

working together

issue 26

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Coming soon...

Agent authorisation has been one of the most frequently raised topics in local Working Together. The two former Departments (Inland Revenue and HM Customs and Excise) had different processes and forms for registering agent authorisations. We have taken account of your feedback to streamline the process for you and your clients. A new form 64-8 (which now includes VAT for the first time and joint tax credit claimants) will be available from the HMRC Internet pages from the beginning of September.

Self Assessment - New Simplified Statement

Taxpayers started to receive a simpler update on their Self Assessment account from August. The new SA Statement will replace the Self Assessment Statement of Account. The amount of information on the Statement will be reduced. The principle changes are that the new-style Statement will show

- any balance brought forward
- what has happened since the last Statement
- whether there is a balance to pay (and when to pay it) or an overpayment

The new form of Statement will also be available to you, your clients and our staff on-line through SA View Liabilities and Payments (View L&P).

View L&P will display the statement as issued, including details of future payments becoming due. It provides the ability to drill down into the figures to find out, for example, how a particular figure was calculated or how we have allocated any payments.

These changes do not affect the layout of the Clients Account Information Sheets which are sent to agents twice a year.

Agent Priority Lines

There have been some rumours that we have withdrawn Agent Priority Lines. This is not the case. The rumours may have started because we introduced some 0845 numbers rather than geographical numbers recently. The Agent priority lines have not been withdrawn on any of our sites. In the case of East Kilbride there are in fact two such lines 01355 358 090 - (which support the work that remained in East Kilbride when work was reorganised) and 0845 366 7835 which, supports the work which migrated from the Leicester site to East Kilbride. Regardless of the type of phone number (0845 or 0161 etc) the Agent Priority Lines offer a priority service.

Coding Out of Non-PAYE Income

Statutory Instrument No. 2682, Regulation 14(1)(f) gives HMRC the authority to include income which is not PAYE income in the PAYE code, where agreement has been reached with the taxpayer or their agent. PAYE income includes benefits- in-kind, employed earnings or pensions, Retirement Annuity Contracts, etc.

Non-PAYE income includes income from property, investment income, etc (you can find further information in our Online PAYE Manual at:

www.hmrc.gov.uk/manuals/pommanual/pomcod/pomcod03120.htm)

For larger amounts we will send a letter to explain what we are doing but in all cases we will send a notice of tax coding prior to the commencement of the tax year in which the code is to be operated. You or your client can object to the inclusion of non-PAYE income included in the code number at any time and we will remove the deduction.

We will be including a new box on the 2006-07 Main Tax Return, issued in April 2007 which will enable customers to make clear whether they wish to have non-PAYE income included in their tax coding or to pay any additional tax due through Self Assessment. At box 23.1A it will say: "Tick Box 23.1A if you are likely to owe tax for 2007-08 on income other than employed earnings or pensions and you do not want us to use your 2007-08 PAYE tax code to collect that tax during the year".

Feedback to Working Together indicates that many of you will welcome this change. And this is part of other improvements we hope to introduce to the Tax Return in the near future. We will keep you informed through Working Together.

Issues from Local Working Together Groups

These are some of the issues which have been raised recently by local Working Together groups.

Q. Can we have an automated e-mail response whenever a return or form is filed?

A. For services which submit via the government gateway (CT, PAYE, VAT and SA) there is an email confirmation that the return has been successfully received online (assuming the customer has provided an email address). This is in addition to the on-screen notification that the user would receive.

Q. Is there a computerised "nagging" system that reminds people of up-coming important tax deadlines?

A. There are several service-specific opt-ins for email reminders, i.e. Alerts Online for SA, VAT E-Prompt and online PAYE notifications. Also, Business Link (www.businesslink.gov.uk) has a service to create a personalised calendar of key tax deadlines for the next 12 months - users can also sign up to receive regular email alerts as each date approaches.

New CIS Update

The second "New CIS Update" is being sent to around 240,000 registered contractors over a 2-week period from 2 September. This Update is the second of a small number to be issued in the run-up to new CIS and the theme for this issue is "Get set for April 2007". Topics covered are:

- What you can expect from us over the next year
- The November mailing: why it's important to send in your vouchers
- Getting employment status right
- Completing the new monthly return
- Calling all software users. Do you print your own vouchers?
- Working with industry
- A note for 'deemed' contractors
- Getting more advice.

The update will be published on the HMRC Internet mail shots page <http://www.hmrc.gov.uk/new-cis/mailshots.htm> around the time mailing starts.

Shared Workspace - Working Faster

HM Revenue & Customs has been looking at ways to improve communications with our customers and although our online services have grown steadily, these have mainly related to transactional processes.

We recognise our business is diverse and, at times, involves complex, joint activities with customers. With this in mind HMRC has developed a strategy for working collaboratively through the electronic medium known as a "Shared Workspace".

What is it?

A Shared Workspace is a web-based "eRoom" system, accessed through the Internet. It allows our staff and agents to work together in a secure electronic environment.

What are the Benefits?

Shared Workspace is an excellent collaborative tool. It facilitates

- real-time communication
- online discussion
- better knowledge-sharing
- work on the same document by a number of people at the same time
- reduction in administrative costs such as postage and storage.

What Does it Look Like?

Shared Workspace functionality includes electronic folders, discussion groups, notes space, polls, calendars, project plans and databases. This provides a great deal of flexibility and means it can be used for process tasks as well as working on complex correspondence or consultation. More than one user can work on the same material at any one time and new versions of documents are saved and automatically version-controlled.

When and How Will it be Introduced?

We will pilot the system in several different parts of the Department including

- Large Business Service
- Local Compliance London
- Local Compliance Appeals Units
- Complex Personal Returns and Ex-patriots
- Charity Assets & Residence
- National Insurance Contributions Office (Pensions)

How Will This Affect You?

