

November 2024



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The new Parliament?

During a time of major political transitions, we consider the goals, strategies and frustrations expressed during the party conferences



Coping with VAT forms

Practical tips on the paperwork to be processed in a typical business

National Minimum Wage

With increased rates due in April 2025, compliance is a hot topic for employers

The Interest Review Unit

Dealing with HMRC charges resulting from error or unreasonable delay

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Keeping up to date

Last month, CIOT President Charlotte Barbour and ATT President Senga Prior were delighted to host the Joint Presidents' Reception at Merchant Taylors' Hall in London. It was lovely to see so many of our volunteers present at the event. The evening was a celebration of success and recognition of Council, Branch, committee representatives and all our other volunteers that devote time and expertise to the CIOT and ATT, as well as the tax profession. Seventeen presentations of appreciation were made, and special mentions should be given to Lord Mackinlay of Richborough, who received the CIOT's Special Certificate, and Molly Eldridge for being the ATT's 10,000th member. We truly appreciate all the work that our volunteers do and the time they give, and we hope they enjoyed the evening as much as we did.

By the time that you read this welcome, our very first female Chancellor of the Exchequer, Rachel Reeves, will have delivered her first Budget. At the time of writing, we didn't know what was in that Budget, although it is fair to say that there has been more speculation this year than in many of the previous years, with many commentators saying that she had a unique opportunity to make some significant and radical tax changes. Both the CIOT and ATT made pre-Budget representations, and it will be interesting to see how many of those were taken up by the Chancellor. One thing we can be sure of is that our technical teams across ATT, CIOT and LITRG will be reviewing the detail of the Budget announcements, and assessing and considering how these will impact our members and their clients.

Members will know that continuing professional development (CPD) is a mandatory requirement. Maintaining CPD helps to keep your skills and knowledge up to date, giving employers and clients comfort that you are competent in your work. For those seeking to increase their

CPD, on 20 November the ATT, in collaboration with the AAT, will present the first of its two Sharpen Your Tax skills events.

This year, ATT Vice President Barry Jefferd and the ATT technical team will provide a topical tax update, together with updates for sole traders and SMEs, and a reminder of where we are with regulating the tax advice market. As always, the sessions will include plenty of practical and interactive examples. You can find out more about the series and register at tinyurl.com/bd6msxzd.

Elsewhere, the Branch Network continues to deliver an in-person and online programme of technical CPD events on a range of diverse subjects. Up and coming events can be viewed at www.tax.org.uk/branch-webinars.

The ATT is delivering four free webinars a year – 721 ATT members signed up to the one on Making Tax Digital last month and the recording is now available on the ATT website for those who were not able to join on the day. The CIOT will also host 'Building an AI resilient workforce' on 20 November, which is free to all members (see tinyurl.com/2299whr2).

While helping our members to maintain their technical knowledge through CPD is an important aspect of our work, as educational charities we are always looking at up-to-date and different ways in which we can educate the general public about taxation, and promote tax as a career for students and young adults.

The ATT have started posting videos on TikTok aimed at the Gen Z population (i.e. those born between 1997 and 2012). The first of these has been created by ATT technical officer Emma Rawson and covers the urgent need for changes to the business mileage tax rules. You can watch Emma's post at www.tiktok.com/@ouratt. You can also read about CIOT's support of the Gen Z Careers Event on 28 September on page 47.

Finally, to the thousands of students sitting our CIOT and ATT examination papers this month, we wish you all the very best, and look forward to welcoming you into membership at some stage in the future.

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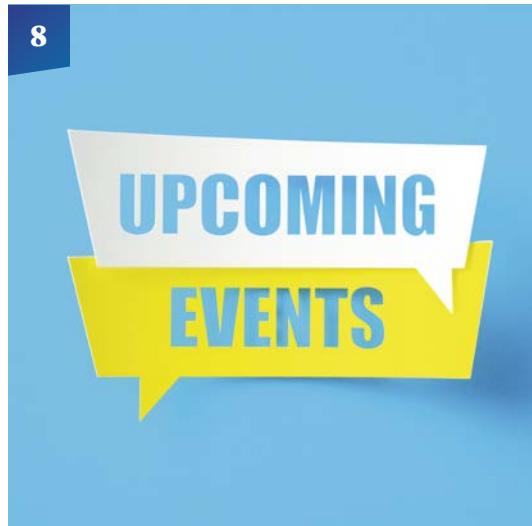
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It's a good time to make a note of some of HMRC's new processes and tools. HMRC has launched a new process for employees claiming tax relief on employment expenses, as well as investing considerable effort in producing interactive guidance to help taxpayers get the answers they need more quickly and accurately.

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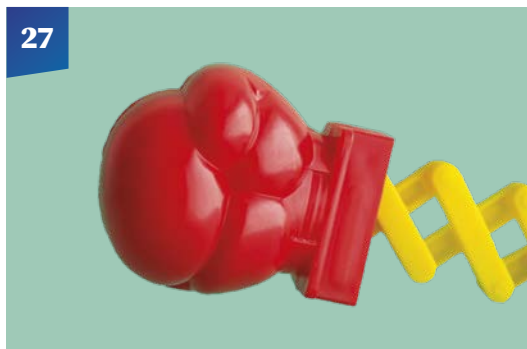
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CHARLOTTE BARBOUR PRESIDENT



Celebrating our technical work

“ Our technical offerings represent our collective expertise, reflecting members' abilities. We should all be rightly proud of the Institute's technical output.

Over the Autumn, whilst participating in various CIOT events and committee meetings, I have been constantly reminded of the range and depth of our 'technical' work. We are fortunate to have such excellent technical officers working for the CIOT and so many members who generously volunteer their time and expertise to help shape and inform our technical output. It's a very strong – and disciplined – collective effort.

In terms of the CIOT's charitable objectives 'to advance public education in and promote the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation', there are three sub-groups of audiences to whom our technical offerings are directed.

1. Those with an interest in tax, such as in HMT, HMRC or the law makers: For example, output may address various elements of the fiscal cycle, such as issuing Budget representations and providing informed commentary on Budget measures (our technical team will have been examining the fine detail of the Budget on 30 October). We will prepare Parliamentary briefings on Finance Bill measures – does the draft legislation do what it's setting out to do? There are also public debates, such as the CIOT/IFS debates. The most recent of these addressed what ought to be in the next business tax road map if it is to be useful to business.
2. Unrepresented taxpayers who seek further specific tax information: CIOT's Low Incomes Tax Reform Group provides guidance to those who cannot afford professional advice, such as pensioners, students and low-income employees. We published a position paper in September setting out how the experience of the tax system for online

- traders can be improved following the increased use of online platforms. It's a thoughtful, helpful piece of work.
3. The wider public who need an awareness of tax: Most often, this audience may be reached via news outlets. There is a superb CIOT external relations team working in conjunction with the technical team.

The fourth group for whom technical educational material is provided is, of course, members. In the last couple of months alone, the CIOT has offered a range of specialist conferences – from the Cambridge residential weekend to a one-day international tax conference, both of which I can vouch for. There has also been a huge range of webinars and in-person branch technical updates.

The technical officers also have a focus on operational matters. This can range from examining 'Making Tax Digital' proposals to help them be as effective as possible and participating in HMRC forums to providing input to the HMRC 'One to Many' campaigns. Tailored guidance that specifically concerns HMRC One to Many letters addressed to tax agents has recently been issued. I commend it – a most useful piece of guidance.

One matter at the forefront of the CIOT's work in recent years has been the unacceptably poor levels of service provided by HMRC. The technical team is working in conjunction with ICAEW's Tax Faculty and a number of firms to gather specific evidence of current standards of service provided by HMRC. This is with a view to providing a report with specific evidence of where service standards are failing, the impact on taxpayers, businesses and agents, and suggestions of where there is good practice that could be adopted from elsewhere to address the concerns. We look forward to reporting on this in December.

Feedback from stakeholders and members is that our technical work is very well received; the CIOT is held in high repute. Our technical offerings represent our collective expertise, reflecting members' abilities. We should all be rightly proud of the Institute's technical output.

I should add a few further points before signing off. First, may I express my gratitude and thanks to our technical officers and to all members who actively contribute to committees and provide feedback. Second, may I encourage others to consider joining a technical committee. It's a two-way process and I know that members get as much out as they put in by collaborating with like-minded tax professionals.

And last but not least, such technical work is available for all members to benefit from. Do make the most of it for your CPD.

Charlotte Barbour
President
president@ciot.org.uk





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Upcoming 2024 Annual Return Submissions

From mid-November* your portal account will be open for submission of the 2024 Annual Return and payment of your 2025 subscription.

Don't get caught out. Stay compliant.

All members (excluding those who are students or fully retired) are required to complete an Annual Return confirming their contact and work details are up to date and compliance with membership obligations such as:

- Continuing Professional Development
- Anti-Money Laundering Supervision
- Professional Indemnity Insurance
- Professional Conduct

Once live you will be able to submit your return by logging on to the Members' Portal <https://pilot-portal.tax.org.uk> then navigate to **Secure area/Members Area/Compliance/Annual Return**.

Questions on how to complete the form? Please see our FAQs.
www.tax.org.uk/annual-return-guidance | www.att.org.uk/annual-return-guidance.

31 January 2025 is the deadline for submission. Failure to complete an Annual Return is contrary to membership obligations and will result in a fine or a referral to the Taxation Disciplinary Board.

*Email and social media notifications will be sent out when the portal is open for submissions.



GRAHAM BATTY

DEPUTY PRESIDENT



Education, education, education

“ The ATT and CIOT branch network provides a large number of CPD courses throughout the year, which are either free or moderately priced, face to face or as webinars.

I heard my great niece (about 16 at the time) call across the crowded room at a family wedding, holding an empty glass in the air as her father approached the bar. ‘Daddy darling, vodka, daddy darling,’ ‘Of course, sweetheart,’ he replied, showing just how well trained she had him!

It is the same with Bess. I may think I am in charge but one look from those big brown spaniel eyes and I realise that she has me wrapped around her little paw. Not that I object when she tries to drag me into one (or both) of the village pubs. For some reason, she is a well-known regular in both and our order of a bag of mini cheddars for her and a pint of Sovereign Gold or Timothy Taylor Landlord for me is quickly on the bar. I’m still working on getting her to put her paw in her pocket to pay though!

It is all about education and training, which are so important and core to everything ATT does. As tax professionals, we all have a career long commitment to this, be it concentrated study for the exams we need to pass to get those magic letters ATT after our name, or annual CPD to keep up to date and explore new areas of tax. The commitment to CPD does not necessarily end when you retire either.

Although I officially retired from practice at the end of 2021, as an ATT council member – and so a charity trustee – I must still undertake annual trustee update training. In addition, as a member of ICAEW, I must also undertake a mandatory online ethics update. Given the ongoing discussions about the future regulation of the tax profession, the ethics update seems a particularly good idea and is something that ATT and CIOT should perhaps consider. Let me

know what you think via the email address to the left.

Ethics aside, the ATT and CIOT branch network provides a large number of CPD courses throughout the year, which are either free or moderately priced, face to face or as webinars. There are also the traditional conferences, such as the annual AAT ATT sharpen your tax skills conference on 20 November and 6 December. These are online events and booking is now open via the ATT website (see tinyurl.com/2z7dmk22).

There are also courses to help you build your interpersonal skills, such as the ‘Raising your profile’ roadshow events held by the New Tax Professionals. The last two of these take place on 6 November in Cardiff and 28 November in Newcastle. These are face to face events and are a bargain at £10 per person – including food and drink (see tinyurl.com/4tywdr84).

For me and my wife Jan, November used to mean bonfire night and the village firework party. Sadly, this has not been held since before the pandemic. It was always great fun with a huge bonfire on the washlands down by the river, lots of fireworks, hot dogs, mulled wine and a stop at one of the village pubs on the way back home. I am pleased to say that it is back this year but at a new venue behind one of the village pubs and using pet friendly silent fireworks to music. Unfortunately, it is being held a couple of days after Jan gets out of hospital following her hip replacement so we will not be able to go, but it’s in the diary for next year.

Given all the strange taxes we have had over the years (think windows, hearths, playing cards, salt, hats, beards and leather), it is surprising that there has never been a tax on fireworks – well, not in the UK anyway. According to Google, though, there are firework taxes in the USA!

By bonfire night we will, of course, be digesting Rachel Reeves’ first budget and how she is going to raise the money needed to fill the ‘black hole’ in the public finances without increasing income tax, corporation tax or VAT. The old favourite sin taxes on alcohol and tobacco will no doubt rise, as will fuel duty on petrol and diesel as we are pushed to move to electric vehicles. Some creative new taxes might be introduced or even some old favourites reintroduced. Window tax or development land tax anyone?

Next month being December, Jan (age a state secret) is already getting excited and counting down the sleeps until Santa comes. Planning is well underway for the ATT Welcome Page Christmas Special, so until then...

Graham Batty
ATT Deputy President
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What does the future hold? Changes are coming...

UPCOMING EVENTS

As we await the announcements in the Budget statement, it's a good time to make a note of some of HMRC's new processes and tools.

by **Bill Dodwell**

Budget Special

It is impossible to write about the Budget, given its timing. But it has given us the opportunity to recall the 1930s doggerel popularised by Senator Russell Long in 1972 – 'Don't tax me, don't tax thee, tax the fella behind the tree' – as every possible tax measure covered in the media suddenly has its own lobby group to point out why that particular tax rise would be a problem.

It has also reminded us of the work of the Office of Tax Simplification, which prepared reports on inheritance tax and capital gains tax at the request of former chancellors Philip Hammond and Rishi Sunak. Those reports discussed all the issues mentioned by the media.

Of course, we shall all be pouring over the Budget documents to find out exactly how new tax measures apply. The Office for Budget Responsibility signs off the anticipated yield from tax measures. It now gives important measures a risk rating, which indicates the room for variation in the yield, whilst still accepting that the amounts put forward in the Red Book are the most likely outcomes.

What we can safely predict – no matter what happened to capital gains tax on 30 October – is that there will be record receipts from CGT in 2024-25, with payments for residential property sales due in the year (60 days from sale) and the major part due by 31 January 2026.

The importance of evidence

HMRC has just launched a new process for employees claiming tax relief on employment expenses (see tinyurl.com/4dty669d). The new approach requires that the taxpayer prints the relevant P87 form, completes it and then posts it to

HMRC with copies of receipts. Next year, HMRC plans to launch an online service, which will be another reason to download the HMRC app – as I hope it should be possible for claimants to use the app to submit the claim, photograph the receipts and upload them to HMRC. The new approach applies to mileage claims, working from home claims and other expenses, such as professional subscriptions. It does not apply to claims for flat rate expenses.

The Office of Tax Simplification's 2020 report on Claims and Elections (see tinyurl.com/4h2nrujn) recommended that the so-called single customer account (the enhanced merged version of the personal tax and business tax accounts) should be the place for making claims and for uploading evidence to support the claim. The OTS recommended that the account should also be a record of submitted claims.

Putting in place a requirement for evidence is surely a sensible move, as it encourages taxpayers to think about the claims they make. It also makes it harder for any agent disposed to cut corners in checking whether their clients actually qualify for the intended tax relief. Today's technology can easily 'read' documents and refer them to human officers for checking.

