for the 2010- 11 returns and subject to review we hope to issue a new ISA spreadsheet for 2011- 12 returns.

We will only accept the latest version of spreadsheet. Click [here](#) to view and download the latest versions of the spreadsheets or go to this URL: <http://www.hmrc.gov.uk/esd-guidance/s17-s18-si-reporting.htm#7> for the available spreadsheets

If you decide to use forms we have identified the following disadvantages:

- You can only use forms supplied by HMRC. Photocopies and downloads are not acceptable.
- The forms are designed to be completed by hand.
- Because they are usually completed by hand the data quality can be poor.
- They are insecure. If intercepted en route anybody can access your client's details.

[Back to contents](#)

Preferred method of submission

Our preferred method of submission is using our SET service as it is quick and very secure. As well as being the most secure method of protecting your clients' personal details whilst en route to HMRC it can also be the most cost effective. If you have to submit several files at different times throughout the year you do not need to pay each time you use the service, unlike a courier who will charge for each transfer.

The Secure Electronic Transfer (SET) service is a secure way for you to exchange large amounts of information with HM Revenue & Customs online. It is safer and more efficient than transfers of paper or storage media like hard drives. There is more information about SET, its key features and how it works here: <http://www.hmrc.gov.uk/set/index.htm>.

If you are not able to use SET we would recommend that you submit your returns on permitted media using one of the forms of encryption detailed in bulletin 4 or 5. **We do not recommend paper returns** as they are not at all secure and have all the disadvantages detailed in section 1.

Withdrawal of old Spreadsheets

Earlier this year we updated the S17 and S18 spreadsheets originally published in 2008. We will not accept spreadsheets in the old format after 31/12/11. All old format spreadsheets will be rejected. We will securely destroy the return. Please use the latest version of the spreadsheet available on the HMRC website and follow the latest guidance. Please destroy any old spreadsheets you hold. The latest spreadsheets are at this web address: <http://www.hmrc.gov.uk/esd-guidance/s17-s18-si-reporting.htm#7>

Withdrawal of Media

We will no longer accept returns on floppy disc or cartridge tape after March 2011. Please change to other media such as CD, please also see bulletin 5 for additional information.

Withdrawal of labels

Very few of the labels we issue are actually used, so from 2011- 12 we will not send out labels automatically. The information required with any physical media sent to Cardiff will instead be detailed in the notice. We will however still provide labels on request. If you still require labels please e-mail cni.firm@hmrc.gsi.gov.uk quoting the reference (including sub number) for which you require labels. When you send us media please make sure you identify each item separately with our reference, name of Financial Institution and the tax year, so if you are sending us three CD's, for example, all three show our reference, the F.I.'s name and the tax year.

[Back to contents](#)

Reducing the use of paper

We would like to reduce our reliance on using paper for reporting. Electronic submissions via SET carry the lowest security risk; sending paper through the post is the most risky procedure. We will write to you separately about this in the near future.

Incomplete returns

If you identify that you have not included all relevant data in your return please submit a supplementary or additional return containing **ONLY the missing data**. If you submit the full return again we could capture the same information twice resulting in unnecessary contact with your customer. If you are not able to submit a supplementary return please contact us to discuss the options available.

Submitting returns via SET

The HMRC SET service is used by HMRC for the bulk transfer of data both into and out of HMRC. For advice on how to submit your return via SET you should contact the MDTS customer management helpline. They are the experts in how to submit your file via SET. For enquiries about the content of the file including available formats and whether the file name you are using is suitable please contact CNI.

Common failures

We have analysed all the failure reports produced this year in our processing area. There were 345 and a large number could have been avoided.

Failure to supply all required fields in accordance with the specifications (159)

Some fields are set by us in the specifications but other fields such as names and address are set by you in the type 1 record.

Problems found

- Fields specified by us not supplied (such as a type 3 record for every type 2 record on a S18 return)
- Name and address fields not supplied in line with the lengths specified in the type 1 record
- Inconsistent field lengths. When a field length is set by us or you, every time that field occurs it should be the length specified. In some records the field length found did not match those specified
- Some returns include a postcode indicator in the type 1 record. On these returns if you enter Y you must supply a postcode field in every type 2 record space filling in appropriate cases. If you enter N then the postcode field will not occur in any type 2 record

Unwanted characters (49)

Includes currency and “+” (plus) or “-“(minus) signs in number fields as well as spurious inappropriate characters in other fields.

Incorrect reference information (45).

