September 2024

TAX ADVISER

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ATT - MAY 2024

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
Overall	86%	70%

CTA - MAY 2024

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
Overall	74%	50%

ADIT - JUNE 2024

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
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HELEN WHITEMAN
JANE ASHTON

Welcome
Reaching new audiences

We hope that you have enjoyed some form of break over the summer and are refreshed and ready for what our new government may have in store for us.

Our new Chancellor of the Exchequer Rachel Reeves has already announced next steps and draft legislation on a series of priority tax commitments ahead of a full announcement and costing at the Budget, which will be held on 30 October.

The government has published the Finance Bill 2024-25 draft legislation and technical tax documents (see tinyurl.com/3kd8fmft), including measures on non-doms, furnished holiday lettings, Pillar 2 compliance, carried interest and changes to the Energy (Oil and Gas) Profits Levy. The CIOT, ATT and LITRG will be looking at these and drafting responses, including recommendations to the government.

One highly publicised change is the end of the VAT exemption and the introduction of 20% VAT on education and boarding services provided by private schools across the UK from 1 January 2025, with a charge also applying to pre-payments of fees for terms starting on or after 1 January 2025 made on or after 29 July 2024. The government has published draft VAT legislation and an Explanatory Note, and there is a technical consultation on both that will run until 15 September, so you still have time to make your representations.

As we know only too well, the world of tax is ever changing, and we are constantly striving to develop ways to help ensure that you are kept fully up to date with new advancements through our weekly newsletters, Employer Focus newsletters, branch meetings, conferences and webinars.

If you are looking for something in person, with an opportunity to network with like-minded people, then the CIOT Autumn Residential Conference is for you! Running from Friday 13 until Sunday 15 September, you still have time to register at: www.tax.org.uk/arc2024. We have great speakers presenting on topical subjects as diverse as the new regime for non-doms, basis period reforms and a panel discussion on AI – working in a digital practice! We look forward to seeing you at the beautiful Queens' College in Cambridge.

For those of you who are ATT Fellows, a date for your diary is 9 October, when we will be holding our next online ATT Fellows' webinar. More details and how to register will be published through our weekly emails, but the webinar will follow the same format as previous webinars with a main presentation on a current topical area followed by three break-out sessions on interesting practical subjects for group discussion and participation.

We've also listened to the comments made on our ATT membership survey and are going to provide four webinars per year, which are free and open to all ATT members. The first of these will cover where we are with Making Tax Digital, presented by our technical officer Emma Rawson. Do keep a watch out for invitations and details of how to register in our weekly emails.

Finally, the ATT employer survey results indicated that employers wanted us to do more to promote and highlight tax as a great career option – so keep a look out for our new campaign starting later this month on social media channels. Please engage and support us as we try to reach new audiences.

Jane Ashton
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CHARLOTTE BARBOUR
PRESIDENT

Future proofing

> Tax technology will increasingly use technical knowledge on our behalf but the responsibilities and risk will continue to sit with the adviser.

Recently, the CIOT celebrated its 20,000th member. That's quite a milestone and shows that our qualification, and membership, goes from strength to strength.

Passing technical examinations is central to becoming a member of the CIOT. Congratulations to all CIOT students who sat exams in the May 2024 session, as you make your way towards becoming a Chartered Tax Adviser. Members of a professional body need to demonstrate a high standard of technical knowledge (no client wants their tax bill to be half right!), along with being able to apply this knowledge to their client's personal and/or commercial circumstances. Knowledge of tax law, tax administration and expected professional behaviours are a prerequisite. Much is expected of our members and our entry qualification reflects this.

Our working environment is not static, though, and times move on. Since I sat ATII examinations in 1988, self-assessment has been introduced, the Inland Revenue and Customs and Excise have merged, and the workplace has transformed beyond recognition. Where will the profession be in the next 35 years, and what will be expected of CTA students in order to get there? We should also ask what the tax landscape may be like in 10 years' time.

This year's CTA Address, 'The impact of AI on tax', gave a helpful indicator of where the profession may be headed. It is expected that tax technology will contain, and increasingly use, technical knowledge on our behalf. The responsibilities and risk will continue to sit with the adviser, though. There are key questions therefore around how future tax advisers should learn the basics and gain a general understanding of tax planning if these can be readily sourced from AI packages.

Equally important is how advisers learn to assess the AI outputs to determine whether they are correct and sound. What does the CTA of the future need to advise clients and run a profitable practice? How much knowledge needs to be learnt? What skills are needed to find the relevant information, assess its validity and present that information to clients?

The CIOT is conducting a review of the CTA qualification with a view to presenting options to Council in late October. There is a working group comprising of representatives from firms both large and small from across the UK, a tutorial body representative and a newly qualified CTA. Much thought is being given to what is sought from the CTA of the future, what should be in the syllabus and how this should be examined. One option is to keep the syllabus and examinations much as they are – but others include:

- integrating AI throughout the syllabus and assessments from understanding the data to evaluation of the outputs from AI systems;
- introducing professional skills to complement the application of technical knowledge, which will become more important as tax technology develops;
- reconsidering the syllabus, structure and assessment methods of the qualification generally to create flexibility and accessibility;
- increasing the emphasis and integration of professional ethics into the qualification; and
- bringing together elements into a new module to increase understanding of the tax landscape, from working with legislative change to tax investigations and dispute resolution.

As a professional body, constituted as a charity, it is essential that we are true to our charitable objects – our primary purpose is to promote education in taxation. We need to continue to offer the best entry qualification possible for the future, which must be robust, suitable for a number of years, and be well respected by all stakeholders, including employers and prospective students. It would be helpful to hear from members who have particular points or concerns regarding the future of the CTA qualification. Please email your comments to education@ciot.org.uk.

The CIOT Council wishes to continue growing the membership and for our Institute to continue to be the leading professional body in the UK for advisers dealing with all aspects of taxation. A key element of this is our examinations, which have evolved over the years, and will no doubt benefit from this review.

Equally important, of course, is CPD – continuing professional development – but that's for another article. In the meanwhile, I'll hope to meet members at events over the coming months.

Charlotte Barbour
President
president@ciot.org.uk

Chartered Institute of Taxation.

GRAHAM BATTY
DEPUTY PRESIDENT

A slightly sideways look…

> The ATT will continue to be a critical friend, commenting on any changes to the tax system to help make sure that it works fairly for all.

So here we are, another new ATT year. Senga has been installed as this year's ATT President, Barry as Vice President and, for the next 12 months, it will be my role as Deputy President to bring you news of all things ATT and, most likely, taking a slightly sideways look at the world of taxation through this page. Of course, the older ones among you will remember that I have been lucky enough to have been author of this page before, back in 2016-17. I was enormously honoured to be asked to be an ATT officer for a second time so I obviously did something right – or maybe it is just that I remember where the bodies are buried!

Anyway, for the benefit of those of you who do not know me a brief introduction is appropriate. Tax is really my second career since I started my working life in the late 1970s as a fisheries biologist tagging salmon on the Yorkshire coast. However, I eventually decided I had to get a real job, so became an accountant. Starting off working on owner managed businesses, I then progressed to large corporates – a secondment as technical manager that turned into five years running technical training and support before being poached to return to mainstream practice and relocating to Birmingham. I then specialised in the taxation of charities and other not for profit bodies at RSM, working with clients across the whole country.

I retired at the end of December 2021 and now spend my time looking after my wife Jan while she goes through a series of hip and knee replacement operations, and trying to train our spaniel Bess, although she is really training me. Like many Council members, I first got involved with ATT and CIOT through the branch network. I began with the Sheffield branch in 1986 and then went on to be chair of both the Leeds and Birmingham branches as my career took me round the country. I cannot believe that is almost 40 years – where has the time gone? At the ATT, I have been Honorary Treasurer, chair of the Finance Steering Group and Examination Steering Group, and a member of the Technical Steering Group, Audit Committee and Joint Policy Review Group, as well as representing CIOT on the Charity Tax Forum.

As well as the ATT AGM, July also saw the election of a new government and the appointment of Rachel Reeves as the UK's first female Chancellor. I wish her luck in her new role and can promise that the ATT will continue to be a critical friend, commenting on any changes to the tax system to help make sure that it works fairly for all – something we have long done with governments of all political persuasions. The first Labour Budget has been announced for 30 October. As I write this, we already know that the furnished holiday letting (FHL) and non-domiciled taxpayer regimes are going to be abolished. Draft legislation removing the VAT exempt status of education provided by private schools with effect from 1 January 2025 has also been published. As with FHL, the VAT changes include anti forestalling measures. The ATT will, of course, be looking closely at the Budget proposals so it is going to be an interesting, and busy, few months for the Technical Steering Group and our award-winning technical team.

They say that there is really nothing new under the sun. I remember saying several years ago that the two biggest challenges facing us over the next few years were undoubtedly MTD, closely followed by maintaining the standing and credibility of the tax profession in the eyes of government and the public. Well, MTD has still not been fully implemented and we are at the beginning of consultation about the future regulation of the tax profession, or at least those parts of it that interact with HMRC. That seems a bit of an odd approach to me. The tax profession is more than agents who interact with HMRC, but inevitably there are some chancers, no-hopers and rogues out there. Published estimates of the tax gap state that 30% is due to not taking reasonable care, while error accounts for another 15%. Looking at it from HMRC's perspective, you can see why they want to reduce the rate of error and mistake and for all agents to be as competent as ATT members are, but I am not sure if that is looking at the full picture.

We will come back to these and other challenges in the coming months. Please remember that the ATT is your association. We want to hear what we are doing well (or not so well), the problems you experience in practice and even, I hope, that you want to get more involved. You can get in touch at the email address on the left. See you next month.

Graham Batty
ATT Deputy President
page@att.org.uk

SHAPING THE FUTURE OF TAX

We have exciting opportunities available for ATT volunteers to join our Technical Steering Group

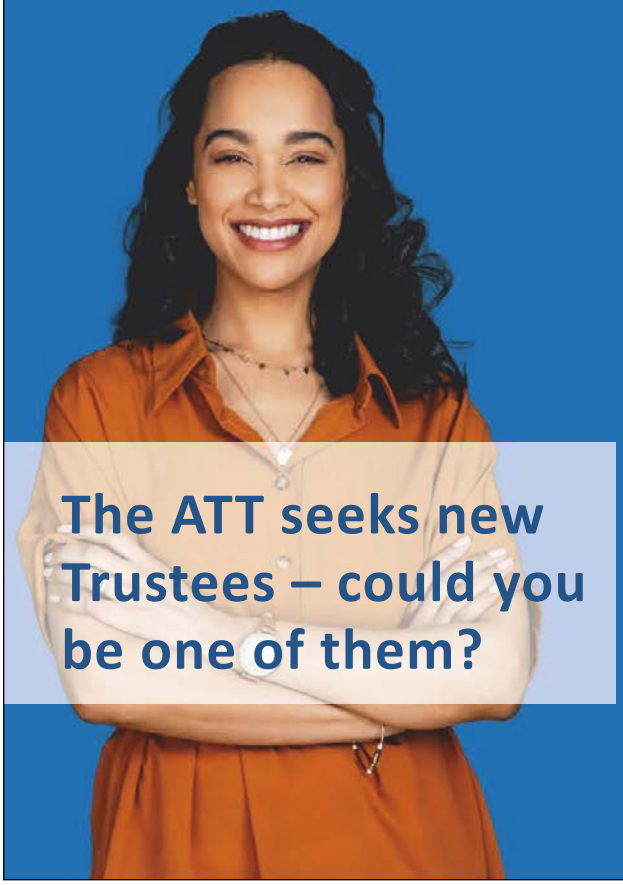
We are looking for volunteers with at least 5 years post qualification experience of working in a tax role to join our Technical Steering Group. We are particularly interested to hear from volunteers who have a corporate tax background.

As one of our Technical Steering Group members you will commit to attending four meetings per annum (either face to face or virtual) plus other ad-hoc help ranging from commenting on consultations and changes in legislation/guidance, to letting us know about practical problems that crop up in your day to day work. Such feedback helps to inform our responses to HMRC.

Volunteer today to help shape the future of tax.

For further information about what is involved with volunteering please visit our website: **www.att.org.uk/volunteering-our-technical-activities**. Alternatively, email **atttechnical@att.org.uk** with your contact details and we will be happy to talk about the commitment involved and answer any questions.

To apply for a volunteer role please send a current CV, together with a summary of why you wish to join the Technical Steering Group, and what particular skills and experience you have that will help with your contribution to the group to Jane Ashton at: **jashton@att.org.uk**



The ATT seeks new Trustees – could you be one of them?

If you would like to play a part in influencing the future of the tax profession, have you considered applying to join ATT Council?

If you are a member or Fellow of the Association, and have at least three years' post-qualification experience, we would love to hear from you.

As an educational charity all our Council members are trustees who work as a team to ensure that the ATT fulfills its charitable objects. There are four Council meetings a year, which are held at our offices in London. All members of Council also serve on a Steering Group.

We are particularly interested in applications from tax professionals who have an interest in education and/or professional standards. Serving on Council will give you strategic experience, enabling you to develop and hone your critical thinking, problem solving and analytical skills, as well as developing team working skills.

Council members are unremunerated (we cover travel expenses).

Application pack and further details of the trustee role can be found at: **www.att.org.uk/about-us/vacancies.**

Applications must be received by 17:00 on Friday 27 September 2024.

If you would like to apply, or find out more about what being a Council member involves, please contact Vicky Nicholas: **vnicholas@att.org.uk**.

Filing software
How to choose?

Given the huge number of options available, should HMRC set more in-depth standards for software?

by Bill Dodwell

One area of increasing importance concerns responsibilities where taxpayers and/or their agents use software to file returns with HMRC. The Tax Law Review Committee has commissioned a discussion paper on this topic (see tinyurl.com/2bvjb4s5); I am one of the four co-authors.

The longstanding rule in UK taxation is that taxpayers are responsible for their tax affairs, including tax returns and any other information provided to the tax authority. If there are errors in a return, or information is missing, the taxpayer remains responsible for the consequences. These can include penalties for late or incorrect filing, and the extension of time limits for the tax authority to enquire into a return. In addition, interest will be charged where tax payments are made after the due date.

Third-party software

There is a surprisingly large amount of software available to submit returns to HMRC, covering 16 areas (see tinyurl.com/mrycbrht). Naturally, these include Self Assessment, corporation tax, PAYE and VAT – but there are multiple systems covering imports and exports, alcohol and tobacco warehouses, and charities' gift aid repayment claims. HMRC does not provide software for taxpayers, with the exception of PAYE Tools, which works well for employers with fewer than ten employees.

Corporation tax and Self Assessment returns submitted to HMRC by software do not look like a paper copy of the return. Instead, the entries are turned into a computer-readable format – the submitted return is an XML stream, which identifies the fields and their entries, with headers to identify the taxpayer. Tax return software will usually render this into an electronic copy of a paper return so it can be reviewed and approved by the taxpayer.

Legislation provides that the online submission held by HMRC is presumed to be correct unless the taxpayer can prove otherwise. The generic IRmark – a unique computer-generated reference, based on the actual return – and HMRC's Digital receipt service for online internet submissions are intended to provide assurance for Self Assessment and corporation tax that what is submitted is received. However, it is not used for Making Tax Digital.

HMRC lists 41 providers of Self Assessment return software (see tinyurl.com/43k73cfv). In addition to setting the format of the data submitted, and the IRmark, HMRC requires that third party software uses HMRC's tax calculator – even in the small number of cases when it may be incorrect.

HMRC lists 34 providers of corporation tax return software (see tinyurl.com/nk68hyp6), with others undertaking iXBRL tagging of accounts.

HMRC lists 541 software packages for VAT, which shows the wide range of business accounting software available (see tinyurl.com/yc3m4879). There are 433 providers of software which meet VAT record-keeping and return submission requirements, as well as 198 bridging packages (software which takes outputs from accounting software or spreadsheets to submit returns). Twenty providers are listed as providing free software although only a handful are permanently free, with most simply offering one or two free returns.

Software standards

HMRC does not review third party software. Instead, the recognition process involves successfully submitting a number of test scenarios provided by HMRC's Software Developer Service team to the appropriate test service, and then sending the test file XML outputs to the HMRC team for review.

HMRC is developing standards for providers of Making Tax Digital for Income Tax software. This is a more complicated set of standards, since it needs to accommodate a wide range of accounting software (and indeed spreadsheets). HMRC has set out the minimum functionality, as well as standards for software that includes additional functions.

HMRC intends to provide a service (to be known as HMRC Assist) to prompt users to consider tax-specific matters and potential errors. It also requires software to either provides users with an estimate of tax due based on in-year income (calculated by HMRC) or direct them to HMRC's online services. In August 2024, HMRC listed seven available software packages and 19 in development. The range includes 'end to end' software for individuals; bridging software to link from record keeping software; and software specifically for tax agents.

Our study will attempt to ask whether HMRC should set more in-depth standards for software – and perhaps carry out more testing of compliance with those standards. It will also consider what steps software providers could take to reduce errors. For example, the taxpayer often double counts expenses by including them both in invoices entered and also in imports from the business bank account. VAT classification is also challenging for many businesses. Could software help with checks? What role will HMRC Assist play in helping taxpayers to cut out errors? And, finally, if something does go wrong, should it always be the taxpayer's liability?

If you have any thoughts on common problems and possible solutions, please do get in touch. We hope to publish our study early in 2025.

Name: Bill Dodwell
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Profile: Bill is the former Tax Director of the Office of Tax Simplification and Editor in Chief of Tax Adviser magazine. He is a past president of the CIOT and was formerly head of tax policy at Deloitte. He was a member of the GAAR Advisory Panel from 2018 to 2024. Bill won the Lifetime Achievement Award at the Tolley's Taxation Awards in 2024 and writes in a personal capacity.

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The UK creative industry
Reform of tax reliefs

We explore the impact that the recent reform of the rules for tax relief will have on the UK's creative industry.

by Ryan Carey, Luke Lombardo and Rebecca Mayhew

In recent years, the UK has cemented its reputation as a creative talent hub. From films such as Guardians of the Galaxy, hit dramas like The Crown, and West End shows such as Harry Potter and the Cursed Child, the UK's contribution to the creative sector has inspired a growing and dynamic industry.

Government statistics show that in 2022 the creative industries generated £125 billion of value for the UK economy and employed 2.4 million people in the UK, growing at over twice the rate of the wider economy over the previous decade. (See the Department for Culture, Media and Sport's Sectors Economics Estimates at tinyurl.com/2p9yys7y.)

The creative sector tax reliefs have played a key role in supporting the growth of the UK creative industries since the introduction of the film tax relief in 2007, with the value of claims increasing from £65 million for 60 claims in 2006-07 to £517 million for 770 claims in 2021-22 (slightly down from a pre-covid peak of £627 million for 950 claims in 2019-20) (see tinyurl.com/3h4982c8).

The popularity and success of the scheme led to its expansion over time to other parts of the sector, and the UK now offers a vast package of tax incentives for the creative industries spanning film, high end TV, animation, children's television, video games, theatre, orchestra, and museum and gallery exhibitions. An independent study commissioned by HMRC and published in November 2022 estimated that 38% of UK productions would not have taken place at all without the reliefs and 41% would have had a lower UK production budget (see tinyurl.com/mryvjw93). The 2022 study and others suggest that the impact for inward investment is even higher.

As the demand for UK productions is increasing, so is investment in infrastructure. The expansion at Shepperton Studios opened in March 2024 with both Amazon MGM Studios and Netflix taking studio space to support their ambitious content creation plans. Pinewood Studios, famous for filming James Bond and Star Wars, has approval for an £800 million expansion in its studio space and expects to create over 8,000 new jobs and contribute £640 million a year to the UK economy.

Key Points

What is the issue?
The UK's creative industry tax reliefs play a key role in supporting the growth of the creative sector economy in the UK. However, developments in the creative industries and the international tax landscape have prompted the government to reform the rules to ensure they keep pace with change and continue to boost growth in the sector.

What does it mean for me?
Given the long lead times for production activity, the potential implications of the reforms for working capital and the extended transition period, it is important that companies involved in UK production activity consider the impact of the changes now.

What can I take away?
The reforms provide enhanced relief for animation, children's TV, UK independent films and visual effects, but there are also potential pitfalls that mean claimants need to understand the new rules well in advance of submitting a claim.

As well as the economic benefit, the creative industries contribute to the UK's 'soft power' by reaching worldwide audiences, showcasing British talent and strengthening the UK's global reputation. The creative sector tax reliefs support this through the 'cultural test' certification, which awards points to productions that have UK lead actors, UK directors or content that features or promotes the UK. This plays out in what we see on screen. When searching for tickets for the latest blockbuster film or browsing a streaming service for a gripping series, we are inundated with choices showcasing Britain.

Responding to the changing environment: a consultation on reform

In November 2022, the government launched a consultation on reform of the audio-visual reliefs (film, high-end TV, animation, children's TV and video games). The consultation notes that much has changed since the introduction of the film tax relief in 2007. The creative industries have evolved with new, cutting-edge technology, changes in viewing habits and distribution models, and demand from the public for higher quality content.

The international tax landscape has also changed, and the consultation document acknowledged the concerns of industry stakeholders, including those relating to the Pillar Two global minimum tax rules developed by the OECD Inclusive Framework. The OECD Inclusive Framework's Pillar Two rules ('model rules') are designed to ensure that large multinational groups (with annual consolidated group revenue of at least €750 million) pay a minimum effective tax rate of 15% on their profits in every country in which they operate.

The consultation document noted that, in calculating the effective tax rate, the model rules treat tax credits differently depending on their design. Certain tax credits are regarded as being equivalent to a grant so are treated as income in the calculation. The consultation acknowledged industry concerns that the creative sector reliefs in their original form may not fully meet the requirements to be considered as income for the purpose of the model rules.

To address these concerns, the consultation proposed reforming the reliefs into refundable expenditure credits, modelled on the UK's existing research and development expenditure credits.

Autumn Statement 2023: initial reforms

Following consultation, the reforms were confirmed at Autumn Statement 2023. From 1 January 2024, companies can opt into a new expenditure credit for either audio-visual productions (film, animation, high end TV and children's TV) or video games, respectively known as the audio visual expenditure credit and video games expenditure credit.

One of the overwhelming comments by businesses in response to the consultation was around the stability of the regime. The mechanism, calculation and value of the relief was clear and as such it had become an integral part of the underlying economics of UK film production.

The government therefore sought to align the new reliefs with the existing reliefs as far as possible, maintaining the cultural test and rules around qualifying expenditure. However there are a number of fundamental changes.

Accounting treatment: The existing 'below the line', non-taxable credit is replaced by an 'above the line' taxable credit, intended to mirror the accounting treatment of the research and development expenditure credits.

Increased rate: As the new credit will be subject to tax, the headline rate of relief has been increased from 25% to 34%, providing a small increase in effective benefit.

Animation and children's TV: Additional support was granted to both animations and children's TV productions with the introduction of an enhanced rate of 39%, giving an effective benefit of 29%.

Timing: Recognising that budgets for creative productions are set well in advance, the rules include an extended transition period. Companies can opt in to the new audio visual expenditure credit and video games expenditure credit regimes for expenditure incurred from 1 January 2024. The rules become mandatory for *new* productions (those which have not yet started principal photography (for film and TV) or entered the production phase (for video games) from 1 April 2025. Existing productions can apply the current reliefs for expenditure incurred until 31 March 2027.