Over the next few months you may hear about Shared Workspace as we start to "go live". If your practise falls into one of our expansion areas we may be inviting you to use the system so that you can also enjoy the benefits. Everything about Shared Workspace will be explained to you at that point but you should know that you will not need to provide any additional software or equipment - all that you require is Internet access and email access.

We see "Shared Workspace" as an important part of our transformation agenda, so much so that we have a team dedicated to engaging customers and helping them design the type of eRoom that will best suit their needs. The interest already shown has been overwhelming so we will have our work out for the next few months. But we are committed to spreading the benefits of this powerful, collaborative system and we hope that you will take the opportunity to share those advantages with us.

We are grateful to colleagues in HMRC South Wales for compiling this article.

Excise News

The latest edition of our newsletter on current excise issues, Excise News 04/06, was published on 15 August 2006. See: <http://www.hmrc.gov.uk/news/index.htm>

Tax Credits - New Agent Priority Line 0845 300 3943

Many agents deal with their clients' tax credit claims. We have taken note of your feedback and made changes to the process for dealing with agents to improve the service.

Until now agents have had to use the general tax credit helpline number. From 1 August 2006, agents should use a new, dedicated priority number for tax credits - 0845 300 3943.

All agent calls will be routed to one Contact Centre site. When the call comes through, it is identified as an agent call and the adviser will have the relevant guidance for verifying and dealing with agents at their fingertips. This will ensure a more efficient service for agents.

If an agent uses the existing general number, our staff should still deal with the call, but we recommend that you use the new number. The new priority line is for agents only; please do not make it available to the general public otherwise the efficiency of the service will be affected.

HMRC Online Services - Direct Contact Exercise

Over the forthcoming months HMRC Business Development Consultants (BDCs) will be telephoning agents to offer support to those who wish to do business with us online. In particular, we will be offering help and advice about registering for and using our online services. The purpose of the call is to find out

- what online services you currently use
- if we can help you maximise the use of those services
- advising you of other services that are available online.

Currently we have 40 BDCs working on this exercise which is scheduled to run until the end of November. With a large number of agents on our records, it is possible that the BDCs won't be able to make contact with everyone.

If you would like to make contact with a local BDC rather than wait for a phone call, or if you are interested in receiving an email that gives you hyperlinks to the relevant parts of the HMRC Internet site, please contact marketing.online@hmrc.gsi.gov.uk

We are also offering formal presentations in some regions, if you'd like to see if there is one near you please contact marketing.online@hmrc.gsi.gov.uk

The Business Development Consultants can give advice on the following HMRC Online Services

- PAYE
- SA
- CT
- VAT
- Stamps
- Pension Schemes

We would like you to check our website for information on service availability; "What's New"; the online Agent Authorisation service and give us feedback on any service used.

www.hmrc.gov.uk

Further Information on UITF 40

On 22 August 2006, HMRC posted some further information and guidance on UITF 40. This is in addition to Help Sheet IR238.

Please see: <http://www.hmrc.gov.uk/sa/adinhelp.htm>

Self Assessment Tax Returns - Foreign Savings & Dividend Income - Remittance Basis of Taxation

There are 2 issues relating to foreign dividend and savings income that could affect the 2005-06 SA Tax Return - Foreign Pages.

Dividend Income

From 6 April 2005 the top rate of tax on foreign dividend income chargeable on the remittance basis is 32.5% and not 40%. This is as a result of an inadvertent change that occurred in the process of introducing the Income Tax Trading and Other Income Act 2005 (ITTOIA). As this change did not come to light until after the Self Assessment Return and tax calculator had been compiled and issued, the Self Assessment system will automatically apply the former tax rate of 40% for higher rate taxpayers.

This only affects a very small number of individuals who can claim the remittance basis of taxation and would be including on page F2 (of the Foreign Pages) dividend

income from a non-UK company calculated by reference to the amount received in the UK in the tax year.

Any individual affected, should use the Additional Information section of the main Return (box 23.9) to give details of the amount of foreign dividend income included in the Return on the remittance basis and to say what rate of tax has been applied if they have self-assessed the tax due. A fuller description of the action to be taken will be contained in a Tax Bulletin article in the August issue (TB 84).

Savings (Interest) Income

There is an error in the notes and examples at page FN3 (Example 3) and FN15 (Example 9) of the Notes on Foreign pages which could result in individuals making an incorrect entry on the Foreign Pages of the Self Assessment Tax Return for 2005/2006.

On page FN3 under the heading "Foreign Income taxed on the remittance basis", the final line of Example 3 should indicate that the full amount of Special Withholding Tax (SWT) (that is £150 in the example) is to be entered on the return at column D. The remainder of the example is correct. The opening sentence above the example should read:

"If you have claimed for your foreign income to be taxed on the remittance basis you can still claim the Special Withholding Tax that relates to the income arising during this year".

Similarly on page FN15, Example 9 should indicate that the full amount of the SWT (that is £3,000 in the example) is to be entered at box 6.10A. The final sentence in the paragraph above the example should read:

"If Capital Gains Tax is payable by reference to the amount of the gain received in the UK you can still claim the Special Withholding Tax that relates to the whole gain that has accrued in the year"

New International Telephone Numbers

Customers dialling from abroad cannot use 0845 numbers. Contact Centres have just introduced a new range of numbers to cater for this. See

<http://www.hmrc.gov.uk/local/individuals/international-numbers.htm>

editorial

Working Together is a partnership between HM Revenue & Customs (HMRC) and CIOT, ICAEW, ACCA, ICAS, ATT and AAT.

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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) or via your local Working Together Group.

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