Interactive guidance

HMRC has invested considerable effort in producing interactive guidance to help taxpayers get the answers they need more quickly and accurately. Recent examples include calculating profits for 2023-24 where the self-employed taxpayer has an accounting year end other than 31 March or 5 April (see tinyurl.com/yk4rmdrz). The tool helps to calculate the profits or

losses for the two accounting periods ending in 2023-24 (actual or deemed, depending on whether the taxpayer changes to a 31 March or 5 April year end, or retains the existing accounting period) and then calculates the minimum profits assessable for the year, with options to spread or accelerate the transition period profit. There's also a tool to help individuals register for Self Assessment (see tinyurl.com/zeemuhvc).

Another tool helps taxpayers to find out when HMRC should have responded to a request (see tinyurl.com/kbyr5ex8). The tool covers individual taxes, child benefit and tax credits, VAT, PAYE and corporation tax. It also lets agents check when they should have been registered for online services or registered as an agent for a specific taxpayer, or have changed their agent details. This tool should help reduce the number of calls to the HMRC helpline checking when a reply might be coming out. Similar information is contained in the personal tax account, with the benefit that it tells taxpayers that HMRC has received the relevant correspondence.

More interactive tools are coming. The tools ask for feedback, so do leave feedback and comments if you think that the tools have elements missing.

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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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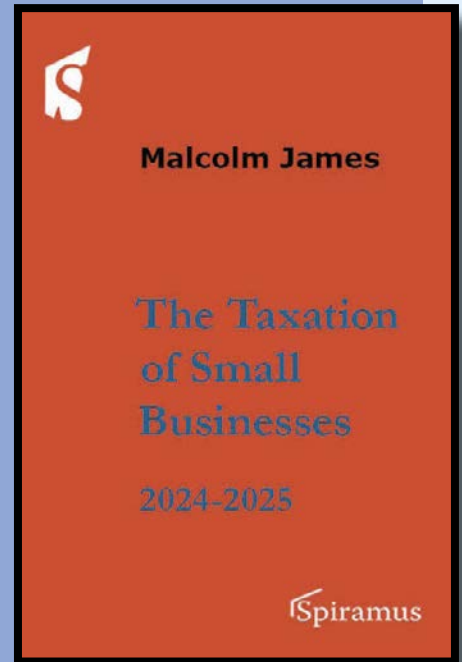
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Volume 1

Adrian Shipwright

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by Adrian Shipwright

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Party conferences

Signposts for the new Parliament

During a time of major political transitions, we consider the goals, strategies and frustrations expressed during the party conferences – and look ahead to the future.

by George Crozier

On 5 July, the nation awoke to a landslide election victory for Labour, with the Conservatives recording their lowest number of seats since 1832 and the Liberal Democrats becoming the largest third party in Parliament in more than a century. But fast forward 10 weeks to party conference season, and you would have been forgiven for thinking that the boot was on the other foot.

For Labour, the honeymoon already seemed over with the party feeling battered by the slings and arrows of office, and looking towards the Budget as a ‘reset moment’. Meanwhile, for the Conservatives, it was a case of pick yourself up, dust yourself off and start all over again as conference-goers realised with a tangible sense of relief that rather than defending a record in government

that many of them regard as extremely patchy – especially on tax – they could go on the offensive against a government that has already given them plenty to aim at.



Labour in Liverpool: Rebuilding Britain won't be cheap

For a party that had recorded its best general election result since 1997, the mood among delegates in Liverpool was somewhat sombre as the party faced up to the realities of being in government for the first time since 2010.

The new Chancellor Rachel Reeves and Prime Minister Sir Keir Starmer struck a careful balance in their conference speeches between high-

“

The only new tax measures related to HMRC and tax compliance, including the appointment of James Murray as Chair of HMRC.

reaching (if vague) ambition and expectation management. Thus, Reeves promised ‘a Budget to rebuild Britain’ but warned that the economic legacy inherited from the Conservatives meant the road ahead would be ‘steeper and harder than we expected’. Both Starmer and Reeves emphasised Labour’s ‘five missions to rebuild Britain’ (which



include 'kickstarting economic growth'), making clear that these are the focus of a long-term process of 'national renewal', not simply campaign sloganeering.

The most noteworthy part of Starmer's speech came when he spoke of the hard trade-offs facing the country, with an implicit acknowledgement that to rebuild public services, higher taxes will be needed. In spite of this, there was little new policy announced at the conference. The only new tax measures related to HMRC and tax compliance. These include additional compliance staff, a Digital Transformation Roadmap and the appointment of Exchequer Secretary James Murray as Chair of HMRC's Board.

Murray was at pains to stress that the role is intended as a means of focusing HMRC on the new government's strategic priorities: reducing the tax gap,

modernisation and improving customer service. Critics have claimed the move 'politicises' HMRC's board, but a more nuanced observation is that it is a sign of the new government's intent to hold HMRC accountable for its performance, which has to be welcome.

Budget speculation was rife during the conference – but as you'll know by the time you read this what was actually in the Budget, I won't dwell on that, except to say that while ministers were maintaining pre-Budget discipline, party members, union representatives and some outspoken backbench MPs were not holding back on their wish to see taxes raised on the well-off.

On the final day, the conference narrowly backed a motion from the trade union Unite, calling for a reversal of the decision to means test winter fuel

payments and for a wealth tax instead. The motion is not binding on the government, but it will embarrass ministers who had made a strong defence of their policy during the debate and elsewhere at the conference. As well as a wealth tax, the Unite motion called for an excess profits tax, the equalisation of capital gains tax rates with income tax, and applying national insurance to investment income. Reeves did not address a wealth tax on the conference floor but dismissed the idea in a pre-conference interview.

Green taxes are another area where campaigners and some Labour figures are pressing for a more radical approach. At a fringe event, Liam Byrne, the new chair of the Commons Business Committee, hoped that the UK could become a global pathsetter on carbon taxes.

Labour members and their union allies are anxious for improvements in public services and social justice but doubtful these will be achieved without big spending increases. For now, they are mostly giving ministers the benefit of the doubt, but pressure will only grow as the parliament progresses.

Conservatives

Conservatives in Birmingham: Contenders compete to hoist low tax banner

When the Conservatives last met in Birmingham, Liz Truss was Prime Minister and the now infamous mini-Budget was just nine days old. A lot has changed in two years but the mini-Budget continues to hang over the party's tax debate.

A popular view among conference contributors was that the events of autumn 2022 had not discredited the tax-cutting agenda *per se* but that they did mean that any proposals which looked like *unfunded* tax cuts would not be credible. Thus tax cuts would have to be presented alongside spending cuts, big structural reforms or else would have to wait for economic growth. So far, so orthodox. However, few speakers identified potential cuts, reforms or as-yet-untapped growth generators (beyond general exhortations to deregulate and make it easier to build) – and those that did (for example, suggesting a more limited state pension) were generally think tank outriders who went unendorsed by parliamentarians.

The conference was dominated by the four remaining leadership candidates. All agreed that the party should pursue a tax-cutting agenda but there was little in the way of specifics. James Cleverly's support for scrapping stamp duty land tax

and tackling high marginal rates was an exception but within a week he was out of the contest, as was Tom Tugendhat, who had used his conference speech to argue that his party should cut taxes because they believe in freedom.

At the time of writing, the remaining two candidates are Kemi Badenoch and Robert Jenrick. Tax is the centrepiece of neither's campaign, but each has made clear that re-establishing their party's tax-cutting credentials would be important to their leadership and that they regret the tax increases the last government introduced. Badenoch proposes cuts to corporation tax and capital gains tax to boost wealth creation, while Jenrick has focused on personal taxes, suggesting that he would reduce benefits spending in order to enable cuts to income tax.

“

Badenoch and Jenrick have each made clear that re-establishing their party's tax-cutting credentials would be important to their leadership.

The shadow chancellor Jeremy Hunt had a low profile at the conference but he gave a strong defence of his record in response to Labour's claims of having had a rotten economic inheritance. Shadow business secretary Kevin Hollinrake was more visible, robustly warning against tax rises which could harm business, such as scrapping business property relief, which he said would be 'pure madness'.

The debate on the fringe was lively, with the election defeat and absence of a permanent leader liberating MPs to speak more freely. Shadow business minister Greg Smith described the 60% marginal rate of income tax on incomes above £100,000 as 'fundamentally immoral', while shadow science secretary Andrew Griffith argued that we should tax property and labour less and consumption more.

The new MP Nick Timothy, joint chief of staff to Theresa May during her premiership, warned against 'the temptation to rush too early into some kind of radicalism on tax that we will later regret'. He argued that his party should target 'virtue' tax cuts (in contrast to Labour's 'vice taxes') aimed at rewarding innovation, investment and families.

Among the thinkers and campaigners at the conference, arguments were heard for a much broader VAT base (Tom Clougherty of the Institute of Economic

Affairs), extending national insurance to all forms of income (Arun Advani of the Centre for the Analysis of Taxation) and giving people the right to opt out of public services in return for a tax break (Mark Littlewood of the 'PopCons'). John O'Connell from the TaxPayers' Alliance claimed businesses would trade an additional 1p on income tax for massive simplification. Will they influence the new leadership? Only time will tell.



Lib Dems in Brighton: 'Responsible opposition' targets big business

The Lib Dems met in Brighton in glorious early autumn sunshine, and a mood to match. 72 MPs means the largest liberal force in the Commons for a century, but given Labour's massive majority, what is the party's purpose in this Parliament? Party leader Sir Ed Davey attempted an answer in his closing address, saying his party would be 'the responsible opposition', scrutinising Labour's plans carefully, striving to improve them and opposing where they disagree.

In practice, the Lib Dems are not very far from Labour economically. Such differences as there are stem mostly from Labour's greater caution (in opposition at least), rather than from any great philosophical differences. On measures from increasing capital gains tax to targeting unloved big business sectors like tech, banking, tobacco, water and gambling, most Labour MPs would probably cheer were Rachel Reeves to adopt Lib Dem proposals as her own.

Inheritance tax can be added to that list. There was nothing about it in the party's manifesto in July, but in September Davey called for reform to remove avoidance opportunities for the rich and use that money to reduce its burden on the less well off (though without identifying the specific reforms he is thinking of). The fact that the Lib Dems are talking about apparently revenue-neutral changes to inheritance tax, rather than seeing it as a cash cow, is indicative of the party's new core constituency. More than the Celtic fringe of old or the university towns that fuelled the last Lib Dem advance, the party's heartland is now the leafiest, wealthiest districts, packed with commuters, graduates, Gail's bakeries and million pound houses. This tempers the party's instinctive fiscal radicalism.

This may also be a factor in why the party opposes Labour plans for VAT on private school fees, although this opposition is longstanding.

Other parties: fighting to be heard in the rainbow parliament

Counterintuitively, the Labour landslide has brought with it an increase in the number of parties represented in parliament. With the SNP winning nine seats, Reform UK five, and Plaid Cymru and the Green Party each getting four, not to mention MPs from Northern Ireland and a smattering of independents, there are now more political voices than ever fighting to be heard. Both Labour and the Conservatives have parties on their flanks trying to peel off their more radical supporters.

The main threat to Labour comes from the Greens, who emphasised big tax hikes on the rich and redistribution at their Manchester conference, positioning themselves as a progressive alternative to Labour. Their wish list includes a wealth tax, aligning capital gains tax with income tax, aligning tax rates on investment income with national insurance rates, removing the national insurance upper earnings limit, reforming inheritance tax and increasing windfall tax and fuel duty. The Greens also continue to want a hefty carbon tax on fossil fuel imports and domestic extraction.

The pressure on the Conservatives comes from Reform UK, in many ways the Greens' mirror image. While the Greens argue for closer EU ties, tolerant immigration and carbon taxes, Reform rail against the EU, mass migration and the 'extreme cult of net zero'. And while the Greens' manifesto called for £172 billion in tax increases, Reform put forward £90 billion of cuts.

In normal times, Labour and the Conservatives would lean towards the centre ground for electoral success. But the pressures from newly amplified radical voices in the new parliament mean that both may end up paying as much attention to their outside flank as to the inside, especially if (as is likely) smaller parties rise in the polls.

The SNP are still around too, despite taking a battering in July. They face a dilemma. A trade union-inspired motion at their Edinburgh conference called for the maximum use of Scotland's devolved tax powers to target the wealthiest Scots. But the new leadership team of John Swinney and Kate Forbes, in post since May, are conscious that the limits of tax devolution may have been reached, if not already breached. Forbes, the Deputy First Minister, warned a fringe that wealthy Scots could leave the country if taxes increased further, even though HMRC has yet to find any notable evidence that people are foregoing Scotland because of its higher tax regime.

Plaid Cymru, who met in Cardiff in mid-October, scent the opportunity to

make gains from Labour in the 2026 Senedd election, pressing an agenda which includes increased fiscal devolution and higher taxes on the wealthy. The party has looked on with envy at the more extensive tax-raising powers enjoyed by its northern nationalist neighbours in Scotland.

A few predictions

So what can we expect in this parliament tax-wise? Six predictions.

1. The government will test the elasticity of their manifesto commitments, garnering accusations that they are breaking their spirit, if not their word, though they will maintain they are keeping their promises. Capital gains tax, employers' national insurance and special-purpose levies bearing a remarkable resemblance to existing taxes (which may or may not be loosely hypothecated) will help to raise the extra money they need.
2. The focus on administration and compliance will intensify as Labour pursue ambitious targets to cut the tax gap. Aggressive legislative and regulatory measures will ruffle feathers among affected groups.
3. Efforts will be redoubled to find 'virtuous' tax increases, from new

'polluter pays' levies to sector-specific taxes to deal with particular menaces (for example, taxing big tech to pay for young people's mental health services).

4. There will be increasing support for a shift to taxing consumption. Surprisingly, this will be across the parties, with some Conservatives arguing for higher VAT to enable more salient taxes to be slashed, while politicians of the centre and left will seek to frame the debate more around carbon taxes.



The main threat to Labour comes from the Greens, who emphasised big tax hikes on the rich and redistribution.

5. The Conservatives will argue ever more vociferously for tax cuts to boost growth and stimulate the economy as the mini-Budget drifts into history. Labour will launch an array of microtargeted tax incentives – beginning with the Business Tax

Road Map – but the opposition will dismiss these as inadequate.

6. The most detailed party policy paper of the parliament on tax will once again come from the Lib Dems. It will contain more tax shifts than tax hikes and the most popular and workable ideas will be rapidly cherry-picked by Labour.

And with that, conference season fades into the background and attention turns back towards the new parliament.

As you read this, the Budget will have set the scene for Labour's approach to the next five years of tax policy and the Conservatives will have in place new leaders focused on finding a path back to power. But if the last 10 weeks has felt like an eternity, the next five years will feel like an eon. Fasten your seatbelts!

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Sharpen Your
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We are pleased to once again bring you our popular Sharpen Your Tax Skills series in conjunction with the AAT, with two virtual sessions taking place in November and December. These online sessions have an interactive, practical focus, combining essential technical updates with case studies. Delegates will have the opportunity to contribute their thoughts on the case studies and examples covered, as well as ask questions of their own.

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Coping with VAT forms

Get to grips with the paperwork

We give practical tips on important VAT forms that need to be completed during the life of a typical business, highlighting common errors to avoid.

by Neil Warren

HMRC has often claimed that big backlogs in issuing VAT registration numbers are caused by basic errors made by the applicants when they complete Form VAT 1. These mistakes mean that officers must usually contact the business owner or adviser for more information, with inevitable delays and wasted time for everyone.