Payment mechanism: The repayment mechanism is closely aligned to the research and development expenditure credits regime but with some simplifications. In particular, the cap linked to payroll taxes will not apply. The new mechanism may have implications for quarterly instalment payments.

European expenditure: Companies may no longer claim for European expenditure on video game development. To qualify for relief, costs must be 'used and consumed in the UK'.

Anti-avoidance: The new rules limit the benefit available in respect of certain intra-group costs where the payment exceeds the arm's length amount.

Administration: Claim submissions must be accompanied by a new additional information form, providing full details of the claims, as well as registration numbers for VAT, corporation tax, employment tax and foreign entertainers, and details of the nature and quantum of intra-group transactions.

Impact of the changes

Although an intention of the reform was to ensure that the reliefs are straightforward to administer, the change in accounting treatment, the extended transition period and the new payment mechanism means there is no one size fits all solution for organisations looking to benefit from the new regime.

The creative sector credits are material to the businesses that claim

them, and the reforms should be given a commensurate level of consideration by those affected.

Typically, budgets for production activity are agreed with a significant lead time before activity commences. The changes should be considered now, to ensure that the value of the credit is accurately recorded in the production budget before a project is greenlit, and that any impact on working capital requirements from the change in repayment mechanism is understood.

In particular, under the new mechanism companies may be required to make corporation tax payments in advance under the quarterly instalment payments regime and receive a refund after the audio visual expenditure credit or video games expenditure credit claim is submitted.

Large multinational groups will need to consider the impact of the changes on their Pillar Two calculations, and may see a benefit from early transition to the new expenditure credit regime. Some smaller businesses may also see a benefit from early transition due to the higher rates available, particularly where they are claiming for the enhanced relief for animation and children's TV.

On the other hand, international video game developers may prefer to defer their transition to continue benefiting from relief for European expenditure under the old video games tax relief.

Due to the mechanics of the historical regime, many businesses in the sector set up special purpose vehicle structures to optimise the reliefs. While these vehicles have become industry standard, they may no longer work as originally designed when the new accounting treatment, complexity around group relief claims for the notional tax deduction, anti-avoidance provisions and implications for quarterly instalment payments are all considered.

The new additional information form brings additional reporting and record keeping requirements. Timely information gathering is crucial as claims submitted without an additional investment form or with an incomplete additional investment form will be rejected by HMRC.

Spring Budget 2024: additional support for the creative sector

The 2024 Spring Budget brought more exciting news for the creative industries, with the announcement of additional support. As part of the consultation into the creative reliefs, the government identified that the 80% cap on qualifying expenditure meant that companies were incentivised to take the more portable elements of a production offshore, where foreign reliefs may be obtained. This is a particular issue for visual effects expenditure so the announcements included an enhanced relief for visual effects expenditure claimed under the new audio visual expenditure credit. The proposals include removing the 80% cap on qualifying expenditure for visual effects costs and increasing the rate of the tax credit to 39% for visual effects, and are expected to take effect from 1 April 2025. The changes have the effect of increasing the net benefit on visual effects costs from 20.4% to 29.3%.

A new UK independent film tax credit was also announced at a rate of 53%, significantly higher than the standard rate for film of 34%. This is restricted to films with a budget (or core expenditure) below £15 million, and a new test will be administered by the British Film Institute, including a requirement for the production to have a UK writer or director.

The rates of relief for theatres, orchestras, and museums and galleries will be permanently set at the higher rates of 40% (for non-touring productions) and 45% (for touring productions and all orchestra productions). Initially introduced to support these businesses in their covid recovery, the higher rates will become permanent. The sunset clause for museums and galleries will also be removed so that it becomes a permanent tax relief, with no expiry date.

Studio operators will enjoy a substantial 40% cut in business rates for eligible film studios for ten years from 1 April 2024, recognising the investment in key infrastructure required to support the expansion of the industry.

Finally, it was announced that the Tees Valley Investment Zone will focus on the creative and digital sectors. This is anticipated to bring in £175 million of additional investment alongside up to 2,000 jobs over the next 10 years.

Conclusion: what comes next?

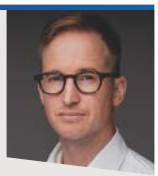
The UK's programme of creative industry tax reliefs has played a key role in supporting the growth of the creative sector in the UK. Developments in the creative industries and the international tax landscape since the introduction of the film tax relief in 2007 prompted the government to reform the rules to ensure they keep pace with change and continue to boost growth in the sector.

Although the new regime is designed to retain as much character of the original regime as possible, the changes to the regime and extended transition period mean that businesses need to analyse the impact from the outset. HMRC has started to publish guidance on the new regime in the Creative Industries Expenditure Credit Manual, with further chapters expected in the coming weeks.

Further announcements in the Spring Budget 2024 demonstrated the government's commitment to the creative sector with new and extended reliefs targeting key areas to boost further growth. Legislation is required to implement some of the budget announcements so further change is possible, particularly with the recent change in government. However, the new government has highlighted the importance of the UK's creative industries and has committed to continue investing in the sector in statements made both pre- and post-election. In particular, the Budget 2024 announcements were warmly welcomed in the new government's 'Plan for the arts, culture and creative industries' launched in March 2024 (see tinyurl.com/yu72jb2v).

While the reliefs may continue to evolve over time, there is no doubt that they will continue to play an important role in encouraging growth in the UK creative industries and supporting the UK's status as a creative talent hub.

With thanks to Qais Zaman, Business Tax Consultant, for the first draft and Rachel Austin from Deloitte's Tax and Trade Policy Group for editorial input.



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Non-deductible input tax

True or false?

We review the main items of expenditure where input tax cannot be claimed but highlight important exceptions where a claim can still be made.

by Neil Warren

Key Points

What is the issue?
Input tax cannot be claimed on business entertaining expenses and new cars in most cases. However, there are exceptions in the legislation, such as entertaining costs that relate to staff and the purchase of genuine pool cars. The article considers the conditions for making a valid claim.

What does it mean for me?
If goods are purchased that have a mixture of both business and private use, then input tax can be fully claimed in most cases, as long as output tax is declared on future VAT returns for private use over the life of the asset. This is known as the Lennartz mechanism.

What can I take away?
The Lennartz mechanism can only be adopted if there is some business use of an asset, linked to taxable supplies, and this can be as low as 1%. However, Lennartz cannot be used for purchases of some assets, which are highlighted in the article; e.g. ships and boats.

True or false? Input tax cannot be claimed on any expenditure that relates to business entertainment.

The initial answer to the above question would be 'true'; however, an important challenge with VAT – and tax generally – is to understand when the various blocks in the legislation are overridden in some circumstances. I'll highlight these situations in this article.

Entertaining staff

Imagine the following situation: Worthington Estate Agents has hired a box at a top sporting event and it will be occupied by a combination of partners, staff, customers and staff spouses. It will cost Worthington £10,000 plus VAT to include the game, a three course meal with champagne, a post-match cabaret and a free bar. The question to consider is: how much input tax can be claimed on the payment of £12,000 made to the event host for this top-quality entertainment package?

The answer is 'it depends.'

- The first challenge is to establish the role of the staff. If they are able to enjoy themselves – free from any hosting duties with non-staff – then input tax can be claimed on their packages. This is because the entertaining of staff as a reward for their hard work – or future hard work – is classed as an expense with a business purpose and excluded from the input tax block on entertainment.
- If the staff must act as hosts for the non-staff – creating goodwill and potential orders from customers – the claim is blocked.
- Input tax on the expenses of the spouses and customers is blocked by virtue of the Value Added Tax (Input Tax) Order 1992.
- What about the partners? The starting point is that input tax on the entertaining costs of business owners is blocked but HMRC accepts that it can be claimed if an event is open to all or some staff, such as the office Christmas party.

See VAT Notice 700/65 para 3.2.

As a final twist to the tale, would it make any difference if any customers lived abroad? The answer is 'yes' for input tax purposes because there is an exception for the entertaining of overseas customers. However, the hospitality provided by Worthington would not – to quote from VAT Notice 700/65 para 2.6 – be classed as 'reasonable in scale and character', so output tax is payable on their entertainment, which will cancel the input tax gains.

Input tax can only be claimed on the costs of entertaining overseas customers – without an output tax liability – if the hospitality is limited to, say, coffee and sandwiches supplied at a business meeting. How mean is that!

Motor cars: what is a pool car?

The legislation blocks input tax claims if a new car is intended to be made available for private use. However, there is no problem with a business claiming input tax on the purchase of a car if it will be used as a tool of trade; e.g. by a driving school, taxi firm, car hire business or motor dealer. Input tax can also be claimed if a vehicle will be used as a genuine pool car that is available to all staff.

Over the years, I have received a lot of questions from clients about pool cars. For example: 'One of our clients is buying a top-of-the-range BMW and paying a lot of VAT. Can we claim input tax if he keeps it at the office overnight and describes it as a "pool car" in the fixed asset register?'

My answer to the previous question would immediately be 'no' because the word BMW indicates it is not intended to be a run around pool car for the general

use of all staff. No way! It is a prestige car that will be treated with kid gloves by its intended owner, usually the business owner or managing director.

There can be grey areas and input tax can be claimed if there is a genuine intention to use a vehicle as a pool car at the time it is purchased. However, HMRC's guidance in its input tax manual at VIT52700 specifies three conditions that officers will consider:

- the vehicle is usually kept at the principal place of business;
- it is not allocated to an individual employee; and
- it is not kept at an employee's home.

The important word to note – which is different to the word that officers will sometimes use when they are reviewing pool car issues – is 'usually' as opposed to 'always'. In other words, the guidance states that a vehicle is 'usually' kept at, say, the office or warehouse of the business. This is different to the word 'always', which is less flexible.

Business gifts

If a business provides a gift of goods for any business purpose – perhaps to reward a hardworking employee or loyal customer – it can claim input tax on the purchase of the goods. This assumes that there are no issues with partial exemption. However, when the goods are given away, this creates a tax point for output tax purposes on the value of the gift. The exception is if the cost of the gift and any other gifts given to the same person during the previous 12 months is less than £50 excluding VAT, in which case no output tax is due (see VAT Notice 700/7 s 2).

Here are some common mistakes with the business gift rules:

- If a business did not claim input tax on the purchase of the gift – perhaps because it was purchased from an unregistered supplier – there is no output tax liability when it is given away.
- The £50 limit excludes VAT and the test is applied on a rolling 12 month basis and not a calendar year or financial year basis.
- If the £50 limit is exceeded, output tax is due on all gifts made in that 12 month period.

See ***Hairdresser Marie: gifts of shampoo***.

Rewarding staff

Unfortunately, there is no difference in the rules for gifts made by a business to its staff; e.g. a reward to sales staff who meet certain targets. In other words, output tax will be payable at the time they are given away if the £50 limit is exceeded.

However, there is a further issue to consider if the staff member can make a cash payment to get more goods. See ***Staff rewards: cash payment plus gift of goods***.

The £50 limit does not apply to a gift of services and output tax is always payable on the onward supply of the services to the recipient. So, for example, if a business has purchased a package from a local golf club that includes 18 holes of golf and a three-course meal for £800 plus VAT, it can claim input tax on the invoice from the golf club but output tax of £160 will be due on the onward supply to the employee.

Business or private expense?

What is the difference between the purchase of goods that have 1% intended business use and 99% intended private use, compared to another item that has 100% private use?

The answer is that a business can fully claim input tax if there is some business use – even if it is only 1% – and then account for output tax on the private use of the goods over their economic life.

However, if an expense is wholly for private purposes, input tax is fully blocked because there is no business use.

The output tax option is known in VAT speak as the Lennartz mechanism and is an alternative to the traditional method of apportioning input tax at the time of purchasing the item in question. There is no de minimis limit, hence why 1% business use is fine. However, there is a further twist: the Lennartz option is not available for ships, boats, other vessels, land and property, and aircraft.

To share a final tale, I was recently asked if a business could claim input tax on the purchase of a director's expensive watch if the company bought the item and capitalised it to its balance sheet and also declared it as a benefit-in-kind of the director?

This question highlights an important point that action taken by a business in relation to direct tax has no bearing on decisions about VAT. The reality is that the director's watch has no business purpose, so input tax is fully blocked on the purchase price.

HAIRDRESSER MARIE: GIFTS OF SHAMPOO

Marie is a VAT registered hairdresser and gave all her regular customers a gift of shampoo that cost her £40 excluding VAT in October 2023. She also gave the same customers another bottle in March 2024 that cost her £30 excluding VAT.

She incorrectly thinks there is no VAT problem because each gift was made in a different calendar year and were both less than £50. However, the combined value of gifts to the same person has exceeded £50 in a 12 month period. She must therefore account for output tax of £14 on her return that includes March 2024; i.e. £40 + £30 x 20%.

See VAT Notice 700/7

STAFF REWARDS: CASH PAYMENT PLUS GIFT OF GOODS

Star salesperson Sonia has sold £50,000 of goods in August and is entitled to free goods worth £500 from her employer as a reward. She has selected a fridge-freezer worth £900 including VAT and has agreed to make a cash contribution of £400 to her employer.

The employer's output tax liability is based on the full value of the goods and not just the payment received from Sonia; i.e. £900 x 1/6 = £150. Her employer can claim input tax on the purchase of the fridge-freezer from its supplier because it has been used for a business purpose.

> **If a business provides a gift of goods for any business purpose, it can claim input tax on the purchase of the goods.**

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Company: Warren Tax Services Ltd
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Property capital gains tax
A comprehensive guide

We explore the UK capital gains tax implications of disposing of UK property by both UK and non-UK residents, including outlining the filing requirements and relevant deadlines.

by Sharon K Dosanjh and Polly Dowdell

For individuals (including UK resident trustees and personal representatives) who dispose of UK property, capital gains tax can be a significant cost, especially given the substantial increase in many property values over time.

Capital gains tax is the tax levied on the capital gain (profit) realised from the disposal of an asset. In most instances, UK capital gains tax arises when an individual disposes of a property that has increased in value since acquisition. The disposal could be by way of gift, transfer or sale to a third party. On disposal, the capital gain will then be subject to capital gains tax.

For example, if a UK resident purchased a UK residential property for £200,000 and later sold the property for £500,000, capital gains tax would be payable on the £300,000 profit, minus any allowable expenses. The capital gains tax annual exemption may be available to offset against the capital gain arising (£3,000 for the 2024/25 tax year). The individual may also be eligible for capital gains tax reliefs such as private residence or lettings relief.

In the context of UK residential property disposals, understanding the capital gains tax implications for both UK and non-UK residents is essential as the method for calculating the capital gain or loss arising is different.

Key Points

What is the issue?
Individuals (including UK resident trustees and personal representatives) who own UK property need to be familiar with the UK tax implications and filing requirements when they are disposing of UK property. This is often overlooked, which can result in HMRC levying penalties and interest on the late filing of the property capital gains tax return and payment of the capital gains tax liability.

What does it mean for me?
With ever-evolving tax legislation, it is essential that tax advisers are equipped to advise UK property owners when they are disposing of their UK properties. This means accurately calculating capital gains tax liabilities, utilising available reliefs and meeting reporting deadlines to avoid penalties and interest. This impacts both UK and non-UK resident individuals.

What can I take away?
The key takeaways for tax advisers include calculating the capital gains tax liability, understanding the exemptions and reliefs available, and practical tips.

UK residential property disposals: UK residents

Calculating the capital gains tax liability for UK residents involves a few steps. The first step is to determine the sale price of the property. This will be the proceeds received if the sale is to an unconnected party, or the market value of the property at the date of completion if the transfer, sale or gift is to a connected party. Where the sale is to a connected party, a professional valuation is recommended (and HMRC may seek its own valuation).

From the proceeds value (or deemed proceeds value), you should deduct the allowable costs, which include the original purchase price, enhancement expenditure (such as capital improvements) and incidental costs of acquisition and disposal (such as legal fees, surveyor fees, stamp duty land tax and estate agent fees). The resulting figure represents the capital gain or loss. Please note that in order for the expenditure to be allowable, the costs must be directly related to the disposal or transfer of the property and the value of any enhancements must be reflected in the property when sold.

After calculating the capital gain, you should consider if any capital gains tax reliefs are available. We have provided a brief outline of the main reliefs available within this article below.

The capital gains tax annual exemption may also be available to offset against the capital gain. Once the capital gain has been calculated, capital gains tax will be calculated using the residential property capital gains tax rates which are 18% for basic rate taxpayers and 24% for higher or additional rate taxpayers for the 2024/25 tax year. The residential property capital gains tax rates are higher than the standard capital gains tax rates of 10% for basic rate taxpayers and 20% for higher or additional rate taxpayers. If you are normally a basic rate taxpayer but when you add the gain to your taxable income you are pushed into the higher rate band, then you will pay some capital gains tax at both rates.

Chancellor Rachel Reeves has announced that the Autumn Budget will be on 30 October 2024. There is speculation that increases to the capital gains tax rates will be announced in the Budget. It is important to consider the impact of any potential changes.

UK residential property disposals: non-UK residents

Calculating the capital gains tax liability for non-UK residents who dispose of UK residential properties is similar to the process above, but with a few key differences. Non-UK residents have three different options available to calculate their UK capital gains tax liability. Choosing the most beneficial method for your client can help to optimise their UK tax position.

1. **Rebasing to 5 April 2015 value:** This method involves calculating the gain or loss based on the market value of the property as at 5 April 2015. In essence, the purchase price is uplifted, therefore usually resulting in a lower capital gain.
2. **Time apportionment method:** This method involves calculating the total capital gain or loss over the entire period of ownership, and then apportioning to calculate the capital gain or loss since 5 April 2015. This method is useful if the property has been owned for a long period of time and the gain since April 2015 represents a small proportion of the total gain.
3. **Gain over the whole period of ownership:** This method involves calculating the capital gain or loss based on the original purchase price of the property. This method may be suitable if your client has made a capital loss.

Non-UK residents are subject to the same capital gains tax rates on UK residential property (18% for a basic rate taxpayer and 24% for a higher or additional rate taxpayer).

Care should be taken if the non-UK resident is also required to report and pay overseas tax in another jurisdiction on the disposal of UK residential property. Typically, the primary taxing right is allocated to the jurisdiction where the property is situated, although seeking overseas tax advice is always recommended.

We have not provided information in this article regarding calculating the capital gain or loss for non-UK resident clients on the disposal of non-residential property or land and indirect disposals such as property held through a company or trust. Please be mindful that the rules for calculating the capital gain or loss may differ from the above methods.

Capital gains tax exemptions and reliefs

Private residence relief

Private residence relief can significantly reduce or even eliminate the UK capital gains tax liability if the property was the individual's main or only residence for all or part of the ownership period. To qualify for private residence relief, an individual must have lived in the property and used it as their main residence.

Where an individual has lived in the property and used it as their main residence for the duration of ownership, any capital gain on the disposal will be exempt from capital gains tax. However, where occupation and ownership periods are not the same, it is imperative that the ownership period for private residence relief purposes is worked out correctly.

Under the current rules, the actual occupancy period and the last nine months of ownership of the property (regardless of whether the individual is living in the property) always qualify for private residence relief.

Private residence relief may also be available during periods of physical absence from the property, and these periods are known as 'deemed occupation'. A period of absence can only be treated as a period of deemed occupation if it was both preceded and followed by a period of actual physical occupation. The three period of absences that will qualify as deemed occupation are as follows:

- any period up to a maximum of three years for any reason;
- any period working overseas, due to reason of their employment; and
- a period up to a maximum of four years if absent from the property due to working elsewhere in the UK (as an employee or self-employed trader).

If your client owns more than one residential property (which includes a tenancy), they are able to make a private residence relief election within two years of having more than two residences. If a private residence relief election is not made, the main residence will be a question of fact and HMRC will look at the quality of occupation rather than time spent at the property. It is also important to note here that the property is required to be suitable to be occupied as a main residence. It is important to consider an election where one property is subject to deemed occupation.

If there is a delay in taking up residence due to carrying out construction work, tax legislation allows the relief so long as that period of absence does not exceed 24 months in total.

Lettings relief

Please note that private residence relief is not available if a proportion of your client's property is let out. The proportion of the capital gain arising in relation to the let element will therefore be chargeable to capital gains tax. However, where private residence relief is restricted due to this, lettings relief may be available.

Lettings relief is available if your client occupied the property as their main residence whilst letting out part of their property as residential accommodation. The relief is not available for any period during which your client's whole property was let out. The amount of the relief available is the lowest of:

- the amount of private residence relief the individual received;
- £40,000; and
- the amount of chargeable gain arising by reason of the letting.

Please note that lettings relief cannot turn a capital gain into a loss; it can only reduce a capital gain to nil.

Annual exempt amount

Every individual has an annual exempt amount (£3,000 for the 2024/25 UK tax year), which can be deducted from the gain, reducing the amount chargeable to capital gains tax.

Practical example:
Consider a scenario where a UK resident individual purchased a UK residential property for £200,000 in 2010 and sold the property for £500,000 in July 2024, incurring £20,000 in allowable costs (legal fees and enhancement expenditure). The individual has lived in this property for the total ownership period and used the property as their main residence.

The calculation for disposal of the property would be as follows:

Proceeds value	£500,000
Less:	
Purchase price	(£200,000)
Allowable costs	(£20,000)
Gain	£280,000
Private residence relief	(£280,000)
Chargeable gain	nil

However, a non-UK resident individual who had disposed of the above property would need to consider the three different computational options listed above in order to calculate their most tax efficient UK capital gains position.

Although unlikely given the non-UK residence status, the UK residential property may qualify for private residence relief. If that is the case, the three computational options listed above would not be considered. There are, however, certain rules in order for non-UK residents to claim private residence relief which are not covered in this article.

Practical tips and filing requirements

The 60 day reporting deadline

Capital gains tax on UK residential property must be reported via the UK property capital gains tax return and the capital gains tax must be paid to HMRC within 60 days of completion. If this deadline is not met, penalties and interest charges may apply. We would recommend that all advisors ensure that their clients have all the necessary documentation in advance to ensure prompt submission by the deadline.

For a UK resident, the above reporting and payment requirements do not affect those selling a property if there is no capital gains tax payable on the disposal. This may be due to meeting the criteria for private residence relief or if the property was sold at a loss, for example.

For non-UK residents, the above reporting and payment requirements are relevant even if there is no capital gains tax payable on the disposal of the property.

Your clients will also most likely be required to report the disposal of their UK residential properties on their UK self-assessment tax returns. However, if your client is required to file a capital gains tax return to report a UK residential property disposal within 60 days of completion, they will not be required to file a UK tax return if they have no other reason to do so.

Accurate record keeping

Accurate record-keeping is essential. This includes keeping detailed records of all property transactions, improvements and associated costs to ensure accurate calculations and compliance. Clients should also be recommended to keep receipts, invoices and other documentation in an organised and accessible manner where possible. This not only aids in accurate capital gains tax calculations but also ensures claims can be substantiated if queried by HMRC.

Understanding capital gains tax reliefs

Misunderstanding or overlooking available capital gains tax reliefs can lead to overpayment or underpayment. For example, knowing the exact periods when private residence relief applies or the conditions for lettings relief may make a significant difference in the tax liability.

