TECHNICAL NEWSLETTER

Welcome to the Autumn edition of the ATT Technical Team newsletter!

You will see immediately that this edition of the Newsletter is almost twice as long as the last one. That is largely due to the delayed issue of the various HMRC consultations and other communications which eventually arrived in August. We had to choose between some drastic pruning which might have meant that members missed out on something which was important to them and reporting more fully with the risk that this discouraged reading. We concluded that the headlines would enable members to identify what they wanted to read in detail.

Practical Tax People

Association of Taxation Technicians

WELCOME

It will come as no surprise to our members in the quarter that finally saw the release of the *Making Tax Digital* (MTD) consultations that this issue is quite busy in the *Digital update* section with articles covering the six MTD consultation documents, important information on Cyber Security, details of recent scams doing the rounds, updates on online verification plus new services available through HMRC's Personal Tax accounts.

We also have lots of interesting articles in the other sections of the Newsletter, including details of five PAYE-related consultations that were also launched this quarter, an update on the Apprenticeship Levy and details of other consultations to which ATT has responded or which the team is currently reviewing.

We received some very positive feedback on the Summer edition of the relaunched newsletter (published in June). We welcome comments on what you have enjoyed reading and what you would like to see more of so we can ensure that we are tailoring this newsletter to our members' needs.

Making tax digital – consultations finally launched

HMRC finally launched the consultation phase of the *Making Tax Digital* (MTD) project by releasing six consultation documents on 15 August 2016:

1. **Bringing business tax into the digital age**: This consultation considers how digital record keeping and regular updates should operate. The consultation also adds that HMRC have revised their thinking on the exemption level for MTD. Prior to the release of these documents, HMRC had been considering that only businesses and landlords with turnover or income below £10,000 where this was a *secondary* income source would be exempted from quarterly reporting. HMRC has now said that *all* businesses and landlords with gross income and turnover below £10,000 will be exempt. Therefore, if the only source of income is self-employment income under £10,000 there will be no requirement to make quarterly digital reports. Similarly, if a taxpayer has pension income of £12,000 and rental income of £5,000 they will also be exempt from the rules. However, someone with a self-employment turnover of £6,000 and also a rental income of £6,000 will have to make quarterly digital reports as the two together breach the £10,000 exemption. We are pleased that HMRC have seen sense over this exemption and removed the requirement for it to apply only to secondary source. However, we believe that the exemption should at least be equal to the personal allowance each year. That way if a business or a landlord is not earning enough to pay income tax they would not have to make quarterly digital reports. A link to our recent press release on this issue can be found at the end of this article.
2. **Simplifying tax for the unincorporated business**: This consultation seeks views on:
   - changing the basis period of assessment for the self-employed.

   - extending cash basis accounting to larger businesses
   - reducing business reporting requirements
   - reducing the need to distinguish between capital and revenue for businesses using the cash basis.
3. **Simplified cash basis for the unincorporated property business**: This consultation considers the extension of the cash basis to landlords. Its introduction might ease the transition to MTD for those landlords who will be required to report at least quarterly.
4. **Voluntary pay as you go:** This consultation looks at options for taxpayers covered by the requirement for digital record-keeping to make and manage their voluntary payments. It considers how voluntary payments will be allocated across a taxpayer's different taxes and explores the best way of dealing with the repayment of voluntary payments. It also suggests that quarterly reporting might create opportunities for earlier repayments by HMRC.
5. **Tax Administration**: This consultation covers aspects of the tax administration framework that need to change to support MTD. It also sets out proposals to align aspects of the

tax administration framework across taxes including the simplification of late filing and late payment sanctions (interest and penalties).

6. **Transforming the system through better use of information:** This consultation focuses on how HMRC will make better use of the information it currently receives from third parties to provide a more transparent service for taxpayers that reduces end of year under- and over-payments. It also explores HMRC's future ambition for the use of third party information from 2018 onwards.

All of the above Consultation documents can be accessed at: www.gov.uk/government/collections/making-tax-digital-consultations

The submission deadline for all six is **7 November 2016**. The ATT Technical Team is currently in the process of gathering and analysing feedback from members. A general request for input was posted on our website with a response date of 23 September 2016. However, if anyone has anything they would like to add please do email it to us and we will do our best to ensure your thoughts are reflected in our written responses. We would encourage members to also send in their own separate responses direct to HMRC.

HMRC is also running a programme of webinars and face-to-face events across the UK to provide more detail on the MTD consultations and to give people the opportunity to ask questions and give feedback. If you are interested, links for signing up to these events can be found on the following GOV.UK page: www.gov.uk/government/news/webinars-and-events-for-making-tax-digital

We will report back in December's Winter edition of ATT Technical Team Newsletter on our finalised submissions in relation to these consultations.

In the meantime, you can read our recent press release to see what our initial thoughts were when the Consultation documents were finally published. www.att.org.uk/technical/newsdesk/press-release-concerns-remain-about-digital-deadline-despite-welcome-concessions

Cyber Security awareness

In July, ATT attended the first meeting of the newly formed Cyber Security Group. A key purpose of the group is to ensure that HMRC is liaising effectively with the Professional Bodies who can then help them to disseminate appropriate messages to agents.

HMRC already publishes a number of helpful items on cyber security on GOV.UK including the following advice on how to stay safe online:-

Reduce the risk of fraud

To reduce the risk of fraud you should:

- change your password regularly, at least once every 3 months
- report any suspicious account activity to the Online Services Helpdesk
- do not let people use your login details – if other people need access you can set up administrators and assistants
- keep your list of administrators and assistants up to date
- keep login details secure, don't share them with anyone – HMRC will never ask for your password
- keep computers secure - personal computers used for work must have the same security controls as office computers
- access your client details using your own registration - don't use your clients login details

Change your password when HMRC tells you to

HMRC may tell you to change your password at any time.

Your password will automatically be changed if:

- HMRC has made 3 unsuccessful attempts to contact you to tell you to change it

- you don't change it when HMRC tells you to

As we all move towards increased digital engagement with HMRC, becoming savvy about cyber security will become ever more important. HMRC have included lots of other advice for businesses on staying safe online which can be accessed at www.gov.uk/government/collections/cyber-security-guidance-for-business.

Agents need to ensure that their IT software passes muster for being secure from scams or attacks. Accessing the above link will take you to a page that mentions ***Cyber Essentials*** which is a way to get accreditation for your IT system. Cyber Essentials is a new Government-backed and industry supported scheme to guide businesses in protecting themselves against cyber threats. Cyber Essentials documents are **free** to download and any organisation can use the guidance to implement essential security controls.