In this article, I will consider important VAT forms that are submitted

to HMRC, including the option to tax forms in the VAT 1614 series, which must be completed by property owners and landlords involved in a range of property deals.

Registering for VAT: Form VAT 1

The default position to register for VAT is to complete the application form online. This produces the following benefits:

- The online process alerts the applicant to possible errors made in the completion of the form, preventing unnecessary delays and corrections at a later date.
- The online submission takes away the risk of a 'lost in the post' outcome of a paper application.
- HMRC has confirmed that it processes online applications quicker than postal forms.

Postal applications can still be made in limited circumstances if:

- it is 'not reasonable or practical to use the online service' because of age, health, disability or location;
- there is an objection to using computers on religious grounds; or
- there is no access to the internet.



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Key Points

What is the issue?

The high amounts of tax involved with land and property transactions means that an understanding of the main principles of the option to tax procedures and the forms to complete is important.

What does it mean to me?

A business registering for VAT must be clear about the difference between the compulsory and voluntary registration dates. It can register before the compulsory date but not afterwards.

What can I take away?

Errors notified to HMRC on Form VAT 652 will be subject to an interest charge for underpayments but this can be averted if the error has not led to any tax loss to HMRC and a box is ticked on the form to confirm this outcome.

In such cases, the applicant must telephone HMRC and ask for a postal form. In other words, HMRC must be satisfied that an online submission is not practical.

Note: If an application involves supplies linked to property – either

BUILDER BOB: COMPULSORY DEREGISTRATION

Bob decided to retire on 31 March 2024. He should deregister on this date as he has ceased to make taxable supplies.

He can still claim VAT paid on expenses incurred after this date that relate to his period of registration by submitting a claim to HMRC on Form VAT 427; e.g. accountancy fees that relate to his trading period. The form can also be used to reclaim output tax declared on a return where the customer never paid the invoice; i.e. bad debt relief as long as the relevant conditions are met (see HMRC Notice 700/18).

OPTION TO TAX FORMS: COMMON ERRORS

Form VAT 1614A

Most option to tax elections notified to HMRC are made by submitting this form, which means that future income earned from a specified building or plot of land will be standard rated rather than exempt.

There are two different dates to consider:

- First is the date when the business took the *decision* to opt.
- Second is the *notification* on Form VAT 1614A, which must be made within 30 days of the decision date. HMRC will reject the form if the date requested is more than 30 days before the decision date.

Retrospective election date

If a business took the decision to opt but failed to notify HMRC within 30 days, HMRC will usually backdate the election date if the business can provide proof of its original decision; e.g. by showing that VAT has been charged on rental invoices since the original date (see HMRC Notice 742A para 4.2).

Form VAT 1614H

What happens if a landlord has rented out a property for the last five years and never charged VAT on rental supplies because they have never opted to tax but now wants to opt to tax and charge VAT on future income?

The landlord must consider whether Form VAT 1614A is still the correct form to complete because ‘automatic permission’ applies to the option or whether the business must instead complete Form VAT 1614H and seek HMRC’s permission.

The relevant section to review is HMRC Notice 742A s 5, which explains four qualifying conditions. If a business meets one of the conditions listed in Box D of para 5.2, it can still complete Form VAT 1614A but the outcome of ‘automatic permission’ is recorded on the form.

Form VAT 1614D

This form is relevant if a person or business acquiring an opted building intends to use it as or convert it into either dwellings (e.g. houses, flats or bungalows) or a building for a relevant residential purpose (e.g. student accommodation or an elderly persons home).

The sale will be exempt from VAT rather than standard rated because the seller’s election is overridden. The buyer must give the form to the seller before exchange of contracts; i.e. before the price of the deal is legally fixed.

Form VAT 1614J

An election can be revoked when it has been in place for 20 years; future income from renting out or selling the land or building by the original opter will be exempt from VAT rather than standard rated.

A common error is to think that the relevant date with the 20 year rule is when the building was purchased. This is incorrect – it is all about the date when the election first took effect.

construction services or development projects – the questionnaire form VAT5L must also be submitted.

Effective date of registration

To reduce potential confusion, it is important to be clear about the difference between a compulsory date of registration and a voluntary date.

To share a tale, I recently reviewed a Form VAT 1 prepared by an accountant on behalf of a client and the question about the date when the taxable turnover threshold was exceeded was answered as 31 May 2024. This meant a compulsory registration date of 1 July 2024; i.e. 30 days after the limit was exceeded. So far, so good.



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However, in the section headed ‘Do you wish to apply for an earlier date of registration?’, the accountant answered: ‘Yes, 1 August 2024.’ You can request a date that is before the compulsory date – usually to produce an extra input tax windfall – but not afterwards.

Another common error is to misunderstand the forward looking registration test. If a business expects to make taxable sales of £90,000 or more in the next 30 days, the registration date is the beginning of the 30 day period.

Exception or exemption?

Are you clear about the difference between a request for an ‘exception’ to registering for VAT and an ‘exemption’? Both words start with ‘ex’ and finish with ‘-tion’ so the confusion is understandable.

- **Exception:** A business has exceeded the compulsory threshold on a temporary basis but expects that its taxable sales in the next 12 months will be less than the deregistration threshold of £88,000.
- **Exemption:** If the business registered for VAT, it would submit regular repayment returns; i.e. input tax would regularly exceed output tax, mainly due to zero-rated sales.

HMRC Notice 700/1 paras 3.7 and 3.11

When requesting an ‘exception’ from registering – which must be agreed with HMRC and cannot be assumed to be an automatic right – a business must select the reason for exceeding the threshold from either question 7, 8 or 9 on Form VAT 1 and then select the box requesting an exception. A covering letter should be submitted which clearly shows – with evidence – why an exception should be granted. Form VAT 1 should be fully

completed on paper. If the exception is rejected, HMRC will treat it as a normal application and issue a registration number.

Deregistration: Form VAT 7

For deregistration purposes, there are also ‘compulsory’ and ‘voluntary’ deregistrations. In both cases, the form to submit online to HMRC is a Form VAT 7.

- **Compulsory deregistration:** A business has ceased to make taxable supplies. The deregistration date is the date of the final sale.
- **Voluntary deregistration:** A business is still trading but expects its taxable sales will be less than £88,000 in the next 12 months.

A common error with compulsory situations is to delay deregistering on the basis that there is outstanding input tax to claim. See **Builder Bob: compulsory deregistration**.

The most common error with voluntary deregistrations is to forget about the need to account for output tax on assets still owned on the date of deregistration and where input tax was claimed when they were purchased. Output tax is calculated according to the market value of the assets on the deregistration date, subject to a deminimis VAT amount of £1,000.

Error corrections: Form VAT 652

A business can correct errors on its next return – rather than submit Form VAT 652 to HMRC as a formal notification – where the net tax owed or owing is less than two limits:

- £10,000; and
- between £10,000 and £50,000 if this amount is also less than 1% of the

Box 6 outputs figure on the return where the correction is being made.

For example, the Box 6 outputs figure on the return to the period ending September 2024 is £3.5 million. The business can correct past errors on this return if the net amount owed or owing is less than £35,000.

Errors on returns that are more than four years ago are out of time and cannot be adjusted. Here are two common errors with Form VAT 652:

- **Interest:** HMRC’s computer will automatically charge interest on any underpayments to reflect the late payment of the tax in question. However, if an error has not resulted in a loss of tax to HMRC, a box can be ticked to avert an interest charge. The most common situation is when output tax not charged by one business would have been fully claimed as input tax by the recipient. (See VAT Notice 700/43 para 2.2.)
- **Careless behaviour penalty:** If a business corrects an underpayment on its next return because the net amount owed or owing is within the limits explained above, Form VAT 652 should still be submitted to HMRC to fully disclose the details of the errors if they were caused by careless behaviour. This will reduce a potential penalty of 30% to nil. However, it is important to tick the relevant box to confirm that disclosure is being made for penalty purposes. Otherwise, HMRC will issue an assessment for the underpayment, which will cause a lot of unnecessary complications and double-paid tax.

Option to tax forms

Even though the option to tax regulations have been in place since 1 August 1989 – when Margaret Thatcher was still prime minister – there are still many common errors made with the option to tax forms that relate to property deals.

The option to tax forms range from VAT 1614A to VAT 1614J and must be completed by the right people at the right time because the amounts of tax involved with property deals are considerable and mistakes can be costly. See **Option to tax forms: common errors**.

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Furnished holiday lets

The end of an era

We consider what the 2025 tax changes will mean for married joint owners of furnished holiday lets.

by **Antonia Stokes and Kate Willis**

Key Points

What is the issue?

From April 2025, the furnished holiday let regime will be abolished. Without any action being taken, most married or civil partnered joint owners of furnished holiday let properties will become subject to the usual rules around joint property profit allocations – a default 50:50 split.

What does it mean for me?

In most cases, married and civil partnered joint owners who currently allocate profits unequally will need to be proactive if they wish to preserve this arrangement for tax purposes. A Form 17 declaration can be used to achieve unequal profit allocations, but the rules are not straightforward and adjustments to the underlying beneficial ownership might be required ahead of time.

What can I take away?

Preparations will need to take place in advance of the abolition of the furnished holiday let regime. Advisers need to be talking to clients about this early on to ensure the necessary arrangements are in place from the beginning of the next tax year.

As we know, from 6 April 2025, furnished holiday let properties will, for the most part, be treated as normal property rental units. No more bells, no more whistles. Consequently, there are many changes that the owners of furnished holiday let properties, and their advisers, need to get up to speed with as we approach the abolition of the regime from April 2025. Aside from the ‘big ticket’ changes, such as the availability of capital allowances and business asset disposal relief, there is another, slightly more subtle, consequence of the end of the furnished holiday let regime: the ability to flexibly allocate profits between individual joint owners who are married or in a civil partnership.

This flexibility has allowed married couples and civil partners to take advantage of lower marginal tax rates or to reflect uneven effort in running the holiday let activity. The purpose of this article is to highlight the need for married furnished holiday let joint owners and their advisers to consider whether they need to take action – in time for the start of the 2025/26 tax year – particularly if they wish to preserve an unequal profit allocation.

We are only considering the position for joint owners who are married or in a civil partnership and ‘living together’. For ease, we simply refer to ‘married couples’ and ‘spouses’ throughout. We are not considering partnership property.

PRACTICAL POINTS: FORM 17

These are some issues for the furnished holiday let co-owners to bear in mind when considering a Form 17 declaration:

- The declaration must be made jointly by the joint owners.
- A separate declaration must be made for each property (it does not apply to the combined 'property business').
- HMRC will require evidence that the unequal beneficial interests are in the proportion set out in the declaration – normally, a deed of trust or a deed of assignment.
- Once the Form 17 declaration has been made, it is permanent. The joint owners cannot go back to being taxed 50:50 on that property, unless there is a later change in the beneficial interests to own the property equally.
- Changing the allocation of beneficial ownership may have other tax implications, including for capital gains tax, stamp duty land tax (or for the land and buildings transaction tax in Scotland or the land transaction tax in Wales) and inheritance tax.
- Form 17 only takes effect for income tax. However, HMRC takes the Form 17 declaration as evidence of the existence of an express agreement concerning the ownership of the assets and will follow that split in assessing the gains on disposal (see the Capital Gains Manual CG22020).
- The declaration only takes effect from the date it is signed (not from the date of any change to the beneficial interests) and cannot be backdated.
- The declaration must reach HMRC within 60 days of being signed and dated by both parties.
- If the form does not reach HMRC within 60 days, it is invalid and a fresh declaration will need to be made.
- A Form 17 declaration is **not** required where a property is legally owned by one spouse only, even if each spouse has an underlying beneficial interest in the property (a bare trust scenario). In this case the default 50:50 income split does not apply.

EXAMPLE: ALI AND MARY

Ali and Mary are married. They own a UK furnished holiday let as tenants in common, in equal shares. Ali oversees the management of the furnished holiday let, such as dealing with bookings, cleaning and welcoming the guests. They have always split the rental profit as 80% to Ali and 20% to Mary, to reflect Ali's contribution to running the furnished holiday let. This is also beneficial to the couple as Mary is a higher rate taxpayer, whereas Ali has no other income. Ali and Mary intend to continue with this arrangement after 6 April 2025.

Pre-6 April 2025: Ali and Mary fall within exception D in ITA 2007 s 836(3), and are therefore not *necessarily* required to declare the rental income on a 50:50 basis. However, beneficially, the property is owned 50:50, so on what basis are they able to depart from that? In this case, given Ali's higher contribution to running the furnished holiday let, the couple's tax adviser felt the 80:20 split was justifiable and HMRC has not raised any objection.

As such, Ali and Mary have always been taxed on the income in accordance with the agreed 80:20 split.

Post-6 April 2025: From 6 April 2025, exception D within s 836(3) will no longer exist. Ali and Mary will be taxable on a 50:50 basis, regardless of Ali's contribution to running the furnished holiday let.

Planning steps

If Ali and Mary wish to continue to be taxed on an 80:20 basis, they would need to take the following steps *before* 6 April 2025:

- The underlying ownership of the property would need to be altered. This effectively means that Mary would need to 'gift' 30% of the property to Ali, bringing his share up to 80%.
- To be effective, this gift would need to be in writing (as set out in the Law of Property Act 1925 s 53(1)(b)). In making the gift, Ali and Mary would need to be mindful of any potential exposure to stamp duty land tax, land transaction tax or land and buildings transaction tax if there are outstanding borrowings on the property, and any other tax consequences or legal requirements such as lender's consent.
- They would need to make a joint declaration to be taxed on their actual ownership share using Form 17. The form should be signed **on 6 April 2025** and submitted to HMRC within 60 days.

The current position: before the abolition of the furnished holiday let regime

Most advisers will be familiar with the two different forms of beneficial co-ownership for land and buildings under English law:

- as joint tenants, where each owns an indivisible share of the whole property, and their notional interest automatically passes to the co-owner on death by law; and
- as tenants in common, where each owns a distinct share of the property, not necessarily equally, and ownership of a share can be passed by will or intestacy.

(Note: The position and terminology under Scottish law and in Northern Ireland may differ slightly and should be checked.)

For non-furnished holiday let properties, the default position – absent any Form 17 declaration (more on that later) – is that spouses are taxed equally on income arising, under Income Taxes Act (ITA) 2007 s 836 (2), regardless of the underlying beneficial ownership.

In the case of furnished holiday let properties, exception D and exception DA within ITA 2007 s 836(3) currently provide an important automatic 'let out' from the 50:50 rule, providing the ability to take a more flexible approach to profit allocation for income tax purposes between married joint owners. There are some points to bear in mind on flexible furnished holiday let profit allocations:

- If a furnished holiday let is held by co-owners **as joint tenants**, then they are taxable on income from their property according to their actual indivisible beneficial interests in a 50:50 split.
- If a furnished holiday let is jointly held **as tenants in common**, they are taxable on income from the property according to their actual beneficial ownership share which may not be equal; for example, if one spouse has contributed 60% of the funds to acquire the property and the other spouse 40%, and the beneficial ownership is agreed in those proportions (and supported with evidence).
- However, the furnished holiday let co-owners might wish to agree a different, more favourable allocation of the profits, not necessarily in line with their actual beneficial (capital) ownership. This might be desirable to take account of their differing marginal tax rates, for instance if one spouse is a higher or additional rate taxpayer while the other is a basic rate or a non-taxpayer.