Inheritance tax considerations

Ensuring your clients are aware of the capital gains tax and inheritance tax implications of transferring property to family members as a gift is important. Such transfers can be treated as potentially exempt transfers for inheritance tax purposes, which may become taxable if the donor passes away within seven years of the transfer. Ensuring your clients understand these rules can help them plan effectively and minimise tax liabilities.

Conclusion

This comprehensive overview of residential property capital gains tax aims to provide practical guidance and tips, making it easier for both resident and non-UK resident clients to manage their property tax obligations effectively. Whether your client is a seasoned property owner or new to the market, a clear understanding of property capital gains tax can help them navigate the complexities and make informed decisions.

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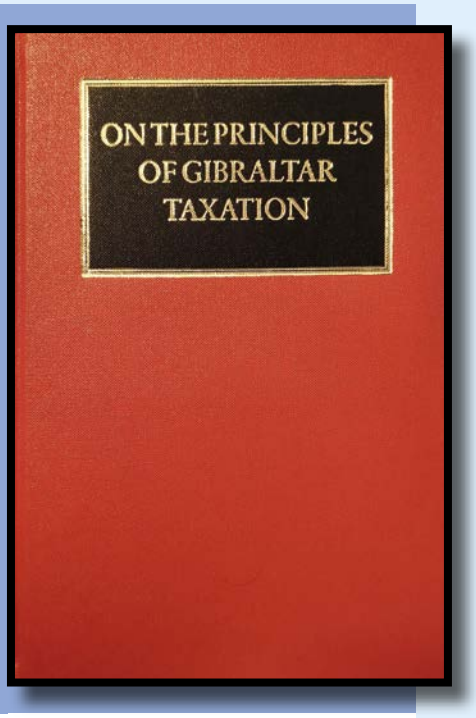

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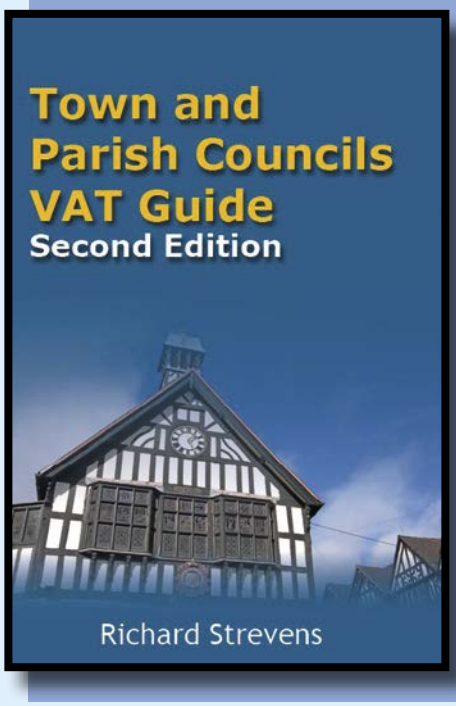

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A global VAT One Stop Shop
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We explore how non-EU One Stop Shops could support the digital sector and boost development in emerging and developing economies.

by Joseph Eloi

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Digitalisation plays a crucial role in supporting development. Digital health services save lives, distant education services improve literacy rates and digital finance promotes financial inclusion. While historically, finance required banks on street corners, healthcare required doctor surgeries and education required schools, digitalisation provides an opportunity for emerging and developing economies to skip this stage of development and create agile societies built on digital infrastructure.

Domestic revenue mobilisation, the process through which governments generate income to fund spending and investment in infrastructure, also supports development, paying for vital services and investment. ***Graph 1. Tax revenue to GPD*** details the tax revenue to gross domestic product (GDP) percentage for emerging and developing economies by income classification and the United Kingdom. There is a clear correlation with tax revenue as a proportion of GDP increasing with income levels.

While emerging and developing economies often receive overseas development aid, this is typically less than 50%, 10% and 1% of low income, lower-middle income and upper-middle income country revenues. According to the World Bank, a tax-to-GDP of at least 15% can facilitate rapid development. To meet the UN Sustainable Development Goals (17 goals designed to address poverty, inequality, climate change and injustice), a tax-to-GDP ratio of approximately 20% is needed (see tinyurl.com/yc3nw68w).

Over 86% of low income and 43% of lower-middle income countries fall below this 15% of GDP threshold (see tinyurl.com/3tcyy5nj). Ensuring domestic revenue mobilisation by increasing tax-to-GDP ratios is critical to continued development.

The role of indirect taxes

Indirect taxes are crucial to domestic revenue mobilisation in emerging and developing economies. ***Graph 2. Direct tax to indirect tax ratio*** shows the direct tax-to-indirect tax ratio by country income levels, with direct-to-indirect tax ratios increasing with income levels (as income increases, direct taxes represent a greater proportion of tax revenue).

High-income countries are still more effective at raising revenue through indirect taxes, largely due to the larger informal economy in emerging and developing economies. The difference in the direct tax-to-indirect tax ratio is primarily driven by a higher-income country's relative ability to raise revenue through personal income taxes and social security contributions.

Emerging and developing economies have been unable to increase tax revenue from direct tax sources as these taxes relative to indirect taxes typically:

- are more progressive than indirect taxes, leading to political challenges concerning their use;
- require greater administrative capabilities, particularly given that indirect taxes often involve the physical movement of goods that can more easily be traced; and
- cannot be applied to goods with high inelastic demand, like tobacco and alcohol duties.

The VAT digitalisation problem

While the ability to levy indirect taxes on physical goods remains unchanged, the

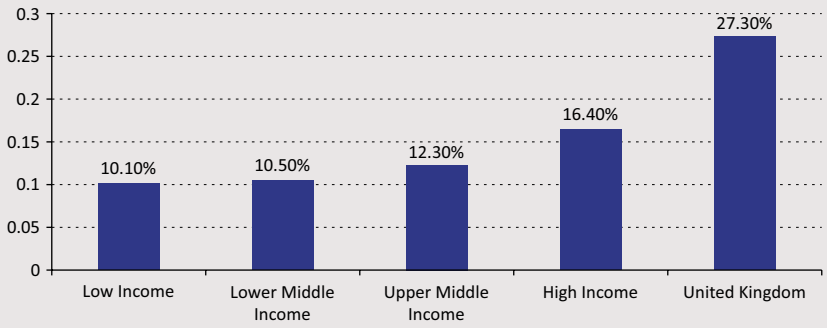
Key Points

What is the issue?
As international VAT systems change to tackle avoidance issues associated with globalisation and digitalisation, digital services businesses are facing increasing numbers of registration requirements. This is preventing some businesses from entering markets due to high compliance costs relative to revenue, impacting development.

What does it mean for me?
While collaboration in Europe has helped to mitigate this issue, similar collaboration has not been seen outside the EU. Registration requirements and the associated administrative costs are likely to continue to rise outside the EU.

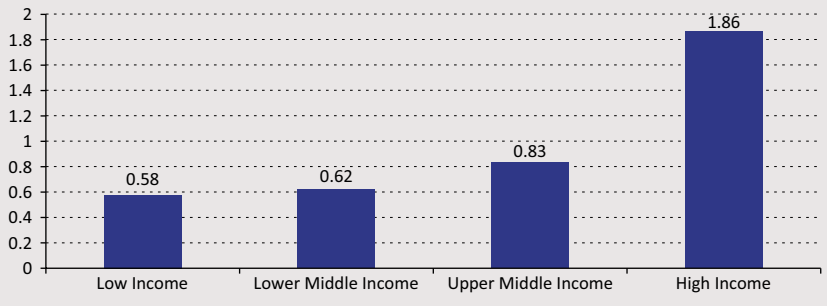
What can I take away?
While additional challenges exist outside the EU to achieving something similar to a One Stop Shop that would reduce compliance requirements, there is still an opportunity for increased tax collaboration. This could reduce business costs and increase the supply of services that can support development.

GRAPH 1. TAX REVENUE TO GDP



The World Bank

GRAPH 2. DIRECT TAX TO INDIRECT TAX RATIO



UN WIDER

difficulty in levying indirect taxes on digital services means digitalisation has made capturing the entire tax net more difficult. Asia has the largest number of internet users (2.5 billion), having tripled in the past ten years. In Sub-Saharan Africa and Latin America, internet users have doubled between 2016 and 2021 and 2019 and 2024, respectively (see tinyurl.com/mrk2djjz). Rapid digitalisation has created problems in raising revenue through indirect taxes.

International indirect tax systems are built on traditional business models, where businesses typically have a physical presence in the countries in which they operate. There are some exceptions, such as land-related or transportation services, but historically governments required businesses to charge VAT on services in the country in which they are established. However, businesses providing digital services do not need a presence in a given country to make supplies.

The traditional VAT system is unable to effectively raise revenue on digital services, leading to lost VAT revenue. To tackle this, governments have implemented two rules:

1. For supplies by overseas businesses to domestic business customers, the business customer is liable to self-account for local VAT through the reverse charge mechanism.
2. Governments have implemented the vendor collection model for cross-border supplies to private customers, where businesses must register and account for VAT in the customer's jurisdiction.

Overseas businesses are often more complicated to audit and monitor so the vendor collection model is usually complemented with rules to encourage voluntary compliance with mandatory tax obligations, such as simplified VAT returns and less stringent record-keeping requirements. Governments also often exempt businesses that provide services under a given threshold from registering.

The annual revenue benefits of implementing these rules can be as high as 0.1% of GDP. At present, over 100 tax jurisdictions have implemented the vendor collection model. Although some countries offer simplified compliance, these rules significantly increase the administrative burden for businesses due to the increased number of registration requirements.

Shauna Bates, a Senior Manager in EY's Technology, Media and Telecommunications indirect tax team, said her clients find the number of obligations that they are now facing given the rise of indirect tax rules applicable to digital services to be taking up a significant amount of tax team resource. 'Our clients are constantly faced with registration portals that are not yet

live or hard to access, and the need to produce translated documents or documents that have been legally verified. There is a cost attached to procuring these documents, as well as the cost of the time it takes to coordinate the registration end to end. This can take time away from other indirect tax obligations that a business also needs to deal with.'

One tax leader of a business in The MOSS Group, a European business collective focused on issues regarding VAT compliance and digital services, shared an example of the differing administrative costs related to registering across different jurisdictions. 'One country required a local SIM card that could only be purchased physically in-store in that country to read security codes to access the country's tax filing system. Non-residents could purchase only two of these cards in their lifetime, and fingerprints had to be offered in return for the purchase. Costs like these are hard to quantify but substantial and must significantly impact trade.'

Some businesses choose not to sell digital services to countries where the profit on supplies does not exceed the costs of compliance, which could have an impact on development. One FTSE 350 tax leader said: 'Increased digital VAT compliance costs alone have prevented us from operating in some markets.' There are also some companies that enter markets without registering for VAT due to the risk and value of penalties being low.

The EU's solution

The EU initially tackled this issue by introducing the Mini One Stop Shop. The Mini One Stop Shop allowed businesses to register for VAT in one EU member state and submit one VAT return for all supplies of telecommunication, broadcasting and electronic services sold to private customers. Businesses could report the value of supplies to customers across different EU member states, and the tax authority of registration would remit this VAT to each member state.

As businesses typically do not incur costs in the countries where they make supplies due to a lack of physical presence, input tax (VAT on costs incurred in making supplies) is not recoverable on Mini One Stop Shop returns but is used simply to remit output tax (VAT on services supplied).

The Mini One Stop Shop reduced the administrative burden and costs associated with the vendor collection model, as businesses no longer had to maintain multiple VAT registrations across the EU. Another member of The MOSS Group advised that 'while not perfect, with problems regarding difficulties reducing VAT liabilities resulting from credit notes and input tax, the Mini One Stop Shop has been revolutionary in reducing compliance costs'.

The EU has made further changes to support digital suppliers through its VAT in the digital age initiative. From 1 July 2021, the Mini One Stop Shop was replaced by the One Stop Shop, expanding the scope of the rules to include all cross-border services to private customers and intra-EU sales of goods.

Towards a global Mini One Stop Shop

Recent years have seen an increase in tax collaboration, both at the international level through organisations like the World Bank, International Monetary Fund, OECD and the UN; and at the regional level through organisations like the Asian Development Bank and the African Tax Administration Forum, the most prominent example being OECD's Two Pillar Solution. These organisations could play a similar role to the EU in facilitating similar simplifications regarding the reporting and remitting VAT on digital supplies. International financial institutions and regional development banks have an important role in building tax capacity in countries to be able to take part and benefit from multilateral revenue generation solutions.

The benefits of a non-EU Mini One Stop Shop for businesses and emerging and developing economies are clear. Businesses may have avoided making supplies in a given jurisdiction where the administrative burden of registering and submitting VAT registrations outweighs profit. Businesses lose out on profits, and emerging and developing economies lose out on digital services and tax revenue, which could be critical to development.

A FTSE 100 tax leader shared their thoughts on the EU One Stop Shop and the benefit that a non-EU One Stop Shop could have on trade and compliance costs. 'It is unquestionable that the EU One Stop Shop has had a positive impact, reducing compliance costs. If something similar were implemented outside the EU, this could have a significant positive impact on market entry costs.' A Fortune 500 tax leader agreed, 'The EU One Stop Shop has provided significant simplification benefits, and it would be good to see these replicated elsewhere.'

Despite the benefits, there are additional challenges to achieving something like the One Stop Shop outside the EU. The first is the lack of political power of these organisations to coordinate a multilateral agreement (i.e. a political agreement between more than two countries). While the EU has the political power to issue VAT directives across the EU, the same power does not exist in other regional or international organisations.

Countries would not only need to agree to remit VAT on the behalf of different jurisdictions, but they would also need to agree on the associated fees for doing so, exchange rates, digital infrastructure and security requirements. The time taken and difficulty agreeing to the OECD Pillar Two rules emphasise the challenge of making multilateral tax agreements.

An alternative to agreeing to a multilateral agreement would be for international and regional organisations to facilitate bilateral agreements (a political agreement between just two countries). Different countries could Lego-brick onto existing bilateral agreements, creating a network of bilateral One Stop Shop agreements. International and regional bodies could facilitate this by agreeing on a general set of principles for these bilateral agreements.

Countries may also still require businesses to meet domestic record-keeping requirements, appoint fiscal representatives and subject businesses to audit. If the country of registration holds the audit responsibilities, these audit processes would need to be agreed upon. This is of particular importance given that the nature of digital services makes them difficult to trace. A significant proportion of administrative costs could be reduced by simply having one return, even if definitions remain misaligned, audit and monitoring remain the responsibility of tax authorities in the customer's jurisdiction, and different record-keeping requirements are maintained.

Providing that tax jurisdictions can agree on security requirements, digital infrastructure, processing fees and exchange rates, there would be an avenue for regional organisations like the Asian Development Bank and the African Tax Administration Forum to facilitate bilateral and multilateral agreements that could lead to a non-EU Mini One Stop Shop. Reducing VAT registrations and obligations could significantly reduce costs for suppliers and boost trade in vital services that are increasingly becoming central to development.

This article represents the author's own views and not the views of any current or previous employers.

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Social media
A guiding influence

We explore some of the uncertainties around the taxation of influencers and content creators.

by Steven Pinhey

The rise of social media has given birth to a new type of taxpayer: the influencer and content creator. Does this new group need their own tax rules and guidance?

To begin to understand the answer to this question, we must be clear what we mean by social media influencers and social media content creators:

- **Social media influencers:** These are people who have built a reputation for their knowledge and expertise on a specific topic. They make regular posts about that topic on their preferred social media channels.
- **Social media content creators** (who can also be influencers): These are normally individuals who create and share content intended to educate or entertain an audience across social media platforms. The internet offers several avenues for content creation, including writing blogs, sharing newsletters, uploading videos and drafting web copy.

These influencers and content creators come in all shapes and sizes, from those posting purely for pleasure to those who turn it into a successful career. This latter group leverage platforms like Instagram, YouTube, TikTok and others to build large followings of enthusiastic, engaged individuals and generate earnings through diverse income streams.

As this aspect of the digital economy grows, so does the need for an appropriate tax framework to ensure that all earnings are declared and taxed correctly, and appropriate allowable expenses claimed. To put this into context, according to Statista there will be over 64 million social media users in the UK by 2029 and also advertising spend on influencers could reach £1.4 billion (see tinyurl.com/2mxkxt5v). A Financial Times article in 2023 stated that there were over 16 million content creators in the UK alone. TikTok this year surpassed 1.5 billion worldwide users, with the greatest increase in Gen Z (those born between 1997 and 2012), who are also the highest earners on the platform.

Key Points

What is the issue?
The rise of social media has given birth to a new type of taxpayer: the influencer and content creator. We consider whether they need their own tax rules and guidance.

What does it mean for me?
As this aspect of the digital economy grows, so does the need for an appropriate tax framework to ensure that all earnings are declared and taxed correctly, and appropriate allowable expenses claimed.

What can I take away?
When claiming expenses, the general rule is that an individual may not deduct expenditure in computing the profits of their trade unless it is incurred wholly and exclusively for the purposes of that trade.

What guidance is there?

Whilst the Competition and Markets Authority has issued advice and guidance specific to content creators and influencers in the areas of marketing and consumer protection, the same is not true of HMRC. This leaves influencers and content creators (as well as their tax agents) having to navigate a complex tax landscape, accounting for multiple income sources, navigating grey areas around deductible expenses and complying with a myriad of tax rules and regulations, both national and international.

Given that this group tend to be extremely tech savvy, it would seem that HMRC is missing a trick by not providing specific online guidance, especially given that their tax affairs can be complex and many Gen Z earners will still be in, or only just have left full-time education, where little or no financial teaching is provided.

So, what are the issues faced by influencers and content creators that can make meeting their tax obligations so problematic, and do they really need separate guidance?

Is it trading?

The first issue that an influencer or content creator must consider is whether or not their posts (or other online activities) amount to a trade. The longstanding 'Badges of Trade' (as set out in HMRC's Business Income Manual at BIM20205 et seq.) can be used to judge whether, based on the facts, the individual is trading or not.

Fortunately, for those whose online presence is more akin to a 'hobby', these activities can be covered by the trading allowance (see tinyurl.com/3r57awpf), which allows those individuals to earn up to £1,000 in a tax year without paying income tax or having to register as self-employed or engage with HMRC.

The rest of this article considers people who are trading as self-employed influencers or content creators earning more than £1,000 a year of gross income.

What are the income sources?

Popular influencers and content creators have thousands, sometimes millions, of followers who pay close attention to their views and the products that they use. It is therefore no surprise that brands are prepared to offer big money and provide free products and services in exchange for product reviews, endorsements and posts. Income sources available to influencers and content creators can include:

- sponsored posts and brand collaborations: payments from brands for promoting products or services via their chosen platforms;
- advertising revenue: income from adverts displayed on platforms like YouTube and TikTok;
- affiliate marketing: commissions earned from promoting products with unique affiliate links;
- merchandise sales: revenue from selling branded merchandise or digital products;
- subscriptions and fan donations: income from platforms like Patreon or OnlyFans where followers pay for exclusive content; and
- event appearances and public speaking: fees for attending events or speaking engagements.

Whilst these sources of income may be straightforward to calculate, others such as gifts and non-cash 'benefits' are not so easy to quantify.

The principle that non-monetary receipts are taxable in full as trading income was established by the House of Lords case of *Gold Coast Selection Trust Ltd v Humphrey* [1948] 30 TC 209. This principle was ultimately enacted into Income Tax (Trading and Other Income) Act (ITTOIA) 2005 s 28A for transactions occurring on or after 16 March 2016. (See Business Income Manual BIM40051 'Receipts: general: whether trading income'.)

Therefore, non-cash benefits, such as free products or services received in exchange for promotion or review, must be valued and reported as trading income. This can be complex, as the fair market value must be determined and accurately recorded.

Questions also remain as to whether unreturned, unsolicited gifts where there is no agreement for endorsement, product review or recognition in a post should be treated as trading income, and further guidance in this area would be welcomed.

What expenses are deductible?

When claiming expenses, the general rule is that an individual may not deduct expenditure in computing the profits of their trade unless it is incurred *wholly and exclusively for the purposes of that trade*, as set out in ITTOIA 2005 s 34.

For influencers and content creators, some of these expenses are easy to quantify and categorise, for instance:

- equipment and technology: cameras, computers, lighting and other equipment used to create content;
- software and subscriptions: editing software, cloud storage and other digital tools;
- professional services: fees for accountants, legal advice and other professional services;
- marketing and promotion: costs of advertising, website hosting and other promotional activities; and
- home office: a portion of home-related expenses if a dedicated space is used exclusively for work.

However, because of the nature of the work that influencers undertake, the 'wholly and exclusively' test is not always clear to apply, and there can often be expenses which have both a business and personal element known as duality of purpose. Let us look at three such expenses.

Clothing

Considering whether clothing costs are allowable for tax purposes has always caused taxpayers problems, but this has become more acute as influencers and content creators find their physical appearance and the clothes they wear regularly judged and critiqued by their online viewers and followers.

The leading case on clothing expenses remains the 40 year old House of Lords decision in *Mallalieu v Drummond* [1983] 57 TC 330, where a barrister, Ms Mallalieu, was seeking an allowable deduction for the sombre clothing she was required to wear in the courtroom, which she argued she would not wear outside the courtroom. Her claim was rejected on the basis that her 'wardrobe of everyday clothes' was required for the sake of both 'warmth and decency'. This emphasis on 'everyday clothes', 'warmth and decency' has proven especially important in the outcomes of subsequent cases.

In the First-tier Tribunal case of *G Daniels v HMRC* [2018] UKFTT 462, Ms Daniels, who was a self-employed exotic dancer at a London nightclub, claimed the costs of the clothing she was required to wear whilst performing on stage, arguing that she would not have chosen to wear them outside of the nightclub. The judge in that case concluded that the clothes Ms Daniels wore on stage (which were handmade and bespoke) were not 'everyday clothes'; and that as they were often 'see-through' and 'skimpy' in nature they could hardly be expected to provide any 'warmth' or 'decency'. Ms Daniels won on this aspect of her case and HMRC chose not to appeal.

Whilst the *Daniels* case will help some cases where the clothing is not part of 'an everyday wardrobe', or is a 'costume' used in a performance, in most cases the courts continue to rule on clothing along the *Mallalieu* lines.

Cosmetic surgery

A large part of an influencer and content creator's popularity is determined by the way that they look. Although this is more obvious when considering adult content creators on platforms such as OnlyFans, this still holds true for other influencers and content creators who are selling a lifestyle which others may wish to emulate.

HMRC does accept that some performers may be able to show that expenditure on cosmetic surgery has been incurred solely for professional purposes and in these circumstances, it may be allowed. The example given in the Business Income Manual at BIM50160 'Actors and other entertainers: expenses' is of a radio performer of many years' experience who starts to do TV work. The performer is advised that their irregular teeth are reducing opportunities to appear on TV. The performer consequently elects to have cosmetic dentistry. It is established as fact that the performer had been content with their appearance, and the TV work was the sole purpose of the dentistry. According to HMRC, the cost would be allowable.

Travel and accommodation

Travel expenses also need to meet the criteria of being 'wholly and exclusively' for the purpose of a trade. This can be difficult if a social media influencer is selling a lifestyle by visiting exotic locations and hip places.