Recent scams

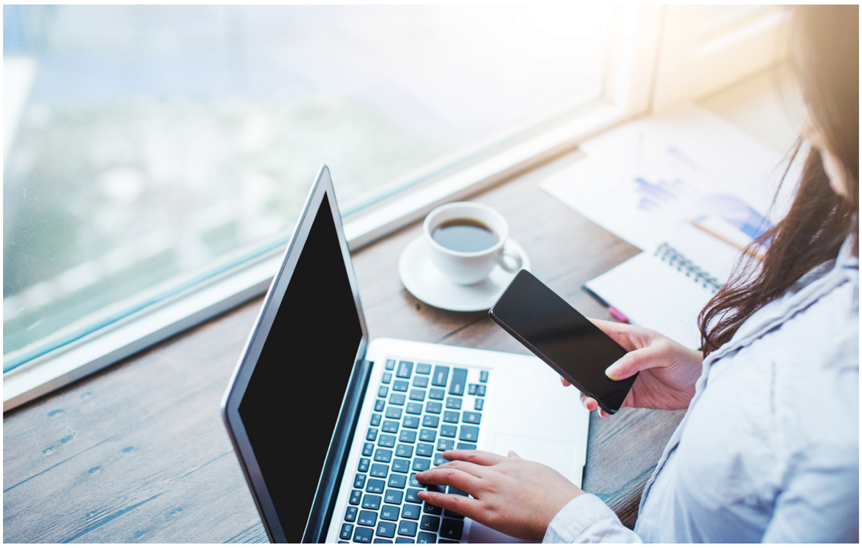
Phishing emails and scams recently came top of a list of key security concerns that the agent community has when it comes to cyber security. The profession and HMRC really do need to work together to spread awareness of any scams that are doing the rounds. However, not all scams are being carried out digitally – telephone scams are still causing issues.

HMRC have recently advised the ATT of the following two telephone scams:

1. A recorded message is left, allegedly from HMRC, leaving the name Heather Grey, seeking to collect payment of allegedly outstanding tax. The telephone number given in the message is 0203 1295553, but it might have recently changed.

2. A recorded message is left, allegedly from HMRC, stating that HMRC are bringing a lawsuit against the individual and is going to sue them. The recipient is asked to phone 0161 850 8494 (or 8563 or possibly another number) and press "1" to speak to the officer dealing with the case. This scam is becoming widely reported and seems to be targeting older people.

If a member comes across any new scams you should report these incidents on the Action Fraud website, or you can call them on 0300 123 2040 (Please note this number will be charged at your normal network rate). They are open Monday to Friday 09:00 - 18:00. In order to raise awareness amongst all members we would be grateful if you could also pass on the details of any scams you come across to the ATT Technical Team using the contact details at the end of this newsletter.



2 step verification for accessing HMRC Online Services including digital tax accounts

In March this year, HMRC introduced an extra layer of security that only business customers registered for Self-Assessment could choose to use when logging onto HMRC Online Services. They could choose to use 2 Step Verification (2SV) that involves using a code sent to a mobile or landline phone along with the usual login details. HMRC already provides 2SV to all Personal Tax customers.

HMRC reports that the additional security has been a real success. HMRC is now looking to phase in the requirement for business customers enrolled in only Self-Assessment to use 2SV when accessing their accounts.

The 2SV service allows customers to quickly and easily link their mobile or landline phone with their Tax Account login details. When they log on in future, HMRC will either text or send an automated message with a code which is required to gain access to their Tax Account. If customers lose their phone or change number, 2SV can be reset by ringing the Online Services Helpdesk.

The optional 2SV trial has given HMRC the opportunity to learn from and improve the customer experience of using enhanced security. It reported really positive results over the last few months, with large numbers choosing to use the optional 2SV offering.

What are the benefits of 2SV?

1. **Security.** Criminals attempt to use stolen login details to access and exploit customers' Tax Accounts. Without the registered mobile or landline phone, they are less likely to succeed.
2. **Ease.** Many taxpayers already do something similar in other walks of life. For instance, 2SV is very common across internet banking and e-mail services.
3. **No cost.**
4. **Popular.** In January 2016 around 600,000 Personal Tax Account users opted-in to use the service.

To use the service, clients simply need to follow the on-screen steps when they login to their Tax Account having either a mobile or landline phone to hand.

New services available to clients using the Personal Tax Account (PTA)

From 1 August 2016, all taxpayers who have PAYE income will be able to establish if their PAYE tax position for 2015-16 was reconciled or whether they paid too much or too little tax.

For the first time taxpayers who have paid too much tax will be invited to submit their bank details through their PTA. They will then receive their repayment direct to their bank account within three to five days.

Taxpayers who have already authorised their agent to receive their repayment will not be able to use the online repayment service. Any taxpayer wanting to withdraw an assignment or nomination would need to follow the existing guidance at PAYE 91040.

From Monday 1 August, some customers should have seen a slight change to the end of year reconciliation letter they received. The letter will now encourage customers to use their PTA, and in addition their National Insurance number will be partially obscured to help protect against identify theft.

Customers who are due a refund can chose not to use the repayment service. Instead they can contact HMRC and, providing they agree the calculation, request to receive their money by payable order.

If they do not take any action, either through their PTA or by contacting HMRC within 45 days, a payable order will be sent automatically.

From 22 August, HMRC commenced writing out to all those customers who have paid too much tax inviting them to use their PTA to get their rebate quicker.

Launch of the lifetime allowance online service

HMRC have now launched their new online service for pension scheme members to apply to protect their pension savings from the lifetime allowance tax charge.

This service replaces the interim paper process for applying for fixed protection 2016 (FP2016) and individual protection 2016 (IP2016) and replaces the online form for applying for individual protection 2014 (IP2014).

From now on, members who want to apply for lifetime allowance protection will have to do so online.

Members who want to apply for protection can access the online service through the GOV.UK guide Pension schemes: protect your lifetime allowance - Detailed guidance - GOV.UK.

To apply members will need an HMRC Online Services Account. To create an account, or to login to an existing one, they should go to HMRC services: sign in or register - GOV.UK.

As this is an online service, members will no longer receive paper certificates with their lifetime allowance protection details. Instead they will be able to view their protection details online and they will be able to print their protection details as necessary.

Alongside the new service, HMRC have published more guidance (see the 'Detailed guidance' link above) to help members who want to apply for lifetime allowance, including a new guide for members on valuing their pensions for IP2014 and IP2016.

Members who are unable to use the online service can contact the HMRC Pensions helpline for help with applying for protection - Pension schemes - Contact HM Revenue & Customs - GOV.UK

Help to Save consultation

Help to Save accounts are being introduced to encourage people on low incomes to build up a savings fund. The scheme will be open to the 3.5 million adults in receipt of Universal Credit, with minimum weekly household earnings equivalent to 16 hours at the National Living Wage, or those in receipt of Working Tax Credit. The idea is that the Government will encourage savings in this sector of the population by providing a 50% Government bonus on up to £50 of monthly savings into a Help to Save account. The bonus will be paid after two years with an option to save for a further two years. This means that people can save up to £2,400 and benefit from Government bonuses worth up to £1,200. Savers will be able to use the funds in any way they wish. Help to Save account will be available no later than April 2018.