HMRC guidance at Property Income Manual PIM1030 indicates its view that *unmarried* joint owners can agree a different profit split for income tax purposes – independent of their underlying beneficial ownership.

Where *married* joint owners are excluded from ITA 2007 s 836(2) under exception D or exception DA, they fall to be treated in the same way as unmarried co-owners. This in turn appears to mean that in HMRC's view, they are able to split profits in a different manner to their underlying beneficial ownership, if they wish.

Although there is no reference at PIM1030 to the settlements legislation, care needs to be taken that the allocation does not fall foul of those rules. Provided that it is commercially justifiable, however, they should be taxed on their agreed income tax split. This might be because more work is done by one non-working spouse (taking bookings, attending to guests, handling changeover and laundry arrangements, etc.) than the other spouse.

What changes from 6 April 2025?

From 6 April 2025, exception D and exception DA in ITA 2007 s 836(2) will fall away.

Married couples who co-own a furnished holiday let property will no longer have an 'automatic let out' from ITA 2007 s 836(2) on the basis that the property is a qualifying furnished holiday let. Consequently, they will be taxed on the former furnished holiday let income on a 50:50 basis for income tax purposes, regardless of their actual beneficial interests – unless specific action is taken.

Time for action

Where the deemed 50:50 income split for tax purposes applies from 6 April 2025 under ITA 2007 s 836(2), married joint owners will have the same options available to them as are currently available in respect of 'normal' (i.e. non-furnished holiday let) rental properties.

As such, readers will be familiar that it is possible to depart from the 50:50 rule by making use of a further exception under s 836(3): exception B. This exception provides that the default 50:50 does not apply where the couple has made a valid declaration of unequal beneficial interests under ITA 2007 s 837.

In brief, a declaration under s 837 allows joint property income to be split unequally between spouses provided that:

- the underlying ownership of the property is in fact unequal between the married joint owners;

- the income allocation follows that same unequal ownership split; and
- a Form 17 declaration has been validly made (see [tinyurl.com/4n5uzfts](https://www.tinyurl.com/4n5uzfts)).

In such circumstances, the property income will be taxed in accordance with the **actual beneficial ownership** shares instead of a deemed 50:50 split.

Of course, due to the legal construct of two methods of joint ownership (joint tenants and tenants in common), it is not possible to make a Form 17 declaration where spouses own the property as joint tenants, unless they first take steps to end or sever the joint tenancy to achieve an unequal ownership split.

Furthermore, the Form 17 method still might not put the joint owners in the same position as under the furnished holiday let rules for splitting profits flexibly under exception D. There is no ability under ITA 2007 s 837 to allocate profits based on the 'effort' by the individual owner or any other reasonable justification. The profit split can only reflect the underlying beneficial interests of the owners in respect of both the capital and income entitlement (which must be the same).

This might mean that adjustments to the capital beneficial interests are required now, ahead of 6 April 2025, for properties held as tenants in common if the current underlying ownership split does not match the desired income split. See **Example: Ali and Mary** for an illustration of how this might look in practice.

In all cases where there is a change to the underlying beneficial ownership, consideration will need to be given to the wider tax consequences of changing the capital shares. For example, if there is a mortgage on the property, any transfer may trigger a stamp duty land tax charge

(or the equivalent in Scotland or Wales), even if nothing is paid for the transfer. Further, in cases where a severance is required to convert the ownership from joint tenants to tenants in common, it is necessary to also update the Land Registry to show a 'Form A Restriction' on the title.

The timing of the Form 17 declaration

It is understood that HMRC generally enforces the 60 day time limit strictly. The CIOT has suggested that it should be possible to backdate Form 17 to the start of the preceding tax year at least (see www.tax.org.uk/ref1353). This would allow taxpayers to adopt their preferred allocation from the start of the preceding tax year if they only became aware of the 50:50 rule when they start preparing their tax return. The Office of Tax Simplification recommended the abolition of the 'anachronistic' 50:50 rule altogether.

However, as the rules stand, time is running short for furnished holiday let joint owners to ensure that their beneficial ownership of the property is understood, varied if necessary (with legal advice), and a valid Form 17 is ready to be signed by both joint owners on the 6 April 2025. It is not clear if HMRC would reject a Form 17 declaration signed *before* 6 April 2025. However, in the interests of safety, it would seem a risk not worth taking – particularly since the rejection would require a new declaration to be made, without any possibility of backdating to the beginning of the tax year.

The authors' view is that Form 17 declarations for furnished holiday let properties should be jointly made on 6 April 2025 (and received by HMRC within 60 days) if the owners wish to ensure that the desired income split is achieved from the first day of the new tax year.

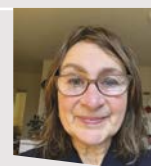
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Balancing benefits and compliance

The National Minimum Wage

by Susan Ball and Charlie Barnes

With increased Minimum Wage rates due in April 2025, we consider the risks that can threaten compliance with the legislation.



The National Minimum Wage (NMW) came into force under the Labour government in 1999. Interestingly, some form of wage control has been in existence since the Fair Wages Resolution of 1891. The National Minimum Wage Act 1998 also provided a statutory framework for the Low Pay Commission, which was set up in 1997 and which makes recommendations on minimum wage rates and other aspects of the minimum wage regime.

With increased rates due in April 2025, the phasing out of the wage band for those above 18 and heightened compliance activity from HMRC, the issue of NMW is a hot topic.

It is therefore advisable for employers to keep on top of NMW compliance, noting that any buffers they had in hourly pay are likely to reduce. However, employers should not only be closely monitoring those staff who are paid near to NMW rates. In our experience, employers often neglect to consider those who are more highly paid, which can prove a costly mistake.

Here, we explore the intricate balance between offering attractive benefits and maintaining NMW compliance, particularly focusing on

the implications of salary sacrifice and the impact of excess working hours on salaried employees – two of HMRC's top five risk areas.

The other three risk areas are: additional working time; interns and volunteers; and the number of weeks in a year for calculations, which could be considered to be one of the following options:

- $52 \times 7 = 364$
- $52.14 \times 7 = 364.98$
- $52.18 \times 7 = 365.26$
- $52.2857 \times 7 = 366$

Where employers are found to have been underpaying the NMW over the previous six years, they must pay the arrears back to the underpaid workers (including ex-workers) and can face penalties of up to 200%. The Department for Business and Trade will also publish the names of employers who fail to comply with NMW laws as a deterrent to others.

Worker categorisation is critical

The first step that employers should undertake for compliance is an assessment of their workers to identify which worker categorisation they fall into for NMW purposes. Without undertaking this exercise, the employer can't know what NMW calculation

methodology to apply. The main categories include:

- **Time work:** Workers paid by the hour must receive at least the NMW for each hour worked.
- **Salaried hours work:** For workers with a contract for a basic number of hours each year and an annual salary, their pay must be divided by the total hours worked to ensure that they meet the NMW.
- **Output work:** Workers paid by the piece or task completed must receive at least the NMW for the total hours worked, calculated based on the number of pieces produced.
- **Unmeasured work:** Workers whose hours are not measured, or not easily measured, must have their pay calculated to ensure they meet the NMW for the estimated hours worked.

If a worker is incorrectly categorised, they may not receive the correct NMW rate, hours worked may be incorrectly recorded, payments may not be made in the correct pay reference periods, or processes and controls used to track compliance by the employer may be incorrect.



Why are salaried workers a risk?

Many workers receive an annual salary based on a minimum weekly number of hours, typically between 35 and 40. However, it is a common misconception that they automatically qualify as performing salaried hours work for NMW purposes. To qualify, the criteria outlined in Regulation 21 of the National Minimum Wage Regulations 2015 must be met. HMRC provides a 'Flowchart to decide if salaried hours work applies', summarising these rules, at [National Minimum Wage Manual NMWM07025](https://www.tinyurl.com/ycy2svzh) (see [tinyurl.com/ycy2svzh](https://www.tinyurl.com/ycy2svzh)).

The rules were amended on 6 April 2020 by the National Minimum Wage (Amendment) (No. 2) Regulations 2020, with transitional provisions for recategorised workers. For these workers, the amended conditions apply from the start of their first calculation year, beginning after 6 April 2022.

Consequently, employers should have reassessed their NMW compliance during this period to ensure that all workers met the criteria and understood the applicable calculations, as well as establishing the category for any new workers after this date.

The advantage of a salaried hours contract is that it provides consistent

pay and hours across each weekly or monthly pay reference period, regardless of the actual hours worked within the pay reference period. If an employee exceeds their annual hours during the year, however, they must be paid at least the NMW for each excess hour worked.

Similarly, if an employee leaves part-way through their calculation year, the employer must ensure they have not been underpaid. This is particularly relevant for sectors with significant seasonal fluctuations in work demand, and causes employers confusion around the processes and controls needed to obtain compliance for this group of workers.

For salaried workers, the main risk identified in HMRC reviews, particularly from the second half of 2022 and early 2023, has been the calculation of excess hours. What is the excess hours calculation? For salaried hours workers, compliance is evaluated over the course of the worker's 'calculation year', which means that the worker must receive at least the NMW for their total hours worked during this period. While most salaried workers may not breach requirements in individual pay periods

Key Points

What is the issue?

With increased rates due in April 2025 and heightened compliance activity from HMRC, National Minimum Wage compliance is a hot topic for employers. Employers must assess their workers' categorisation for NMW purposes, such as undertaking time work, salaried hours work, output work or unmeasured work. Incorrect categorisation can also lead to underpayment and non-compliance.

What does it mean for me?

Salaried workers with a set annual salary and minimum weekly hours are often miscategorised. Employers must ensure they meet the criteria for salaried hours work and correctly calculate excess hours worked beyond the annual hours. Salary sacrifice schemes can also lead to NMW underpayment if not carefully monitored.

What can I take away?

Employers should prioritise compliance by regularly reviewing processes, worker categorisations, rates and eligibility, inclusions and exclusions, and record-keeping.

where additional hours are worked, a breach could occur when considering the entire year, often in the last pay period. This annual review is a complex calculation.

Unless a 'standard' calculation year is chosen and notified by the employer (as per the National Minimum Wage Regulations) and agreed upon with workers, working time may need to be assessed over an annual period for each individual worker, typically based on their employment start date. This could require the employer to manage up to 366 different definitions of 'a year' for their employees.

How you monitor for excess hours can involve a number of requirements. HMRC provides guidance at MNWM08133, where it gives examples of calculating excess hours where the basic hours are exceeded in a pay reference period (see [tinyurl.com/4eya6ec](https://www.tinyurl.com/4eya6ec)).

A critical question arises: how many employers track the actual working time of salaried employees? Without this, it is impossible to perform an excess hours calculation and accurately check for compliance with the NMW. The prevalence of remote and hybrid working, where the capturing of working time is more difficult, complicates this further.

Why is salary sacrifice a risk?

A salary sacrifice arrangement involves an employee agreeing to a reduction in their cash pay in return for a non-cash benefit. Common examples include additional pension contributions, cycle to work schemes and childcare vouchers. These schemes can be beneficial for both employers and employees, offering savings on tax and National Insurance contributions. However, because they reduce a worker’s pay, they can also lead to NMW compliance issues.

In December 2018, the government initiated a consultation to examine the impact of NMW rules on salary sacrifice schemes. The consultation aimed to determine whether employers were withdrawing salary sacrifice benefits from low-paid workers to avoid breaching the legislation.

The government’s response was published on 11 February 2020, and revealed that 55 out of 101 respondents were either withdrawing or restricting salary sacrifice schemes due to NMW requirements. However, the government decided against amending the legislation to permit workers to accept pay below the NMW, citing the risks to workers and the potential for exploitation as outweighing the benefits.

In May 2024, in response to a written question, Kevin Hollinrake MP confirmed that the government had no plans to amend the legislation to allow salary sacrifice arrangements or deductions that reduce pay below the NMW. Employers must therefore ensure that they monitor the impact of all salary sacrifice schemes on NMW compliance carefully. We often find that these checks are undertaken by payroll, but this only forms part of the compliance picture. Employers must have processes and controls to ensure

that entry into a salary sacrifice scheme will not create a NMW risk, and consider the aggregate effects of all salary sacrifice schemes that the worker may be seeking to take part in.

Where it looks like a breach may occur, the employer may choose to prevent the worker from joining the scheme in the first instance, or impose a limit on the amount the worker can sacrifice. It may also result in the need to report the benefit in kind for tax purposes differently.

To demonstrate a real-life example, a worker is paid an annual salary of £45,000 and is contracted to work 40 hours per week. If they participate in their employer’s salary sacrifice pension and sacrifice 6%, working a single hour of unpaid overtime each day would mean they would exceed their annual hours in month 11, and would breach the NMW by month 12 if they were a salaried worker and no top-up payment is made. Had this worker been categorised as performing unmeasured work, there would be no excess hours’ calculation and no breach of NMW. This reinforces the need for employers to not only review their worker categorisations, but also to decide which is most appropriate when

considering the type of work they do and the NMW compliance requirements.

What should employers do?

Ensuring NMW compliance should be a top priority for all employers, and it should also be added to risk registers. It’s complex and therefore easy to make mistakes. Given the penalties which apply, and the potential reputational damage which can be caused through naming and shaming, employers should regularly review their processes and procedures, making swift changes if any breaches are identified.

The key aspects that employers should be aware of when monitoring NMW compliance fall into the following areas:

- worker categories;
- rates and eligibility;
- inclusions and exclusions;
- record keeping; and
- training and updates on legislation and case law.

Keeping on top of these, undertaking regular reviews and seeking advice when needed will go a long way to mitigating the risk of a breach.

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Salaried members guidance

Changes to the rules-based test

HMRC's updated guidance on Condition C of the targeted anti-avoidance rule has been met with consternation among some professional services partnerships.

Since its introduction just over 10 years ago, the salaried member legislation has been an important compliance area for many professional services limited liability partnerships (LLPs), especially those that operate a two-tier equity model for junior and senior partners. In short, these rules have the potential to treat individuals, who are legally engaged as members of the LLP, as employees for tax purposes.

As a result of the extensive engagement that the professional services industry had with HMRC in the gestation of the legislation, HMRC developed comprehensive guidance which has largely enabled firms and their advisers to be comfortable that they understand how to apply the rules in practice. At least, that was the case until February 2024, when HMRC made a small, but highly significant, change to that guidance.

The updated guidance suggests that HMRC may apply the targeted anti-avoidance provisions in the salaried member legislation in a way that may affect the approach that some firms have taken towards their initial and ongoing compliance with the rules – and which, for good reason, they have always understood HMRC to be at ease with.

In this article, we give a recap of the basic rules as they apply to professional services firms and the impact of the revised guidance to these firms. However, we think it is essential to consider the background (and history) of what a typical professional services LLP equity model looks like, as the context is key to interpreting HMRC's guidance (including the recent revision). It is also important to flag that the salaried member rules only apply to LLPs established under the Limited

Key Points

What is the issue?

The salaried member rules introduced by HMRC in 2014 treat certain LLP members as employees for tax purposes if they meet three rules-based conditions related to their remuneration, influence and capital contribution. Condition C requires a member's capital contribution to be at least 25% of their 'disguised salary'.

What does it mean for me?

A recent update to HMRC's guidance suggests that periodically increasing capital contributions in response to their expected disguised salary to avoid meeting Condition C could be considered avoidance. This change has caused concern among firms and practitioners, as it appears to contradict previous understandings with HMRC.

What can I take away?