If the time when they are not online is personal, should a deduction for the expense of the trip be denied, or should the expense be apportioned on a just and reasonable basis? These are questions that influencers face and on which HMRC has given no specific guidance.

Do you need to keep records?

When it comes to accounting for income and expenses, maintaining comprehensive records is vital. Good record keeping ensures that all income and expenditure is being accounted for and the records can include notes as to the rationale for including or omitting a source of income or expense. Poor record-keeping can lead to errors when completing tax returns or potential penalties for failure to maintain adequate records – and, of course, Making Tax Digital is arriving from 2026.

Is it different abroad?

With the global nature of digital platforms, influencers often work with brands and audiences from different countries, raising complex tax questions. These can range from whether the individual is tax resident in more than one country due to a second home or long-term project, to claiming double tax relief where income is taxed in two jurisdictions.

Specialist advice should be sought where influencers and content creators have an international presence.

Case studies

To illustrate these principles and the issues that need to be considered, let us consider a few hypothetical scenarios.

1. The lifestyle influencer

Helen runs a popular lifestyle blog and Instagram account. Her income sources include sponsored posts, affiliate marketing and advertising revenue from her YouTube channel. She frequently receives free products from brands. Helen should:

- report all cash earnings from sponsored posts, affiliate commissions and advertising revenue;
- value and report free products (that she does not return) as income; and
- deduct expenses incurred wholly and exclusively for her business, such as her camera equipment, travel costs for brand events and professional editing software.

2. The tech reviewer

Emma reviews gadgets and tech products on her YouTube channel and website. Her income comes from advertising revenue, affiliate links and Patreon subscriptions. She receives high-value items for review, which she can keep. Emma should:

- declare advertising revenue, affiliate commissions and subscription income;
- report the fair market value of gadgets she keeps after reviews; and
- deduct expenses incurred wholly and exclusively for her business, including computer equipment and consumables, website hosting fees and office rent.

3. The fitness coach

David is a fitness influencer who offers online workout programmes and personalised coaching. He earns income through client subscriptions, brand partnerships and selling merchandise. David should:

- report subscription fees, sponsorship payments and merchandise sales;
- deduct costs incurred wholly and exclusively for his business, including those related to his fitness equipment and marketing expenses – and, as these are online workouts, he can also deduct computer equipment, consumables and website hosting fees.

What is HMRC doing?

HMRC's compliance mantra is 'Promote, Prevent, Respond', recognising that it is more cost effective to promote good tax compliance and prevent non-compliance than to undertake expensive enquiry work. Using their one-to-many letters, HMRC educates taxpayers of their tax obligations, and this has included in February 2023 writing to 2,300 content creators who earn a living from non-content creation sources to query whether their declared tax is correct and that any free gifts they receive because of their online presence had been included.

Where HMRC considers there is non-compliance, it will respond and have powers to charge penalties for failures to notify liabilities and errors in submitted tax returns, together with penalties for returns which have been filed or payments made late. There are also penalties for not keeping adequate accounting records.

Conclusion

New online platforms and monetisation methods continue to emerge, providing greater and varied sources of earning potential. Navigating the tax landscape will continue to be challenging for influencers and content creators, but understanding the basics is crucial for both tax compliance and financial success. From accurately reporting income and valuing non-cash benefits to claiming legitimate expenses and understanding the international tax implications, influencers, content creators and their agents must take a proactive approach to satisfying their tax obligations.

Whilst HMRC is keen to promote 'upstream' education to taxpayers, there is more that could be done around the 'grey' areas to assist influencers and content creators in their tax reporting. They may not need their own guidance, but showing how existing guidance impacts the work they do would be a step in the right direction.

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The pursuit of costs Litigation processes

We review a taxpayer's appeal against a First-tier Tribunal's decision in relation to the costs of the appeal.

by Keith Gordon

A fundamental aspect of the tribunals system is that a tribunal is meant to be a more accessible forum for achieving justice than the courts. This is partly reflected by the relative informality of the proceedings (although such informality is not always apparent in tax cases). It is further reflected by the fact that, in the vast majority of cases, the losing party will not end up having to pay the costs of the other side.

In fact, in many chambers of the First-tier Tribunal, it is simply not possible for a party to become liable to the other side's costs. In tax cases, there is a very limited power to award costs, most notably if either (or both):

- a party has acted unreasonably; or
- the case has been allocated to the complex case category.

It should generally be possible to avoid acting unreasonably and therefore falling within the first category ought not to occur. In relation to the second category, very few cases get allocated to the complex case category and therefore it is rarely an issue. However, even in those exceptional cases, the taxpayer has a 28 day period in which to opt out of the costs regime. As a result, even in complex cases, a taxpayer should be able to avoid being liable for any of HMRC's costs (assuming, of course, that the taxpayer does not act unreasonably).

This article considers the principles applying in those complex cases where the taxpayer has not opted out of the costs regime, as discussed by the Upper Tribunal in the case of *Ulster Metal Refiners Ltd v HMRC* [2024] UKUT 184 (TCC).

The facts of the case

The original case in the First-tier Tribunal concerned the recoverability of input tax by the company, Ulster Metal Refiners Ltd ('Ulster'). Ordinarily, leaving aside matters such as partial exemption and situations where input tax is blocked, a VAT-registered business will be able to recover the input tax it has paid on its purchases as a credit against its own VAT liability in relation to its own supplies. However, HMRC is entitled to withhold input tax which is associated with fraudulent transactions, if the taxpayer knew or should have known of the connection.

In the present case, HMRC had decided that a number of Ulster's input tax claims were connected with fraud and believed that the company either knew or should have known of the connection. Accordingly, this input tax was blocked. The company appealed against HMRC's decision to the First-tier Tribunal. The tribunal allocated the case to the complex case category and the company did not opt out of the costs regime.

In its appeal, the company was successful in relation to 90% of the input tax that HMRC had sought to block, so that only 10% of its input tax claim remained blocked. However, the First-tier Tribunal made considerable criticisms of the conduct of the company's director, whose credibility was often doubted and who was found by the tribunal to have conducted the litigation as if it were 'a misguided game of forensic hide and seek', which is in stark contrast to the obligations on the parties to further the 'overriding objective' of fairness and justice.

The First-tier Tribunal took a holistic approach to the case and said that any award of costs should be 'appropriately reflective of all the circumstances including … the strong public interest in discouragement of dishonest evidence to obtain public funds'. It concluded that it was 'not going too far, and is fair and just, to deprive [Ulster] (despite its success in relation to a large proportion of the deals in issue) of the ability to recover any of its costs from HMRC'.

As a result, the company's claim for costs was refused. However, the company then appealed against the decision to the Upper Tribunal.

The Upper Tribunal's decision

The case came before Mr Justice Peter Roth and Deputy Upper Tribunal Judge Anne Redston.

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Key Points

What is the issue?
In many chambers of the First-tier Tribunal, it is simply not possible for a party to become liable to the other side's costs. In tax cases, there is a very limited power to award costs, most notably if a party has acted unreasonably or if the case has been allocated to the complex case category.

What does it mean for me?
In the case of *Ulster Metal Refiners*, the company was successful in relation to 90% of input tax that HMRC had sought to block. However, the company's claim for costs was refused. It then appealed against the decision to the Upper Tribunal.

What can I take away?
The Upper Tribunal noted that the First-tier Tribunal declared that there was no overall winner, as no party got what they really wanted. The Upper Tribunal agreed with Ulster's argument that this meant that the First-tier Tribunal had failed to identify the winning party. As a result, it concluded that the First-tier Tribunal's decision on costs could not stand.

The Upper Tribunal first noted that, in the High Court and County Court, there is a presumption that the winner will be entitled to its costs. That presumption is embedded in the procedure rules that govern the civil courts and is not found in the rules operating in the Tax Chamber of the First-tier Tribunal.

Nevertheless, the Upper Tribunal concluded that the concept that the winner should be entitled to its costs should be the starting point in the First-tier Tribunal as well, even without an express rule to that effect. (Given the fact that it is only the most complex of cases where costs can be in issue and given the fact that the taxpayer has the right to opt out of the costs regime, I do not think that that is an unreasonable approach to take.)

As to identifying the winning party, the Upper Tribunal said that this should be approached by the application of common sense. In this case, the appellant (winning 90% of the case in the First-tier Tribunal) should be treated as the winning party.

The Upper Tribunal then referred to other case law which stated that there is no general rule that a finding of dishonest conduct should replace the usual starting point.

Applying those principles to the case, the Upper Tribunal acknowledged that the First-tier Tribunal had correctly:

a) identified the general rule, being that the unsuccessful party should pay the winner's costs;
b) recognised that Ulster was the arithmetical winner (having won 90% of the amount at stake); and
c) when it made its decision, it did so by asking whether it was 'fair and just to *deprive*' (emphasis added) Ulster a large proportion of its costs.

However, the Upper Tribunal also noted that the First-tier Tribunal proceeded to declare that there was no overall winner, as no party got what they really wanted. The Upper Tribunal agreed with Ulster's argument that this meant that the First-tier Tribunal had not properly applied the first step in the process – because it had failed to identify the winning party. As a result, the Upper Tribunal concluded that the First-tier Tribunal's decision on costs could not stand. Accordingly, the Upper Tribunal proceeded to remake the decision.

In doing so, the Upper Tribunal took the following approach:

1. The company was the overall winner and therefore, *prima facie*, entitled to its costs.
2. As the company was only 90% successful, those costs should be reduced by 10%.
3. Furthermore, to reflect the fact that HMRC was partially successful (to the tune of 10%), a contribution to represent HMRC's costs in relation to this 10% was also to be deducted. This contribution was taken, using a broad brush approximation, to be 5% of the company's overall costs. That left the company with an entitlement to 85% of its costs.
4. Finally, a further reduction was ordered to reflect the company's inappropriate conduct. However, that further reduction should be limited to reflecting those additional costs incurred as a result of that conduct, rather than a complete denial of the company's costs award. As a result, the costs award was reduced to 40% of the company's overall costs.

Commentary

It cannot be doubted that the principles set out by the Upper Tribunal are the correct ones. However, I do have a couple of observations about the decision.

First, I am not sure that the First-tier Tribunal really departed from the correct approach. The thrust of its decision was that, ordinarily, the winner should be entitled to its costs but this was ultimately a discretionary matter. Factors such as the company's conduct and the fact that the company's success (though substantial) was not absolute led the First-tier Tribunal to the conclusion that this was a case where the company should be deprived of what it would otherwise have been entitled to receive.

There again, the use of the phrase 'the substantive appeal did [not] produce a clear winner' did raise the question as to whether the correct approach had been followed. The Upper Tribunal considered that to be fatal to the First-tier Tribunal's decision and that is why it set aside the decision.

The Upper Tribunal has also taken a different line from the First-tier Tribunal in respect of how to respond to the dishonest conduct of the company's director. The First-tier Tribunal considered that that conduct was so serious that it merited a significant reduction (or elimination) of the costs award otherwise payable to the company. As noted above, the Upper Tribunal considered that dishonest conduct should not generally replace the usual starting point. But it is difficult to see that the First-tier Tribunal made this mistake – on my reading, the First-tier Tribunal had recognised the correct starting point but then used the findings of dishonesty as a reason to deny the company its costs.

However, the Upper Tribunal also referred to High Court authority which said that, when looking at the wider circumstances of the case and the factors that might lead to reduction of a costs award:

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> '[E]ven when what is being considered is conduct, rather than the loss of one or more issues, it will generally not be just to deprive a successful party of part of its costs because of conduct which has had no adverse impact on the incidence of costs ... [I]f what is complained about has had no impact on costs, it will require cogent reasons to justify depriving a successful party of part of its costs on the basis of the complaint.'

It will be noted that this authority is subject to qualifications (for example, the use of the word 'generally') and therefore does not set down an absolute rule. If there are cogent reasons to deny a party all of its costs as a result of poor conduct, then there is no principle that prevents such an outcome.

In my view, poor litigation tactics, such as being obstructive, are not sufficient to justify a departure from the general rule. However, if a party's whole attitude to the litigation process is tainted by dishonesty, I would not rule out another tribunal taking a stricter line.

Accordingly, had the First-tier Tribunal not stumbled on the need to clearly identify the overall winner, I doubt that the outright denial of the company's costs would have been susceptible to an appeal. As a result, I think that the company was lucky to end up recovering 40% of its costs.

What to do next

The case also serves as a reminder that litigation should not be treated as a game. Parties in the tribunal are under a positive duty to assist the First-tier Tribunal in reaching a fair and just outcome. That obligation should be observed, even without worrying about the adverse costs consequences of non-compliance. However, breaches can actually lead to problems in relation to costs (either, as in this case, a reduction in a costs award that would otherwise be made in favour of a party, or an award against that party for unreasonable conduct – something that can happen even in non-complex cases).

Postscript to my article in July: In my article on the IR35 case (*HMRC v RALC Consulting Ltd*), in the July 2024 issue of *Tax Adviser*, I expressed surprise that HMRC was pursuing an allegation of careless conduct in respect of the earlier years under review. I said that I could not recall carelessness being alleged in any other IR35 case, as it strikes me as almost impossible to prove. I have since been reminded that HMRC did allege carelessness in the IR35 case of *PAYA Ltd v HMRC* [2019] UKFTT 583 (TC). On that point, it lost.

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Key Points

What is the issue?
The case taken by Northumbria Healthcare was effectively a test case for the NHS on the VAT liability of hospital parking (though in fact it covered all fee-paying parking provision for patients, visitors and staff at any NHS facility).

What does it mean for me?
HMRC had been alarmed at the breadth of the Upper Tribunal's finding in *Chelmsford City Council*, fearing that it would open the floodgates to public bodies arguing that all their activities are subject to a special legal regime.

What can I take away?
Whilst the Court of Appeal's decision on the 'significant distortion of competition test' raises nothing radically new – other than clearly differentiating that test from fiscal neutrality – its judgment on the existence of a special legal regime is profound.

Northumbria Healthcare

A special legal regime

The Court of Appeal's decision in *Northumbria Healthcare* sheds light on when HMRC's guidance can be considered binding.

by Ian Harris

In *Tax Adviser* (April 2024), I considered the *Chelmsford City Council* [2022] UKUT 149 (TCC) decision on whether local authorities' provision of sports services should fall outside the scope of VAT under Article 13(1) of the EU Principal VAT Directive (as transposed into VAT Act 1994 s 41A) and HMRC's eventual acceptance that that is the case. I referred in the postscript to the Court of Appeal's judgment in *Northumbria Healthcare NHS Foundation Trust* [2024] EWCA Civ 177 and its possibly profound implications.

Setting the scene

By way of reminder, in order to fall outside the scope of VAT under Article 13(1)/s 41A, the activity in question must be:

- delivered by a body governed by public law (taken as read for a local authority and the NHS);
- subject to a special legal regime only applicable to bodies governed by public law; and
- such that non-VATable treatment would not cause significant distortion of competition.

The Upper Tribunal in *Chelmsford* concluded that the Local Government (Miscellaneous Provisions) Act 1976 s 19 does amount to a special legal regime governing local authorities' provision of sports facilities but only when taken together with the multitude of other statutory and regulatory prescriptions, proscriptions and constraints with which local authorities must comply when doing so.

HMRC had been alarmed at the breadth of this, fearing it would open the floodgates to public bodies arguing that all their activities are subject to a special legal regime. And indeed, in *Northumbria Healthcare* at the Upper Tribunal [2022] UKUT 267 it was faced with almost this exact argument.

Northumbria Healthcare: a test case

The case taken by Northumbria Healthcare was effectively a test case for the NHS on the VAT liability of hospital parking (though in fact it covered all fee-paying parking

provision for patients, visitors and staff at any NHS facility).

Although there is no specific statutory or regulatory regime governing hospital parking, Northumbria Healthcare argued that the requirement to comply with binding government guidance – the 'Parking Principles' issued by the Secretary of State – nevertheless constitutes a special legal regime.

HMRC's fears were assuaged when the Upper Tribunal held that it did not. In any event, the tribunal held that non-VATable treatment would clearly cause a significant distortion of competition vis-à-vis commercial car parking providers that were required to charge VAT.

However, the Court of Appeal has held in favour of Northumbria Healthcare on both counts.

Binding guidance as a special legal regime

The Court of Appeal held that Northumbria Healthcare's provision of hospital parking is subject to a special legal regime as binding guidance, with which a public body must comply – the 'Parking Principles' which govern the management of NHS car parks in the case of hospital (and similar) parking – meets this criterion.

The court's only caveats were that:

1. The binding guidance must be issued by government pursuant to a statutory or regulatory power enabling the relevant secretary of state, minister or other duly authorised person to do so.
2. The public bodies to which the binding guidance is addressed must have a legal duty to comply with it (unless there is a demonstrably good reason not to).

Key to the court's reasoning was that a special legal regime can exist if government issues statutorily or regulatorily empowered guidance that constrains the activity in question and is combined with a legally enforceable duty to adhere to that guidance (unless there is a good reason to depart from it).

The Court of Appeal held this to be the case with the 'Parking Principles', issued by the Secretary of State under the NHS Act 2005 ss 1 and 2, and with which NHS bodies providing hospital and similar parking must comply.

The court justified this by reference to the ECJ's judgment in *Fazenda Pública v Câmara Municipal do Porto* (Case C-446/98) that 'all the conditions laid down by national law for the pursuit of the activity' must be taken into account; i.e. the source of the conditions is immaterial.

The public law duty to comply with policies laid down by way of binding guidance (unless there is a good reason not to) was laid down in four recent Supreme Court judgments: *Lumba* [2012] UKSC 12; *Mandalia* [2015] UKSC 59; *Lee-Hirons* [2016] UKSC 46; and *Hemmati and others* [2019] UKSC 56.

Indeed, that guidance combined with a duty to adhere to it in the absence of a good reason not to amounts to 'tertiary law' can be found in *R v Ashworth Hospital Authority* [2005] UKHL 58, in which the House of Lords considered a code of practice issued by the Secretary of State that encompassed binding guidance.

Ashworth Hospital's policy departed from that guidance but the House of Lords held that the guidance was law with which it must comply. It observed that Parliament could have chosen to embody the code of practice in legislation but that its choice to rather empower the Secretary of State to issue the code did not lessen its legislative character.

> **HMRC objected that reliance on broad public law constraints would permit a public body to determine its own VAT treatment through self-authored policies.**

HMRC objected that reliance on broad public law constraints, such as following policies or guidance, even if binding, would permit a public body to determine its own VAT treatment through self-authored policies.

However, the Court of Appeal stressed that it is not self-authorised policies that constitute a special legal regime but rather binding guidance issued on behalf of government pursuant to a statutory or regulatory power to do so and with which the public body must comply (unless there is a demonstrably good reason not to).

Such binding guidance issued by government is, felt the court, encapsulated within what the ECJ meant when referring to a 'special legal regime', being an externally imposed and legally enforceable body of law which constrains a public body's behaviour and which cannot be easily changed without Parliamentary check.

This is very different to self-authorised policies which the public body has the freedom to alter at any time it wishes. Local authorities have long felt that such 'tertiary law' – binding guidance with which they must comply – constitutes a special legal regime but this is the first time a court or tribunal has said so.

The 'significant distortion of competition test'

On the 'significant distortion of competition test', in *National Roads Authority v Revenue Commissioners* (Case C344/15) the ECJ found that such a significant distortion must be proven by the tax authorities by reference to economic analysis and that there can be no presumption of such, even where both public and private bodies provide similar services.

Following this finding, the Court of Appeal allowed Northumbria Healthcare's appeal on the grounds that HMRC had not met this burden of proof.

Indeed, it appears that HMRC had carried out no economic analysis at all but merely relied on the empirical existence of private sector car parking provision.

In fact, the court doubted whether such an economic analysis would have seen hospital parking as in competition with other parking anyway, suggesting a need to carefully determine the relevant market for the purposes of such an economic analysis (e.g. in this case, whether that is the market for parking generally or, more likely, specifically for hospital parking).

The Court of Appeal also contrasted the 'significant distortion of competition test' with fiscal neutrality. It observed that the former requires an analysis of the market without any presumption, whereas the latter presumes a breach where two supplies are identical from the perspective of the typical consumer.

This has some relevance given that HMRC deployed a fiscal neutrality argument before the Upper Tribunal in *Mid-Ulster* [2022] UKUT 267 in support of its assertion that non-VATable treatment of local authorities' provision of sports and leisure services in Northern Ireland

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would cause significant distortion of competition.

Conclusion

Whilst the Court of Appeal's decision on the 'significant distortion of competition test' raises nothing radically new – other than clearly differentiating that test from fiscal neutrality – its judgment on the existence of a special legal regime is profound.

It has always been accepted by HMRC that a statutory obligation placed upon a local authority to do something does amount to a special legal regime. Indeed, HMRC then accepts that there can be no significant distortion of competition, as the local authority is simply carrying out its mandated functions and is not competing on a market.

HMRC also generally accepts that a discretionary or enabling statutory power can amount to a special legal regime, providing it differs materially from the private law powers under which a private sector body might undertake the same or similar activity.

The *Chelmsford* decision added some context to this by holding that to constitute a special legal regime, a discretionary or enabling power must generally be supported by other prescriptions, proscriptions and constraints as to how the local authority carries out the activity which would not apply to a private sector body undertaking the same or similar activity.

> **The Court of Appeal's judgment on the existence of a special legal regime is profound.**

Chelmsford held that those prescriptions, proscriptions and constraints must themselves be contained in statute or regulation.

In *Northumbria Healthcare*, however, the Court of Appeal has held that is not the case but rather that binding guidance with which the local authority must comply when undertaking the activity can be sufficient providing that:

- the binding guidance is issued by government pursuant to a statutory or regulatory enabling power; and
- public bodies to which the binding guidance is addressed have a legal duty to comply with it (unless there is a demonstrably good reason not to).

Footnote: HMRC is understood to have sought leave to appeal the *Northumbria Healthcare* decision on the definition of special legal regime. (It is doubtful that any appeal is possible against the Court of Appeal's decision that HMRC failed to carry out the necessary economic analysis to determine whether there would be significant distortion of competition.) Whether the Supreme Court perceives that to be a matter of sufficiently important public interest to grant leave is moot.

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What next for VAT?
How to levy taxes

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As the introduction of VAT on private school fees marks the UK's first significant departure from Article 132, we consider other VAT changes that could be on the horizon.

by Andrew Shrimpton

Taxes have been around for a long time, though the way in which they are levied has changed somewhat over the centuries. In 1203, King John first levied an export tax on the sale of wool – a great way to get his share of the spoils from a roaring trade. It worked so well that he levied more taxes, which ultimately annoyed the barons and resulted in the signing of the Magna Carter. It would probably be a stretch, though, to say that we owe the birth of our civil liberties to the implementation of a simple precursor to VAT.

A brief history

Since then, the tax has gone through a number of changes. Without a distinction between direct and indirect taxation, taxes were levied on corn, coal consumption, tea and even windows. But it wasn't until the first half of the 20th century that a purchase tax first came into existence – a tax on the things that the general public bought and consumed, applied at the point of manufacture and distribution.

Similar to the current way VAT works now, purchase tax was levied on items that were considered luxurious. This was how things stayed until 1973 when the UK made the decision to join the then European Economic Community. Purchase tax was scrapped, and in its place the far more easily administered value added tax was implemented.