H M Treasury (HMT) recently launched a consultation asking interested parties to provide commentary on the following:

1. The key principles for assessing the options for implementation.
2. Information and reporting requirements.
3. Whether the accounts should be provided through multiple providers or one single provider, such as the NS&I.

4. Policy design issues such as how to deliver the second term of the Help to Save accounts, permitting savings above the monthly limit and targeting non-savers.

The ATT Technical Team submitted a response to this consultation and also issued a press release highlighting that our main concern was that there was no mention of tax anywhere in the Consultation document in relation to either the interest credited to Help to Save accounts or the Government bonus.

In our press release, Yvette Nunn, Co-Chair of the ATT's Technical Steering Group said:

"Since the introduction of the Personal Savings Allowance in April this year, individuals now have to be much more aware of their responsibility to report any tax falling due on interest received. They need to know how the income and bonus credited to the Help to Save accounts will impact upon their tax positions. At present the Government has made no comment at all on this area. We have impressed upon them the need to address this immediately and suggest that making both sources of income exempt from tax would be a sensible idea."

Our response and press release also noted that the NS&I is probably best placed to deliver the Help to Save accounts as the way it usually delivers its products would seem to best meet HMT's key principles that the accounts should be simple to understand, cost-effective, targeted, accessible and available by the April 2018 deadline.

In our press release, Yvette Nunn added:

"Simplicity has to be the overriding key principle in terms of attracting the target audience to open these accounts. We believe the intended targets for these accounts are very risk-averse and would be attracted by the familiarity and security provided by an NS&I account."

To read our response in full please go to www.att.org.uk/technical/submissions/help-save-consultation-implementation-att-response

To read our press release in full please go to: www.att.org.uk/technical/newsdesk/press-release-single-provider-may-be-crucial-success-help-save-accounts

Issues claiming the transferable marriage allowance through self-assessment

During this summer's ATT conferences, lots of members noted that they have experienced problems claiming the transferable marriage allowance on the recipient's self-assessment tax return as there is no box for this to be claimed, despite there being an appropriate box on the transferor's tax return. This has led to some SA302 calculations not matching the tax position as shown on the self-assessment statement for the recipient.

This has also been an issue raised through Working Together and as far as we are aware, there are no plans to change the self-assessment tax return to include a box to claim the allowance on the recipient's tax return. This is because, as HMRC has advised, it was always Parliament's intention that everything to do with the transfer should occur on the transferor's return.

Problems can occur if the recipient's tax return claiming the allowance is submitted before the transferor's tax return has been submitted transferring the allowance. Therefore, if the recipient is due a tax refund after claiming the transferred allowance, he or she would need to wait until the transferor submits their return before their own position can be correctly calculated and the refund issued.

However, if the marriage allowance transfer is made by a digital application on GOV.UK this stays in place until a change of circumstances is notified. As the transfer is already in place, the recipient can see the allowance at the time of filing their tax return.

We have also been made aware that there are some instances of HMRC staff not following the correct guidance on when the marriage allowance can be transferred. It appears that some HMRC helpline staff are advising taxpayers and agents that the transfer can only be made if one spouse's income is below the personal allowance. This is not correct. The legislation for this allowance states quite clearly that neither spouse can be a higher rate taxpayer but it does *not* say that one of them has to have income under the personal allowance. Indeed, HMRC guidance in the SA100 Tax Return notes, on page TRG10, says "*in most cases, if you both had income above your personal allowance you will not benefit from a transfer".* However, there may be some cases where a transfer can still give a beneficial result and the legislation does not prevent the transfer from being made in those cases even if neither spouse has income below the personal allowance.

Please let the Technical Team know if you are experiencing any issues transferring and claiming this allowance on behalf of your clients.

Offshore tax evasion – Open consultation on Requirement to Correct

HMRC published a consultation entitled *Tackling offshore tax evasion: A Requirement to Correct* on 24 August. It runs to 30 pages and includes 18 questions. The title is rather misleading as the new provisions which the consultation proposes can equally apply where the underlying behaviour of the taxpayer was carelessness rather than anything deliberate. Indeed, it would be possible for the new provisions to apply even where the historic behaviour of the taxpayer would at the time have satisfied the reasonable care test.

The driving force behind the proposals is the approaching deluge of information which HMRC will start to receive under the Common Reporting Standard (CRS) by 2018. By imposing an obligation to disclose tax irregularities which arose in tax years up to 2016/2017 no later than 30 September 2018, the apparent purpose of the proposals is to clear the decks as far as possible leaving HMRC the opportunity to concentrate their efforts on matching information received under CRS to taxpayers who have chosen not to correct their tax affairs. Such taxpayers will incur penalties for their failure to correct. Those higher penalties will be charged instead of the ones that apply generally in relation to offshore matters.

The ATT is intending to submit a responses to the consultation. The deadline for submissions is 19 October. If you would like to contribute to ATT's response, please send any comments to atttechnical@att.org.uk by Monday 3 October.

The consultation document can be found at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/547778/Tackling_offshore_tax_evasion-a_requirement_to_correct.pdf

ATT Technical Team provides comments to HMRC on the draft legislation in Clause 117 of F(No. 2) B 2016* on 'SDLT: Higher rates for additional dwellings'

Clause 117 provides the legislation to bring into effect the additional 3% stamp duty rates when additional residential properties are purchased by individuals, as from 1 April 2016. The higher rates also apply to any (including the first) purchase of a residential property by a company and certain types of trusts.

Our commentary on Clause 117 builds upon the original response we submitted to the consultation that took place earlier this year and highlights our remaining concerns with the overall scope and design of this measure.

Our commentary also raises concerns about the application of the legislation to newly married couples or civil partnerships where only one party is replacing a main residence. The effect of the legislation, as currently drafted, is to deny any relief for replacement of a main residence unless both parties can claim they are replacing a main residence. We believe this is an unfair application of the 'one unit' rules that apply to married couples and civil partnerships and makes the legislation particularly discriminatory against newly married couples or civil partners setting up home for the first time.

To read the ATT response in full go to www.att.org.uk/technical/submissions/clause-117-finance-bill-no2-bill-2016-sdlt-higher-rates-additional-dwellings

* *In the updated version of the Bill (as amended in the Public Bill Committee), the clause is renumbered as clause 127.*

NAO raises concerns about potential abuse of Principal Private Residence (PPR) Relief

The National Audit Office (NAO) published its report on HMRC's 2015-16 Accounts on 13 July 2016. (www.nao.org.uk/wp-content/

uploads/2016/07/HMRC-Annual-Report-and-Accounts-2015-16.pdf) Within this report the NAO raised serious concerns about tax reliefs and in particular PPR relief. The NAO said:

"Since tax reliefs reduce the amount of tax due, they can be the focus of tax avoidance. Reports by the NAO in 2014 and the Committee of Public Accounts in 2015 concluded that HMRC needed to improve how it monitors and reports on tax reliefs. HMRC has subsequently made important improvements to the way it administers some reliefs, has identified and disseminated emerging good practice, and made more information about the costs of reliefs publicly available. However, HMRC's monitoring of tax reliefs is not yet systematic or proportionate to their value or the risks they carry. There remain a large number of reliefs performing a wide range of different functions and HMRC's practice in administering reliefs varies considerably. For example, while HMRC closely manages some low value reliefs for businesses it does not always do so for higher-value personal tax reliefs, such as principal private residence relief, worth £18 billion in 2015-16. While the cost of a tax relief is only one dimension of the risk to tax revenue, HMRC could not show us that it had a consistent approach to assessing the degree of risk that each relief carries".

