

# Working Together

## 31 January Self Assessment (SA) filing peak

This year saw the introduction of a new 31 October deadline for filing Self Assessment (SA) tax returns on paper following Lord Carter's recommendations. With the online filing deadline remaining at 31 January, the first online deadline day was awaited with a great deal of interest.

It turned out to be a tremendous success for HMRC as the numbers of SA tax returns filed online broke all records. 5.8 million returns were received by the deadline of midnight 31 January. Overall, 67% of Self Assessment customers chose to file online as opposed to on paper. The peak day was 30 January when more than 390,000 returns were submitted and between 4pm and 5pm that day some 38,000 returns were filed, just over 10 every second.

In local HMRC offices, instead of the usual last-minute rush by customers to submit paper tax returns, the day passed off quietly, with no reported instances of large numbers of paper tax returns being handed in.

### Special arrangements to support agents with 31 January filing prove a success

Working in partnership with the Working Together Steering Group (WTSG) to help our customers and agents in the run up to the 31 January filing deadline, we introduced a fast track process for obtaining a Unique Taxpayer Reference (UTR) for the self-employed.

This process, introduced for the first time, proved very successful. Between 8 December 2008 and 31 January 2009, when the fast track service was available, we received and processed over 15,000 applications. The very large majority of these applications were posted out to customers within our ambitious turnaround timescale of 5 working days.

### The need for UTRs

We did find that some customers mistakenly applied for a UTR so that they could file their client's return by the 31 January. The customers who had failed to notify HMRC of their 2007-08 liability will not have been issued with a 'notice to file' (which would in any case include notification of the relevant UTR) and there was, therefore, no urgent need for a UTR. However, such customers may be liable to a penalty.

Your self-employed clients must notify HMRC immediately when self-employment starts and there are a number of ways in which this can be done:

### How to notify self-employment and obtain a UTR

1. Use our **online service** - you will receive automated notification that the application has been received.
2. Individuals (but not agents) can tell us about self-employment by phone. Call our Helpline for the Newly Self-Employed on **0845 915 4515**.
3. Complete the paper form CWF1 and return it to:  
The Central Agent Authorisation Team,  
Longbenton,  
Newcastle-upon-Tyne,  
NE98 1ZZ.

Our leaflet, 'Are you thinking of working for yourself?' includes a CWF1 and is available from **our website** or you can obtain one from local offices.

### 1 Local Working together

The future of Working Together - April/May workshops

### 2 National Working together

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*“we received and processed over 15,000 fast track applications”*

### UTRs for partnerships

To address specific concerns raised by the WTSG and to help partnerships who did not have all the required UTRs, we accepted, for this year only, the use of 'dummy' or substitute UTRs to help partnerships to file online by the deadline.

However, substitute UTRs will no longer be acceptable and all partnerships and their members are now required to use the appropriate UTR when filing partnership returns.

#### Links:

[www.hmrc.gov.uk/selfemployed/iwtregister-as-self-employed.htm](http://www.hmrc.gov.uk/selfemployed/iwtregister-as-self-employed.htm)

[www.hmrc.gov.uk/leaflets/se1.pdf](http://www.hmrc.gov.uk/leaflets/se1.pdf)

## 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](http://www.hmrc.gov.uk/workingtogether/contact/local-directory.htm)

## The future of Working Together – April/May workshops

We are pleased to announce that the work of the national WT team and the Steering Group on the new model for WT is nearing completion.

Last autumn, we ran a series of regional events where over 600 local agents and HMRC staff met and looked at the arrangements in place for WT. We gathered detailed views from you about what was working and what needed to be changed. We are grateful to everyone who attended and contributed to the discussions.

At the end of October, we summarised what you had told us in a [special edition of WT bulletin](#), and in December we published a [report setting out our proposals for the new model](#). Since then we have been working on the best way to turn those proposals into a practical new WT system that works well for both agents and HMRC.

We have produced a new 'WT pack' to explain what needs to be done by local groups, and how it needs to be done in those areas where we need to ensure consistency across the groups. The pack also sets out the overriding principles that you told us should apply to WT activities and provides details of all the individual roles within the local WT system.

We are launching the new model at 15 workshops around the country during April and May and we have invited agents and HMRC staff to represent every one of the 64 current local groups. Members of one or two of the groups will find it difficult to travel to the locations so we will visit them instead as soon as possible. We are aiming for the whole WT network of groups to take part in the workshops.