We compare the reference number, sub number and year on the submission document or in the SET file name with the details in the type 1 record to ensure we are processing the correct return. We had 45 returns where the reference number, sub number or year were incorrect or incomplete in one or more of the type 1 records provided on the return

[Back to contents](#)

Information incorrectly reported (29)

This includes cases where the wrong file or return type was submitted. Data was entered in the wrong field or fields were incorrectly justified or padded with the wrong character. For example, date fields can only be space filled if you are not required to report a date. When you pad with zeros our system will interpret this as a date and fail the return.

Mandatory fields not completed (21)

On S17 and S18 returns the SI 03/3297 indicator has to be completed in every type 3 record. On ISA returns if you enter the type of ISA as A or B you must enter an in year date of first subscription.

Incorrect record count (16).

The final record of a return is a count of all the type 2 records. At least 16 returns failed because the number detailed did not match the number reported. A frequent cause of the problem is adding or removing type 2 records without correcting the record count.

Tabs (15)

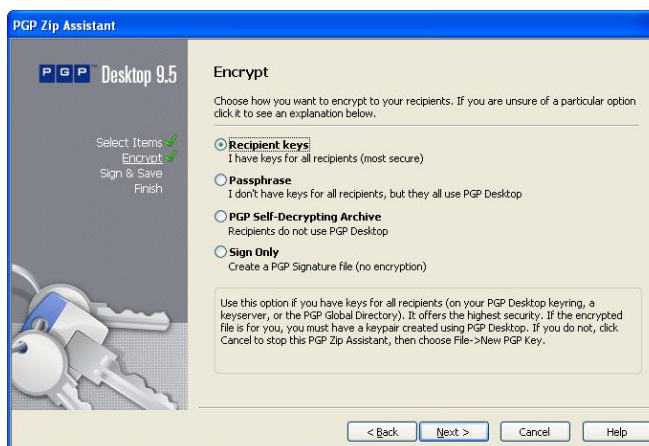
If you include tabs it will cause the return to fall out of line and fail.

Nil returns (6)

We received several files, which contained no actual customer data. If you have no data to report you should **NOT** report this via SET or on physical media such as CD or OCR form. Instead, please send a letter to Cardiff on company notepaper giving your company's name, HMRC ref (including sub number) and the year. The letter should state that you are submitting a nil return and provide a name and contact details should any queries arise.

Incorrectly encrypted returns (5).

Some companies appear to have selected the wrong option when encrypting their return. We have received several returns encrypted with PGP that we have not been able to access. If you are using the HMRC public PGP key please select the option "Recipient keys" as shown in screen print aside. We have also included a copy of this advice in the recently updated returns problem solver.



[Back to contents](#)

Looking forward

The Taxes Management Acts will be repealed in March 2012 and will be replaced by new [Data-Gathering Powers](#). You can read the draft regulations by clicking on the link in the previous sentence or using this URL: <http://www.hmrc.gov.uk/drafts/data-gathering-si.pdf>

Junior ISA products are available from autumn 2011, you can find more information [here](#) (PDF) or at the following URL: <http://www.hmrc.gov.uk/budget2011/tiin6710.pdf> (PDF)

<p>Where to send your return</p> <p>Unless you are using SET (Secure Electronic Transfer) send your return to the Centre for National Information.</p> <p>Do not send your return to anywhere else in HMRC.</p> <p>HM Revenue & Customs FI Returns Management Team. CNI, Ground Floor Government Buildings Ty Glas Llanishen CARDIFF CF14 5ZG</p> <p>Telephone: 0292 032 7373, 029 2032 6379 or 029 2032 7285. There is more about SET and how it works here: http://www.hmrc.gov.uk/set/index.htm</p> <p>E-mail: cni.firm@hmrc.gsi.gov.uk for enquiries only do not use to submit returns.</p> <p>To request OCR forms please telephone HMRC orderline on Tel 0845 900 0404 between 8am and 10pm Monday to Friday.</p>	<p>Further guidance</p> <p>For advice on what is reportable, please see the guidance at the links.</p> <p>Section 17 & 18 TMA 1970 http://www.hmrc.gov.uk/esd-guidance/s17-s18-si-reporting.htm</p> <p>EUSD (SI 03/3297) http://www.hmrc.gov.uk/esd-guidance/index.htm</p> <p>ISA http://www.hmrc.gov.uk/isa/index.htm</p> <p>Junior ISA http://www.hmrc.gov.uk/budget2011/tiin6710.pdf</p> <p>Registered Pension Schemes (RPS RAS) http://www.hmrc.gov.uk/pensionschemes/guidance.htm</p> <p>VCT http://www.hmrc.gov.uk/guidance/vct.htm</p> <p>Chargeable Events http://www.hmrc.gov.uk/specialist/chargeable_events.htm</p>
---	--

[Back to contents](#)