The NAO's comments were picked up by some of the national media who suggested that it was a call for a 'crackdown' on this relief and that selling your home in the future could come under greater scrutiny. www.thisismoney.co.uk/money/buytolet/article-3708810/Selling-home-tax-free-tougher-Treasury-faces-calls-crack-capital-gains-tax-dodgers.html

Whether the NAO report will result in HMRC taking a closer look at this relief remains to be seen. The ATT's view is that PPR relief has been a key part of the Capital Gains Tax legislation for over 50 years and has stood the test of time well with relatively little amendment over that period. What of course has changed massively over that time has been the value of residential property and therefore the value of the relief.

The NAO report strongly suggests that the current monitoring of the PPR relief requires reinforcement in order to ensure that wide-scale misuse is not going undetected. This, as the ATT sees it, is solely a matter of adequate resourcing. Cuts to HMRC's staffing have had an unavoidable impact on levels of compliance.

It is possible that HMRC may be able to build some appropriate monitoring of PPR relief into the new digital tax accounts over time. Until that point, HMRC needs to have the appropriate levels of staffing to ensure that the relief is not being misused. That is the key factor that will enable Parliament to have confidence that the relief should continue in its present form.

CAPITAL GAINS TAX

ATT's Technical Team provided comments to HMRC on the draft legislation in Clause 72 F(No.2)B 2016* on the 'reduction in the rate of capital gains tax'

Clause 72 and accompanying Schedules 11 and 12 deal with the legislation to enact a reduction in the rate of CGT, as from 6 April 2016, from 18% and 28% to 10% and 20% respectively.

Our comments, provided to HMRC, noted the added complexity now added to the process of calculating a person's CGT liability since the reduction in the rate does not apply to disposals of residential property and carried interest. In both cases, the rates of 18% and 28% will continue to apply. As such, Schedules 11 and 12 introduce 13 pages of new legislation required to correctly identify the gains that should remain chargeable at 18% and 28%.

Our comments also noted that the Explanatory Note and the Policy Paper on Gov.UK both only state that the 18% and 28% rates will not apply to residential properties that qualify for Principal Private Residence (PPR) relief, as they are obviously exempt from CGT. However, the legislation itself does not easily clarify what rate of CGT is to be charged on a disposal that is left after making only a partial claim to PPR relief. HMRC has confirmed to the ATT that any gain remaining after a partial claim to PPR will be assessed at the 18% and 28% rates and this will be made clear in guidance. However, as we pointed out in our response, this guidance needs to be made available sooner rather than later so that taxpayers can correctly calculate and budget for the CGT due.

Our response also pointed out that new Section 4BA(4) currently has no effect. This section provides that where a taxpayer has an unused amount of basic rate band left (after deducting any Entrepreneurs' Relief or Investors' Relief gains) and has a mixture of non-residential and residential property gains, they can choose how to allocate the unused basic rate band. However, in reality, it makes absolutely no difference to which category of gain the unused basic rate band is first allocated – both permutations result in the same amount of CGT due. Perhaps this is just an example of 'future-proofing' the legislation but whilst the differential between the two lower rates and two upper rates is the same (both 10%) no comparison needs to be carried out. HMRC accept our point but do not intend to change the legislation, instead the point will be explained in guidance. Exactly how HMRC will word this guidance - to explain that a section of legislation is in fact currently pointless– will be interesting to see.

To read the ATT response in full www.att.org.uk/technical/submissions/finance-bill-2016-clause-72-reduction-rate-if-capital-gains-tax-att-comments

** In the updated version of the Bill (as amended in the Public Bill Committee), the clause is renumbered as clause 82.*

Amendments made to Investors' relief legislation

In June, HMT published some amendments to the draft legislation for Investors' relief, as contained in Clause 76* and Schedule 14 of F(No.2)B 2016. These amendments extend the scope of the relief to apply to the following individuals:

1. **Trustees:** New section 169VGA provides that where there is a disposal of qualifying shares by the trustees of a settlement, the disposal is eligible for Investors' relief where there is at least one individual who is an eligible beneficiary – i.e. has had a qualifying interest in possession in the shares for the three years preceding the disposal and has not been a relevant employee of the company that issued the shares. New section 169VGE ensures that the amount of Investors' relief available is attributed to and deducted from a qualifying beneficiary's own individual lifetime limit of £10 million.
2. **Joint share-holders:** New section 169VU(5) ensures that any reference to a person

having subscribed for a share includes any person who has subscribed for shares jointly with another person/s. Before this amendment, it appeared that only shares subscribed for in sole names would attract the relief.

3. **Certain employees:** New sections 169VQA and 169VQB have extended the provision of the relief to allow investors who become employees to qualify for Investors' relief in certain circumstances. They are primarily, but not exclusively, aimed at Business Angels. Section 169VQA introduces the term 'relevant employee' as someone who:

    - becomes an 'unremunerated director' of the company, or a connected company, following the purchase of the shares or
    - becomes an employee of the company after 180 days of the share issue or
    - where there was no reasonable prospect that the person would become an employee at the time of the share purchase.

New section 169VQB defines an 'unremunerated director' as someone who must never have been involved with the issuing company before their investment and they must not have received any disqualifying payments. A disqualifying payment is any payment other than those specifically allowed. Amongst other things these include reimbursement of travelling expenses, dividends which do not exceed the normal return and certain services.

** In the updated version of the Bill (as amended in the Public Bill Committee), the clause is renumbered as clause 86.*

Amendments made to Main Residence Nil-Rate Band legislation

In June, HMT published some amendments to the draft legislation for the new main residence nil-rate band, as contained in Clause 82* and Schedule 15 of F(No.2)B 2016, and in particular the rules that apply to the 'downsizing' element of this relief. The amendments to these provisions ensure that they apply in certain specific situations such as:-

(a) **Where an individual had more than one interest in a former residence:** The draft subsections (4B) and (4C) of section 8H (which defines the qualifying residence) are amended to include situations where a person had more than one interest in a former residence. For example, the person might have owned half of the residence outright and only had a right to live in the other half during their lifetime. Amended subsection (4B) applies where a person disposes of one or more interests in a nominated former residence on the same day. It provides that that interest (or those interests) will be the qualifying one(s) for the purposes of any downsizing addition. Amended subsection (4C) applies where a person disposes of interests in a former nominated residence on different days. The personal representatives can nominate one (only) of those days and the interest disposed of on that day will be the qualifying one for the purposes of any downsizing addition.