At the workshops, agents and HMRC staff will hear details of the new system, have the chance to work with the new pack and help us to fine tune it. After the workshops, we will put the finishing touches to the pack and arrange for it to be published.

Our aim is that each group will start working with the new model and using the pack from their next meeting following the workshop.

#### Links:

[www.hmrc.gov.uk/workingtogether/publications/wt-special-autumn-2008.pdf](http://www.hmrc.gov.uk/workingtogether/publications/wt-special-autumn-2008.pdf)

[www.hmrc.gov.uk/workingtogether/publications/future.pdf](http://www.hmrc.gov.uk/workingtogether/publications/future.pdf)

## 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.

#### Links:

[www.hmrc.gov.uk/workingtogether/sg-minutes.htm](http://www.hmrc.gov.uk/workingtogether/sg-minutes.htm)

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## Changes to the form 64-8 'Authorising your agent'

We have introduced a new version of form 64-8 which enables you to type details directly onto the form, on-screen. Although you cannot save the data typed into the form, the form can then be printed, signed and sent for processing to the Central Agent Authorisation Team at Longbenton, Newcastle-upon-Tyne, NE98 1ZZ.

You can download from here the [form 64-8 \(PDF 200K\)](#).

The 'Signature' and 'Employer' sections of the form have also been amended to provide clarification and aid accurate completion.

Please remember that the 'Employer PAYE' part of the form only needs to be completed where your client is operating a PAYE scheme. Customers who are individuals under PAYE do not need to provide an Employer PAYE reference on the form.

Please use the new version of the form (02/09) from now on when you apply for authorisation to act on behalf of a client.

There are no changes to our online authorisation service that an increasing number of our customers are using.

### Links:

[www.hmrc.gov.uk/forms/64-8.pdf](http://www.hmrc.gov.uk/forms/64-8.pdf)

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## Telephone security questions explained

We thought that we would share with you how we get your business done with our Taxes Contact Centres while keeping your clients' information safe.

Every year, HMRC contact centres receive around 1.5 million telephone calls from agents on behalf of their clients. Our aim is always to help you to complete your business quickly and easily, but where your call needs information specific to your client, we must first ensure that the customer's information is secure by checking that you are the authorised agent. We do this by asking you questions about the customer and about yourself.

Agents had been telling WT that security checks were taking too long. You were answering a number of questions but still failing to obtain security clearance and not understanding why. You also told us that you were sometimes being asked for unreasonable levels of detailed

information about your clients. Our Contact Centre Directorate (CCD) was already working on an improved system on which WT collaborated with them. The new arrangements were introduced on 9 February in our general Taxes Contact Centres.

We thought it would help agents to know how the security system works in general terms so that you can be better prepared when you call.

### What to expect when you call

- When you call our contact centres on behalf of a client and the adviser needs to refer to information specific to your client to deal with the call, you will be asked a series of questions about that client and about yourself.
- The answers to the client questions will be general information that you should have readily at hand as you prepare to make the call. You will not be asked for obscure facts such as clients' middle names or their children's ages.
- You need to answer five questions correctly to pass, and you are allowed some failures on the way, particularly where the answer is something that could be different if one or other of our systems has not been updated.
- The whole process should take no longer than a few minutes.

### Keeping information up to date

It is clearly important that your clients tell you about any changes to their basic information and that we are notified of any changes as soon as possible so that you and we have the same up to date details. You will also need to tell us about any changes to your own information.

### What if it doesn't work?

If you find that your security questioning is very different from the system described here or if you are unhappy with the way the adviser is handling your call, you can ask to have the call escalated. You can do this by asking to speak with the adviser's team leader who will then take over the call or if they are busy, they will call you back.

All of our calls are recorded and we are happy to review calls to resolve difficulties. If you require us to do this, please provide full details of your client so that the call can be retrieved and listened to. Anecdotal evidence is difficult to defend.

*“we must first ensure that the customer's information is secure by checking that you are the authorised agent”*

### What if I have no 64-8 for the client?

There is a strictly 'once only' emergency process whereby you can call us with your client present. They will be required to verify their own identity and give verbal authority for you to speak to us on their behalf.

WT will be organising agent evaluation of the process through WTSG to supplement CCD's own internal evaluation, and we work jointly on all of the feedback received.

