

Working Together

Working Together on VAT changes

There will be major changes next year to the VAT filing and payment arrangements for some businesses. We are working with the Working Together Steering Group to develop the best means of keeping you up to date on what is happening and when. In the meantime this article sets out the main changes and how they could affect your clients.

What are the changes?

Under Government proposals, from 1 April 2010:

- all VAT registered businesses with a turnover of £100,000 or more (excluding VAT); and
- all businesses newly registering for VAT, whatever their turnover
- must file their VAT returns online and pay any VAT due electronically.

For these customers, the changes apply to all returns covering accounting periods beginning on or after 1 April 2010 and from then HMRC will no longer issue paper returns to cover these periods.

Filing returns on paper will still be an option for the remaining VAT registered businesses, but this could change by 2012 (the date provisionally set for all businesses to file their tax returns Online).

Letting customers know about the changes

We are planning to raise customer awareness of these changes in a variety of ways - including messages on the VAT returns and envelopes, articles in VAT Notes, and a mailing in late 2009 to all VAT registered customers. There will be a series of nationwide events providing businesses with practical advice on the VAT Online Service and how to enrol. We will also be taking advantage of other departmental mailings to get the message over to customers.

From February 2010, the focus will shift from raising awareness to encouraging customers to take action. HMRC will then write to all customers affected by the changes, explaining that in future they must file online and pay electronically. The letter will explain the help and support available to them to file online for the first time, should they need it.

The HMRC publicity campaign, which will extend well into 2010, will highlight the changes, and encourage customers to register for Online Services and file their returns online.

We hope that all customers affected by the changes will read about them in this publicity and take appropriate action. However it would be very helpful if you could please advise your clients at an early stage about the changes due in April 2010 along with their obligation to file VAT returns online and pay any VAT due electronically at an early stage. Some businesses may need to revise their security processes for checking and authorising the return before filing online, and may need your input and support in tackling this at an early date.

How to file

Some of your VAT registered clients may not choose to have you file for them, but you can let them know that they can file online using either HMRC's software or a commercial product (which may interact with their internal systems, extend to cover bookkeeping and offer other helpful facilities). The HMRC website lists the commercial software products available at www.hmrc.gov.uk/online/index.htm. You can find more details by selecting the green 'Online Services' tab at the top of the homepage. Then under the 'Online Services - options available' select the 'XML VAT return' link in the 'Software provided by commercial suppliers' column.

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Making it easier for Agents to file VAT returns online

If you use the VAT Online for Agents service you can:

- opt to receive a reminder when your client's return is due
- view a list of clients and VAT returns due
- apply for VAT registration for a client

Later in 2009, HMRC plan to enhance the VAT Online Service to make it easier and simpler for VAT customers and their agents to enrol and file online. The planned improvements to the VAT Online for Agents service include:

- providing an Online Agent Authorisation facility for VAT agents
- the facility to file the VAT193 (Final Return) online
- a function to allow agents (and businesses) to view historic returns filed online
- removing the need for an agent to be VAT registered to be able to file clients' VAT returns online. This is planned in time for April 2010. if not before.

Benefits of using the VAT Online service

A major benefit of paying electronically is additional time for most businesses to pay any VAT that is due and to file their VAT return.

You can find more information at www.hmrc.gov.uk/vat/managing/returns-accounts/deadlines.htm

Please also note that from 8 July 2009, HMRC changed its bank account details for paying VAT. Further information can be found at www.hmrc.gov.uk/payinghmrc/vat.htm where you can also find out more about paying electronically and the various methods available.

“ 23 July, we published the new WT Pack ”

1 Local Working Together

Local Working Together (WT) is a forum for HMRC officers and tax practitioners to meet locally to discuss topics of mutual interest and raise issues. To get involved and find out about a local group near you, check the WT local directory.

Link:

www.hmrc.gov.uk/workingtogether/contact/local-directory.htm

An update on the new Working Together model

In the last edition, we set out our aims for implementing the new model for WT following on from what we learned at the April and May launch workshops. We are pleased to tell you that we are on target to achieve those aims.

On 23 July, we published the new WT Pack. This pack contains all the roles, processes and support material for the new model. The whole pack will be continuously reviewed, updated and improved as we go along, and there are some sections where we know that we still have some more immediate work to do. We have published the pack now because most of it, (and all of it that supports the work of the local groups), is as 'finished' as it can be until local groups work with it for real and suggest further changes.