(b) **The former residence was held in a trust:** Newly inserted section 8HA deals with residences held in an interest in possession trust which may be considered as a former residence for the life tenant for downsizing purposes. Subsections (3) and (4) deal with the case where the property in the trust includes a residence and the trustees dispose of that residence but the life tenant continues to have an interest in possession in the trust property. The disposal by the trustees is to be treated as a disposal by the life tenant so that the residence previously held in the trust can be regarded as a former residence for downsizing purposes. Subsections (5) and (6) deal with cases where the life tenant sells or disposes of their interest in possession or the interest in possession ends during their lifetime, and the trust property includes the residence. Both these situations are to be treated as a disposal of the residence by the life tenant for downsizing purposes.

(c) **Where an individual gave away a former residence but continued to live in it:** New section 8H(4CA) clarifies that where a person gives away an interest in a residence but still benefits from it so that the gift with reservation of benefit rules apply, that gift does not count as a disposal for the purposes of determining the qualifying residential interest and downsizing addition. However, if that residence ceases to be a gift with reservation of benefit, for example if the donor moves out of the property, that later event is to be treated as a disposal of an interest in the residence.

All amendments will apply for deaths on or after 6 April 2017.

** In the updated version of the Bill (as amended in the Public Bill Committee), the clause is renumbered as clause 92.*

Continuing issues completing forms R185

As we reported in June's newsletter, the introduction of the personal savings and dividend allowances, although not available to trustees, is having an impact on the completion of forms R185 now that bank and building society interest is being paid gross and dividends do not have an accompanying tax credit. The main source of the problems stems from the fact that the form R185 has not yet been redesigned to take account of these changes. This is a matter the Technical Team is continuing to discuss with the relevant stakeholder group at HMRC.

Five new PAYE-related consultations released

As well as finally releasing the *Making Tax Digital* consultations in August, the Government also launched four consultations on proposed changes to simplify the administration of employee benefits-in-kind and expenses and one on termination payments. We include brief details of these below with links to each Consultation document.

1. Extension of the voluntary framework for payrolling consultation**:** the Government has published draft regulations and an explanatory memorandum for technical consultation. The draft regulations make changes to the Income Tax (Pay As You Earn) Regulations 2003 to allow employers to voluntarily payroll the benefit of non-cash vouchers and credit tokens provided to employees. These regulations will apply from 6 April 2017. Submission Deadline: 3 October 2016.

2. Alignment of dates for making-good on benefits-in-kind consultation**:** the consultation explores the scope for aligning the 'making good' rules for benefits-in-kind with those which apply to 'making good' where the employer accounts for the benefit-in-kind in real time through Pay As You Earn (PAYE). The aim is to have a simpler and clearer system that makes it easier for employers and employees to understand their obligations. Submission deadline: 4 October 2016.

3. Termination payments consultation**:** the Government has published its response to its consultation on termination payments held in summer 2015. The publication includes a consultation on draft legislation intended to give effect to changes to the treatment of termination payments. Under the proposals, the £30,000 exemption survives but the circumstances when it applies are restricted and Employer's NIC becomes payable on the excess amount. Submission deadline: 5 October 2016.

4. Simplifying the PAYE Settlement Agreement (PSA) process consultation: the Government sets out proposals to simplify the process used for agreeing and reporting items in a PSA. Submission deadline: 18 October 2016.

5. Salary sacrifice consultation: the Government is seeking views about limiting the range of benefits-in-kind that can give rise to income tax and National Insurance contributions (NICs) advantages when they are provided as part of salary sacrifice arrangements. Employee contributions to employer-provided pensions, employer-provided pension advice, employer-supported childcare and provision of workplace nurseries and cycles and cyclist's safety equipment provided under the *Cycle to Work* scheme will remain unaffected by this measure. Submission deadline: 19 October 2016.

The ATT Technical Team is currently in the process of gathering and analysing feedback from members. A general request for input was posted on our website with various response dates in September. However, if you would like to add any comments please email it to atttechnical@att.org.uk and we will do our best to ensure your thoughts are reflected in our written responses. We would encourage members to also send in their own separate responses to HMRC.

We will report back in December's Winter edition of ATT Technical Team Newsletter on our finalised submissions in relation to these consultations.

Off-payroll working in the public sector: reform of the intermediaries legislation

HMRC launched the above consultation on 23 May 2016. The consultation period closed on 18 August 2016. The consultation accompanied HMRC's decision, as announced at Budget 2016, to reform the intermediaries rules for off-payroll engagement of workers who operate through an intermediary, such as their own limited company (PSC), in the public sector. This includes engagement through third parties such as employment agencies, outsourcing companies and consultancy firms who supply workers.

From April 2017, where workers are engaged through their own limited company responsibility for applying the intermediaries rules will fall to the public sector body, agency or other third party (known as the Engager) who is paying the company. The Engager will be liable to pay any associated income tax and National Insurance. Where individuals are working through PSCs in the private sector, the existing rules will continue to apply.

ATT's Technical Team submitted a response to this consultation which, as a Stage 2 consultation, only sought views on the impact of this change and the detailed design of the policy, including a new process to determine whether an intermediary is in scope of the rules.

In our response, we noted that the majority of our members would be primarily concerned with the impact of these rules on the PSC in terms of the personal tax and corporation tax implications, including any cash flow implications. However, the Consultation document was notably silent on those particular aspects and instead focused on the impact on the Engager.

Within the limitations of the Consultation and the questions it posed, we highlighted what we saw as the three main problems with the new rules as follows:

1. Where an Agency is considered to be the Engager, responsibility will be placed on them to make decisions for which they will have insufficient information due to problems of information about the exact nature of the engagement passing down from the public sector body. We suggested that HMRC would have to impose statutory obligations on public sector bodies to provide relevant information to Agencies.
2. Potential financial liabilities will be placed on Agencies who are then likely to make decisions on the basis of protecting their own interests. This could potentially lead to the new rules being implemented across the board so that businesses which are genuinely not within these rules will be subjected to them.
3. The Government appears to be placing significant emphasis on the proposed new online tool that is intended to enable users to determine the relevance of the IR35 rules to particular engagements. It is difficult to see how a simple online tool will direct users to the correct conclusion when there remains significant uncertainty over the IR35 rules some sixteen years after they were first introduced.

To read our response in full go to www.att.org.uk/technical/submissions/payroll-working-public-sector-reform-intermediaries-legislation-att-response

The Apprenticeship Levy – how the calculation will work

From 6 April 2017, the apprenticeship levy will be due from any UK employer, in any sector, if their annual pay bill is more than £3 million. For the purposes of the levy, an 'employer' is someone who is a secondary contributor, with liability to pay Class 1 secondary National Insurance contributions (NICs) for their employees.