We consider the potential reasons behind HMRC's change in interpretation and the need for firms to be more thoughtful in their approach to Condition C, document their policies, and present a comprehensive picture to HMRC if asked about their practices.

by Karen McNicholls
and Jo Hayward

Liability Partnerships Act 2000, and not to other types of partnership.

The limited liability partnership model

Before LLPs became available in 2000, professional partnerships were typically established as general partnerships (under the Partnership Act 1890). Limited partnerships (established under the Limited Partnerships Act 1907) have never been a suitable vehicle for such businesses.

Corporate structures have been adopted to some extent, but in certain professional services areas (especially law and accountancy) the partnership model was borne out of historic regulatory rules and is deeply entrenched in terms of culture, convention, coherence with other jurisdictions in which the firm might operate, and the customary stakeholder relationship that exists between partners, firms and their clients.

The availability of the LLP transformed the landscape for professional services firm structures. Its balance of limitation of liability, with the preservation of many of the traditional features of partnership, has proven to be an extremely constructive legal framework to enable firms to thrive in an increasingly complex environment. It has also increased the attractiveness and accessibility of becoming a member in such a firm.

Most professional services firms still operate a traditional career progression model, involving a pathway through training or qualifications, followed by promotion through the hierarchy to develop professional skills and experience. The top level of seniority – partnership – is generally associated with individuals who stand apart in their mastery of their professional discipline, who are ready to take personal responsibility for the quality of their work, and who are involved in the broader growth and success of the firm.

Some firms have a separate class of ‘junior’ equity partners, often as a stepping stone to progression to the more remunerative ranks of senior partnership. Junior partners usually have the same or similar professional standing and responsibility as more senior partners, and operate at a clearly differential level of responsibility to the employees.

The promotion to equity partner normally results in a step up in remuneration. In return, the partner is expected to give up their employment rights, accept various legal risks that come with partnership, possibly live with a longer deferral of at least some of their remuneration, and accept the income volatility that is a consequence of sharing in profits.

At the lower rungs of the profit-sharing ladder, this volatility (combined with the other factors) can be problematic. These partners often have less of a personal financial cushion and are often at a point in life where they have high fixed outgoings. Hence, some firms award these partners a base level of priority ‘fixed’ profit share, with a variable sum on top depending on firm and personal performance. This gives the partners more, but not complete (as it can never be guaranteed) security over their base remuneration level.

The tax status of partners

Turning to the question of the tax status of partners, for general (i.e. traditional) partnerships there has always been a need (for tax and legal reasons) to consider whether the relationship an individual has with their firm is, as a matter of fact and substance, one of partnership or employment.

This requires an analysis of various legal and contextual factors, rather than the application of a ‘bright line’ test.

Following the introduction of LLPs, HMRC’s view was that Income Tax (Trading and Other Income) Act (ITTOIA) 2005 s 863 required that every member of an LLP must automatically be regarded for tax purposes as self-employed.

However, in the ensuing years HMRC became concerned that the automatic treatment of members as self-employed for tax purposes was leading to abuse. For

example, a business could achieve a lower overall national insurance cost compared to employment simply by admitting an individual as a member of an LLP, rather than engaging with them under an employment contract.

There were also wider concerns about the potential to circumvent minimum wage legislation and other protections normally reserved for employees. From a tax perspective, this was the genesis of the salaried member rules.

The salaried member rules

Rather than use the contextual approach that would be used for general partnerships, a new rules-based test was developed that was considered to provide a more certain outcome. However, the policy intent has always been clear (and is stated in the current version of the guidance) that the provisions are intended to apply to members of LLPs who are more like employees than partners in a traditional partnership.

It is important to hold this thought in mind. The rules retain the basic s 863 provision; however, from 6 April 2014 three specific conditions were introduced.

If all three conditions are satisfied, then an individual will be treated for income tax and national insurance purposes as employed – with a corresponding deduction available in the computation of the LLP’s taxable profits in line with the deemed employment treatment subject to the normal rules on deductibility. In other words, failing one of the tests means that a member will be taxed as self-employed.

The three conditions are summarised as:

- a) The member provides services to the LLP and is remunerated for those services to the extent of 80% or more by way of ‘disguised salary’, the quantum of which does not vary by reference to the overall profitability of the LLP.
- b) The member does not have significant influence over the affairs of the LLP.
- c) The member’s capital contribution to the LLP is less than 25% of their ‘disguised salary’.

Condition A

Condition A deals with the expectation that a true partner is someone who shares in the ups and downs of the profits of the firm, but it applies a specific threshold. There are a few traps for the unwary, especially concerning the fact that the variable element has to be affected by the profits of the whole LLP.

The HMRC guidance is relatively comprehensive, with plenty of examples to draw from. Many professional services firms operate a remuneration structure for junior partners that allows them to reliably fall out of the rules on this basis.

Condition B

Condition B attempts to encode another of the traditional features of a true partner – the expectation that they are involved in the business as an owner/director, as well as a practitioner. Because the test refers to ‘significant’ influence, in practice it is mostly relevant to partnerships with few members – the HMRC guidance uses an example of a ten partner firm. Larger partnerships inevitably mean a dilution of the influence of any individual partner and such firms are also more likely to have governance arrangements that delegate certain authorities to executive teams.

Of the three conditions, this is the most subjective and usually the least relevant for professional services firms (even ones with few partners, and even post- the UTT findings in *BlueCrest* in 2023) as the junior partners to whom the salaried member rules are most likely to be relevant are also the least likely to hold highly influential roles. In our view, this test was always outdated, harking back to a time when traditional partnerships were much smaller (often by necessity).

Condition C

Condition C (the main topic of this article) deals with another traditional feature of a true partner – that they have a stake and financial exposure in the firm in the form of partner capital. The minimum capital expectation is set at 25% of the amount of the disguised salary (determined on the same basis as Condition A). For example, a partner with an entirely fixed profit share of £100,000 must have at least £25,000 capital in order to fail Condition C. There is no science behind the 25% – it was alighted on as representing a sufficiently material amount. In the real world, there is no set proportion of capital to profit share that firms require their partners to invest (whether they are senior or junior) as it depends on factors specific to each firm.

Partner capital is one of a number of sources of funding for firms, so there is usually a desire to balance the various sources, and this in turn depends on the capital requirements of the firm in context of its cash flows, capital projects and so on. It is also customary for firms to require that partners have some capital at risk as ‘skin in the game’, and in the case of LLPs this is a substantive component of the liability exposure of members.

Anti-avoidance provisions

From the outset, HMRC bolstered the salaried member rules with targeted anti-avoidance provisions (ITTOIA 2005 s 863G), in particular that no regard is to be had to any arrangements the main purpose (or one of the main purposes) of which is to secure that the salaried member rules do not apply.

This provision caused significant concern when the draft legislation was originally published, because it called into question whether partners entitled to a fixed share could increase their capital contribution in order to secure continued recognition as a self-employed partner.

The new rules were an inexact reflection of the long-established contextual rules, the 25% threshold was arbitrary, and so denying this pragmatic opportunity was considered to be at odds with the policy aim. It was therefore understood that individuals and firms should be at liberty to reorganise their affairs to fit within the parameters defined by HMRC, as a matter of policy, to secure tax treatment as a partner if and so long as the reorganisation is genuine, commercially effective and enduring.

Through discussions, HMRC reassured stakeholders that this was not a situation where the targeted anti-avoidance rule would be invoked, and the same principle seems to have been applied ever since when capital has been set or adjusted to ensure that the firm would be compliant in relation to newly admitted partners and those whose fixed profit share has changed. In practice, the 25% test operated much like a 'safe harbour'.

Updated guidance

With this backdrop, it came as a surprise when HMRC updated its guidance on the targeted anti-avoidance rule to catch a situation 'where members increase their capital contribution periodically in response to their expected disguised salary, in order to avoid meeting Condition C'. In our view, this does appear to represent a change in interpretation rather than a clarification, based on understandings established at the inception of the legislation and the way HMRC seemed to apply the rules in the years that followed. It is therefore understandable that the change has been met with consternation among firms and tax practitioners (the CIOT has made a compelling submission to HMRC in this regard).

How might this situation have arisen? Well, it is possible that the context that had originally enabled HMRC to be comfortable has become obscured over time. This context included the expectation that the capital was genuine (i.e. a part of the funding structure of the firm, and genuinely at risk).

This context also recognised the vagaries of how firms are commercially structured in practice. In applying a percentage threshold, junior partners, who in other respects carry the hallmarks of partnership, might fall either side of the 25% test purely by virtue of the proportionate blend of sources of finance that their firm has at that time. Such an arbitrary outcome would not be in line with the policy objectives of the rules. For example, it might penalise a firm that is particularly efficient at collecting cash, as such a firm might reasonably have overall lower funding requirements from partners than a firm that is equally profitable but collects cash more slowly.

We also wonder whether HMRC's prior practice had become so embedded that, in the course of communicating with HMRC, some firms' internal tax teams and their agents had aligned themselves with the premise that HMRC was applying the test as a safe harbour, and presented the

approach they were taking to Condition C in line with that philosophy.

On a narrow interpretation, this may have given HMRC officers pause for thought in the context of the targeted anti-avoidance rule. For example, a firm might tell HMRC that they increase capital to manage the salaried member exposure, believing HMRC to be comfortable with this, and calculations may be performed on this basis. However, that narrow lens on the question might not reflect the firm's broader objectives or policies. For example, most firms operate a written or unwritten principle of equitable treatment of partners, and this tends to mean that partners who earn more should have more capital at risk in the firm. Proactively managing the salaried member threshold with this backdrop seems entirely consistent with the policy objectives.

It is, of course, possible that HMRC's new guidance is not intended to contradict situations like this, and further clarity may emerge. However, it is undoubtedly a prompt for firms and their advisers to be more thoughtful about their approach to Condition C, how they might do a better job of presenting the whole picture to HMRC if asked, and to pay attention to their approach to documenting their policies in this area.

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Two fails and a knockout

Tax avoidance

We consider an appeal that concerns a flawed death-bed scheme intending to avoid inheritance tax.

by Keith Gordon

Without wishing to comment on the accuracy of the general public's perception of inheritance tax, it is probably fair to say it is widely considered to be an unpopular tax. The principal sentiment behind the tax's opponents is the desire to be able to pass wealth down the generations without what is perceived to be a large slice being taken by the authorities.

It is therefore unsurprising that many taxpayers have often taken steps to reduce the impact of the charge. In many cases, this is by using the exemptions and reliefs clearly set out in the legislation. (This article is being written ahead of the 30 October budget, which might propose radical changes to the tax landscape.) In other cases, it involves using schemes that might be viewed as more questionable.

In cases where an individual's health starts to deteriorate and death appears to be imminent (as opposed to cases where the individual dies suddenly), a realisation that the individual's estate will be subject to inheritance tax might focus the individual's mind (or the minds of the likely beneficiaries of the estate)

on strategies to mitigate the impact of the tax.

By that time, it is likely to be too late to undertake the more conventional forms of inheritance tax planning and any taxpayer seeking to mitigate the impact of inheritance tax is more likely to be attracted to some form of deathbed planning; most such planning is likely to fall under the general heading of 'tax avoidance'.

This article considers the case of *Carvajal and Carvajal (Executors of the Estate of Mrs Jennifer Fleet) v HMRC* [2024] UKFTT 651 (TC). The case concerns arrangements entered into by Mrs Fleet eight days before her death. The timing of her death might well be coincidental and it is entirely possible that Mrs Fleet had no awareness of her imminent demise, but was simply entering into the scheme with a view to saving inheritance tax at some future date. Equally, it does not seem unreasonable to infer that she had embarked upon some deathbed tax planning. In any event, Mrs Fleet's motives are irrelevant to the effectiveness (or otherwise) of the arrangements that she entered into.

Key Points

What is the issue?

The case concerns arrangements made by Mrs Fleet eight days before her death, potentially to mitigate inheritance tax. She settled £20,000 into a trust for her sons, which then borrowed £1.4 million with Mrs Fleet providing a personal guarantee. The loan proceeds were used to purchase bonds, which were distributed to her sons. The aim was to reduce Mrs Fleet's taxable estate by £1.4 million due to the liability from the guarantee.

What does it mean for me?

HMRC initially challenged the arrangements on three grounds but was forced to abandon two due to inadvertently issuing a certificate of discharge. The tribunal rejected the remaining ground, finding that the guarantee did not amount to a lifetime transfer and would only be called upon after her death.

What can I take away?

The executors had a lucky escape due to HMRC's procedural error, as the tax planning was ineffective. HMRC is expected to tighten procedures to prevent similar errors, while executors facing inheritance tax challenges should check for any inadvertent certificates of discharge.

The facts of the case

In May 2011, Mrs Fleet's net estate was worth about £1.5 million. In the previous seven years, she had made lifetime gifts of just over £100,000. As a result, were she to die immediately, her estate would be subject to an inheritance charge of about £500,000 (ignoring any charitable or other exempt legacies that she might have chosen to make). Perhaps anticipating this charge, the following steps were taken.

First, Mrs Fleet settled £20,000 onto a trust of which her two sons (and, later, executors) were the beneficiaries.

The trust was then, on 16 May 2011, offered a facility to borrow £1.4 million from a finance company. That offer was to remain open for 24 hours. Any loan would be repayable on demand but was also repayable on the earlier of Mrs Fleet's death or the expiry of five years after any loan was made. A condition for any loan was that Mrs Fleet would give a personal guarantee and indemnity to the lender.

The arrangement fee for the loan facility was £20,000.

Mrs Fleet gave the guarantee and, the next day (17 May), the loan was duly taken by the trustee. The funds received were used to invest in bonds which were charged by the trustee to the lender.

The trustee, with the lender's consent, then distributed the bonds (as charged) to Mrs Fleet's sons (i.e. as beneficiaries of the trust), but subject to the sons giving collateral to the lender.

Mrs Fleet died a few days later.

Leaving aside the £20,000 fee, which was paid for by the initial settlement made by Mrs Fleet, the net effect of these arrangements was that Mrs Fleet had given nothing away other than a guarantee and indemnity; conversely, her sons received bonds worth £1.4 million but they had also provided collateral of the same amount. In other words, ignoring fees, there was no net transfer of value amongst the parties. Nevertheless, the scheme was predicated on the assumption that, by giving her personal guarantee, Mrs Fleet newly had a £1.4 million liability at the date of her death which reduced her taxable estate significantly (so that, even after taking into account her lifetime gifts, her estate was now covered by the nil rate band).

Although HMRC was looking at the case to see whether, despite the arrangements, inheritance tax was due from Mrs Fleet's estate, HMRC issued a certificate of discharge under the Inheritance Tax Act 1984 s 239(2) in relation to any inheritance tax arising on Mrs Fleet's death. As a result of the effect of s 239(3)(b), that certificate precludes HMRC from pursuing any further tax arising as a result of the transfer of value that was deemed to have taken place on Mrs Fleet's death.

Unaware of the fact that the certificate of discharge had been issued, HMRC then issued a determination for inheritance tax on three alternative bases:

- a) first, that Mrs Fleet's guarantee did not amount to a liability of her estate immediately before her death;
- b) secondly, giving a guarantee was a lifetime disposition that led to an immediate reduction of the value of Mrs Fleet's estate by £1.4 million; and
- c) thirdly, that Mrs Fleet, even if she was called to pay under the guarantee, had a right to recover £1.4 million from the trust.