#### A reminder

Don't forget – if you have a taxpayer specific enquiry about a Self Assessment or PAYE matter you should always call the Agent Dedicated Line (ADL). All of our contact centres now have ADL's and you can find the number to call on the [agents pages of the HMRC website](#).

#### Links:

[www.hmrc.gov.uk/agents/contacting-effective.htm](http://www.hmrc.gov.uk/agents/contacting-effective.htm)

## 3 Updates from HMRC

### Employer CD-ROM 2009

You or your clients should have received your first copy of the 2009 Employer CD-ROM with the latest Employer Bulletin. As a result of the late Budget Day this year, the updated 2009 Employer CD-ROM that will include changes from the Budget will be issued later than usual. You will receive this on or before 10 June.

We have identified a small number of errors on the CD-ROM. To ensure that you are operating your client's payroll correctly and have all the up to date information while awaiting the updated version please go to [our website](#) where you can download to your computer the latest update to the Employer CD-ROM.

If you do not have access to the internet and need the download from a disk then please call the Employer Orderline on **08457 646646** and ask for CD Download 09, or if you need more technical advice please call **0845 605599**.

When you open your CD-ROM you will notice that the look and feel of it is different from the 2008 edition. We have improved the screens and navigation around the CD-ROM and added some new tools to the home page.

The CD-ROM continues to have all the help, guidance and calculators you need to help you operate PAYE.

All the new features are simple to use. To make sure that you get the best out of your CD-ROM we recommend that you start by going to the **Help** section in the **Learning Zone**. This contains everything you need to know about the improvements which include resizing the window, expanding and viewing the content and an improved facility to track your steps.

### Why not you use the Employer CD-ROM to send 2008-09 Employer Annual Return online.

Last year some employers sent us their Employer Annual Return online, directly from the CD-ROM. The pilot was successful so we have now decided to continue this for 2008-09.

You can send us 2008-09 Employer Annual Return online using the new 2009 Employer CD-ROM if you:

- have used the P11 Calculator for 2008-09 to calculate tax and National Insurance for all employees
- are using the P11 Calculator for 9 or less employees at 5 April 2009
- transfer your 2008-09 P11 details onto your new 2009 Employer CD-ROM.

Use your new CD-ROM for further help in completing your return and follow the guide to filing PAYE forms online.

Don't forget that you must also be registered to use our online services. You can do this by registering [online](#).

#### Links:

[www.hmrc.gov.uk/employers/cdrom/download-update.htm](http://www.hmrc.gov.uk/employers/cdrom/download-update.htm)

<https://online.hmrc.gov.uk>

### 50 + Employees – a new date for returns

From 6 April 2009, employers with 50 or more employees must send employee starter and leaver information online as well as their Employer Annual Return (forms P35 and P14). If you have clients with 50 or more employees, you must send these forms online on their behalf if they have asked you to do so or your client could face a penalty.

The starter and leaver forms that must be sent online are:

- P45 (Part 1) – details of employee leaving
- P45 (Part 3) – new employee details

*“online filing is quick, secure and convenient”*

- P46 - details of employees starting work who do not have a P45
- P46(Pen) - new pension details. This is a new form which will be introduced in April 2009 to replace the P160
- P46 (Expat) - this is a new form which will be introduced in April 2009 and is only to be used where employees have been seconded to work in the UK.

Online filing is quick, secure and convenient. For more, go to our [website page](#)

**Links:**

[www.hmrc.gov.uk/inyear](http://www.hmrc.gov.uk/inyear)

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## New ways of working in compliance

### 'Toolkits' to support agents. Can you help?

We are planning to produce a series of toolkits for agents, to provide guidance on risks to compliance from HMRC's perspective and to set out the steps you can take to reduce the likelihood of these risks occurring in the returns that you submit.

We hope that using the toolkits will help you to ensure the completeness and accuracy of returns and thus reduce the risk of an HMRC enquiry or inspection that could result after an error has been made.

To get things started we have developed a toolkit for 'Capital Gains for Trusts'. As well as providing information on the risks that we see in this area it will also help agents to identify the checks that they can carry out to help their clients ensure that they have taken reasonable care in completing their tax return.

Our intention is to build up a series of similar toolkits for agents. We are planning to develop versions covering the risks in Marginal Small Company relief, Capital Allowances (plant and machinery), Capital Gains Tax (land and property), personal and private expenditure and Inheritance Tax.