The levy will be charged at a rate of 0.5% of an employer's annual pay bill. Each employer will have an annual levy allowance of £15,000 (being 0.5% of £3 million) to offset against the levy they must pay.

The levy will be paid to HMRC through the PAYE.

On 12 August 2016, HMRC added some further details to the GOV.UK website (www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work)

This guidance includes the following two examples of how the calculation of the levy will work:

Example 1: an employer who would pay the levy

An employer with an annual pay bill of £5,000,000:

- levy sum: 0.5% x £5,000,000 = £25,000
- subtracting levy allowance: £25,000 - £15,000 = £10,000 annual levy payment

Example 2: an employer who would not have to pay the levy

An employer with an annual pay bill of £2,000,000:

- levy sum: 0.5% x £2,000,000 = £10,000
- subtracting levy allowance: £10,000 - £15,000 = £0 annual levy payment

The above examples are somewhat simplistic. They do not highlight that the levy allowance is to be provided in equal monthly instalments of £1,250, in contrast to an up-front block (which is how the Employment Allowance is provided). Therefore, the examples do not demonstrate the impact of significant fluctuations in the pay bill accruing throughout the year. Take, for example, the following scenario where the pay bill totals £3 million but has a seasonal peak to it in June and July:

Pay bill	Tax month
£200,000	1
£200,000	2
£500,000	3
£500,000	4
£200,000	5
£200,000	6 - 12
£3 million	

The calculation of the levy each month would be as follows:

Month 1: £200K x 0.5% = £1,000 levy
Cumulative levy allowance = £1,250, i.e.
Levy payable month 1 is NIL as £1,000 levy is less than the cumulative allowance

Month 2: £400K (£200K + £200K) x 0.5% = £2,000
Cumulative levy allowance £2,500
Levy payable to month 2 is NIL as £2,000 levy is less than the cumulative allowance (£2,500)
Levy paid in month 2 = levy payable to month 2 – levy paid to month 1 = 0 – 0 = 0

Month 3: £900K (£200K + £200K + £500K) x 0.5% = £4,500
Cumulative levy allowance £3,750
Levy payable to month 3 is £4,500 - £3,750 = £750
Levy paid in month 3 = levy payable to month 3 - levy paid to month 2 = £750 - 0 = £750

Month 4: £1400K (£200K + £200K + £500K + £500K) x 0.5% = £7,000
Cumulative levy allowance £5,000
Levy payable to month 4 is £7,000 - £5,000 = £2,000
Levy paid in month 4 = levy payable to month 4 - levy paid to month 3 = £2,000 - £750 = £1,250

Month 5: £1,600K (£200K + £200K + £500K + £500K + £200K) x 0.5% = £8,000
Cumulative levy allowance £6,250
Levy payable to month 5 is £8,000 - £6,250 = £1,750
Levy paid in month 5 = levy payable to month 5 – levy paid to month 4 = 1,750 – 1,250 - 750 = -£250
Therefore the employer gets a credit of £250 that month that may be used to offset against other PAYE liabilities.

Month 6: £1,800K (£200K + £200K + £500K + £500K + £200K + £200K) x 0.5% = £9,000
Cumulative levy allowance £7,500
Levy payable to month 6 is £9,000 - £7,500 = £1,500
Levy paid in month 6 = levy payable to month 6 – levy paid to month 5 less credits paid to month 5
= £1,500 – 1,250 - 750 - (-£250) = -£250
Therefore the organisation gets a further credit in month 6 of £250 to set against their PAYE liabilities.

The calculation continues in the same manner for each of the months 7 -12 where the firm gets a credit of £250 in each month. The whole position for the year can be seen in the following table:

Tax month	Pay bill	Cumulative pay bill	Pay bill x 0.5%	Allowance	Levy	Paid per month
1	£200,000	£200,000	£1,000	£1,250	£0	£0
2	£200,000	£400,000	£2,000	£2,500	£0	£0
3	£500,000	£900,000	£4,500	£3,750	£750	£750
4	£500,000	£1,400,000	£7,000	£5,000	£2,000	£1,250
5	£200,000	£1,600,000	£8,000	£6,250	£1,750	-£250
6	£200,000	£1,800,000	£9,000	£7,500	£1,500	-£250
7	£200,000	£2,000,000	£10,000	£8,750	£1,250	-£250
8	£200,000	£2,200,000	£11,000	£10,000	£1,000	-£250
9	£200,000	£2,400,000	£12,000	£11,250	£750	-£250
10	£200,000	£2,600,000	£13,000	£12,500	£500	-£250
11	£200,000	£2,800,000	£14,000	£13,750	£250	-£250
12	£200,000	£3,000,000	£15,000	£15,000	£0	-£250
Total						**0**

So, even though the pay bill does not exceed £3 million for the year and there is no levy due overall, the employer must still make payments of the levy in months 3 and 4 and then receive refunds of the amount overpaid in increments of £250 a month.

It is hoped that legislation will be introduced shortly to prevent the above long-winded calculations having to be carried out where the overall paybill is £3 million or less but is affected by fluctuating pay.

Employers encouraged to register with HMRC for email alerts

As HMRC moves rapidly down the digital road and it is becoming clear that the days of paper mailings are numbered, HMRC is encouraging employers to register to receive email alerts so they are aware of the latest coding changes and important information that is published on the Government Webpages.

Employers can register for email alerts by going to a (surprisingly old-fashioned looking) webpage at: www.hmrc.gov.uk/gds/payerti/forms-updates/forms-publications/register.htm

Automatic penalties due from 5 August 2016 for late intermediary returns

Just a reminder that for employment intermediaries who need to submit quarterly returns to HMRC, there is a £250 penalty if the return for the first quarter of the 2016/17 tax year was not submitted by 5 August 2016.

Further penalties of £500 and £1,000 will be issued if the intermediary is late submitting the next and subsequent quarterly returns. However, if a report is submitted late but at least 12 months have passed since the previous occasion, the penalty reverts to £250.

If an intermediary is charged a penalty for being late, they still need to submit the relevant return because if it is not received after 30 days, a further penalty of up to £600 may be applied for every day of delay. For further information on these requirements for intermediaries go to:

www.gov.uk/government/publications/employment-intermediaries-reporting-requirements/what-this-means-for-an-intermediary

Basic PAYE tools

HMRC has noted in its *Employer Bulletin* (August Issue 61) that a number of users have been in contact recently to say that the Basic PAYE tools (BPT) were running slowly and taking over two minutes to change between screens, then displaying the 'not responding' error message despite their computers meeting the published requirements. When HMRC investigated further, it discovered that the users were trying to use BPT beyond its intended capacity.

Basic PAYE Tools was designed to be used by small employers with 9 or fewer live employees. It should not be used for multiple employers of that size. Users dealing with more than one employer may need to look at other third party commercial software that is available.