The Principal VAT Directive

Starting out at a rate of 10%, VAT was levied on everything except food, housing and fuel. UK businesses incurred VAT on their purchases, charged VAT on their sales and offset the two against each other to calculate their liability, which was then paid over to the treasury. This was a simple system that lacked the width and depth of the current system. Then, in 1977, the EEC brought in the Sixth Directive, which harmonised VAT across the member states and set out new rules for each member to follow.

The Sixth Directive – or as we like to call it in the UK, the Principal VAT Directive (PVD) – has undergone a number of upgrades since 1977. These have allowed for the introduction of new rules, new member states joining the EU and paving the way for more complex trade between member states and the rest of the world. This Directive governs the common system of VAT that all EU member states must follow. It determines what exemptions must apply, what items can be included in the reduced rate and the super reduced rate, and how and where VAT should be levied, as well as other things.

However, in 2016 the UK voted to leave the EU and with that decision the EU ceased to have control over common areas within the UK – its courts, fisheries, agriculture and its VAT system. From 1 January 2021, the PVD ceased to have direct effect over the way in which VAT was administered within the UK market. Although still advisory, the PVD does not apply to UK businesses operating within the UK. Instead, it is the UK government that has control of the VAT system.

The impact of Brexit

Prior to the UK exiting from the EU, the PVD governed the way VAT was applied; however, member states still had the ability to set VAT rates (within reason) and could apply the rules liberally within the confines of the articles. And although they could lobby the commission for changes that would benefit the VAT paying general public, not much could really be done to improve or change the PVD quickly or efficiently. This was why the courts always played a huge role in determining the ever-changing European VAT landscape.

But now that the UK is out of the EU and no longer required to follow the PVD, or the rulings laid down by the European courts (unless it wants to), what sort of changes have we seen?

During the last four years under the Conservatives, the answer so far is not a huge amount. There have been a few minor changes to the way in which we levy VAT, or recover VAT when trading with the EU or the rest of the world – these include changes to VAT on women's sanitary products and some helpful incentives for renewable energy adoption in households. But there hasn't really been much of a divergence away from the PVD. It's been business as usual when it comes to VAT. So, are things about to change?

Signs of change?

With Labour winning the election in July, can we now expect to see them turn their attentions to the UK VAT system and make changes, upgrades or improvements to help benefit the UK taxpayers? Maybe. It hasn't been very long since they came to power and we are already seeing a major change that will deviate the UK away from the EU.

This has come in the form of the introduction of VAT on private school tuition fees. Currently, the PVD exempts the supply of education. Article 132 states that 'the provision of children's or young people's education' shall be exempted from VAT. This would mean that the UK is diverging. However, Article 132 also

mentions supplies made by bodies governed by public law or by other organisations 'recognised' by the member state concerned as having similar objectives. There was likely always some wiggle room within Article 132 to remove certain schools from the exemption, although a challenge in the European courts may well have loomed large.

Education aside, it is important to look at the things that the UK and the UK taxpayers really need – and try to guess where we may see future changes that would have the most impact. Labour have announced plans to build 1.5 million new homes in response to a housing stock shortage. However, with the zero rating available on labour and building materials, plus the zero rated sale of the first grant of a major interest in a newly constructed residential property, already in place, there's not many savings to be made.

So, could there be opportunities in relation to existing housing stock? Currently, there is a reduced rating available on conversion from commercial to residential, with the added benefit of the zero rating on the first grant sale. There is also the two-year empty home rule, which allows for the reduced rating on renovations, but no zero rated sale at the end. Could the legislation be tweaked with so that the two-year rule is reduced to one, and then a special concession for zero rating is made available for these types of newly renovated homes? This could certainly work towards encouraging builders and developers to look at existing housing stock instead of searching for land on which to build.

VAT rates

What about the rates of VAT? The PVD gave us the standard rate, the reduced rate, the super reduced rate and the exemptions. Now that we are out of the EU, could we add any further rates to the list? Here are some changes that might be considered in the coming months.

Luxury travel: One possibility is a special rate for luxury travel – zero rate in standard class and a 10% VAT rate if you travel in first class. We are already used to train fares increasing every year…

Food: Could we also see a reduction in VAT on food? There is currently a zero rate on most food stuffs and a standard rate on items considered luxurious, such as chocolate digestives. Could there be an opportunity to remove the standard rate and apply a special rate of 10% on all luxury food items? It would certainly help with the weekly shopping bills, especially given the current cost of living crisis.

Green energy: Currently, households pay the reduced rate on their domestic fuel but there is no distinction made between green fuels and fossil fuels. Could a super reduced rate be made available on the supply of green energies? If a household could save 5% on its energy bills, would this encourage the move towards the use of greener fuels and help to reduce the UK's carbon footprint?

Looking forwards

There are lots of things that could be done with UK VAT. VAT is the treasury's third highest earner, and £160 billion in revenue was generated through VAT in 2022/23.

With a new government at the helm, it could be time for a review of VAT to decide whether there are ways in which it can be improved, upgraded, better implemented, better administered and made to work more efficiently.

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WELCOME

Richard Wild

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September Technical newsdesk

I like the Jack Reacher books by Lee Child, so I thought I might spend my summer holiday catching up on the latest titles. Unfortunately, it seems like the government has different ideas.

On 29 July, the government published for consultation draft legislation on the abolition of the furnished holiday lettings tax regime, the transitional country-by-country reporting safe harbour anti-arbitrage rule, and the introduction of VAT on private school fees and the removal of their charitable rates relief (all for response by early-mid September). They also issued a call for evidence on the tax treatment of carried interest (for response by the end of August) and other documents on topics including non-doms and changes to the Energy (Oil and Gas) Profits Levy.

As if that were not enough, on 30 July HMRC published their annual report and accounts; their three annual surveys (individuals, small businesses and agents; mid-sized businesses; and large businesses) plus supporting documents; their Charter annual report; and monthly and quarterly performance data for the latter part of 2023-24 – as well as a whole host of other publications.

In reality, I will not be reading HMRC's annual report from start to finish, or considering the impact of VAT on private school fees, while relaxing on holiday. However, 2024 is not a 'normal' year – and this does remind me of two points.

First, it is not unusual for consultations to be carried out over the summer, when many of us – including those leading the consultation – take well-deserved time off. Consultations should typically last for 12 weeks, although consultations on draft clauses for the Finance Bill should be a minimum of eight weeks. This should give adequate time to consider the proposals, gather evidence, discuss any issues with the relevant officials and produce a considered response. Often, and in all cases for the 29 July proposals, those timescales are not respected. This may have a negative impact on the quantity and quality of input the government receives.

Second, many of the documents referred to above are only published in HTML, rather than in PDF, open document text (ODT) or similar formats – in HMRC's terminology, 'coherent document' formats. We have been discussing this issue with HMRC for several years. While we recognise the need for accessibility, for many a PDF, ODT or Word document is much easier to read, digest and manage than HTML. I often copy and paste a lengthy HTML document into Word so I can read it more easily.

Some of the longer documents referred to above were published as 'coherent' documents: HMRC's annual report and accounts, the mid-sized business survey, the large business survey, and the technical index to the individuals, small businesses and agents. Between them they equate to some 582 pages. But everything else seems to be published as HTML, including the individuals, small businesses and agents survey results, which a quick copy and paste would suggest represents some 30 pages of content. We will continue to seek to ensure that material published on GOV.UK meets all users' needs.

We would like to receive your feedback on the publications I have referred to above. If before the relevant closing date, comments on the technical consultations would be welcome. More generally, please send us any observations on what is in, or the publication style of, the remaining documents. It seems that this summer, with a short consultation timescale, and user-unfriendly formats, we might just have to do things 'The Hard Way'.

NEWSDESK ARTICLES

Contact

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GENERAL FEATURE

CIOT technical team successes

An outline of the changes influenced by the CIOT's technical team, alongside the recognition of efforts made by the CIOT to deliver on our charitable objectives for a better, more efficient tax system for all affected by it.

Following the May edition, where we began outlining those changes in which the CIOT was instrumental and occasions where the CIOT's contribution was singled out, here are our successes for the quarter ending 30 June 2024.

Changes to guidance, interpretation and procedure

Following a suggestion from the CIOT, HMRC thanked CIOT and have introduced banner messages for their manuals to alert users to content that is under review, transitional changes or major updates yet to come. This should improve users' awareness of the current status of the guidance and the extent to which it is current and can be relied upon to reflect HMRC's view. See the recent (24 April) minutes of the Guidance Strategy Forum meeting for more information (available from tinyurl.com/3atpk9d2).

As part of its ongoing work on guidance via the Guidance Strategy Forum, the CIOT was invited to attend a team day for HMRC's manuals strategy team to provide feedback and ideas on how to enhance stakeholder experience.

HMRC have confirmed that an example provided by CIOT concerning a volunteer office-holder's expenses accurately reflects the position with respect to allowability in relation to their duties.

Following a suggestion from CIOT, HMRC have amended their guidance to make it clearer that a UK establishment that must be registered at Companies House is different to a permanent establishment, and clarify that in some circumstances a permanent establishment does not have to be registered at Companies House (see INTM 261020). This should assist when obtaining a UTR for a permanent establishment of an overseas company that does not have to be registered at Companies House.

HMRC have agreed to update their internal guidance to reflect a change in wording for use in their one to many letters. Specifically, it concerns the wording used to explain to the recipient of a letter that HMRC have not sent a copy of the letter to their authorised agent. The standard line reads: '*If you have an agent acting for you, you may want to show them this letter.*' A CIOT volunteer told us that this is not accessible language for neuro-diverse readers, such as those on the autistic spectrum, because it does not specifically read as meaning that HMRC have not sent a copy of the letter to the agent. HMRC have agreed to change the wording so it is much clearer, for example: '*If you have an agent acting for you, you may want to show them this letter as they have not been sent a copy.*' HMRC have also advised us that our feedback has been shared with their extra support team to see if other HMRC letters might be similarly amended.

Parliamentary mentions

The Finance (No.2) Bill 2024 is now an Act, after being rushed through Parliament prior to its dissolution in May following the general election announcement. Written evidence from CIOT on property tax clauses and transfer of assets abroad and from CIOT's Low Incomes Tax Reform Group on the high income child benefit charge was cited during the session, with both the Financial Secretary and Shadow Financial Secretary thanking the Institute for its input.

Chris Thorpe *cthorpe@ciot.org.uk*

LARGE CORPORATE EMPLOYMENT TAX PROPERTY TAX

Construction Industry Scheme: HMRC's new guidance on payments made by a landlord to a tenant

HMRC's new guidance on the application of the Construction Industry Scheme to payments made by a landlord to a tenant for construction operations in connection with a lease is causing some uncertainty. The CIOT has discussed these concerns with HMRC.

The Income Tax (Construction Industry Scheme) (Amendment) Regulations 2024 (SI 2024/308) came into force on 6 April 2024. As the tax information and impact note sets out, the regulations amend the Income Tax (Construction Industry Scheme) Regulations 2005 to:

- make sure that minor VAT compliance failures will not result in gross payment status refusal or removal; and
- to remove most payments made by landlords to tenants from the scope of the Construction Industry Scheme (CIS).

The new guidance at CISR14048-14049 covers landlord payments to a tenant. The CIOT is concerned that the guidance, although helpful, does not fully reflect the objective to remove most such payments from CIS and is causing uncertainty in practice about how HMRC apply the tests.

In order to be outside the scope of CIS, the payment by the landlord to the tenant must be for construction operations relating to works intended primarily for the benefit and use of the tenant (Regulation 20A(1)(e)).

A fundamental practical difficulty in applying the condition (e) test, as interpreted in the guidance, arises because although the works are for the immediate primary benefit of the tenant (as the building is completed to their specification), there is also some potential benefit to the landlord, in terms of relieving the landlord of the need to carry out the works and a potential increase in the reversionary value or the potential market rent.

We think it would be helpful, as a starting point for the guidance, to define Category A works (works that are the responsibility of the landlord or would otherwise have been carried out by the landlord) and other terms used in the guidance. The table of examples in the guidance of where the conditions are met or not met is helpful but introduces additional (non-statutory) concepts such as minor or major structural changes and 'incidental benefits' to the landlord or other tenants. If these tests are retained, we think these concepts need to be defined with more examples of common scenarios.

One such scenario is where the tenant wants to finish the fit-out with an enhanced specification. For example, the landlord is going to put in a lift dedicated for the use of the tenant's demise. The tenant wants a more impressive-looking glass lift. The landlord contributes to the extent of a basic lift and the tenant pays the rest. The short-term benefit is to the tenant, but in the long term the landlord benefits from a more impressive lift in the building (thereby potentially making it more attractive to future tenants). Is the payment outside the scope of CIS?

Example 3 at CISR14049 (Work on common areas) could be expanded to provide an example of 'incidental benefit' to other tenants, for example if the bike racks and lockers are available to another tenant but the majority of the work benefits the tenant receiving the contribution only.

We understand that HMRC encourage taxpayers to contact the CIS Helpline or make a non-statutory clearance application in cases of uncertainty. This will help HMRC to explore areas where this CISR guidance could be clearer. We have pointed

out that the non-statutory clearance route may not always be viable given commercial time constraints.

The CIOT continues its engagement with HMRC on CIS uncertainties through our representation on HMRC's Construction Forum.

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OMB

Loans to participators: charge on upstream loans

The CIOT's Owner Managed Business technical committee has written to HMRC about CTA 2010 s 459, which members have told us is causing some issues in due diligence on commercial share acquisitions, typically in buyout scenarios where a company lends cash to its parent company, referred to as 'upstream loans'.

Where a loan to a participator in a close company remains outstanding nine months after the balance sheet date, the company making the loan is required to make a payment to HMRC equivalent to 33.75% of the loan outstanding at the nine-month stage (CTA 2010 s 455). This tax liability is well understood and uncontroversial. However, the s 455 charge is extended (by CTA 2010 s 459) to other situations where there is a loan, such as certain tax avoidance scenarios where the charge would otherwise be avoided – perhaps by making the loan to an intermediary who then loans the money on to the participator. Our submission highlights how this can cause problems in uncontroversial commercial situations where no tax avoidance is involved.

In a typical management buy-out scenario, the management team will form Bid Co that will purchase the shares of Target and issue shares and loan notes as consideration to the vendor shareholders. The purchase will often be financed out of current and future resources of Target. One approach is for Target to lend funds to Bid Co by making an upstream loan, allowing Bid Co to repay some of the debt. This can cause problems, as s 459 may technically apply to such transactions. However, in our view this is not a scenario that the loans to participators legislation should catch and we do not believe it is within the policy aims of the legislation either, as we explain in our submission. We suggest that some further relieving provisions might help to prevent a charge applying where, in our view, it ought not to apply.

We also note that HMRC's guidance (CTM615501 at tinyurl.com/532s8u45) indicates that they take a 'strict application' of s 459. Whilst we have not in practice seen HMRC take the point, we highlight that the risk of s 459 applying on a strict technical reading is being raised more frequently on tax due diligence when companies are later sold. This introduces an element of uncertainty of tax treatment into commercial transactions on share acquisitions and is potentially preventing transactions from completing.

We are interested in hearing from CIOT members who have encountered issues with this in practice – please contact technical@ciot.org.uk.

In our submission, we say that we are interested in HMRC's views on the issue and in discussing possible options with them, such as an amendment to HMRC's manuals or a change in the legislation.

The full CIOT submission can be found here: www.tax.org.uk/ref1334. We will also be publishing HMRC's response on our website when we receive it.

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MANAGEMENT OF TAXES

The Penalties for Failure to Pay Tax (Assessments) Regulations 2024

CIOT and LITRG have jointly commented on draft regulations relating to the reformed penalty system for late payment of tax in FA 2021 Sch 26 and the assessment of the second late payment penalty. In our view, the regulations do not achieve their intended purpose.

Currently, the legislation allows HMRC to assess the second late payment penalty once, when the amount of outstanding tax is paid in full, within a two year assessment time limit. The draft regulations purport to allow HMRC to assess and charge the second late payment penalty towards the end of the two year time limit where the outstanding tax has *not* been paid in full. This is to make sure that taxpayers will not be able to intentionally avoid a second late payment penalty by not paying their tax before the end of the two year time limit.

In our submission, we note that although an assessment can be made at the two year point, the penalty itself cannot be calculated because HMRC need to know the date that the tax has been paid (which is yet to occur) to be able to work out and charge the amount of the penalty. We suggest that some aspects of Sch 26 will need to be revised so as to allow HMRC to estimate the penalty period or explicitly to assess the penalty based on part of the penalty period.

We also note that there is no provision in the draft regulations for HMRC to be able to assess an additional amount of the second late payment penalty – that is for the period from the date of an assessment under the draft regulations until the date the tax is actually paid in full. Again, we suggest that Sch 26 could be amended to allow HMRC to issue a supplementary assessment for the additional penalty when the tax is eventually paid.

Finally, one of the conditions for HMRC being able to assess a second late payment penalty is that there is no time to pay (TTP) agreement in effect. Where there is a TTP agreement in effect, but a taxpayer subsequently breaks the TTP after the two year assessment time limit, Sch 26 states that the penalty is payable as if the TTP never had effect – but by that point it would be too late for HMRC to assess it. This appears to mean that a taxpayer could avoid the second late payment penalty by agreeing a TTP and then breaking it after the two year assessment time limit has passed. We doubt that this is what is intended. We suggest that an amendment is required to clarify the position.

The full joint CIOT and LITRG submission can be found here: www.tax.org.uk/ref1329 and here: www.litrg.org.uk/10936.

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MANAGEMENT OF TAXES

HMRC one to many agent letters: guidance for CIOT members

This new guidance specifically concerns HMRC one to many letters addressed to tax agents and has been produced to help CIOT members decide the most appropriate way to respond if they receive one of these letters from HMRC.

In recent years, HMRC have been increasing their use of one to many (OTM) letters in their compliance approach. Typically, they send them directly to the taxpayer concerned, usually with a copy to their authorised agent. Sometimes, however, HMRC will send OTM letters to authorised tax agents as part of a campaign to prompt agents into checking some of their clients' tax positions or particular tax

GENERAL FEATURE MANAGEMENT OF TAXES

Archiving of HMRC manuals

Several HMRC manuals have recently been subject to review by HMRC, with a view to moving 'operational' content out of the public domain and onto HMRC's internal guidance platform, Ocelot.

HMRC say that Ocelot is more user-friendly for caseworkers, setting out information on a single platform with task-based procedural guidance that is easier to follow than the manual format. In addition, HMRC say that some manual content is duplicated on other parts of GOV.UK and this causes confusion for users.

However, stakeholders have expressed concern that moving manual content out of the public domain is contrary to the principles of transparency that led to their original publication in the mid-1990s. It also makes it more difficult to hold HMRC to account and ensure that their own processes are being followed consistently, which in turn risks damaging trust.

This work began earlier this year with some of the operational content within HMRC's Compliance Handbook. External stakeholders were initially made aware of this work through the Guidance Strategy Forum and were invited to attend a bespoke meeting in March to discuss the content which had been earmarked for removal in more detail – specifically on compliance checks (CH200000 onwards) and charging penalties (CH400000 onwards).

HMRC have been keen to stress that, in their view, the content being considered for archiving from the public domain does not include any technical content that explains HMRC's understanding and interpretation of relevant tax legislation, or any operational content which might be considered to be useful externally. For example, page CH409000 discusses a purely internal process on how to change a penalty decision on HMRC's systems. However, the rationale for other pages is less clear – for example, the content on CH229300 discusses timescales for HMRC to comply with various aspects of a compliance check. This would undoubtedly be useful to a taxpayer or adviser involved in such a check.

In principle, we do not object to a careful excision of content which plainly could not be of any external benefit, in agreement with external stakeholders. However, following the work on the Compliance Handbook, several other HMRC manuals appear to be in line for this kind of 'streamlining'. For example, some weeks ago a banner appeared on the Debt Management and Banking Manual saying that the 'majority' of the manual would be archived on 1 July 2024, with an invitation for users of the manual to email HMRC if there is content which is used regularly. Thankfully, this work has now been paused, but it is concerning that HMRC appears to be basing their archiving decisions on whether manual users spot the banner, take the time to review the manual and write to HMRC explaining the parts which are used regularly and why. Even if a user does this, it would not be possible to anticipate every possible situation where the manual content might be useful. What conclusion will HMRC draw regarding parts of the manual on which it receives no feedback?

We are also aware that archiving is happening in respect of other manuals. For example, information in the Compliance Operation Guidance Manual regarding employer responsibility to operate PAYE was removed on the basis of duplication, but the pages which were removed were more useful than the material in the PAYE Manual which remained. Certain parts of the Pensions Tax Manual have also been archived recently, but they are still needed because of transition points. Although earlier versions of the manual are available through the National Archives, it would be far more helpful for HMRC to provide a direct link to the archived material from the relevant page.

CIOT and LITRG are continuing to raise these concerns with HMRC through the relevant forums. Meanwhile, please do get in touch with any specific examples or feedback on this topic so we can consider this in our representations.

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returns and providing HMRC with amended information, where necessary. When they do this, HMRC do not notify the agent's clients that they have written to their agent.

We are aware that OTM letters sent to agents can cause professional and practical issues. Our note provides information about these types of letters and explains the issues that can arise, with guidance to help members decide the most appropriate way to respond.

The guidance is on the CIOT website here: tinyurl.com/ydv8zcy6.

The CIOT continues to discuss with HMRC their approach to OTM agent letters. Our preference remains that HMRC should always send OTM letters directly to individual taxpayers, with a copy to their authorised agent. We welcome feedback from members about HMRC's OTM agent letters to our technical inbox at technical@ciot.org.uk.

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INDIRECT TAX

UK Carbon Border Adjustment Mechanism consultation: CIOT response

The CIOT has responded to a joint consultation by HMRC/HM Treasury on the proposed introduction of a UK Carbon Border Adjustment Mechanism from January 2027. Whilst the Institute has broadly welcomed the proposal as a way to incentivise a transition away from carbon-intensive supply chains, it remains concerned about the potential administrative burden, particularly on smaller businesses.

The CIOT, in conjunction with the joint CIOT/ATT Climate Change Working Group, has responded to proposals to introduce a carbon tax on certain imports arriving in the UK from January 2027 (see tinyurl.com/3fkznwju). The following provides an overview of the proposed measure and comments made in CIOT's consultation response.

As proposed, the UK Carbon Border Adjustment Mechanism (CBAM) would create a tax charge on imports of seven commodity types arriving in the UK: aluminium, cement, ceramics, fertilisers, glass, hydrogen and iron/steel.

These goods have been identified as having production processes which emit particularly high levels of carbon dioxide and other greenhouse gases. It is worth noting that the EU CBAM scheme, which began in October 2023 (albeit currently in a reporting-only phase), has a slightly different scope, omitting ceramics and glass but extending to imported electricity.

Based on the draft UK proposals, we are likely to see additional divergence between the schemes, including the practicalities of how the 'carbon tax' arising under each will be paid. From

January 2026, the EU CBAM is set to transition from the current reporting-only period to a system of surrendering emissions certificates. By contrast, the UK proposes a simple levy scheme, in force from the outset in January 2027.