We have consciously built the new model around what happens in local groups. We are now working on the national processes and tools to support that, and it is those parts of the Pack that we will certainly need to update accordingly. We expect local groups' early experiences will mean further changes to the rest of the Pack, so we are sending it to your local WT co-ordinators and the steering group representatives as a word document for now. If you have not received a copy and want one, please ask your local WT coordinator or your professional body. When we reach the stage where the pack will need less frequent changes, it will be published on the internet.

As we said in the previous edition, we have introduced an interim version of the new Issues Template. This is held by the local WT coordinators, and at this stage only the coordinators should submit it. All referrals from local groups should now be on that template which should only be completed after appropriate research and discussion has taken place. We have had referrals from several groups already. Please keep them coming - apart from helping us provide better and quicker responses, we are using them to help us design the new register we need to keep track of your issues and how we have resolved them.

CG 34 procedures

On behalf of local agents, the Working Together Steering Group (WTSG) presented to us a list of issues that agents faced when using the CG 34 procedure. In particular they were experiencing

delays in the time it took to obtain valuations which was undermining the value of the CG 34 process.

There has been broad agreement within HMRC that the CG 34 procedure would benefit from centralisation and work is already ongoing to finalise some of the organisational details. More information will be communicated via future editions of this bulletin.

2 National Working Together

The HMRC National Working Together team co-ordinates the partnership with key agent representatives and is the central point for issues submitted by the local groups which are of national significance. The team meets on a quarterly basis with the Working Together Steering Group. Click here to [read the minutes](#) of these meetings.

Link:

www.hmrc.gov.uk/workingtogether/sg-minutes.htm

Learning Together is coming to a town near you!

A new era dawned on 1st May as the Tolworth and neighbouring WT groups in South West London brought together tax agents and HMRC compliance officers to learn about the new compliance checks and penalties at the first ever Learning Together event.

The three-hour event provided a technical overview of the compliance checks and penalties and explored the practical implications for compliance officers and agents. It also provided a great opportunity for networking.

Feedback from the event was overwhelmingly positive, with everyone agreeing that they had gained useful insights for their day-to-day work. Most attendees also said they planned to share what they had learned with their colleagues.

Forthcoming Events

Building on the success of this first event, Learning Together will be visiting other cities and towns in the UK from October 2009 onwards.

Learning Together events will be of interest to agents who:

- Want to know more about compliance checks (including CT, SA and VAT)
- Need to understand how tax penalties are calculated under the new legislation
- Want to learn about situations where nil penalties and suspended penalties apply
- Would like to discuss compliance changes with other agents and tax officers
- Need to develop/maintain skills and knowledge as part of a CPD plan

Learning Together is supported by the leading tax Institutes and Associations, including ICAEW, ICAS, ACCA, CIOT, AAT and ATT but all practicing tax agents are welcome to attend, regardless of professional affiliation. All Learning Together events are free to attend.

Reserve your place now

Working Together readers are the first to know about these events. The demand for places will be high so please contact our telephone hotline now if you want to reserve a place at your nearest event.

To book a place at a Learning Together event: **020 7438 6655**

Pre-return Support for Agents: Have your say in the development of HMRC's new toolkits

In issue 34 of Working Together we let you know about the toolkits we are developing for agents to provide guidance on risk management, and to set out how agents can reduce the likelihood of mistakes occurring in returns.

We have had a very positive response to our request for volunteer agents to test these toolkits before we make them available to the wider community. Over 100 agents, including nine of the largest firms have agreed to take part in the pilot, with some firms volunteering to test all six toolkits we are developing. The first toolkit for Capital Gains Tax for Trusts and Estates, was sent to the agent volunteers on 27 May 2009.

The next two pilot toolkits are:

- Capital Allowances for plant and machinery, which covers risks HMRC encounter around acquisitions & disposals, non-business use of assets and transitional provisions for the FA2008 changes to the capital allowances regime

“Learning Together events will be of interest to agents”

- Marginal Small Companies relief, which covers risks HMRC encounter around the companies that should be considered as associated for marginal small company relief and small company rate purposes

These will be followed by Capital Gains Tax (land and property), personal and private expenditure, and Inheritance Tax toolkits.

How do I get involved?

If you are interested in being involved in the pilots for any of the toolkits, please contact the HMRC project team at

www.hmrc.gov.uk/prereturnpilot/. By helping us test and refine these you will be at the forefront of our work to support agents and be able to play an active role in their future development. We will of course keep you fully informed as the work progresses.