We have been working with agent representatives, through the Compliance Reform Forum, and with a small group of volunteer agents to improve our understanding of the work that agents carry out before submitting returns. We want to provide as much help and support as possible to help agents with this important role.

### How do I get involved?

If you are interested in using the Capital Gains for Trusts toolkit, or any of the other toolkits mentioned, and would like to help us to test and refine these before we make them more widely available, please visit [our website](#) by 30 April 2009.

During the next year or so we intend to develop more of these toolkits, focusing on specific taxes. These will be piloted with small groups of agents to test, evaluate and refine them before we make them available to the wider agent community. We really would value your comments and views if you would be willing to take part and help us with these trials.

We will keep you up to date with our work as it progresses.

**Link:**

[www.hmrc.gov.uk/prereturnpilot](http://www.hmrc.gov.uk/prereturnpilot)

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## New compliance checks

### E-learning package for agents

Our new compliance checks framework will be launched on 1 April 2009. It is designed to make the tax system simpler and fairer for taxpayers. The new legislation provides HMRC with one set of powers for PAYE, VAT, Income Tax, Capital Gains Tax, Corporation Tax and Construction Industry Scheme to:

- visit business premises to inspect the premises, assets and records (Schedule 36, FA 08)
- ask taxpayers and third parties for information and documents (Schedule 36, FA08).

The new measures will also provide:

- Greater flexibility in the rules for keeping records after 1 April 09 (Schedule 37, FA08) .
- New time limits for making assessments and claims to provide customers with earlier certainty. These will be fully in force for most taxpayers on 1 April 2010, with transitional arrangements for VAT from 1 April 2009. They will not apply to individuals outside Self Assessment until 1 April 2012. (Schedule 39, FA08).

To help customers understand our new framework an e-learning package for compliance checks is [available on our web site](#). The module takes less than half an hour to complete and provides an overview of the new framework. It will help our customers to understand the

measures brought in by Finance Act 2008 and how these will change the way HMRC officers check the tax position of individuals, companies and VAT registered bodies. We plan to publish more detailed learning later in 2009.

If you have any comments or questions on the learning package or the new legislation please email them to:

[check.compliance@hmrc.gsi.gov.uk](mailto:check.compliance@hmrc.gsi.gov.uk)

Links:

[www.hmrc.gov.uk/e-learning/compliance-checks/Externalmodule/HTML/Externalmodule\\_menu.html](http://www.hmrc.gov.uk/e-learning/compliance-checks/Externalmodule/HTML/Externalmodule_menu.html)

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## Take care to avoid a penalty

Please make sure your clients take extra care to get their returns and other tax documents correct because a new penalty regime for inaccuracies now applies.

We appreciate that most people try to get their tax right. The good news is that if your clients take 'reasonable care' then HMRC will not penalise them, even if they do make a mistake.

The new penalties apply to inaccuracies in returns and documents for:

- Capital Gains Tax (CGT)
- Corporation Tax (CT)
- Income Tax
- National Insurance contributions (NICs)
- PAYE
- Construction Industry Scheme (CIS)
- VAT

They apply to returns and documents for periods starting on or after 1 April 2008, due to be filed on or after 1 April 2009. They replace a wide variety of penalties with a simpler and more consistent system.

The first returns affected will be VAT returns, and the P14s and P35 forms employers have to submit by 19 May 2009. If any of your clients are contractors in the construction industry their CIS monthly returns are also affected.

We have now published the operational guidance on the internet in the compliance handbook, to complement the technical guidance which we published last year.

**Visit our website** for more information, including the compliance handbook, and take a look at the frequently asked questions which

have been updated to include briefing on the penalty changes in the 2008 Finance Act.

Links:

[www.hmrc.gov.uk/about/new-penalties](http://www.hmrc.gov.uk/about/new-penalties)

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## Non-Statutory Business Clearance service

In April 2008 HMRC introduced the Non-Statutory Business Clearance service. Where there is material uncertainty about the tax consequences of a specific event or transaction we will give written confirmation of our view. We will aim to do this within 28 days of receipt of the details. This should provide more certainty for agents and their clients at a useful practical level.