Like its EU counterpart, the UK CBAM is designed to prevent 'carbon leakage' by removing the incentive for consumers of the in-scope commodities to favour imports over domestically produced alternatives. In the absence of a CBAM, imported supplies may be cheaper if they are produced in a country where climate regulation is less stringent.

Taxing imports based on emissions of greenhouse gases 'embedded' within them (that is emitted during their production processes) is intended to level the playing field between imports and their domestically produced equivalents. Where the seven commodity types in the draft scope of a UK CBAM are produced domestically, they are subject to carbon pricing under the UK Emissions Trading Scheme. Taxing imports based on their embedded emissions is intended to ensure their total cost reflects their environmental impact in the same way as their UK-produced equivalents. Under current proposals, the UK CBAM rates would, at least initially, allow importers to pay based on 'default values' for embedded emissions. These would be set for each commodity type based on the corresponding UK Emissions Trading Scheme price for the previous quarter.

In responding to the consultation, the CIOT stressed the importance of reviewing the default values to ensure they are at an appropriate level. Whilst importers would be free to pay the CBAM based on the actual embedded emissions in their imports, the challenges of measuring these, at least in the early days of a UK CBAM, are likely to mean that many resort to the default values for simplicity. Setting those default values too low could result in importers opting to pay the CBAM based on default values if that proves cheaper than either investing in measuring actual embedded emissions, or decarbonising their supply chains to reduce the CBAM liability. Equally, excessively high default values might force businesses to amend previous submissions once they have worked out how to accurately calculate the actual embedded emissions in commodities they import, incurring unnecessary administrative costs.

The likely administrative burden of a UK CBAM on importers, particularly smaller businesses, was a focus of the CIOT's consultation response. As proposed, UK CBAM reporting will be required where a business either imports £10,000 of in-scope commodities in the previous 365 days, or expects its in-scope imports in the next 30 days to exceed that value. The CIOT's response proposes altering the 'look back' test to a monthly basis rather than the potentially burdensome daily test proposed. This would also align it with the equivalent registration tests for VAT and plastic packaging tax.

In addition to the £10,000 threshold, a further 'de minimis' measure was also recommended for consideration, to save businesses from CBAM compliance obligations in respect of small quantities of commodities they only import infrequently. The response observed that the EU CBAM has a €150 reporting threshold per consignment (although this is the only exception – there is no annual threshold below which reporting is not required).

The CIOT also recommended expanding the circumstances where deregistration is permitted to include, for instance, the sale or cessation of a CBAM registered business.

The role of agents in supporting businesses was also stressed in the CIOT's response, recommending enabled agents to complete CBAM registrations, rather than being limited to submitting CBAM returns.

Finally, the CIOT response called for urgent clarification as to how the UK CBAM will operate for in-scope goods arriving into Northern Ireland, given CBAM was not covered by the Windsor Framework.

The full CIOT response can be found here: www.tax.org.uk/ref1315.

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GENERAL FEATURE PERSONAL TAX

Managing Scotland's public finances: a strategic approach: CIOT and LITRG's responses

The CIOT and LITRG submitted a response to the Scottish Parliament's call for evidence published as part of the Finance and Public Administration Committee's pre-budget scrutiny for the Scottish Budget 2025-26.

The Finance and Public Administration Committee of the Scottish Parliament are carrying out their pre-budget scrutiny in respect of the Scottish Budget 2025-26. They published their call for evidence, 'Managing Scotland's public finances: a strategic approach on the website of the Scottish Parliament. See tinyurl.com/2crsgghg. Their inquiry focuses on three key areas. The LITRG response concentrates on the second of these, which relates to the Scottish government's approach to taxation. One of the stated aims of the inquiry is to influence development of the Scottish government's tax strategy.

The call for evidence consisted of 11 questions covering: public service reform, climate emergency, capital expenditure and taxation. The call for evidence also notes that it had been the intention of the Scottish government to publish a draft tax strategy for consultation. However, due to the change in First Minister and the UK general election, this will not happen. Instead, the final strategy will be published alongside the Scottish Budget 2025-26.

CIOT response

CIOT's response addressed the three taxation questions which revolved around the Scottish government's plan to publish a draft tax strategy and what should be included in it (notwithstanding that publication will be delayed). The call for evidence quotes the government's aim that: 'We want to build a tax system that works for everyone in Scotland, while allowing us to continue to deliver high-quality public services and keep our finances on a sustainable footing.' The questions ask:

- What should the tax strategy include?
- How should the strategy address potential impacts of behavioral change?
- What actions should the government take to grow the tax base in Scotland?

For the first of those two questions, CIOT's response reminded the committee of the need for greater levels of public awareness of the devolved tax system and misalignments with the UK rates and bands. We pointed out that any strategy should include greater joined-up thinking with wider UK taxes being borne in mind, along with the roles of respective tax authorities. We cited the new Scottish aggregates tax (SAT) as an example where this type of thinking is crucial. This devolved tax will affect businesses across the UK and the cross-border transactions (exports from Scotland in particular) will necessitate consideration of the SAT and existing UK levy.

Another matter CIOT commented on was a longstanding concern surrounding the lack of an annual Finance Bill to make amendments to Scottish legislation. Part two of the SAT legislation contained numerous administrative changes that had nothing to do with the new tax and it contained minor amendments that could have been dealt with as part of a dedicated piece of primary legislation. Alongside

this, and the reinstatement of the Devolved Taxes Legislation Working Group, we suggested that the remit of the committee itself should have greater emphasis on scrutiny of taxation. This would enhance Parliament's scrutiny of the tax system and its effectiveness, as well as providing greater legitimacy and transparency.

To address the matter of increasing the tax base, we pointed out that attracting more taxpayers into Scotland is the simplest way. In 2023/24, 39% of Scottish adults paid no tax at all and less than 12% did so at the higher or additional rates. A better understanding of the devolved tax system may play a small part in that, as would effective use of existing devolved tax-raising powers such as council tax and business rates, as well as the visitor levy coming into force in 2026.

LITRG response

The call for evidence considers the four priorities set out in May 2024 by the First Minister. In terms of making progress against these priorities, in response to the inquiry, LITRG comments that the two taxes that might offer most scope are Scottish income tax and council tax. These could assist with raising additional revenue for funding policy actions, and/or assist with redistribution.

LITRG also commented on the questions about the elements that a tax strategy should include and how it might address potential impacts of behavioural change. In particular, LITRG highlights:

- provision for clear guidance and public awareness-raising measures;
- a plan for evidence-gathering (including consultation) to support policy proposals;
- a clear process and timetable for tax policy changes;
- a timeframe and process for consideration of interactions, for example with reserved policies;
- a process and timeframe for ensuring there is effective and efficient administration in place;
- requirements for impact assessments and post-implementation evaluation; and
- a clear legislative process.

In respect of the Committee's question on addressing concerns about behavioural change in response to tax policies, we suggest that improving public understanding and wide consultation may be of assistance.

The full responses are on our websites at: www.tax.org.uk/ref1339 and: www.litrg.org.uk/10949.

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PERSONAL TAX

ATT produces new guide on deceased estates

The ATT has produced a new guide for members on managing income tax for a deceased estate that covers recent changes to agent authorisation.

Over the last three years, the ATT has been part of a working group with HMRC looking at how aspects of the process of estate administration could be improved for taxpayers and agents. Based on some of the discussions in this group, we have now produced a guide pulling together what we have learned about the income tax aspects of dealing with an estate.

The guide covers recent changes to HMRC's preferred agent authorisation route and a potential solution to repayment problems reported to us by members.

New route for agent authorisation for deceased estates

When a client dies, any existing authority is cancelled. If their agent is instructed by the executors to act for the estate and/or finalise any pre-death affairs, then fresh authorisation is required. We learned some time ago that HMRC would prefer agents to use a P1000, rather than the 64-8 form, and we have been encouraging HMRC to make this form more accessible. We are pleased to report that as of 12 July, the P1000 is now available to download from GOV.UK (see tinyurl.com/3t6ecdac).

From HMRC's perspective, the P1000 is the more helpful form as it includes details of the personal representatives. We would encourage members to submit this form, instead of the 64-8, to obtain authority to speak to HMRC about an estate.

Obtaining repayments for an estate

Earlier this year, we received several reports from members concerned that refunds of income tax were not being paid to the correct person and that HMRC was insisting that refunds should be going to the person who completed the Tell Us Once service, rather than the personal representatives.

We raised these concerns with HMRC to see if we could establish where the confusion was arising. They confirmed that the default position is that whoever completes the Tell Us Once process will be recorded as the personal representative. If it is later found that they are not a personal representative, then either an amendment needs to be made to the original Tell Us Once notification, or a P1000 submitted with the correct details of the personal representatives. HMRC recommend the P1000 approach. Full details of both routes are in our guide. We will continue to update the guide as new information or queries come to us. Comments or corrections would be most welcome from members. All of the ATT guides for members can be found on the ATT website at: www.att.org.uk/how-guides.

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GENERAL FEATURE PERSONAL TAX MANAGEMENT OF TAXES

State pension and the annual taxable figure

LITRG is putting pressure on the Department for Work and Pensions and HMRC to improve information and guidance for state pensioners to help them understand their annual taxable figure. Why are state pensioners still being left behind?

LITRG is hearing from more and more people who are unsure about their state pension tax obligations. Leaving aside the actual collection of tax on state pension (the imperfections of simple assessment, for instance – a separate battle), we wanted to take a fresh look at a more basic level: how easy is it for taxpayers to identify their taxable state pension figure? As a result, we have been liaising with both the Department for Work and Pensions (DWP) and HMRC to encourage them to improve their tax information for those receiving state pension.

Earlier in the spring, we were invited to an in-person meeting with the (now former) Pensions Minister Paul Maynard MP, to share our ideas about improvements to the DWP's annual notification of weekly state pension entitlement. We followed up with a letter to the department including various recommendations. In particular, we emphasised the importance of providing state pensioners with their projected annual taxable figure, both for the tax year ahead and for the tax year coming to an end. The department has responded suggesting that our comments are being considered.

This seems obvious and important information that DWP should share, and we are by no means the first to raise it. In 2013, the Office of Tax Simplification recommended improvements of this nature in their 'Taxation of state pensioners review' paper (see tinyurl.com/8k8vvw6w). We think it is very disappointing that over a decade later, state pensioners are still expected to perform their own calculations. They need to know

their exact state pension figure for various purposes, including:

- budgeting for the tax year ahead;
- planning for future tax liabilities;
- disclosing on their self assessment tax return; and
- cross-checking with any pre-populated figure contained in their PAYE tax code or tax assessment.

Clearly, this interaction between the DWP weekly entitlement and the annual taxable amount is not purely a matter for DWP. We think DWP should help but ultimately this is a tax issue. As such, we have also taken our concerns to HMRC.

In doing so, we appraised the current GOV.UK guidance available to the public in calculating their annual taxable state pension figure. Sadly, it seems public-facing guidance on GOV.UK is scant and of little assistance. The most obvious page would seem to be 'Tax when you get your state pension' (see tinyurl.com/2nxcybp5). However, this does not provide any information about how the taxable figure is calculated. In fact, this page is arguably *unhelpful* as it states: 'Your total income ould include … the State Pension you get…' This could lead some state pensioners to (incorrectly) assume that they are taxable on actual payments received, as opposed to the annual entitlement (ITEPA 2003 s 578).

We were also concerned that HMRC's community forum exposes a lack of suitable understanding amongst HMRC's own advisers (a worrying example of which can be seen here: tinyurl.com/2s3789m8).

The only place where we could identify an official public-facing reference to the taxable figure being based on actual weeks of entitlement (regardless of payments received) appears to be within page TRG6 of the self assessment tax return notes (see tinyurl.com/57hc354r). However, these notes are also problematic – they are confusingly written and there is a caveat hidden within an example. Bizarrely, the following text is also included: *'…if you reached state pension age before 6 April 2010 and 6 April 2023 falls on a Saturday, Sunday or Monday…'*

It seems baffling that HMRC cannot go so far as to look at their calendar to check whether the 6 April 2023 fell on a Saturday, Sunday or Monday! If anyone is interested, 6 April 2023 fell on a Thursday. But what is the relevance of state pension age being reached before 6 April 2010? HMRC manual PAYE76030 offers a clue as to why this date is important, but we still feel it falls short of a conclusive explanation. At any rate, not many state pensioners are likely to venture into the PAYE technical manual to find information about the taxable amount of state pension.

All in all, we feel there is much work that must be done by HMRC and DWP to improve the experience of state pensioners. So, we are keenly pressing them for clarification and improved guidance, to ensure the mystery of taxable state pension is well and truly solved for taxpayers, advisers and HMRC's own staff. Now, more than ever, given that so many are falling into the tax net because of 'fiscal drag', the problem cannot continue to be ignored. At the moment it is still a case of 'watch this space', but if members wish to feed in any experiences or comments, please do so.

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GENERAL FEATURE

HM Treasury consultation on improving the effectiveness of the Money Laundering Regulations

The CIOT and ATT have responded to the HM Treasury consultation published in March on improving the effectiveness of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations. The Money Laundering Regulations place requirements on a range of businesses, including tax advisers, and therefore potential changes to the regulations are of interest to all supervised members and their firms.

The CIOT and ATT broadly agreed with the suggested measures and areas for change that were identified in the consultation document (see tinyurl.com/mrz4p3zc) and that were of relevance to the tax advice and accountancy sector. The opportunity was taken to raise points which have previously been fed back by the accountancy sector but which had not been addressed in the consultation as follows:

- It would be helpful if the Money Laundering Regulations (MLR) explicitly stated that relevant persons need to be supervised.
- Amendments should be made to allow HMRC to consider professional body exclusion, or anti-money laundering misconduct, as a relevant factor to refuse supervision and prevent the member from continuing to trade.
- Changes to the wording on director verification would help to ensure consistency across all regulated sectors.

In relation to the main areas covered by the consultation, a summary of the main points set out in the responses are:

Making customer due diligence more proportionate and effective

The consultation covered several questions about client due diligence and the response included points on the following:

- The triggers for client due diligence (CDD) in regulation 27 could be improved by being split into two sections: 'on-boarding CDD' and 'ongoing CDD/monitoring'.
- No changes to the Regulations are needed regarding source of funds checks but the guidance could be improved, particularly in relation to work of limited scope (such as VAT only engagements).
- Digital identity guidance is welcomed but it was noted that members have concerns about the quality of providers and the potential abuse of artificial intelligence. Guidance from the government on standards for digital identity would give firms greater confidence when selecting a provider.
- In relation to enhanced due diligence, there was support for the proposal to remove the mandatory checks under High Risk Third Country requirements.

Strengthening system coordination

The CIOT and ATT were in support of extending information sharing gateways that would strengthen existing information sharing undertaken (for example between supervisors and companies house).

The responses indicated that the MLRs were clear on how firms should complete and use their risk assessments and the required information sources.

Providing clarity on scope and registration issues

The consultation queried whether additional areas of company formation related work should be included in the scope of the MLR. The CIOT and ATT responses were supportive of this to mitigate risks in relation to this work.

Reforming registration requirements for the Trust Registration Service

The CIOT and ATT were supportive of proposed simplification measures for the two-year period following a death and the introduction of a de minimis which will reduce the compliance burden for some low-risk cases.

The full CIOT response can be found here: www.tax.org.uk/ref1311 and the full ATT response can be found here: www.att.org.uk/ref458.

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CIOT	Date sent
Finance Bill 2024 briefing c7-10 Property Tax www.tax.org.uk/ref1335	05/06/2024
Penalties for Failure to Pay Tax (Assessments) Regulations 2024 www.tax.org.uk/ref1329	06/06/2024
Improving the effectiveness of the Money Laundering Regulations www.tax.org.uk/ref1311	07/06/2024
Introduction of a UK carbon border adjustment mechanism www.tax.org.uk/ref1315	13/06/2024
Loans to participators charge on upstream loans www.tax.org.uk/ref1334	17/06/2024
Managing Scotland's public finances: a strategic approach www.tax.org.uk/ref1339	12/08/2024
ATT	
Improving the effectiveness of the Money Laundering Regulations www.att.org.uk/ref458	07/06/2024
LITRG	
Low Pay Commission consultation 2024 www.litrg.org.uk/10925	05/06/2024
Draft legislation: The Penalties for Failure to Pay Tax (Assessments) Regulations 2024: joint LITRG and CIOT response www.litrg.org.uk/10936	21/06/2024
Managing Scotland's public finances: a strategic approach www.litrg.org.uk/10949	12/08/2024

Briefings

Labour government

Presidents make the case to new minister

Service levels and regulation of the profession are identified as key issues for the new administration.


James Murray

The CIOT and ATT presidents have each written to the new tax minister James Murray MP, the Exchequer Secretary, offering their congratulations on his appointment and identifying a number of issues which they believe should be a priority for the new Labour government.

These points were followed up at a roundtable held by the minister just two weeks after his appointment, at which he invited key stakeholders, including CIOT, ATT and LITRG, to set out their views on the tax system, which reforms to the system they would prioritise and their thoughts on how the tax system can support economic growth.

In her letter, new ATT President Senga Prior highlighted that ATT members continue to experience significant problems with HMRC's performance. 'We regularly receive reports of agents waiting at least 40 minutes for phones to be answered, poor quality or meaningless advice on webchat and long delays in getting answers to post,' she wrote. 'We are keen to work with you to support HMRC's management of its workload. Our members would be keen to do more online with HMRC, but there are significant gaps in HMRC's digital services. Even where services do exist, agents do not always have access to the full range of digital services available to taxpayers.'

CIOT President Charlotte Barbour also identified HMRC service levels as a priority, and as one of a number of pressing issues around the administration of tax which 'are hindering the ability to do business and to contribute to growth and increased productivity for the UK'. She said there was a need to resource HMRC to provide the service that taxpayers need, 'so it is as straightforward as possible for all taxpayers who wish to be compliant'. Meaningful simplification, digitalisation focused on the needs of taxpayers and an approach to R&D tax credit compliance which accurately distinguishes between valid and invalid claims were also cited.

Charlotte told the minister that CIOT is 'embarking on an ambitious project with ICAEW with the aim of producing data-driven recommendations for investing in a pro-growth HMRC'. CIOT has promised to keep the government informed on this.

Both presidents also raised regulation of the tax profession in their letters, noting that a HMRC consultation on raising standards in the tax advice market closed in late May, while an outcome has yet to be published for a Treasury consultation on reforming anti-money laundering supervision, which closed in autumn 2023. Both ATT and CIOT encouraged the minister to consider the two consultations together to ensure a coherent outcome.

The CIOT letter also drew attention to improvements the Institute would like to see to the tax policy-making process. Charlotte welcomed the new government's commitment to a single principal annual fiscal event and to producing a corporate taxes roadmap – both in line with recommendations in the 2017 'Better Budgets' report by CIOT, the IFS and the Institute for Government – but encouraged the minister to go further, including with greater transparency and accountability over policy costings.

CIOT's letter followed up a pre-election letter to the tax spokespeople for the main political parties identifying a number of priority areas for the next government. Responses to these letters can be read at tax.org.uk/election-2024-challenge.

Read the ATT letter at: tinyurl.com/ATT-XST and the CIOT letter at: tinyurl.com/CIOT-XST24

Tax gap at record high – and record low

'Tax Gap' figures published in late June offer 'something for everyone', said the CIOT, with critics of HMRC able to point to a record amount – nearly £40 billion – not being collected, but HMRC able to point out that they are bringing in a record share of the expected tax take. 'That both these things can be true simultaneously tells us more about current tax levels than anything else,' reflected John Barnett, Chair of the Institute's Technical Policy and Oversight Committee.

John noted that there were 'some alarming revisions in these numbers, especially with respect to small business non-compliance'. Rising numbers of business insolvencies, and a general inability to pay, are also having an impact on tax collection, the Institute noted.

CIOT observed that the new figures mean that we now have four years of data since Making Tax Digital for VAT was introduced. 'With mistakes costing the Exchequer nearly twice as much in cash terms as before MTD was introduced, it is hard to discern whether MTD is meeting its objective of reducing avoidable errors,' John commented, though he noted that the 'VAT gap' has continued a long-term trend downwards.

ATT President Senga Prior, commenting on the figures for the ATT, said: 'While all political parties talk of raising funds by tackling tax avoidance and evasion, HMRC's estimated figures appear to show that it is Self Assessment taxpayers, especially individuals and unincorporated businesses, failing to take reasonable care and making errors with their submissions that actually account for the largest proportion of the tax gap.

'There is no magic quick fix or headline grabbing answer to this problem, but a starting point would be improving HMRC customer services and providing access to agents to the full range of digital services available to their clients in conjunction with simplification of the tax system.'

Debate

Tax priorities for the new parliament

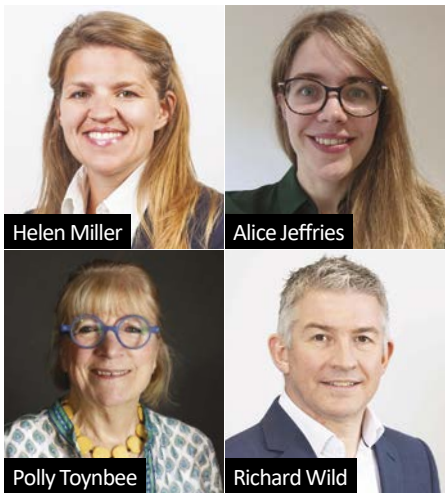
The general election is over and a new government in place. What does this mean for tax policy?

Just 12 days after the election, on 16 July, the eve of the King's Speech, CIOT and the Institute for Fiscal Studies assembled an online panel to consider tax policies for the new parliament.

CIOT President Charlotte Barbour chaired the debate and highlighted several changes proposed by the new Labour government, including proposals affecting non-doms, private schools and the private equity industry. She then posed a broader question: should the government consider a more comprehensive approach to the design, management and operation of the tax system?

Yes, answered Helen Miller, IFS Deputy Director, saying tax reform is a crucial tool for fostering a better growing economy. She acknowledged that implementing reforms is challenging politically, but identified two areas where she believes the Labour government could make a change: replacing business rates with a land value tax would encourage investment and capital reallocation, while redesigning capital gains tax, fixing the base and aligning rates, would bring broad benefits and support economic growth, she argued.

Alice Jeffries, Head of Tax Policy at the CBI, said that the first big call from businesses is to minimise changes to the tax system, allowing current rates and reliefs to bed in. However, she suggested three strategic areas for change: net zero; business support for local communities; and labour market activation. Also, businesses would like HMRC customer service to improve in four key ways: clarity on applying the tax system; more use of pre-emptive processes; better data handling; and better co-ordinated digital systems.



Polly Toynbee, veteran columnist at The Guardian, is optimistic that Rachel Reeves is a serious reformer at heart. She suggested pension tax relief as an area for government reform, saying that the current system is 'very unfair'. She agreed with Helen on the introduction of land value tax, and argued that NICs should be aligned with income tax, or at least applied to every form of income.

Richard Wild, CIOT's Head of Tax Technical, focused on two main themes: improvements to the tax policy process and helping people get their tax right. He urged the government to recommit to all five stages of the tax consultation framework and to ensure policy costings genuinely capture the true costs. He also said that poor service levels affect businesses, trust in the tax system and damage attitudes to compliance.