The first contention effectively meant that the purpose of the arrangement was not satisfied. Mrs Fleet's estate would still have had about £1.3 million over and above her available nil rate band at the date of her death.



The executors achieved a knockout blow as HMRC had inadvertently issued a certificate of discharge.

The second contention amounted to arguing that Mrs Fleet made a lifetime transfer a few days before her death on which inheritance tax would need to be paid.

The effect of the third contention was that any deduction from the value of her estate in relation to the £1.4 million liability would be cancelled out by a corresponding £1.4 million asset, being the right of recovery.

Because of the certificate of discharge, however, HMRC was now precluded from pursuing any inheritance tax arising as a result of the transfer of value deemed to have occurred on Mrs Fleet's death. This meant that HMRC was forced to abandon the first and third of its three contentions and instead it had to argue that giving a guarantee was a lifetime disposition that led to an immediate reduction of the value of Mrs Fleet's estate by £1.4 million. (As that was a lifetime transfer, it was not protected by the certificate of discharge.)

As a result, the executors needed to show that the giving of a guarantee was not a lifetime disposition that led to an immediate reduction of the value of Mrs Fleet's estate. HMRC, conversely, sought to argue that it was.

The First-tier Tribunal's decision

The case came before Tribunal Judge Tony Beare. He recorded HMRC's two arguments.

First, HMRC argued that there was a significant likelihood that Mrs Fleet's estate would be called upon to repay the loan made to the trust. (Indeed, the lender did call for the repayment of the loan shortly after Mrs Fleet's death.) Therefore, HMRC argued, by giving the guarantee, that Mrs Fleet was effectively giving away £1.4 million. However, the judge considered that it was not enough to point to the likelihood of the guarantee being called, but that it was also necessary to consider the extent to which the guarantor (in practice, Mrs Fleet's estate) would be able to recover the amounts paid under the guarantee.

The judge also noted that, in practice, the sons (as beneficiaries of the trust) were the ones who repaid the loan, under their own obligations; and therefore the judge was not persuaded that the loan would end up being repaid by Mrs Fleet's estate.

Indeed, as the judge noted, HMRC had initially been arguing that the guarantee did not give rise to any reduction in the value of Mrs Fleet's estate precisely because of her ability (or the estate's ability) to recover any guaranteed sums from others. HMRC was forced to abandon that line of argument only because the certificate of discharge had been issued.

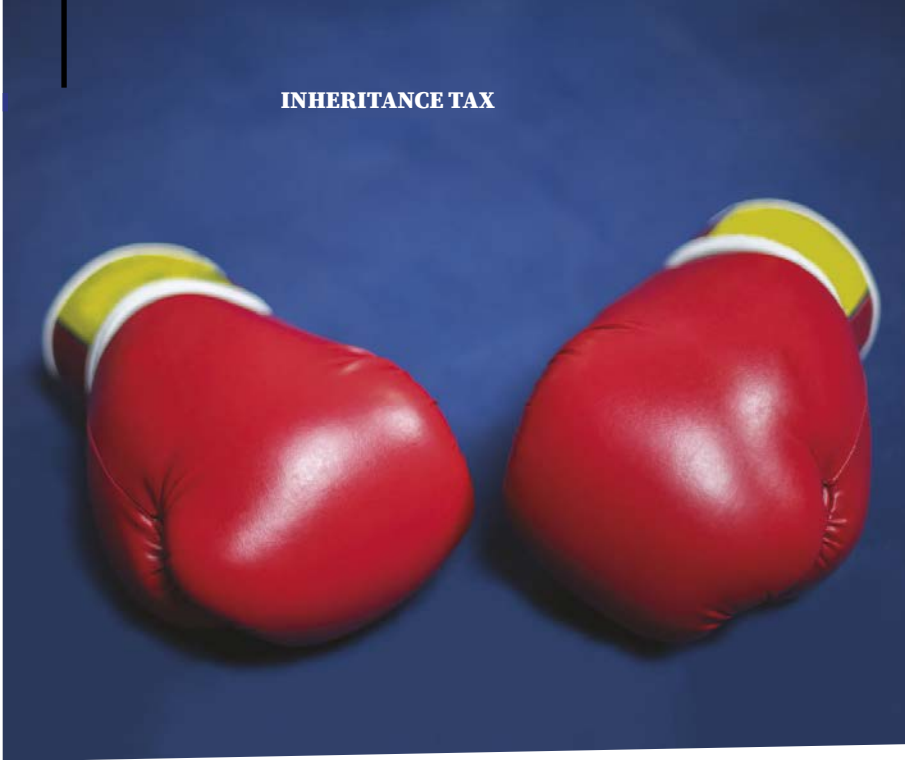
Furthermore, the judge noted that the guarantee would, by necessity, be called upon only after Mrs Fleet's death (as it was only after that event that the loan was likely to become repayable). Giving the guarantee could therefore not amount to a lifetime transfer of value.

The executors advanced two further arguments but these would have failed. In particular, they argued that HMRC's determination was late because of the four year time limit in Inheritance Tax Act 1984 s 240(2). However, that time limit operates only if tax attributable to any particular property has been accounted for and paid (and accepted in full satisfaction of the tax so attributable). The judge explained that there had been no account of any tax in relation to the giving of any guarantee. As the conditions for the operation of s 240(2) were not fully met, the more usual 20 year time limit operated instead.

Nevertheless, despite these two latter arguments failing, the executors achieved a knockout blow as a result of the fact that HMRC had inadvertently issued a certificate of discharge.

Commentary

This was a lucky escape for the executors. The tax planning was ineffective and, contrary to the intentions of the scheme, the £1.4 million should have been a part of Mrs Fleet's taxable estate (albeit with a small element covered by the remaining nil rate band). However, the certificate of



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discharge meant that HMRC was precluded from collecting this additional tax of half a million pounds.

It is hard to see any fault in the approach taken by the First-tier Tribunal but I note that the parties proceeded with the case in a different way from how some recent PAYE cases have been handled (e.g. *Hoey v HMRC* [2022] EWCA Civ 656). Had HMRC adopted the same approach, it could have argued that the provisions in s 239 concern the *collectability* and not the *assessability* of further inheritance tax and

therefore is a matter of the civil courts and not the tribunals. Accordingly, HMRC might then have argued that the First-tier Tribunal should have dismissed the executors' appeal and then left the executors to argue in the County Court (assuming that HMRC pressed for payment) that HMRC's procedural error had cost them the opportunity to collect the tax.

Whatever the correct procedure, the First-tier Tribunal's approach has certainly ensured that the matters can be dealt with

in one hearing, by the specialist tax tribunal and without unnecessary delays or uncertainty (and with a corresponding saving of costs for all parties).

What to do next

It is to be expected that HMRC will tighten its procedures to ensure that certificates of discharge are not sent out in similar cases in the future. It is, of course, to be hoped that any new safeguards do not then give rise to delays in other cases.

Equally, executors facing any inheritance tax challenge should ascertain whether any inadvertent certificate of discharge provides them with a trump card.

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The administration period

A long yellow brick road

We consider how a deceased estate is taxed during the administration period, which runs from the date of death until all assets and liabilities have been identified and quantified.

by Will Leonard

Key Points

What is the issue?

There are three main types of legacies: specific legacies (gifts of specific assets), general legacies (gifts of money or property not distinguished from others of the same kind) and residuary legacies (gifts of all or a share of what is left after other legacies and expenses are paid).

What does it mean for me?

An estate is administered by the 'personal representatives', who should not pay any legacies from the estate until they are confident that there are sufficient assets to pay the deceased's debts, any inheritance tax due on death, and expenses.

What can I take away?

Specific legatees are entitled to income from the assets they receive, while general legatees are not usually entitled to income unless the legacy is delayed. Residuary legatees are taxed on the income generated by their portion of the residue.

This article explains how a deceased estate is taxed during the administration period. This runs from death until the residue is ascertained: the point at which all the estate's assets and liabilities have been identified and quantified.

To do this, we travel to Oz, in an attempt to tidy up the mess Dorothy has left behind.

Case study: The Wicked Witch of the East

The Wicked Witch of the East dies, and her will leaves her estate as follows:

- her broomstick to the Wicked Witch of the North (yes, there is one);
- her silver shoes to the Munchkin Boq;
- her holiday apartment in the Emerald City to the Wicked Witch of the West; and
- 100,000 Oz dollars (\$, for ease) to the Munchkin Nimmie Amee.

The rest of her estate is divided two thirds to the Wicked Witch of the South, and one third to the Munchkin Jinjur.

BOX 1: CALCULATING INCOME TAX ON THE INVESTMENT PORTFOLIO

The investment portfolio managed by the Bank of Oz produces interest of \$20,000, and dividend income of \$5,000 in the year to 5 April 2025. The holiday apartment receives rents of \$3,500 after the deduction of rental expenses.

The executors will pay basic rate tax as follows:

	Rent	Interest	Dividends
Gross	3,500	20,000	5,000
Tax (20%/8.75%)	700	4,000	438

BOX 2: INCOME TAX FOR LEGATEES

There are administrative expenses of \$1,000 within the estate:

	Rent	Interest	Dividends
Gross	-	20,000	5,000
Tax (20%/8.75%)	-	4,000	438
Net	-	16,000	4,562
Less: administration expenses			(1,000)
Net income	-	16,000	3,562

Note: rental income on the holiday apartment is ignored as it is payable to the Witch of the West.

The personal representatives distribute the land the cottage was on to Jinjur, in part satisfaction of his one-third residuary legacy:

Net income	-	16,000	3,562
Due to Jinjur		5,333	1,187

As the land is worth \$10,000, Jinjur will be treated as receiving net savings income of \$5,333, and net dividend income of \$1,187 in the tax year he receives the land. The remaining \$3,480 of the distribution is treated as capital.

Her assets at death are as follows:

- her silver shoes (they are still hers even if Dorothy steals them, and the personal representatives are obliged to recover them);
- the land her cottage was on, valued at \$10,000 (as it is now blighted by cottage and farmhouse debris);
- a holiday apartment in the Emerald City, which is rented out; and
- an investment portfolio with the Bank of Oz worth \$500,000.

Her broomstick was destroyed by Dorothy's farmhouse landing on her cottage.

Personal representatives

An estate is administered by the 'personal representatives', which is a term covering both executors and administrators.

The estate will be administered by the executor(s) if the deceased left a valid will which appoints an executor (or executors), who are able and willing to act in that role. Otherwise, the estate will be administered by an administrator,

chosen in accordance with rule 22 of the Non-Contentious Probate Rules 1987.

A will can be valid without naming any executors – there is no requirement to do so, although it makes obvious sense.

Types of legatee

A legatee is anyone who is left something in the will; or if there isn't a valid will, who receives something under the intestacy rules.

Personal representatives should not pay any legacies from the estate until they are confident that there are sufficient assets to pay the deceased's debts, any inheritance tax due on death, and expenses. This will include any personal tax liabilities of the deceased arising pre death.

There are broadly three types of legacy, as explained below.

1. Specific legacy

This is a legacy of a specific asset (or assets). The broomstick going to the Witch of the North, the silver shoes going to Boq, and the holiday apartment going

to the Witch of the West are all specific legacies.

If the deceased did not own the asset at death, the legatee gets nothing; therefore, the Witch of the North loses out, as the broomstick was destroyed. However, if the will had been phrased slightly differently – stating 'a broomstick to my friend the Witch of the North' – then she would get a broomstick regardless of what was owned at death. As the broomstick has been destroyed, the personal representatives would have to buy another one (assuming funds permit), as this would be a general legacy.

2. General legacy

A general legacy is a gift of property or money which is not distinguished from others of the same kind. The \$100,000 going to Nimmie Amee is a general legacy. This will be paid as long as there are sufficient funds in the estate.

By contrast, '\$100,000 from my account with the Munchkin Bank' would be a specific legacy. As the Witch of the East didn't have an account with the Munchkin Bank at death, Nimmie Amee would get nothing, even if there is plenty of money in the estate as a whole.

Any legacy of money is a pecuniary legacy.

3. Residuary legacy

This is a legacy of either all or a share of what is left in the estate when the tax, expenses and specific and general legacies have been paid. The Witch of the South and Jinjur are the residuary legatees.

If the will does not say what happens to the residue (again, a will can be valid without disposing of the entire estate), or if, for example, it leaves one third to Jinjur but doesn't say what happens to the remaining two thirds, any unallocated residue will pass under the intestacy rules.

Income tax for the personal representatives

The personal representatives pay income tax at basic rate, being 8.75% for dividends and 20% for other types of income.

The only expense which can be deducted from income is interest:

- on a loan taken out to pay inheritance tax (not, for example, interest charged on an account which has been overdrawn to pay inheritance tax);
- for the first 12 months of the loan; and
- relating to the inheritance tax on the delivery of the inheritance tax return (and not any additional inheritance tax).

Rental expenses can be deducted as normal from rent received. See **Box 1: Calculating income tax on the investment portfolio**.

Income received post death must be split between the period prior to death and the period post death, unless the Apportionment Act 1870 has been excluded (which it typically will be in a professionally drafted will). For dividend income, this will involve looking at the companies' year ends and calculating what proportion of the dividends received relate to pre and post death.

The exemptions from paying tax and filing returns on small amounts of income which apply to trusts also apply to estates:

- Up to 5 April 2024, if the only income the estate received was bank interest totalling less than £500 in any one tax year, there is no need to report the estate to HMRC and no tax to pay.
- From 6 April 2024, this is expanded to include any type of income, providing the total income is less than £500 in any one tax year.

ISAs continue to be exempt from income tax; and capital gains tax is exempt for up to three years after death, or the estate is closed, whichever is sooner.

Income tax for the legatees

1. Specific legatees

Specific legatees will be entitled to any income generated by the asset (or assets) they have been bequeathed. As the Witch of the West is receiving the holiday apartment, she will be entitled to any rental income generated from death.

The personal representatives will pay basic rate tax on the rent, subject to the normal deduction of rental expenses.

The Witch of the West will be taxable on this income when it is paid over to her and will be able to claim credit for the basic rate tax paid by the personal representatives. The legatee cannot be taxed on income they did not receive.

2. General legatees

General legatees will not normally be entitled to any income, so there will be no tax for them to pay. However, if it takes the personal representatives more than a year from death (known as the executor's year) to pay out a general legacy, the legatee is entitled to statutory interest on the amount they are due, calculated using the basic rate on funds in court.

The personal representatives pay this gross to the legatee (unless the legatee is non-resident, when the personal representatives must deduct basic rate tax). The legatee must pay tax

on this interest in the year it is paid to them. If they do not receive the interest, they are not taxable on it.

If the personal representatives appropriate assets towards the payment of a pecuniary legacy, any income from the assets is treated the same way as for a specific legacy.

3. Residuary legatees

Residuary legatees are taxable on the income generated by their portion of the residue of the estate. They are deemed to receive net income whenever they receive a distribution from the residuary estate to the value of the assets received, regardless of what they are. The income distributed will be equal to the lower of



Residuary legatees are taxable on the income generated by their portion of the residue of the estate.

the value of the assets distributed and the value of their share of the net undistributed income.

In a similar manner to interest in possession trusts, allowable administration expenses reduce the income taxable on residuary legatees, to the extent that they are properly chargeable to income, ignoring any specific direction in the will. Unrelieved expenses can be carried forward. Income is paid out in such proportions as are reasonable for the legatees' interests, and then in the following order:

- non-savings income;
- savings income; and
- dividend income.