3 Updates from HMRC

Working Together and Debt Management

In May's bulletin we told you about the Debt Management pilot exercise looking at the risks, costs and benefits of out-sourcing some debts to private sector Debt Collection Agencies (DCAs).

We are using the Department for Work and Pensions framework contract and suppliers from that framework. We have appointed iQor Recovery Services Ltd who have already started to recover some debts on our behalf, and Eversheds LLP who will commence recovery of some debts in early August.

So far we have spoken with representatives (including agents and voluntary sector organisations) whose clients may be affected by the pilot, and those meetings have been very productive. We plan to continue that engagement during the course of the pilot.

A number of you have asked what safeguards we have in place. The DCAs we are using are regulated by the Office of Fair Trading. Their guidelines provide key safeguards for debtors. For example, the guidance prohibits the DCAs from "pressuring debtors to pay in full, in unreasonably large instalments or to increase payments when they are unable to do so". To provide additional safeguards and ensure that DCAs operate within

our published guidelines, we have included a set of HMRC standards to be adhered to as part of the contract and we will monitor the activities of the DCAs throughout the life of the pilot to ensure contractual standards are being met.

If one of your clients receives a 'final opportunity' letter from HMRC please advise them to contact the DCA referral team immediately at the telephone number shown on the letter. If they do not contact HMRC their debt will be passed to one of the DCAs for collection.

We also previously mentioned how we are making it easier for customers to pay using credit card, Direct Debit and online services. HMRC have taken steps to support businesses in the current climate by offering time to pay where payment cannot be made in full, and by setting up the Business Payment Support Service (BPSS), which allows viable businesses in genuine temporary financial difficulty time to pay their tax over a period which reflects their circumstances and meets their needs. This service has been well received and is very popular. The BPSS has been operating for over seven months, and by 28 June 2009, the service had received over 246,000 calls of which 67,200 were general enquiries and granted more than 157,500 time to pay agreements worth over £2.7bn.

Our Debt Management team are conscientiously tackling spurious debts on our systems. This is debt that is showing on our systems but not ultimately due, and it can often only be identified when each individual case is pursued. It can arise in a number of ways, for example tax charges can be raised automatically based on 'out of date' information held. We want to minimise the amounts of spurious debt on our systems so that we can avoid troubling our customers, your clients, unnecessarily. You and your clients can help by supplying us with information about a change in circumstances as soon as you are aware of it.

We are also looking at Voicemail or SMS text messaging to contact your clients who have debts with us. So far this trial has been limited to SA customers and it has been successful in helping customers pay on time. We are very conscious of the security issues involved and have a dedicated space on the HMRC website for customers to get advice and information if they receive a message or text from us. You can also find information about keeping safe online and other aspects of electronic security by clicking on our website.

Link:

www.hmrc.gov.uk/security/index.htm

“granted more than 157,500 time to pay agreements worth over £2.7bn”

Partnership UTRs – non-trading partnerships containing one or more non-UK resident partner

We issued guidance in Working Together Bulletin issue 34 about the inclusion of unique tax reference numbers (UTRs) for all partners in partnerships required to submit a UK tax return. This was designed to remove the practice of allowing partnerships to submit tax returns with dummy or missing UTRs for partners.

The British Venture Capital Association representing part of the Investment industry in the UK brought to HMRC's attention the impact of the change in practice in relation to non-UK resident investors in Investment Partnerships.

HMRC appreciate that due to historic practice there are numbers of existing Investment Partnerships that will be required to file a return where the foreign investors do not have a UTR. HMRC have therefore introduced a specific process for these partnerships in order to prevent the investment industry losing competitiveness as a result of the change in practice. The alternative process is optional and applicable only to non-trading partnerships containing one or more non-UK resident partner.

Agent Update

Keep up to date with news for tax agents and advisers by looking out for Agent Update, HMRC's other e-Bulletin, which is published every two months on the HMRC website.

www.hmrc.gov.uk/agents/news.htm

Editorial

Working Together is a partnership between HMRC and CIOT, ICAEW, ACCA, ICAS, ATT & AAT. Comments on any article appearing in this publication are welcomed and should be sent to the editor Kim Nicholas, Agent & Employers Service Improvement Team, 7th Floor, SW North Bush House, The Strand, London, WC2B 4RD or by email kim.nicholas1@hmrc.gsi.gov.uk or to your professional body.

Back issues can be found on the HMRC website. You will also find a round up of news, updates and events for agents and advisers.

Links:

www.hmrc.gov.uk/workingtogether/publications/index.htm

www.hmrc.gov.uk/agents/news.htm

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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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