Read our full report on the debate (with links to a recording and to the speakers' slides) at tax.org.uk/ciot-ifs-debate-July-2024

Election explainers

Tax is central to the political debate – and especially so during election campaigns – but often debates between politicians generate more heat than light. That's why, as well as making our experts available to the media, we used our technical expertise to produce a series of 'explainers' that provide background and non-partisan explanation on the tax issues in the spotlight during the campaign. Topics covered include tax and the state pension, tax avoidance, VAT on school fees and how UK tax laws are made. For some of the topics we also produced briefer video explainers.

Read or watch them at tax.org.uk/2024-general-election-explainers and let us know what you think. You can email us at gcrozier@tax.org.uk.

In the news

Coverage of CIOT and ATT in the print, broadcast and online media

'The tax system is not a "dumb pipe" that funnels money to the government. It is an elaborate system taking up large amounts of business time. We shouldn't make it any more taxing than it has to be. Improving how it operates could make a significant contribution to economic growth. Politicians of all parties should put these measures at the heart of their plans.'

CIOT President Charlotte Barbour, opinion article in the Financial Times, 'The tax system's baffling complexity holds Britain back', 25 June

'We saw examples of people saying they couldn't feed their children, they were worrying about bills and we know in 2022 research found that 9 million people in the UK had no savings, so for these people this was a significant issue.'

Victoria Todd, head of LITRG, on BBC Money Box on delayed child benefit payments, 8 June

'It's one thing to say you're not going to touch the rates, but there's so much more you can do to increase tax take. Both Labour and the Conservatives have pinned a lot of their tax revenue on the tax gap. That's about £36 billion a year... but only £1.4 billion is actually tax avoidance. We need to get at the underlying causes.'

ATT technical officer Emma Rawson on Times Radio on tax plans ahead of the general election, 16 June

'The Chartered Institute of Taxation has said that the tax gap – which was 4.8% of theoretical UK tax liabilities in 2022-23 – can probably be reduced, but further marginal gains will be hard to achieve.'

The Observer on the tax gap, 6 July

'The first [way to claim compensation] is if they have suffered a financial loss because of errors HMRC has made, and the second is if they can demonstrate that they have suffered worry or distress because of this.'

Antonia Stokes, LITRG technical officer, in the Daily Telegraph on HMRC compensation, 17 July

'We urge HMRC to be more proactive in clarifying what schemes do and do not qualify – issuing focused guidance for employers and employees before they become involved in these schemes.'

Senga Prior, ATT President, in the Daily Express on workplace nurseries, 26 July

Working Groups

Spotlight on the Agent Digital Design Advisory Group

The Agent Digital Design Advisory Group (ADDAG) was created in 2019 to try and bridge the gap between tax policy and implementation.

ADDAG was set up as a result of demand from the professional bodies for more input into HMRC's system design, following issues with the design and implementation of the Trust Registration Service (TRS) and with Capital Gains Tax on the UK Property Reporting Service. In our view, no new policy can be truly effective if systems and processes do not allow taxpayers and their agents to comply easily with their obligations.

The group aims to look at the development of digital services from the agents' perspective and to get involved as early as possible – often starting with HMRC's Policy Driven Change team, who are tasked with implementing new policies following a Budget or similar fiscal event.

The ATT and CIOT are both represented on the group by one member in practice and one technical officer. Since 2021, the group has been jointly chaired by representatives from HMRC and the professional bodies. The current professional body co-chair is ATT technical officer Helen Thornley.

Objectives

The aims of the group are to:

- work towards a simple and accessible system of agent authorisation;
- contribute to developments and extensions of the Agent Services Account; and
- feed in ideas and suggestions for the future development of HMRC's online services for agents more generally and help HMRC to prioritise the development of those services which would be most valuable to agents.

Agent authorisation covers not just *how* clients appoint their agent to act but also *what* the agent, once appointed, can see and do for their client.

HMRC is seeking to move away from the paper 64-8 on the grounds of data security to online authorisation – the 'digital handshake'. This can be a challenge for taxpayers who are less confident with computers or who can't verify their ID online.

As the formal start of MTD for Income Tax approaches, the need for more than one agent acting in respect of a given tax or service is pressing. Many clients will want to appoint both a bookkeeper and a tax agent or accountant to deal with their MTD obligations.

Current projects

The group is prioritising a list of 'pain points' experienced by agents when they interact with HMRC systems to help

ATT Vice President

New ATT Vice President Barry Jefferd

Barry Jefferd is the new ATT Vice President, a Chartered Accountant and expert in taxation – and a scouting enthusiast.

Barry's story begins in East Ham, London. He pursued higher education at the University of Bristol, studying Economics and Accounting. His career began at a small accounting firm behind Selfridges on Oxford Street, where he qualified as a Chartered Accountant in 1985. However, Barry soon realised a gap in his tax knowledge and successfully passed the Institute of Taxation (as it was then known) exams in 1986.

In 1988, Barry moved to Potton, Bedfordshire, and joined George Hay Chartered Accountants. His expertise and dedication quickly earned him the position of taxation partner within two years – a position he holds to this day. Barry's role encompasses advising on a comprehensive range of taxes, though he admits a preference for capital gains tax and inheritance tax.

In 2014, Barry further expanded his qualifications by becoming an authorised probate practitioner through the ICAEW exams. He viewed this certification as a natural progression in his career, enabling him to support his clients not just during their lives but also in managing their estates after their passing. This qualification aligns perfectly with his membership of the Society of Trust and Estate Practitioners (STEP), enhancing his ability to offer comprehensive advice on trusts and estates.

Barry's passion for tax is infectious. He often begins his lectures with a dancing 'Tax is Fun' slide, captivating audiences at CIOT and ATT Branch and

Barry Jefferd

National events, as well as other professional training sessions. His enthusiasm and depth of knowledge make him a sought-after speaker in the field.

Barry's influence extends beyond his firm. He has been a longstanding member of the Chartered Institute of Taxation and the Association of Taxation Technicians, contributing to various committees and branches.

Since 1988, he has been a member of the Mid-Anglia Branch Committee,

HMRC understand where best to focus limited resources. These range from the lack of an online service to request PAYE coding changes, to the inability to download a CT61.

We are also feeding into HMRC's Agent Target Operating Model (ATOM). This project is intended to help set the future standard for the design of agent services – effectively a 'charter' for HMRC service design. We need ATOM to include what agents want to see in a service rather than what HMRC thinks we need and it links nicely to the CIOT's minimum standards for the introduction of new HMRC digital systems (see tinyurl.com/ymck9j62).

Challenges

ADDAG is an interesting and rewarding group to work on as HMRC has made a real effort to engage and share their perspective and challenges. However, members will only see benefits from this engagement if HMRC gets funding for improving services – and commits to building in agent access in from the beginning every time.

Helen Thornley
hthornley@att.org.uk

serving in various roles, including Branch Secretary and Branch Chairman. From 2000 to 2017, he was also a member of the CIOT Education Committee, contributing significantly to the development of educational standards and practices within the profession.

In 2021, Barry joined the ATT Council. In addition to being a Council member, Barry serves as Vice-Chair of the Exam Steering Group. Passionate about training future practitioners, Barry said: 'I have always enjoyed my involvement with the CIOT and ATT. They are professional bodies I am proud to be a member of, as they are member-focused.'

Beyond his professional achievements, Barry finds enjoyment – and 'an antidote to the vagaries of professional life' – in his role as a cub scout leader, a commitment spanning nearly 40 years. This involvement has earned him the Silver Acorn Medal, symbolising outstanding service. For Barry, scouting offers a welcome escape and a chance to give back to the community.

Barry's journey is a testament to his dedication to his profession and his community, illustrating a balanced life of professional excellence and personal fulfilment.

Event
ATT Admission Ceremony

The ATT Admissions Ceremony for new members and prize winners took place on 27 June 2024.

On Thursday 27 June, the Association was delighted to welcome 74 new ATT members and 11 prize winners from the May and November 2023 examination sittings to the Admission Ceremony at the Law Society's Hall in Chancery Lane, London.

Simon Groom, then ATT President, hosted the ceremony. Past Presidents Frank Collingwood, Peter Gravestock, Trevor Johnson, John Kimmer and Erica Stary attended the afternoon event to present medals and congratulate the prize winners.

The Association holds an Admission Ceremony each year for new members and their families; the next will take place on 26 June 2025 for members who have been admitted during 2024.

New members at the Admission Ceremony

New members at the Admission Ceremony

The then ATT President Simon Groom with the prize winners from the May and November 2023 sittings of the ATT examination.
From left to right. Front row: Charlotte Buckley (Kimmer Medal), Isobel Kimber (Kimmer Medal), Simon Groom (then ATT President), James Shepherd (Jennings Medal and Stary Medal), Megan Yorke (Ivison Medal) and Sophie Wright (President's Medal). Back row: Aaron Norman (Gravestock Medal), Noeline Nelson (Johnson Medal), Simeon Lee (Collingwood Medal), Isaac Dilley (Gravestock Medal), Emily Hurdley (Stary Medal) and Agata Proc (Johnson Medal).

ATT President's inaugural speech

MTD must deliver for taxpayers, says Senga Prior

In her presidential inaugural speech at the ATT's AGM on 11 July, Senga Prior said that Making Tax Digital for income tax is closer than ever, but HMRC must ensure the project does not deliver 'excessive costs for minimal benefit'. She also said the Association would continue to raise concerns over HMRC service levels and called for clarity on what the government is trying to achieve with its proposals for the regulation of agents.


Senga Prior

Thank you for the introduction Simon, and thank you for all your hard work over the last year.

I'm Senga Prior. In my day job, I work in practice as a senior tax manager for Johnston Carmichael in Dundee, specialising in personal tax. I am very grateful to them for supporting me in taking up this opportunity. I've been a member of the Association since 2002 and a Fellow since 2017. I have a particular interest in Scottish taxes and represent the ATT at the Scottish Government's Devolved Taxes Collaborative.

And I am honoured to be the 28th president of our amazing association.

My story

It's been quite a journey. I grew up on a council estate in Perth in a single parent family. Money was pretty tight, so I had a Saturday job from the age of 14 to help out with the family finances. I was a butcher's shop assistant so the bonus was that we always got a good discount!

I left school and secured a place at Edinburgh University to study maths. But unfortunately, after my first year had to drop out as it was too much of a financial struggle.

However I managed to get a job as a bookkeeper and, in my spare time, studied for my accounting qualifications from home. This led to me becoming an accounts manager. After several years, I decided it was time for a career change and plunged myself into the world of tax.

I joined a small firm in 2000 and sat my ATT exams in a single sitting. By this time, I was married with two children, and my husband worked shifts, so fitting in time to study was a challenge! I met quite a few mothers with very young children at our recent Admissions Ceremony and I must say I am in awe. At least mine were old enough to look after themselves if I needed study time!

I started volunteering for the ATT around 2012. I was at one of the Scottish Spring Conferences when a technical officer spoke about joining the band of volunteers who contribute towards the ATT responses to HMRC consultations. I decided to give it a go and soon became involved in responding to consultations on everything from the extension of the averaging period for farmers to the identification of Scottish taxpayers.

It is very satisfying to feel that you are, in a small part, helping to shape tax legislation – even though it doesn't always go in the direction you would wish!

Three big challenges

My first Technical Steering Group meeting covered Making Tax Digital, which is apt, as that brings me neatly on to what I think are the three big challenges we are facing this year. MTD is certainly one of them.

The ATT has been involved with this project since it was first announced in 2015, and it's fair to say it has been a rocky road! Despite numerous delays and changes, we look to be closer than ever before to MTD becoming a reality. However, HMRC cannot afford to be complacent, and must ensure that the project does not deliver excessive costs for minimal benefit.

We will be keeping a close eye on progress in the run up to 2026, engaging with HMRC to ensure our members' voices are heard and will be looking at how we can support members through what will no doubt prove to be a tricky transition. We will also be monitoring the situation regarding the pilot and the delay in some software houses providing suitable software, which I know is a concern for many.

The second challenge on the list is HMRC service levels. We continue to raise concerns over whether HMRC are sufficiently resourced to deliver for taxpayers. HMRC clearly wants to shift more customers to digital platforms. That's a reasonable aspiration, but are those platforms fit for purpose? My experience using HMRC's digital assistant tells me that most of the time it's not. If you can get through to a human adviser on webchat it's better, but HMRC don't make that easy to do! Often an advisor is not available or the query turns out to be too complex and cannot be handled by webchat – and we then have to go through the whole process again by telephone.

The final challenge is the regulation of agents. In May, we responded to an HMRC consultation on whether there should be a mandatory requirement for tax practitioners to be subject to registration.

We believe that requiring all tax practitioners to be registered is a good first step towards a strengthened regulatory framework, but we also raised concerns about how some of the changes this consultation envisages could profoundly impact the ability of some tax practitioners to legitimately remain within the tax advice market. For example, those currently unaffiliated with a recognised professional body will probably have to take up membership of one, possibly at extra financial and time costs to themselves.

We're urging the new government and HMRC to be clear as to what the current problems in the tax market are, understand which type of agents are causing the issues and how the proposals will seek to address these.

Areas of focus

These aren't the only areas ATT will be focusing on over the coming year.

Education is, of course, at the centre of our work, and we are constantly looking for ways to improve what we do, to update our approach and improve our offering to members and students.

For students, we're looking at the impact of artificial intelligence and whether we should rewrite parts of our exam papers to reflect this. ATT exams have always been practical, and we want to make sure they continue to be relevant and give our students the skills they require to do their job.

For our members, we are looking at providing more CPD opportunities. In addition to our Annual Conferences and our joint Sharpen Your Tax Skills conferences with AAT, we will be providing four free webinars per year to our members. The first one will cover MTD in October, so please look out for your invitation and join us for this session.

Tax affairs north of the border will continue to be of interest to me. Recent Scottish Budgets have increased divergence between Scotland and the rest of the UK, including the creation of a sixth income tax band. This remains an area to watch and see if any behavioural changes occur, especially since corporation tax and tax on dividends are not devolved.

I would also like to focus on empowering women in the world of tax. The tax profession has made great strides when it comes to greater equality, and I'm proud of the strong tradition of women leaders we have here at the ATT. Building on that and encouraging women in their careers will be a priority for me.

Conclusion

And that takes me to today, where that young butcher's shop assistant from Perth is now about to start her year as president of the ATT.

I would like to think that my history shows that, regardless of your background, you can strive to be anything you want to be with hard work.

In the past, to progress in the worlds of accountancy and tax, it often seemed you had to be part of the 'Old Boy Network', speak with the correct accent, know the correct people and certainly not be a female.

Thankfully, times have changed. Becoming president of the ATT is the pinnacle of my career and I hope will inspire others to follow their dreams and not let life's hurdles hold you back.

Thank you.

This speech has been abridged for space reasons. The full speech by Senga Prior can be viewed at: tinyurl.com/ATT-AGM24 (password DGH534NVX; speech starts 19:55)

Outgoing ATT President's speech

Simon Groom delivers his outgoing ATT President's speech

In his AGM speech, outgoing ATT President Simon Groom reported back to members on the Association's efforts to improve HMRC service levels and educate the public on tax.

Celebrating ATT

I want to applaud the work of our incredible technical team, who picked up a silver award for Best Association Team at the Association Excellence Awards in November. If you were paying attention during the election campaign, you'll have seen them analysing the parties' manifestos on TV and radio.

I want to thank our volunteers too for their work over the past year. Over my year, I tried to get to as many branch events as I could as we seek to rebuild face-to-face programmes after the pandemic. It has given me particular pleasure to be able to join celebrations for the 40th anniversaries of our Northern Ireland, Severn Valley, and South London and Surrey branches, and the 90th anniversary of our Manchester branch.

I'd also like to give a special mention to our former executive officer, the legendary Sue Fraser, who retired at the end of last year. Sue clocked up almost 26 years at ATT, supporting countless Presidents, Council members and volunteers. We're missing her – though the excellent Vicky Nicholas is already making the role her own.

HMRC service levels

At the start of my year, I spoke about the unacceptable service levels that taxpayers have had to put up with from HMRC. I'm not going to claim that things have improved. We're still hearing of long delays on both taxpayer and agent helplines, and with responses to written enquiries.

HMRC announced in March that they would be closing or restricting more helplines, only to U-turn the following day after facing the ire of the profession, politicians and the media. This is not the sign of a house in order.

It is nevertheless a sign that HMRC, or perhaps ministers, are now listening to the voices of ourselves and others, and we will continue our engagement with them with that optimistic thought in mind.

We continue to support the move towards digital, but it must be done at the right pace. HMRC need the resources to provide the services needed by taxpayers to assist them with their filing obligations.

Tax education

My background is in tax education and the fact that ATT is an education charity is very important to me. Over the summer, we launched a series of 13 videos, aimed not only at our members and students, but also at educating the wider public. Four are aimed particularly at children and young people. These videos star our multi-talented technical officers and are


Simon Groom

available in the media section of our website. If you haven't seen them, I encourage you to check them out, share them with the young people in your family and let us know what you, and they, think about them.

We also have lesson plans and videos which volunteers can use in schools to both promote tax as a career and educate children as to why tax is important. We would love to have more volunteers doing this, so please let us know if this is something you would be interested in.

Simon concluded his speech by welcoming new members to the ATT, thanking ATT staff and his fellow officers and promising to support them in his new role as Past President. He said he was proud of the continued hard work, enthusiasm and success of the Association, its officers and all its volunteers and members.

This speech has been abridged for space reasons. The full speech can be viewed at tinyurl.com/ATT-AGM24 (password DGH534NVX; speech starts 11:40)

ADIT
Recognising the highest ADIT achievers

We review the medals and prizes that celebrate the highest achievements of those undertaking the ADIT exams.

Since the ADIT (Advanced Diploma in International Taxation) exams were introduced 20 years ago, a range of prestigious awards has been assembled to recognise the exceptional achievements of international tax professionals who score the highest marks among our growing population of ADIT students. The ADIT exams are designed to challenge students at an advanced level of international tax understanding and analysis. Anyone passing an ADIT exam can feel extremely proud of their accomplishment. The medals and prizes are:

- the **Heather Self Medal**, for the best overall performance in the Principles of International Taxation module;
- the **Raymond Kelly Medal**, for the best overall performance in the United Kingdom module;
- the **Worshipful Company of Tax Advisers Prize**, for the best overall performance in the remaining Jurisdiction modules;
- the **Tom O'Shea Prize**, for the best overall performance in the EU Direct Tax module;
- the **IVA Prize**, for the best overall performance in the EU VAT module;
- the **Croner-i Prize**, for the best overall performance in the Transfer Pricing module; and
- the **Wood Mackenzie Prize**, for the best overall performance in the Energy Resources module.

Heather Self first conceived the idea of a professional international tax qualification. Raymond Kelly and Dr Tom O'Shea were highly distinguished experts in international tax, who contributed to the development and delivery of the ADIT exams for a number of years.

The Worshipful Company of Tax Advisers (WCTA) is a livery company of the City of London which complements the activities of professional bodies involved in tax. It supports ADIT learning both by its sponsorship of a prize and by funding an annual bursary for ADIT students in need of financial assistance.

Croner-i is a major publisher and information resource in fields including tax and accounting. Wood Mackenzie is a global provider of data and analytics across the energy sector.

The newest ADIT award is the IVA Prize, supported by the International VAT Association, the leading independent body on international VAT and goods and services tax (GST), working with administrations, policy makers and business to improve VAT and GST systems globally. The IVA organises two annual conferences, as well as webinars, newsletters and regular meetings with administrations and policy makers. Visit www.vatassociation.org for information.

Award winners for the June 2024 ADIT exams were recently announced at www.tax.org.uk/adit/pass-lists. The IVA Prize will be awarded to the successful candidate at one of the IVA's conferences.

Disciplinary reports

NOTIFICATION

Mr Thomas Parascandolo

At a hearing on 4 April 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Thomas Parascandolo of Nottingham, a member of the Chartered Institute of Taxation, having been convicted at Nottingham Magistrates' Court on 18 May 2023 for the offence of driving a motor vehicle, namely an e-scooter, on 30 April 2023 with alcohol concentration above the prescribed limit on 21 September 2022 for which he received a sentence of disqualification from holding or obtaining a driving licence for 16 months and a fine of £576, had:

1. engaged in or been party to illegal behaviour, contrary to rule 2.2.2 of the PRPG; and
2. conducted himself in an unbefitting, unlawful or illegal manner which tends to bring discredit upon himself and/or may harm the standing of the profession and/or the CIOT, contrary to rule 2.6.3 of the PRPG.

The tribunal made an Order that Mr Parascandolo receive a warning. It also ordered that he pay costs of £2,653.

NOTIFICATION

Mr Varnakulasingam Jegatheeswaran

At a hearing on 4 April 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Varnakulasingam Jegatheeswaran of North Harrow, Middlesex, a member of the Association of Taxation Technicians, had:

1. between 1 June 2016 and January 2023 provided defined services which required AML Supervision; and
2. failed to register for AML Supervision until January 2023 contrary to the PRPG 2018 and the ATT Anti-Money Laundering Scheme Rules 2017.

By virtue of the above, the tribunal determined that Mr Jegatheeswaran was in breach of Rules 2.10.1 and/or 2.10.2 of the PRPG 2018 and/or the PCRT 2017 section 1.7

The tribunal ordered that Mr Jegatheeswaran be censured and that he pay a fine of £2,000. It also ordered that he pay costs of £2,653.

NOTIFICATION

Ms Jodie Hart

At a hearing on 4 April 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Ms Jodie Hart of Gloucester, a member of the Association of Taxation Technicians, having been convicted at Cheltenham Magistrates' Court for the offence of driving a motor vehicle with alcohol concentration above the prescribed limit on 21 September 2022 for which she received a sentence of disqualification from holding or obtaining a driving licence for 36 months and a fine of £162, had:

1. engaged in or been party to illegal behaviour, contrary to rule 2.2.2 of the PRPG;
2. conducted herself in an unbefitting, unlawful or illegal manner which tends to bring discredit upon herself and/or may harm the standing of the profession and/or the ATT, contrary to rule 2.6.3 of the PRPG; and
3. failed to inform the ATT within the required notification period of two months, as set out in Rule 2.14.1 of the PRPG.

The tribunal made an Order that Ms Hart be suspended from membership of ATT for a period of one month. It also ordered that she pay costs of £2,653.

A copy of the tribunal's decisions can be found on the TDB's website at: www.tax-board.org.uk.

ADIT

Celebrating 20 years of ADIT

Vicky Purtill, Director of Education at CIOT and ATT, shares the highlights of ADIT and looks ahead to how it will continue to benefit international tax professionals.

Back in the halcyon days of 2004, a number of major events of global significance took place, the consequences of which are still being felt. Ten new countries joined the European Union. A new website, then known as *TheFacebook*, was launched from a Harvard dormitory. *Shrek 2* was released to worldwide acclaim. And, most importantly of all, 40 international tax students and professionals sat the first ever exams for the CIOT's new ADIT (Advanced Diploma in International Taxation) qualification!

With this year marking two decades since the first ADIT exam sitting, we're celebrating the positive impact that our flagship international qualification has had on the global tax profession, the ever increasing recognition afforded to ADIT by employers, and most importantly the incredible achievements of a growing community of ADIT students and holders, now almost 6,000 strong, in 120 countries across the world. Take a look at the ADIT highlights in the timeline to the right.