See **Box 2: Income tax for legatees**.

At the end of the administration period, any part of a legatees' income entitlement which has not been paid to them is treated as their income.

Personal representatives would be wise to consult with legatees before making payments to them, in order to help minimise any personal tax liabilities.

Capital gains tax

Death is not a disposal for capital gains tax purposes, and all assets are rebased to their market value at date of death.

Personal representatives pay capital gains tax at 20% on all gains except for:

- carried interest, which is taxed at 28%; and
- residences not eligible for principal residence relief, which are taxed at 24% from 6 April 2024.

Personal representatives get the same capital gains tax annual exemption as an individual for the year of death and the following two years. If the administration period continues after that, they get no further annual exemptions.

Personal representatives cannot claim business asset disposal relief or investors' relief.

Main residence relief will apply if the property is left to someone who lives in it as their main residence.

Personal representatives can claim fall in value relief for inheritance tax purposes on quoted investments that are sold at a loss within 12 months of death, and land sold at a loss within four years of death. If they do, their capital gains tax book cost will correspondingly change, and there will likely be a small loss for capital gains tax purposes, being the costs of sale.

The transfer of an asset to a legatee does not trigger a chargeable disposal, and they will inherit the personal representatives' book cost (i.e. probate value).

Deeds of variation and disclaimers

Deeds of variation and disclaimers alter the way the deceased's assets devolve on their death. If done within two years of death, elections can be made for capital gains tax and/or inheritance tax purposes to treat the new devolution as having been made in the will or on intestacy.

They have no effect for income tax purposes.

Any trust created by a deed of variation or disclaimer will be treated as settled by the deceased for inheritance tax purposes, but by the original legatee for income tax and capital gains tax purposes.

Practical matters

Ascertaining the residue

It can be difficult to determine precisely when the residue has been ascertained. HMRC will normally accept any reasonable date, although will strenuously resist attempts by wily personal representatives to artificially bring this forward or delay it.

Simple vs complex estates

Estates are classified by HMRC as either simple or complex. An estate is complex if there is chargeable income or gains to report and:

- total income tax and capital gains tax due for the administration period is over £10,000;
- the value of the estate was over £2.5 million at death; or

- the value of the estate's assets sold by the personal representatives in any one tax year was over £500,000.

Otherwise, the estate will be simple. Simple estates can use the 'informal' procedure, whereby the personal representatives write a letter to HMRC setting out the income and gains received.

Complex estates must file tax returns reporting any income or gains. Usually, this will be an SA900 tax return, the same return used for trusts; however, if there is only a gain on the disposal of UK property to report, a timely capital gains tax on UK property return may meet the filing requirements.

Trust Registration Service

Deceased estates are outside the Fourth and Fifth Money Laundering Directives, and there is no legal requirement for them to register on the Trust Registration Service.

However, HMRC now uses the Trust Registration Service to issue unique taxpayer references (UTRs) for trusts and estates. Therefore, if the informal procedure cannot be used, the estate will need to be registered on the Trust Registration Service to obtain a UTR.

This is undertaken purely for administrative purposes and the personal representatives do not need to keep the Trust Registration Service up to date as for trusts, although HMRC prefers them to do so.

As well as registering the estate itself on the Trust Registration Service to get a UTR if needed, the will and intestacy rules may create a trust, which may also need registering.

Under the Fourth Money Laundering Directive Sch 3A(7), trusts created on death are exempt from registering on the Trust Registration Service, providing they are wound up within two years.

So far, so relatively straightforward. However, bare trusts must register on the Trust Registration Service, unless they fall under one or more of the exemptions, and depending on the precise wording of the will a bare trust may be created. This will need registering if the administration period lasts more than two years.

The rules are too complex to go into in full detail here – this would require another article of similar length, and even more fictional witches, but examples can be found in HMRC's Trust Registration Service Manual at TRSM23020.

If a trust is created, this will only need registering once it has been constituted; i.e. once assets have been transferred to the trustees. If the will states that the personal representatives hold the estate on trust as part of the administration process, a trust will have been created on death and will therefore need to be registered after two years.

In other cases, the trust will only come into existence once assets have been transferred to the trustees. However, if the trustees and personal representatives are the same people, then the trust will again need registering two years after death.

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Managing complaints

Some common mistakes



Many tax advisers will face occasional complaints about their work from clients and their professional body. We consider some common mistakes and how to avoid them.

by Karen Eckstein

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Sadly, complaints against professionals brought by clients or the regulator are an increasing fact of professional life.

Clients have high expectations of their professional advisors. They may also see complaints as a way to avoid paying fees, or use them to gain information to support a professional negligence claim. An increased awareness among taxpayers of the right to bring a complaint means that client complaints seem to be on the increase.

Meanwhile, professional bodies and regulators are under pressure to demonstrate that they are managing and supervising their professional membership, ensuring that members are behaving in accordance with statutory and regulatory guidelines and obligations. This means that complaints and investigations may be more likely to occur, while at the same time the professional bodies seek to support members with guidance in relation to those rules.

So, what does this mean for the tax adviser in practice when a complaint is received from either a client or their regulator? All too often, we see that such complaints are badly handled by the firm, due to a lack of understanding of the issues, poor processes or even just

because the individual receiving the complaint is 'frozen with fear' and doesn't know what to do – and so ends by doing nothing.

In this article, we review common mistakes made in relation to complaints and how to avoid them. We also consider how to manage the complaints process successfully and, importantly, how to get value out of any complaints received.

Complaints by clients

Registering complaints

Complaints by clients are often initially made informally, perhaps to a junior member of staff who may not identify the comment as a complaint and so fails to deal with it in accordance with the firm's complaint's process. Staff should be given advice on how to identify a complaint and a claim, and what to do if one arises.

If the junior feels anxious about informing their manager about the adverse comment, the issue can be 'lost'. The increasingly unhappy client may complain to the regulator that not only did they have a complaint about the firm's service, but also that the complaint itself was ignored. It is critical that staff are not afraid to pass on complaints, however informal, as soon as they are made.

All too often, we see firms with complaints policies (if they have them) that do not match the requirements of their regulators. Conversely, there may be very high bars for compliance, which the firm then fails to meet. For example, complaints policies often say that the complaint will be investigated and a response provided within two weeks. This is unrealistic, as the complaint might cover a significant time period and require substantial investigation. When the two week time period is not met, the client is unhappy that the firm hasn't complied with its own obligations, leading to a further complaint.

Stay objective

Too often, firms do not apply an objective mindset when investigating complaints, instead relying upon the partner responsible to provide a response, and so do not provide a clear and comprehensive response. The investigation should instead be handled by an independent senior member of the management team or outsourced to a risk or compliance professional.

The person handling the complaint must be sufficiently skilled to review the issues objectively, and have sufficient capacity to deal with the complaints, which can be time consuming. They must

have sufficient seniority within the firm to review the complaint and evidence, obtaining information and cooperation from others as needed. The response should then be drafted in a way that the clients will understand.

Whoever handles the complaint must also consider whether it could also give rise to a claim for professional negligence. If so, the professional indemnity insurers must be notified, and if necessary the firm must obtain their consent before responding to the complaint.

These mistakes could be avoided by conducting a review of the firm's processes, correcting any errors and training tax advisers on the improved processes. Logging all complaints in a central location will assist firms in monitoring the progress and outcomes of complaints. This also enables the firm to review the root causes of complaints in order to ascertain any improvements that are needed to prevent repeat occurrences.

Complaints and investigations by regulators

Don't delay...

A common mistake we see is a reaction of 'frozen by fear', as the professional is so shocked by the initial letter from the regulator that they put it on the 'too difficult to deal with' pile. It can fester there until the chaser comes in, and perhaps even the follow up. But the manner in which the investigation is handled is a factor when fines and sanctions are considered. Any delay will not help the professional's case, particularly if the complaint relates to delay in dealing with a client's affairs.

However, the regulator should understand that the professional will be dealing with the request for information alongside managing their busy practice. There is no harm in asking for additional time to respond if it is reasonably needed to consider the request, investigate the matter, take advice and respond. However, if the professional has delayed and ignored correspondence at the outset, the validity and credibility of that request is undermined. Don't damage your own position and seek advice early.

Seeking resolution

We often see professionals denying the complaint brought by their regulator when the complaint is valid but there is good mitigation. In this case, the complaint can continue until shortly before the tribunal, when the professional might belatedly obtain legal advice and then admit the mistake but argue mitigation.

If the true position had been considered at the outset, the matter could

LESSONS TO LEARN FROM COMPLAINTS

1. **Learn from your own experience:** Complaints will happen. Keep a log of all complaints (whether from clients or the regulator) and analyse the root cause of each complaint. Why did it arise, and what can be done to prevent that issue arising in the future?
2. **Learn from others:** Most regulators and insurers send out regular reports on complaints they have seen. Consider reviewing reports to see if you recognise any issues that are relevant to your firm. If you have a retained risk adviser, they may update you on these issues.
3. **Review your processes and systems:** Are they as robust as they could be to prevent complaints arising in the future? Would an independent risk review be helpful?
4. **Consider your culture:** Who do your staff report to when things go wrong or they feel uncomfortable about a file? Do you have a culture of people reporting issues early or do they hide matters and delay reports? Many complaints can be prevented or resolved if they are picked up early.
5. **Training:** Train the staff so that everyone in the firm is able to identify complaints and claims and knows what to do when one arises. Also discuss issues you have had (without identifying who in the firm has had the issue!). It can be the best training!

probably have been resolved far sooner and at less cost, often with a Consent Order. However, these usually involve an admission of fault. It is a mistake to enter into a Consent Order thinking that that will bring an end to the matter, without:

- taking legal advice on the terms of the order, and considering whether it is appropriate; and
- considering whether agreement of the professional indemnity insurer is required before the order is entered into – otherwise there might be wide reaching implications for any subsequent claim.

Managing investigations

Don't panic if you get a letter from the regulator. Acknowledge the letter but take early legal advice from a specialist before proceeding.

A mistake we often see is the failure to challenge the factual matrix and assumptions put forward by the regulator. Ensure that the files are not archived. Although time consuming, it is worth reviewing the full report and challenging any errors. Compiling a chronology can be hugely helpful in clarifying the facts, both for the regulator and for any tribunal.

Investigations can take a long time (often years) to resolve and you should record the recollections of staff members

as soon as possible. If any staff are about to leave or retire, obtain their statement in good time.

In terms of the questions being asked by the regulator, consider the following questions. What breaches are they considering and why? Are you confident that no breaches occurred? Do you have explanations and evidence to explain what happened? Remember to be objective in your responses.

Present your case professionally, objectively and on the basis of the available evidence. If you become aware of a breach of your professional rules within your firm, consider whether you are under a duty to self-report. And document your thought processes if you decide that a report is not required, to avoid a subsequent challenge.

Professional indemnity

Many complaints and investigations have a professional negligence aspect and a failure to consider this can later cause problems with professional indemnity insurers. Brokers must be notified at the outset so that insurers can be advised and involved at an early stage if required.

You should review your professional indemnity insurance policy to see if there is a provision to assist with the costs of defending complaints by regulators, which might assist with the provision of early legal advice.

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HMRC's Interest Review Unit Claims for interest mitigation

As a Freedom of Information request reveals recent activity in HMRC's Interest Review Unit, we consider how to address claims for interest mitigation.

by **Matthew Watkins**



Speak to most tax advisers or accountants who interact with HMRC on a regular basis and they will be able to provide numerous examples of HMRC standards falling below what could be considered as acceptable. I understand those frustrations at first hand, but I do not believe I am alone in feeling a little uncomfortable about giving HMRC such a hard time when it is not allowed a right to reply.

Like every other adviser, I could provide many examples of letters from HMRC that simply make no sense – research and development enquiries feature strongly here – as well as long periods passing without a word from HMRC. In one case from the last year, I submitted a complaint to HMRC citing the delays on its part as grounds for complaint. After several chasing emails, calls and letters, we eventually received a response from the complaints team, albeit seven months after the original complaint was submitted. The irony was not lost on the officer who dealt with the complaint, very fairly in my opinion.

However, the purpose of this article is to provide some thoughts on how best to navigate HMRC service and make some suggestions for more significant changes to help improve interactions in the long term.

How to measure HMRC performance

When the National Audit Office released its press release in May 2024, it concluded that:

‘HMRC’s telephone customer service is not delivering – average wait time of nearly 23 minutes in first 11 months of 2023/24 (up from 5 minutes in 2018/19). New digital services have not reduced service pressures as much as HMRC expected. HMRC is not expecting to meet its telephone performance target in 2024/25 and has not made clear what level of service customers should expect.’

There are, of course, other ways to measure HMRC performance; for example, measuring the ‘tax gap’, HMRC’s compliance yield or the number of successful criminal prosecutions that HMRC pursues. However, the time spent on hold appears to be the simplest way to measure ‘customer experience’ and I can understand that view.

Readers who do not have the National Audit Office report to hand might be interested to note that ‘customers’ cumulatively spent 798 years on hold in 2022/23, more than double the time spent waiting in 2019/20. Clearly, we would all like to see waiting times come down. I wonder though whether measuring the

time on hold to speak with an HMRC adviser is the right way to measure customer experience? I would rather wait longer for a more reliable and accurate response to my query than speak to a less informed HMRC agent in rapid time.

Surely a better measure of HMRC’s performance, and the least contentious from HMRC’s perspective, is to ask how it judges its own performance.

A recent response from HMRC to a Freedom of Information request we made sheds light on this. With reference to the period 2019/20 to 2023/24, we asked HMRC to confirm the number of cases that had been referred to HMRC’s Interest Review Unit and the outcome of decisions reached by that team. The data received in response to our request is contained in the table below. First, though, we look at the role of the Interest Review Unit and why their decisions are relevant to customer experience.

The role of the Interest Review Unit

The Interest Review Unit at HMRC considers objections to paying interest charged when cases are settled, and tax is found owing, in a wide range of cases. The unit is tasked with being fair and impartial. The key principle is that giving up interest is based on the fact that HMRC error or unreasonable delay has financially disadvantaged the customer by:

Key Points

What is the issue?

HMRC's Interest Review Unit considers objections to interest charges when tax is found owing due to HMRC's error or unreasonable delay. The unit examines whether the delay was extensive and unreasonable, causing the interest charge to increase.

What does it mean for me?

Data from a Freedom of Information request shows an increasing trend in the number of cases referred to the Interest Review Unit and the proportion of cases where interest was mitigated due to HMRC's unreasonable delays.

What can I take away?

We encourage advisers to review HMRC's guidance, make claims for interest mitigation when justified and provide timelines to illustrate unreasonable delays. HMRC's complaints process should be a last resort.



- creating an interest charge that would not otherwise have had to be paid; or
- increasing the amount of interest charged that already existed or was building up.

Claims that HMRC error or unreasonable delay has caused or added to the build up of interest will be carefully examined. Where the facts prove the claim, HMRC will consider giving up part or all of the interest charged. The Interest Review Unit will only consider interest objections in cases where representations have first been made to the relevant HMRC case team.

The most common requests made to the Interest Review Unit are for reason of unreasonable delay on the part of HMRC. The scenarios where HMRC recognises that this may be the case include those where each of the following apply:

- Interest was increasing during the period involved.
- HMRC was responsible for the conduct of the case during the period.
- The delay was extensive and unreasonable in the circumstances.
- It was only this delay that caused the absence of payment.
- The customer was not aware that a debt existed, or might arise, that they should have paid or made a payment on account against.