Student loans

Plan types

From 6 April 2016, HMRC introduced a new plan type for student loans. Employers should now be deducting student loan repayments from employees using either Plan 1 or Plan 2.

How to know which plan type to use

There are a number of ways to establish an employee's plan type:

- check the employee's Student Loan Start Notice (SL1)
- ask the new employee to fill in the starter declaration checklist
- ask the employee to go online to the Student Loan Company website at www.slc.co.uk/students/loan-repayment.aspx if they do not know their plan type already.

If an SL1 shows a start date prior to 6 April 2016 but there is no plan type shown, deductions should be made under Plan 1.

VAT treatment of transfers of a going concern (TOGC) – comments submitted to HMRC

TOGCs can be significant in value so it is essential to accurately identify whether such transactions qualify for VAT-free treatment as a non-supply under Articles 19 and 29 of the Principal VAT Directive 2006/112/EC. In order to assist taxpayers, advisers and HMRC in arriving at the correct position and to afford greater legal certainty, the CIOT, ATT and ICAEW produced a joint submission to HMRC raising their concerns along with suggested proposals of how to secure greater certainty for all parties involved in these transactions.

To read the submission in full go to www.att.org.uk/technical/submissions/joint-submission-ciot-att-icaew-vat-treatment-transfers-going-concern-togc

Penalties being issued to DIY Housebuilders on VAT refund claims

For a good couple of years now, ATT's VAT sub-group have expressed concern over when penalties might arise in the event of HMRC concluding that a claim made for a VAT refund under the DIY Housebuilders' scheme was invalid. HMRC appeared to have adopted a policy of assuming that any claim that fell to be rejected (for whatever reason) required consideration of the possible application of penalties. This seemed to ignore the fact that the claimants would necessarily be in unfamiliar territory and were submitting the claims on the basis that HMRC would subject them to scrutiny.

When representatives from the VAT sub-group met last year with HMRC to discuss the issue, HMRC acknowledged our concerns (the decision in the *Palau* [TC4251] had already been published) and indicated that changes in approach were under consideration. Two subsequent tribunal decisions (*Howells* [TC04589] and *Coates* [TC04628]) have reinforced the need for that reconsideration but HMRC have yet to advise what if any changes in practice will be made.

ATT are keeping the matter under review. We would therefore ask members to contact us with any examples of where penalties have either been issued in connection with DIY claims or where HMRC have indicated that such penalties are under consideration. Please send any examples by email to atttechnical@att.org.uk.

Consultation of VAT fraud delayed until the Autumn

In Budget 2016, the Chancellor announced that the Government would be consulting in spring 2016 on a new penalty for participating in VAT fraud. Subject to the consultation, the intention was to legislate in Finance Bill 2017.

However, the Technical Team were advised in early July that this subject matter is being further considered and so the consultation document would not be released until after the Parliamentary summer recess. We will let members have further details on this in due course.

Open consultation on Partnership taxation: proposals to clarify tax treatment

On 9 August, HMRC published a consultation entitled *Partnership taxation: proposals to clarify tax Treatment*. It concerns five distinct areas of partnership taxation where, in the words of the consultation, "the government has identified that the tax rules may be seen as unclear or produce an inappropriate outcome". It then notes that the proposed changes "will have no effect on the vast majority of partnerships". Brief details of the five topics are given below.

1. **Clarification of who is the partner chargeable to tax**
   The proposal is that for tax purposes a person will be treated as a partner in a partnership if they are notified to HMRC as partners in the partnership return. This contrasts with the current position under which tax legislation relies on the definition in the relevant Partnership Act. The proposal is intended to eliminate any uncertainty.
2. **Business structures that include partnerships as partners**
   This proposal envisages a requirement for the tax return and statement of any partnership in which other partnerships are partners to identify the 'ultimate partners' - typically the individuals who are taxable on the income in question. Where there is more than one intervening partnership level, the consultation proposes that all those partnerships should be looked through. The consultation does not identify how the individual responsible for completion of the tax return and statement of the first partnership would obtain the necessary information – on which please see point 4 below.
3. **Investment income - tax administration**
   On this aspect, the consultation makes no specific proposal. It simply notes the intention to amend the return and filing requirements in recognition of the fact that partnerships whose only income is from investments may have partners who are not UK-resident or are non-taxable entities. The consultation notes that "the government wants to consider ways in which the administration could be improved whilst ensuring that HMRC and investors have the information they need to report the right amount of income and tax". It then asks the open question "How do you think the tax administration of partnerships with investment income could be improved?"
4. **Trading and property income - tax administration**
   This proposal focuses on the distinction in tax treatment between non-resident partners in an investment partnership (as in 3 above) and non-resident partners in a UK trading or property business – who will typically have UK tax liabilities in relation to that business. The consultation notes that the nominated partner may be unable establish the details of all the partners or obtain their UTRs. It asks what options to protect the Exchequer could be considered and introduces the possibility of the partnership being required to make a payment on behalf of the incompletely identified partner(s).

5. **Allocation and calculation of partnership profit**
   This section of the consultation identifies four areas "where the allocation or calculation of a partner's profit is unclear or could lead to an inappropriate outcome". In summary, these concern the possibility of legislation to:

   - confirm that the profit sharing arrangements as set out in a partnership agreement are the determining factor (subject to a right to notify HMRC of any changes);
   - ensure that the basis of allocation of tax-adjusted profit was the same as the allocation of accounting profit or loss;
   - provide that the profits of (?non-UK-resident) company partners liable to income tax will be calculated as if a non-UK resident company were carrying on the business; and
   - treat any partnership allocation that is made to a person who is not within the charge to income tax or corporation tax as if they were a UK-resident individual – the consultation is somewhat vague on detail.

In view of the high volume of consultations released in August, the submission of an ATT response to this consultation may depend on the identification by members of significant practical issues. Please therefore send details of any concerns about the proposals to atttechnical@att.org.uk by Friday 14 October.

The submission deadline is 1 November. The consultation document can be found at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/544520/Partnership_taxation-proposals_to_clarify_tax_treatment.pdf

Reforms to corporation tax loss relief: consultation on delivery

At the end of May, HMRC and HMT jointly issued a consultation document entitled *Reforms to corporation tax loss relief: consultation on delivery*. This followed the announcement in the 2016 Budget that the Government would be introducing two major reforms to the Corporation Tax loss relief rules in the 2016 Budget so that from 1 April 2017:

- losses arising after that date can be carried forward and set against the taxable profits of different activities within a company and the taxable profits of its group members but
- the amount of annual profit that can be relieved by carried-forward losses will be limited to 50%, subject to an annual allowance of £5 million per group.

The consultation sought views on how these proposals might best be implemented.