Since the ADIT qualification was launched, the number of students sitting exams has multiplied to more than 1,000 each year. Meanwhile, the range of available exam modules has increased from just four in 2004 to 17 today, with the most popular modules now examined twice each year. And with both the exams themselves and a wide range of accompanying tuition courses now delivered online, ADIT learning has become ever more accessible to students from a wide range of countries and backgrounds, many of whom balance their studies with full-time tax work.

In leading the Education Team at the CIOT and ATT, I'm keenly aware of the level of dedication that goes into delivering and developing the ADIT qualification as we continue to serve our student community and strive to maintain ADIT's place at the forefront of international tax learning. Of particular note has been the number of former ADIT students who go on to play a major role in shaping the future of the qualification – whether it's by serving on the committees that help to govern ADIT policies and supervise the technical content of the syllabus, the Examining teams that deliver and assess each exam, or the many course providers whose dedicated tuition programmes help to prepare our diverse students to achieve success in the exams.

Recent years have also seen our appointment of dedicated ADIT Champions to help serve and lead the growing populations of tax professionals who are currently pursuing, or have achieved, ADIT certification in specific countries and regions of the world.

The Champions all hold the qualification themselves, so they can talk with authority about how to navigate the exams and the benefits of ADIT learning to a career in international tax. But it's not just an ambassadorial role, and our Champions play a central part in delivering a wide range of services, including technical webinars and friendly networking events, that add genuine value to the ADIT product – guiding students on how the concepts within the ADIT modules apply to contemporary, real-world tax issues; providing additional post-qualification content to our International Tax Affiliates; and helping international tax professionals at all stages of the ADIT journey to connect and network with their peers.

As ADIT heads into its third decade, we are considering how this widely recognised and respected international tax qualification will evolve to serve the future needs of stakeholders around the world. International tax moves at a fast pace, as a multitude of developments have shown during ADIT's lifetime to date – from the emergence and maturation of the digital global economy and resulting initiatives such as the BEPS Pillars, to the green transition and trend toward climate-friendly tax policies by countries and regional blocs alike.

One thing's for sure – ADIT will continue to help international tax professionals, their employers and their clients to boost their expertise and achieve their goals.

New Fellows

Congratulations to new Fellows of the CIOT

The pinnacle of the profession is achieving Fellowship of the Institute. The CIOT is delighted to congratulate and welcome its new Fellows.

Becoming a Fellow of the CIOT is based on skills, knowledge, expertise and merit, assessed by the CIOT Education Committee. Candidates for Fellowship have proved their technical competence in taxation through their 'Body of Work' or their dissertation, as well as their contribution to the profession over several years. They may also have successfully passed the CTA examination. We are proud to highlight them and their 'Body of Work' subjects.

Dr Stephen Daly: Tax Authority, Advice and the Public. Dr Daly was also awarded a Fellowship Medal for the best Fellowship submission in a calendar year.

Harriet Brown: How Information Exchange Changed the World (of Tax): the development and application of international information exchange in the UK, overseas territories and beyond.

Grahame Jackson: International Exchange Regimes, their application and their practical consequences.

The following Fellows are existing members of the Institute:

Andy Wood: Cryptocurrencies and other digital assets: Tax law and practice.

Thomas Dalby: Employee Share Schemes Equity Reward for Private Companies.

David Currie: The VAT Exemption for the Management of Special Investment Funds: A review of their design, impact and alternatives.

Hannah Hurley: Why did the film tax incentives in Finance Act (No.2) 1992 and Finance Act (No.2) 1997 fail? Are the incentives provided by Part 15 CTA 2009 destined to follow?

Some of the CIOT Fellows have shared their experience and thoughts on achieving the accolade of becoming a Fellow of the Institute.

Grahame Jackson, Partner at Hassans International Law Firm, stated:

> 'Becoming a fellow through the direct route has been very important to me. It would have been very difficult for me to follow the traditional CTA route (I also hold the ADIT) as I am based in Gibraltar. Getting Fellowship felt like a real acknowledgement of all the hard work that has gone into publishing books and articles over the years. Professionally, I feel a step up in the respect that is afforded to me by for professionals. Fellow status of the CIOT is rare, and becoming one is the greatest achievement in my career to date.'

Harriet Brown, Barrister and Jersey Advocate at Old Square Tax Chambers:

> 'I enjoyed going through the Fellowship "Body of Work" route: it allowed me to revisit my previous work and helped to give focus to the professional writing that I do beyond my day job. It feels hugely important to me in terms of professional development because it highlights my experience and expertise to those within and outside the profession.'

David Currie, Global Head of Indirect Tax at BlackRock, also shared his views:

> 'I completed my CTA Fellowship in parallel with an MSc Research (Taxation) postgraduate degree at the University of Birmingham. It was a significant time commitment, but I found the research experience thoroughly enjoyable and hugely valuable in both broadening and deepening my knowledge.'

If you interested in Fellowship and would like to find out more visit: www.tax.org.uk/fellowship.

Exam Results Exam Success 2024

On 17 July 2024, the CIOT and ATT announced the results from the examinations taken at the May 2024 exam session. 878 CTA candidates sat exams, and a further 445 candidates sat one or more papers on the ACA CTA Joint Programme (with ICAEW) and 51 candidates sat a paper on the CA CTA Joint Programme (with ICAS). 855 ATT candidates sat exams in May 2024 and 1,183 ATT CTA Tax Pathway candidates sat a combination of ATT and CTA papers.

The Institute President Charlotte Barbour said: 'I would like to offer my warmest congratulations to candidates who have passed all of the necessary exams for CIOT membership, as well as those who have made progress towards becoming a CTA after passing one or more papers at the May 2024 examination session. They should be really proud of their hard work, dedication and effort. The exams set a high standard and all successful candidates can be proud.

'311 candidates have now completed all of the CTA examinations and we very much look forward to welcoming them as members of the Institute in the near future. This includes 77 candidates on the ACA CTA Joint Programme, 10 candidates on the CA CTA Joint Programme and 82 candidates who have fully completed the ATT CTA Tax Pathway by passing the CTA element. I look forward to welcoming the new members into the Institute at the next Admission Ceremony.'

The Association President Senga Prior said: 'I am delighted to congratulate all the successful candidates from the May sitting of our exams. In total, 855 ATT candidates and 580 ATT CTA Tax Pathway candidates sat 1,843 papers and 1,286 passes were achieved. 90 distinctions were awarded to candidates for outstanding performance.

'Having taken the exams myself, I am well aware of the many hours of study required and I commend all the candidates for putting in the work necessary to achieve success. The ATT's modular system means candidates can study at their own pace, within the five-year registration period, whether working towards full membership or to obtain Certificates of Competency in their specialist area. I look forward to meeting those who take up membership at our next Admission Ceremony.'

Information on the results and pass lists can be found on the CIOT and ATT websites and on the Tax Adviser website.

A MEMBER'S VIEW

Laura Corbet

CTA and Senior Tax Manager, PwC Channel Islands

This month's CIOT member spotlight is on Laura Corbet, CTA and Senior Tax Manager at PwC Channel Islands.

How did you find out about a career in tax?

I fell into tax and fell in love.

Why is the CIOT qualification important?

It gives you a bird's-eye view, teaching you where to look for answers. Additionally, it instils the grit and determination you will need at future stages of your career.

Why did you pursue a career in tax?

My passion for tax started unexpectedly during my ICAEW qualification, when I found myself enjoying the tax exams. I then pursued the CIOT qualification, and the rest is history. I have since built a rewarding career in tax, driven by the daily opportunity to make a meaningful difference to those around me. It was the exact opposite of what I envisioned for myself when I was younger, but I wouldn't change it for anything.

How would you describe yourself in three words?

Passionate, driven and approachable.

Who has influenced you in your career so far?

I have been fortunate to learn from a number of individuals who have left a distinct mark on my career. My team, both in tax and the wider PwC office regularly and positively influence my career. I am also lucky to be blessed with several female leaders within the PwC Channel Islands firm who inspire me, one of whom is my career coach. A past manager also deserves a mention for believing in me and helping me believe in myself. Lastly, it goes without saying that my family (including the dogs!) and partner have been a huge support in encouraging me through more difficult times.

What advice would you give to someone thinking of doing the CIOT qualification?

Do it! Be prepared to find it tough but know that it will be worth it as you shape your future career. As a tutor and a manager, I cannot stress enough the importance of getting out of your comfort zone to help you grow, and completing the CIOT qualification helps you do that. Stay focused, and remember that every step forward is an investment in your future.

What are your predictions for tax advisers and the tax industry in the future?

Technology is set to revolutionise the tax industry, particularly in compliance tasks, and this will lead to change for many tax advisers. I also think there will be some significant movements in the UK tax landscape in the coming years, as well as the outfall of Pillar 2 globally, which makes now a more exciting time than ever to get involved in tax.

What advice would you give to your future self?

It's ok to not know everything! Tax is always changing, and it is also best in a collaborative form. Embrace what you don't know and learn from it by challenging yourself and discussing it further with others.

Tell me something about yourself that others may not know about you.

Many people don't know that I also currently teach tax, with the hope of inspiring the next generation of tax professionals. Outside of work, I really enjoy outdoor activities. In 2022, I even won a local fishing competition. As these hobbies differ from my everyday working life, they offer me a great source of relaxation.

Contact

If you would like to take part in A member's view, please contact: Melanie Dragu at: mdragu@ciot.org.uk

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Private Client Tax Director
Bristol
£90,000 – £110,000

Play a strategic role in one of the region's leading Private Client Tax teams. Work alongside respected partners, in a client-facing advisory role. Undertake income and capital taxes planning for HNW entrepreneurs, business owners and their families. Assist with networking and business development, as well as building a name for yourself. Genuine Partnership prospects. **Ref 5139**

Personal Tax Senior Manager
Birmingham
£60,000 – £75,000

It's an exciting time to join one of the Midlands' premier Private Client Tax teams. They advise dynamic HNW clients on a broad range of income and capital taxes planning issues. You'll oversee junior staff and work closely with high-profile Partners. The team offers high quality work and a supported route for progression. **Ref 5159**

Private Client Tax Manager
London Mid-Tier
£63,000 – £73,000

Some of London's best Private Client teams are located within the medium and smaller accountancy firms. They offer extremely high-quality work in an environment where you have a voice and can really make a difference. This role offers a route to Senior Manager, as well as exposure to UK and international UHNW personal tax work. **Ref 5058**

Trust & Tax Managers
London & Cambridge
£55,000 – £70,000 Dependent on Location

We are working with high quality Private Client teams in London and Cambridge, both of whom are keen to bolster their teams with the appointment of Trust Managers. You'll liaise with beneficiaries and third-party advisers, prepare and review trust accounts and tax returns and oversee the ongoing administration of a variety of Trusts and Estates. **Ref 688/693**

Senior Manager, Personal Tax
London
£80,000 – £90,000

Multi award-winning Private Client team seeks a Senior Manager to provide personal tax planning advice to dynamic UK and international HNWIs. They will provide support with progression towards Director grade and offer hybrid working arrangements. The CTA qualification is essential, together with strong technical experience of advising on CGT, IHT and residence/domicile issues. **Ref 5143**

Private Client Tax Manager & Associate Director
Tunbridge Wells
c.£55,000 – £85,000 Dependent on Experience

You don't have to work in London to handle high-end personal tax advisory work. Our client advises serial entrepreneurs, PE clients and HNW business owners from their offices in Tunbridge Wells. This high-profile team is growing and keen to appoint a private client tax Manager and Associate Director. If you're a CTA with strong CGT and IHT experience, get in touch! **Ref 5140**

Tax Training Manager
Nationwide/Hybrid
£Excellent + Bens

Escape time sheets! The Tax Training team of a prominent national accountancy firm are keen to appoint an additional CTA Manager, to help with the design and deliver of Tax training courses to their staff and Partners. Detailed knowledge of UK personal taxation and/or corporate taxation is essential and an ability to communicate complex technical elements effectively. **Ref 5131**

Assistant Manager, Personal Tax
Guildford
£48,000 – £58,000

A brand-new opportunity for a CTA qualified personal tax professional to join the Guildford office of a prominent accountancy firm. Advise London and international clients on a broad range of income and capital taxes planning issues, as well as overseeing complex compliance. Very much a client-facing role. Support will be provided with progression to Manager grade. **Ref 5164**

Our clients support hybrid working and offer scope for homeworking 2–3 days a week, if one wishes.

LinkedIn Personal Tax Network

E: michaelhowells@howellsconsulting.co.uk
T: 07891 692514

www.howellsconsulting.co.uk

Looking for a career change?

UK Tax Opportunity Down Under

Fantastic opportunity for a skilled UK Private Client or Expatriate Tax Manager, looking for a climate change and exciting new adventure in a growing business based in Australia's picturesque capital city, Canberra!

The Role

Nexia Australia has an exciting opportunity to join our rapidly growing UK and Australian tax advice business located in Canberra, Australia. The role is an excellent and rare opportunity for someone with strong UK tax experience to join a top-ten accountancy firm in Australia. Reporting to Naomi Smith, our UK/Australian Tax Consulting Partner, you will have the opportunity to develop your technical tax expertise. This role is perfect for candidates seeking an intellectually stimulating tax advisory role. Our work encompasses a large amount of joint UK and Australian tax advice projects for private clients. Your knowledge of UK income tax, capital gains tax, inheritance tax, residency and domicile rules, employment taxes, trust and companies will be fully utilised in this challenging role. The successful candidate will be trained to develop their knowledge in Australian tax law.

Our Ideal Candidate

The successful candidate will preferably be a UK Chartered Tax Adviser (CTA) or Chartered Accountant and have at least 3 year's UK private client, expatriate or mixed tax experience. Other UK tax qualifications such as ATT/ACCA will be highly regarded and ideally, you will have an accounting degree. In addition, you will have exceptional written and communication skills, be well presented, proactive with a positive attitude, and be client focused.

About Us

Nexia Canberra is amongst the Australian Capital Territory's premier mid-tier Chartered Accounting firms with a reputation for providing quality financial solutions. We are a full-service accounting firm with offices in 122 countries across the globe. We have one of the world's few UK/Australian cross-border tax teams and are registered with HMRC as a UK tax agent. We offer a fun and nurturing culture that emphasises career growth, professional development, an inclusive and collaborative environment with the opportunity to be part of our team's success. Canberra offers a pollution free, relaxed and an excellent quality of life.

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www.nexia.com.au

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Tax Specialist
Berkhamsted, Herts
£excellent

Our client is an established tax consultancy which is the sister company to an investment management business. They seek a key hire, a tax specialist who is ideally ATT qualified and looking to progress. In this role, you will Join a small team to manage the day-to-day compliance for 200 HNW individuals – many of whom have residence and domicile issues. You will also deal with trust work including accounts, administration and trust tax work, and get involved in a wide range of advisory work including residence and domicile advice, IHT and CGT advice. **Call Georgiana Ref: 3464**

Mixed Tax Advisory Role
Chester
£dependent on experience

This is a really interesting role for a CTA qualified – will consider any level from newly qualified to experienced manager. The focus of the role is advisory work for individuals, families and their businesses. Day to day, the role will involve building relationships and interacting with clients to provide high quality planning, consulting and expertise. The successful candidate will need to have an understanding of tax law. The work is detailed and complex covering IHT, CGT, personal and business tax planning. Office based, good salary and benefits. **Call Georgiana Ref: 3479**

Personal Tax Senior Manager
Leeds
£excellent

This is an excellent opportunity for an experienced private client tax specialist to join a Top 20 firm in a new office. This team deals with a really good mix of work for a wide variety of clients including owner managed businesses, landed estates and high net worth individuals and some non-doms. You will be joining a growing and collegiate personal tax team, offering the opportunity to develop new skills and accelerated career growth opportunities. Candidates with landed estates experience particularly welcome. Full-time or part-time. **Call Georgiana Ref: 3489**

Personal Tax – Farming and Landed Estates – Cheltenham
£excellent

Our client is a large independent firm with several offices. They seek a personal tax manager to work in their successful Farming and Landed Estates team. In this role, you will manage a portfolio of clients including business owners, families, partnerships, sole traders and HNW individuals and their related companies or trusts, ensuring excellent client service. You will deal with advisory work and have a responsibility for compliance. This role is office based but can be worked on a hybrid basis. Part-time also considered. **Call Georgiana Ref: 3483**

Personal and Partnership Tax Specialist – Horforth, Leeds
Full- or part-time

Our client is looking for a personal tax specialist to join their growing team which provides taxation services to predominantly GP practices, GP's and hospital consultants. You will manage a portfolio of clients, run the compliance for both partnerships and individuals, advise on tax liabilities, deal with expense claims and superannuation certificates and give ad-hoc taxation advice to this niche sector. You do not need to have a background in taxation work for the medical profession. This is a small friendly firm, with a proven track record of developing and promoting its staff. **Call Georgiana Ref: 3487**

Corporate Tax AM or Manager
Leeds
£excellent

Top 20 firm seeks a corporate tax specialist at either Assistant Manager or Manager level for growing Leeds office. The mix of work will be varied as the client base is across a diverse range of business sectors within the local market. Corporate tax compliance is one key aspect of the role. You will also deal with tax planning for a diverse portfolio of clients over the course of the annual cycle. This will include areas such as group tax planning, property planning, capital allowances, R&D tax credits and s455 tax planning. Excellent salary and benefits package too. **Call Georgiana Ref: 3488**

Head of Tax Designate
Carlisle
£excellent

This is an unusual opportunity for a tax professional to join an in-house finance team of a major UK retailer and be groomed to become Head of Tax within 2 years. The business seeks an experienced tax professional to manage all aspects of tax. You will help develop the tax policy/tax strategy and processes. This role would suit a qualified tax specialist (ICAS, ACA, CTA or equivalent) with proven experience of dealing with large UK corporate groups. It is likely that you will have had some previous in-house experience. Based in the head office in Carlisle. **Call Georgiana Ref: 3478**

Corporate Tax Manager
Cheltenham or Cardiff
£excellent

Our client is a large independent accountancy firm with a big tax team. Their corporate tax function seeks an ambitious and dynamic corporate tax hire to become part of their expanding team. This firm is multi award winning, well regarded, with a sound reputation earned through serving a wide-ranging and diverse clientele. In this role, you will deal with a mix of compliance and advisory work. You will also manage and develop staff. Excellent salary and benefits plus flexible and part-time working available. **Call Georgiana Ref: 3455**

Tax Manager – Belfast
£45,000 to £55,000 dependent on experience and qualifications

Our client is a large independent accountancy firm. They seek a tax manager to join a growing tax team. This role focuses on HNW individuals, their families and businesses. It would suit someone with either a mixed tax or personal tax background. Our client would consider a local hire or someone looking to move from mainland UK to Northern Ireland. This is a chance to live in the countryside or on the coast and commute into a thriving city. Ideally, you will be ATT and CTA qualified or equivalent. Full- or part-time hire considered. **Call Georgiana Ref: 5000**

Tax Consultant – full- or part-time
Warrington
£40,000 to £55,000 + bonus

A CTA qualified tax professional is sought by a small independent firm which specialises in tax advisory work for other firms of accountants. In this role, you will deal with a wide variety of tax planning for owner-managers, their businesses and for HNW individuals. You will work with the directors and will advise on a wide range of transactions, company reorganisations, share plans and property tax issues, etc. Would consider a recently qualified or someone about to complete CTA through to a more experienced manager. Your current role may be more compliance-based, and you will be looking to switch to an entirely planning and advisory role. This role is largely office based. **Call Georgiana Ref: 3467**

Corporate Tax Director
Slough or London
£excellent

Our client is a dynamic firm which includes a mix of lawyers, tax advisers and financial advisers. They provide all-round professional support to a diverse portfolio of corporate clients ranging from startups to major international groups. Their client base would be the envy of any Top 20 firm. In this role, you will have a small team of people reporting to you, and partners above to support you. The work is broad based and cross discipline. There is plenty of interesting advisory work and as the firm is rapidly expanding, there are plenty of opportunities to progress. **Call Georgiana Ref: 3591**

Corporate Tax Role – full- or part-time
Macclesfield, Cheshire
£excellent

Our client is an independent accountancy firm based in Macclesfield, that focuses on providing a local firm service but with the skill set you would expect from a city centre practice. They are looking for a tax professional to deal with corporate tax issues for OMB's. This role could be a done on a part-time basis with flexible hours. Would suit an experienced senior or a manager. You will manage the CT compliance and also deal with a wide range of advisory issues. Working to partners, there will also be plenty of client contact. **Call Georgiana Ref: 3490**

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Working collaboratively alongside the Head of Tax, your role will be varied across all main areas of tax (corporation tax, transfer pricing, tax accounting, VAT, employment related securities, employment taxes), requiring you to manage various work streams and projects.

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The Group is an international organisation whose activities span urban property, food and agtech, rural estate management and support for philanthropic initiatives. In this role, you will lead advisory projects and provide tax advice on corporate and related tax matters in areas such as corporate reorganisations, internal financing and repatriation of funds. The role will involve managing external advisors, working with other teams and project coordination with the support of the Family Office Director of Finance and Group Tax Director to ensure timely implementation.

You will also have the opportunity to identify further improvements yourself and lead these projects to completion. The role will also involve proactively engaging with and supporting businesses and other teams in the Family Office on structuring matters related to active business initiatives and structuring of passive investment portfolios and working alongside the Family Office Tax compliance team to implement advice and provide support on complex matters.

This is a fantastic opportunity to work as part of a close knit and high calibre team in a truly varied and interesting in house role. Contact **Alison Riordan** on **07711006780** for further details.

REF: R3583

OMB TAX ADVISORY SPECIALISTS

ACROSS THE NORTH

We are experiencing a very high demand for tax advisory specialists with strong technical knowledge and experience of advising privately owned and entrepreneurial businesses. If you are a Manager or Senior Manager currently working in this space in the North of England and would like to understand more about the wide range of opportunities in the market then get in touch for a confidential discussion. **CONTACT: IAN RILEY**

PRIVATE CLIENT TAX PARTNER

MANCHESTER £attractive

This is a key strategic hire for this large international accounting firm. You will be responsible for driving the growth of the private client tax team across the North and leading a team of private client tax specialists. If you are an ambitious Director or existing Private Client Partner looking for a new and exciting role then get in touch for further details. **REF: C3593**

M&A TAX DIRECTOR

MANCHESTER To £125,000 dep on exp

Rare opportunity for an experienced M&A Tax specialist operating at either Senior Manager or Director to work in a role outside the traditional Big 4 / Top 10 firms. You will primarily be involved in managing the tax due diligence and tax structuring work (both buy-side and sell-side) on local PE deals and be joining a rapidly growing team of experienced tax advisers most of whom have previously worked in large international accounting firms. This is a truly unique proposition in the market not to be overlooked! **REF: A3592**

TAX PARTNER

LEEDS £six figures

Our client is an award winning and rapidly growing independent firm with offices across the UK. As part of its exciting growth plans it is looking to recruit an experienced Tax Director or Tax Partner to lead its expansion into the Yorkshire market. You will be well supported by the existing partners and have full backing to build and grow the firms presence in the Yorkshire market. You will either come from a corporate or private client (or mixed tax) background and have many years' experience operating at a senior level in practice. **REF: A3368**

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