The service covers all taxes, including Corporation Tax, VAT, PAYE/NICs, CGT, Stamp Duty etc. On Inheritance Tax, business property relief was included from May last year and its scope was extended in January this year to include some change of ownership cases.

Agents have told us they were unsure whether or not PAYE and NICs are included in the service. Although not normally thought of as 'business taxes', PAYE/NICs will be included where the issue impacts upon the business. In fact nearly a third of all applications received relate to PAYE/NICs. The most common issues are:

- **Salary Sacrifice** - we can't give advice before the scheme is put in place but we can let you know the effect on the business' tax affairs 'post transaction'
- **Termination/Redundancy payments**
- **Share schemes**
- **Employee car ownership schemes**

Procedures for advice on Salary Sacrifice schemes have changed, they should no longer be sent to the local office of your client.

### All Non-Statutory Business Clearance applications should be sent to:

HMRC Clearances Team, Alexander House, 21 Victoria Avenue, Southend on Sea, Essex SS99 1BD

(or if your client is a Large Business Service customer send it to the Client Relationship Manager (CRM))

If you are sending your application by post, we recommend you head the application

*“if your clients take ‘reasonable care’ then HMRC will not penalise them”*

'Business Clearance Application' and post direct to the Southend Clearance Team. Our preferred method for dealing with your application is by email. There are risks involved in this, but more details on how to use this safely and how to apply can be found on our website.

**Links:**

[www.hmrc.gov.uk/news/extend-clearancesiht.htm](http://www.hmrc.gov.uk/news/extend-clearancesiht.htm)  
[www.hmrc.gov.uk/cap/links-dec07.htm](http://www.hmrc.gov.uk/cap/links-dec07.htm)

**Email:**

[hmrc.southendteam@hmrc.gsi.gov.uk](mailto:hmrc.southendteam@hmrc.gsi.gov.uk)

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## Support for your clients having difficulty paying their tax bills

If any of your clients are anticipating or experiencing difficulties paying their tax bill you may want to direct them to our new dedicated **Business Payment Support Service**.

If you have authority to act on your client's behalf, through a form 64-8 or an online agent authorisation, you can discuss your client's tax affairs with us. For example we can agree a payment arrangement with you, but we may also need to speak to your client to set up payments through direct debit.

So, if you wish to discuss a client business' payment position that is not already the subject of a Time to Pay arrangement and you hold an authorisation to act on behalf of that client, give us a call on the Business Payment Support Line **0845 302 1435**. You will also find more information on the Business Payment Support Service website [page dedicated to agents and advisers](#).

**Links:**

[www.hmrc.gov.uk/pbr2008/business-payment.htm](http://www.hmrc.gov.uk/pbr2008/business-payment.htm)  
[www.hmrc.gov.uk/pbr2008/bus-payment-addinfo.htm](http://www.hmrc.gov.uk/pbr2008/bus-payment-addinfo.htm)

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## Landlord's Energy Saving Allowance (LESA)

LESA was introduced in April 2004 to encourage private landlords of residential properties to improve the energy efficiency of their properties. It has been extended from 8 July 2008 to corporate landlords.

We would like to raise awareness of this allowance amongst landlords and agents and encourage landlords to consider improving the energy efficiency of their properties by installing specific energy-saving items (loft, cavity wall, solid wall, hot water system and floor insulation and draught proofing) and to claim LESA in respect of these items against their tax.

LESA is a tax allowance, not a grant. It allows landlords to claim the cost of buying and installing energy saving items in properties they rent out against their taxable profits. However, they can't claim if they are a landlord claiming an allowance under the 'Rent a Room' scheme or have a property rented out as furnished holiday accommodation. They can claim LESA on expenditure incurred up to 1 April 2015, when the availability of this allowance will end.

For more details on the qualifying conditions please refer to the [Directgov website](#) and [HMRC website](#).

**Links:**

[www.direct.gov.uk/lesa](http://www.direct.gov.uk/lesa)  
[www.hmrc.gov.uk/manuals/pimmanual/PIM2072.htm](http://www.hmrc.gov.uk/manuals/pimmanual/PIM2072.htm)

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## 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](mailto:kim.nicholas1@hmrc.gsi.gov.uk) or to your professional body.

Back issues can be found on the [HMRC website \(www.hmrc.gov.uk/workingtogether/publications/index.htm\)](http://www.hmrc.gov.uk/workingtogether/publications/index.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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