After an ATT representative had attended a meeting with HMRC about this consultation, we concluded that our views were so close to those of CIOT that it was appropriate to endorse their submission. We accordingly submitted a summary response highlighting the following points:

- The risk that the proposed reforms would require detailed calculations for little benefit and thus complicate rather than simplify the CT loss regime;
- The missed opportunity to address outdated elements of the legislation such as the schedular system;
- The welcome additional flexibility from 1 April 2017 in the use of losses carried forward – but at the cost of the 50% restriction even where the losses in question predated April 2017 and continued to be streamed;
- The forecast revenue raising impact of the proposals (£1.36 billion in the first four years);

- The complications created by the proposed treatment of pre-April 2017 losses and the effective retroaction in the application of the proposals;
- The potentially unhelpful timing of the proposals (in the wake of the Brexit decision) in relation to the message that the UK is a good place to undertake business;
- The brevity of the expected consultation period on the draft legislation from December 2016 until the end of February 2017;
- The benefit of a statutory revalorisation of the £5 million allowance to ensure that the 50% restriction did not impact an increasing number of companies;
- The unwelcome possibility of the introduction of a further definition of a group;
- Concerns about the application of the proposed rules in situations of changes in trade including cessation.

The summary response is at: www.att.org.uk/technical/submissions/reforms-corporation-tax-loss-relief-consultation-delivery-att-response

HMRC's approach to clearance requests involving distributions in a winding up.

As highlighted on page 15 of June's Summer edition of this newsletter, Clause 35 Finance Bill 2016 introduces a new targeted anti-avoidance rule (TAAR) for certain distributions made on a winding up.

ATT have made various representations about the new clause. In particular, we have expressed concern about the imprecision of the terminology in Condition C (the same or similar trade or activity test) and the absence of any clearance procedure. For full details of our representations, please see: www.att.org.uk/technical/submissions/finance-bill-2016-clause-35-att-written-evidence.

HMRC have now advised that they have started to receive a number of clearance requests from taxpayers, despite there being no statutory clearance procedure under the new legislation. HMRC have confirmed that it is not their general practice to offer clearances on recently introduced legislation with a purpose test. However, they say that they recognise that this may cause some difficulty for taxpayers, particularly in the absence of guidance.

They have therefore drafted a standard reply that they will be using for all such requests for clearance which explains their position but also tries to expand on their view of how the new rules work. They have also included a small number of examples. They say that this is not meant to replace the guidance, which they are still working on, but will hopefully be a useful aide memoire in the interim. We understand that the substantive guidance, which should be published before the end of this year, will be much more detailed and will use more examples. HMRC's standard reply can be viewed at www.att.org.uk/technical/newsdesk/hmrc-have-provided-details-their-current-approach-clearance-requests-involving

Review of corporation tax forms – changes with effect from 19 September 2016

As part of its *Digital by Default* policy, HMRC have reviewed the Corporation Tax (CT) forms that were being issued in paper form. As from 19 September 2016, HMRC has implemented the following changes:

- HMRC will no longer issue certain non-statutory forms where there is already a digital alternative.
- For certain statutory forms where the Agent's address and the Registered Office address are the same on HMRC's CT system, it will stop issuing the duplicate Agent copy of the form. The Company copy of the form should, however, continue to be issued.
- When there is an authorised Agent registered for a customer on HMRC's CT

systems, HMRC will no longer issue certain non-statutory forms to the Company. The Agent copy of the form should continue to be issued.

- HMRC will no longer issue paper versions of Guidance Notes with CT forms and will instead make them available digitally on GOV.UK.

HMRC believes that the above changes should have very little impact on an Agent's ability to continue to carry out CT-based work on behalf of their clients. Indeed, HMRC believes it may well make things easier and quicker. Members who encounter any problems in relation to these changes are encouraged to email brief details to: atttechnical@att.org.uk

HMRC to withdraw paper version of the CWF1 form

HMRC have advised ATT and the other professional bodies that it is intending to stop issuing paper forms CWF1 from 31 January 2017.

Each year HMRC send approximately 12,500 paper forms CWF1 to customers at a cost of around £25,000.

HMRC has carried out a sampling exercise of calls made to its Orderline and found that:

- 73% of Agents are requesting bulk orders of form CWF1. The number of forms requested vary between 50 to a 1,000 CWF1s per call.
- 31% of calls requested 100 CWF1 per call.

Form CWF1 is available online in two versions on GOV.UK at: www.gov.uk/government/publications/self-assessment-and-national-insurance-contributions-register-if-youre-a-self-employed-sole-trader-cwf1

The first link provided there is slow but it does eventually open.

At ATT, we are aware that agents like to be able to have an entire blank version of the form to hand to clients to complete, or to be able to ask the full list of required questions to clients.

The problem with the first version above is that before a page can be printed, it needs to be fully completed. So, from an agent's point of view, it is not very practical.

The second version does allow an agent to print off the entire blank page and hand this to a client. However, the form is not very easy to read and, being the second option on the webpage with a rather misleading title, agents may not be aware of the fact it can be used to print a blank version of the form.

When HMRC asked the professional bodies for assistance with spreading the word about the removal of the paper CWF1, we strongly advised HMRC that prior to the removal date of 31 January 2017, HMRC should provide a proper printable version of the entire blank form (similar to what HMRC recently did with the New Started Checklist, as reported in our June newsletter) and that this should be signposted very clearly on GOV.UK.

Contact details

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Did you know...

The ATT is represented by the Technical Team and by our fantastic volunteers in the Technical Steering Group on a total of **39** groups, the majority of which are sponsored by HMRC, HMT, DWP or a devolved administration:

- Joint VAT Consultative Committee
- Land & Property Liaison Group
- EU VAT Forum
- Employment and Payroll Group
- Joint Initiative Steering Group
- Joint CIOT/ATT Woking Together Sub-Committee
- Issues Overview Group
- Working Together Strategic Group
- Compliance Reform Forum
- High Net Worth Forum - CRF sub-group
- Trusts & Estates Agent Advisory Group
- Benefits and Credits Compliance Sub-group
- Stopping Tax Credits/Universal Credits Sub-group
- Self-Employment and Universal Credit working group
- Fraud Forum - CRF sub-group
- Virtual Communications Group
- RTI Taskforce
- Accounting & Tax Group
- Capital Taxes Liaison Group
- Venture Capital Forum
- HMRC Making Tax Digital Stakeholder Group – main
- HMRC Making Tax Digital Stakeholder Group – CRF sub-group
- HMRC Making Tax Digital - JVCC sub-group
- HMRC Digital Assistance Working Group
- HMRC Cyber Security Working Group
- ATT/CIOT Digital Working Group
- Agent Strategy Working Group
- HMRC Campaigns – CRF sub-group
- High Volume Repayment Agents - CRF sub-group
- Student Loans Consultation Group
- Devolved Tax Collaborative – Revenue Scotland
- Welsh Tax Forum
- HMRC Customer Services Group
- Pensions Industry Stakeholder Forum
- Dispute Resolution - CRF Sub-Group
- Dispute Resolution and Litigation CIOT sub-committee
- Employment Related Securities
- MOJ Tribunal Users Group – MoJ
- Direct Recovery of Debt - CRF sub-group