It is the third bullet point above that is arguably the most pertinent to the question of HMRC's service standards. This would indicate that wherever the Interest Review Unit decides to mitigate interest, it has accepted that the delays caused by their colleagues were unreasonable in the circumstances. It speaks to the question of customer service, and objectively what the taxpayer population can reasonably expect from HMRC.

Further guidance of how the Interest Review Unit operates is provided in HMRC's manuals at Debt Management and Banking Manual DMBM405000 onwards.

What did the Freedom of Information request show?

In response to the Freedom of Information request, the table below summarises the number of cases referred to the Interest Review Unit and the decisions reached.

Tax year	Cases reviewed by the Interest Review Unit	Objections rejected	Objections upheld or partially upheld
2019/20	1,928	1,229	699
2020/21	3,059	1,899	1,160
2021/22	3,647	2,184	1,463
2022/23	4,196	2,429	1,767
2023/24	4,904	2,185	2,719

Two obvious trends appear to have developed over the last five years which arguably speak to a worrying decline in service standards.

The number of cases referred

The first trend is simply the number of cases referred to the Interest Review Unit, which has more than doubled over the last five years. It is interesting that the pandemic years, which fall within the relevant time period, appear to have had little impact on the trend, as referrals have continued to increase.

If more cases are being referred to the Interest Review Unit for consideration, it could mean that more cases justify a referral, indicating declining standards. It could also be argued that it simply shows that the request for cases to be reviewed has increased in popularity.

The outcome of the decisions reached

Readers will note from the above table that in 2019/20 the number of objections to the interest charged where the objection was upheld or partially upheld was 36% of the total cases referred in that year. This has increased every year. 2023/24 was the first year when more than half (55%) of cases referred to the Interest Review Unit resulted in some or all of the interest charged being mitigated.

This tells us that HMRC itself is recognising that standards are slipping.

The data shows a trend that HMRC will want to reverse.

Easy wins for HMRC

There are ways that HMRC could reverse the trend of poor customer service and reduce the number of cases reviewed by the Interest Review Unit. In enquiry cases, for example, why not ensure that HMRC compliance officers provide periodic updates to taxpayers and their agents on progress? Some cases will inevitably take longer to investigate but it would address concerns if, for example, HMRC provided a brief update summarising progress on a monthly basis.

Another win, but perhaps less easy to implement, is to bring back the Certificate of Tax Deposit scheme or devise an alternative scheme that works in a similar way. This would encourage taxpayers to make earlier payments towards debts later found to be due and would by its very nature mitigate the late payment interest charged.

Claiming interest mitigation

Advisers whose clients have reasonable grounds to claim interest mitigation should be encouraged to review HMRC's guidance on this area and make a claim. As with HMRC's formal complaints procedure, there is an obvious overlap with the service standards published in HMRC's Charter. Advisers should be familiar with the Charter and point out to caseworkers whenever standards slip.

Good practice when making a request for interest mitigation is to produce a timeline of key milestones. If the caseworker declines to mitigate interest, this should be provided to the Interest Review Unit at the request of the adviser. In our experience, such timelines can help to illustrate any unreasonableness in HMRC's service.

Despite the overlap of requests for interest mitigation and the complaints process, it is my view that complaints should be seen as the option of last resort. Advisers lose nothing by making the Interest Review Unit consider their client's case.

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Technical newsdesk

WELCOME

Richard Wild

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November Technical newsdesk

How do you write an introduction about tax before such a critical event as the Budget, when it is not going to be published until afterwards? That is the problem I face here. There is plenty of Budget speculation to address but I have decided that the answer is to write about something else – HMRC’s ‘one to many’ (OTM) compliance activity.

As its name suggests, HMRC’s OTM activities typically involve contacting large numbers – sometimes thousands – of taxpayers or agents about the same issue at the same time. Many members will have seen at least one example of an OTM letter. It may have been addressed to their client and also copied to them, their client may have passed on the letter, or the letter may have been directed to them in the first place. HMRC have addressed a multitude of topics by OTM letters, from the high-income child benefit charge to landfill tax fraud to VAT partial exemption.

HMRC’s use of OTM letters is a relatively new phenomenon but is likely to continue to increase, particularly since the letters are expected to play a significant part in addressing the government’s priority of reducing the tax gap. So far this year, we have provided comments to HMRC on around 40 OTM campaigns. Indeed, HMRC’s OTM activities have become so prevalent that we have an agreed internal process to ensure that the proposals for OTM letters are dealt with consistently and efficiently.

We work closely with the HMRC team with oversight for OTM activities, both through the One-to-Many Compliance Advisory Board and on a one-to-one basis. We were pleased to invite members of HMRC’s OTM team to a meeting of our Technical Policy and Oversight Committee in September, where we had a healthy discussion about their work.

So, why are we putting so much effort into engaging with HMRC on their OTM activities? Well, there are several reasons for this, including:

1. **Potential impact:** As noted above, the same OTM letter can be received by thousands of taxpayers and agents. If we can suggest improvements to their targeting or drafting so that they ‘land’ better and with the right target audience, it improves their impact and minimises collateral damage. The impact on taxpayers and agents can be significant, with the potential to cause worry (particularly if poorly targeted), additional compliance costs and resource implications both for agents and HMRC.
2. **Actual impact:** HMRC do listen to our feedback (and that of others), so that the letters which are issued are (with the proviso that HMRC have the final say) as clear as we can make them.
3. **Evaluation:** We seek to ensure that the OTM letter does improve compliance and reduce the tax gap at an appropriate cost to HMRC, taxpayers and their agents. This is very much a work in progress, but something we continue to challenge HMRC about.

The Technical News section of the CIOT website (www.tax.org.uk/technical-news/1) and the News pages of the ATT website (www.att.org.uk/news) often provide details of OTM campaigns, with copies of the letter being issued by HMRC and supporting information. Do keep an eye on these pages, particularly if you or your clients are in receipt of such letters.

Irrespective of what happens on 30 October, you can rest assured that HMRC’s OTM activities will continue, and we will maintain our efforts to make them as targeted and workable as possible.

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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.

Here are our successes for the quarter ending 30 September 2024 in which the CIOT was instrumental in effecting change and occasions where the CIOT's contribution was singled out.

Changes to guidance, interpretation and procedure

HMRC have launched a VAT calculator, which incorporates several of the recommendations made by CIOT during testing. Despite this, we feel there are still some shortcomings and will continue to press HMRC for further improvements and refinements.

After extensive consultation with CIOT and STEP, HMRC will soon be releasing new guidance on their treatment of the remittance of foreign income and gains which are used as collateral for loan monies remitted to the UK.

Following consultation between CIOT and HMRC over several years, HMRC have confirmed that remittances to the UK after a divorce will not be chargeable. This is in line with advice they had given back in 2012, but doubt had been cast as to whether this was still valid following the decision in *Sehgal and Meehan* [2024] UKUT 74; however, they have since confirmed that the 2012 advice is still valid.

Following correspondence between CIOT and HMRC on the definition of ordinary share capital with respect to fixed-rate shares, HMRC confirmed that certain entries within their manuals were incorrect, and changes will be made accordingly.

The efforts of CIOT and the other professional bodies have encouraged HMRC to make form P1000 available online. This should be used to obtain authority to act for the personal representatives for the period up to the date of death and during the administration period, rather than a 64-8.

Following sustained pressure from CIOT and the other professional bodies, HMRC have revised and updated the IHT100 suite of forms and associated guidance used for reporting lifetime and trust transfers.

HMRC have asked the professional bodies, including CIOT, to publicise the following Helpcards on aspects of the

Trust Registration Service; they have been updated from the first versions:

- Closing a Trust;
- Updating a Trust from Non-Taxpaying to Tax-Paying; and
- Obtaining Proof of Registration.

Following a suggestion from CIOT, as reported in June 2024 successes, HMRC 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 to clarify that in some circumstances a permanent establishment does not have to be registered at Companies House (see INTM 261020).

In addition, HMRC incorporated the registration process for non-resident companies into the wider review of guidance and forms (focused on small business) that was announced at the Spring Budget. The bespoke guidance and registration forms for the different types of non-resident companies that are chargeable to corporation tax in the UK was published in September, including the particular circumstance raised. See HMRC: Register for Corporation Tax through a dependent agent permanent establishment (tinyurl.com/46hzm24w).

Parliamentary mentions

In a note concerning their September pre-Budget evidence-gathering session, the Clerk of the Scottish Parliament's Public Finance and Administration Committee cited some of CIOT and LITRG's feedback to the recent consultation 'Budget Scrutiny 2025-26 – Managing Scotland's Public Finances: A Strategic Approach'.

In a stage 3 debate of the Scottish Parliament on the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill, the CIOT was cited alongside ICAS for our input on Part 2 of the Bill. Part 2 contains several (unrelated) administrative amendments to Revenue Scotland Tax Powers Act 2014. Our criticism concerned the lack of consultation about these changes, but we also highlighted again the need for an annual Finance Bill in which these amendments could have been made.

Other recognition of the CIOT's contribution

CIOT Technical Officer Margaret Curran recently spoke to 800 compliance staff working in HMRC's Individual and Small Business Directorate about the tax agent's experience of helping clients through a HMRC compliance check. This was part of an online HMRC conference 'Customers, not numbers', which also showcased the work of HMRC's Enhanced Support team. The session was recorded and so could potentially be viewed by up to 3,000 staff.

Margaret described the agent's role, talking about what can help to make a check run smoothly – and conversely, what can cause it not to go well. She highlighted, amongst other things, the importance of good, accurate, relevant and timely communication on HMRC's part and the value of progress updates.

The session provided a good opportunity to share our members' insights from recent practice directly with HMRC staff. Feedback from HMRC attendees was extremely positive.

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GENERAL FEATURE PERSONAL TAX

Making Tax Digital for Income Tax

ATT and CIOT summarise their recent engagement with HMRC regarding Making Tax Digital, and highlight the next steps and further guidance available to members.

Making Tax Digital for Income Tax Self-Assessment (MTD ITSA) is now less than 18 months away, with taxpayers with income over £50,000 mandated from 6 April 2026. Taxpayers with income between £30,000 and £50,000 will be mandated from 6 April 2027.

MTD ITSA will apply to landlords and self-employed individuals and has three main components – digital record keeping, quarterly updates and year-end reporting. Digital record keeping will require the amount, category and date of business income and expenditure to be recorded in software. These digital records will then form the basis for the quarterly updates – summary totals of income and expenses which have to be submitted to HMRC at the end of each quarter. We continue to raise with HMRC the need for more detailed guidance around digital records and we hope to see further material published by HMRC later this year.

We also await, and continue to discuss with HMRC, further guidance on MTD ITSA exemptions and further guidance on easements for joint property owners.

We have been involved in several meetings with HMRC over the last couple of months. HMRC have been updating us on the beta testing phase and have outlined their success criteria for assessing the effectiveness of MTD ITSA during this testing phase. We have also requested an update on the development and availability of free software and the development of a HMRC year end filing service, which can be used by taxpayers to

GENERAL FEATURE

Joint CIOT/ICAEW HMRC service level project

CIOT reports on its joint project with the ICAEW to address HMRC's service levels.

HMRC customer service levels have been a longstanding and continued concern for our members. Our previous work in this area has confirmed that poor HMRC service levels have a detrimental impact on taxpayers, agents, HMRC employees, the health of the tax system and the wider economy (see tinyurl.com/9bvnyafk).

Earlier this year, CIOT and ICAEW joined forces with a view to producing an evidence-based report with findings and recommendations on HMRC customer service performance.

The project involved gathering current evidence on HMRC customer service performance in a structured way. We commenced a six week data gathering period on 9 September, with over 30 firms volunteering to record their contact with HMRC via webchat/digital assistants

and phone lines. Thanks to the valued participation of these firms, we have built valuable evidence on HMRC customer service levels covering several key service lines. The data gathering period ended on Friday 18 October and we have already identified some key themes from the data collected.

We have also organised two workshops to gather additional qualitative data from participants. During these workshops, we will discuss gaps in current digital services and seek participants' views on key areas of improvement that would significantly improve their interactions with HMRC. We are now working hard to analyse the data in more detail and produce a report which makes evidence-based recommendations on key areas that

would help to improve HMRC service levels and digital services.

Recognising that our data gathering only captures agent engagement with HMRC, we have also invited our Low Incomes Tax Reform Group to contribute to the report, bringing the voice of the unrepresented. We have also invited business groups to contribute the commercial voice.

We plan to launch our report on Wednesday 11 December, where we will present our findings to key stakeholders, including HMRC and the UK government. Look out for more information on this nearer the time.

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complete the year end filing requirements (where the taxpayer's third party software is unable to do this).

We appreciate that a key consideration to joining the testing phase, and preparing for MTD ITSA, is the availability of compatible software. We understand from our discussions with HMRC that more software suppliers are expected to come online soon. We would encourage agents to start planning for MTD ITSA, even if their preferred software provider has not yet come online.

HMRC recently held a MTD ITSA event in Glasgow, which provided an opportunity for agents to meet HMRC teams directly to discuss agent readiness. With under 18 months left, six of which cover two busy self-assessment filing periods, a key message at the event was that now is the time to start thinking about what needs to be done to prepare taxpayers and agents' businesses for MTD ITSA.

MTD ITSA has been delayed several times in the past and we are awaiting the upcoming Budget on 30 October. Two meetings in the latter half of October have been cancelled, but there is no suggestion from HMRC that further delays are on the cards. All agents with sole trader and/or landlord clients will need to make some form of preparations ahead of April 2026. Even where it is not possible to join the testing phase, we would encourage agents to start planning for April 2026 – this may include client segmentation, ensuring that clients have separate business bank accounts and engaging in early conversations with clients to determine

how much input they would like from their agents.

Emma Rawson published an article, 'Making Tax Digital for Income Tax: How to get your practice ready', in the October 2024 issue of *Tax Adviser* which provides some useful information on preparing for MTD ITSA (see tinyurl.com/3nmus6u9). The ATT also held a free webinar for their members in October, where they were joined by HMRC. A recording of this can be accessed from the ATT's MTD ITSA landing page (tinyurl.com/ycyy34s4).

We will issue further updates on our MTD ITSA engagement, including guidance on agent readiness, in the coming months.

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LARGE CORPORATE OMB

Capital allowances: clarifying uncertainties

CIOT and ATT have provided input into HMT/HMRC's consultation on clarifying areas of uncertainty within the capital allowance system.

On the back of the government's manifesto commitment to give businesses 'greater clarity on what qualifies for allowances to improve business

investment decisions', HMT and HMRC have conducted a consultation with stakeholders to explore the main areas of uncertainty in the capital allowances system. This is intended to help them consider how they can best provide greater clarity; for example, through improvements to HMRC's guidance.

CIOT attended a stakeholder meeting to discuss this with HMT/HMRC in September, and submitted some suggestions in writing as to where guidance could be improved.

CIOT also noted that while clarity is important to provide businesses with certainty, and to build confidence in the tax system, much of the uncertainty and complexity in the current capital allowances system has arisen because of the introduction of targeted relief over the years, which has become a feature of the UK's capital allowances legislation. (We do recognise that this incentivises business investment.) We said that it is a missed opportunity that this consultation precludes legislative change, because meaningful simplification, resulting in improved certainty, is not achievable without considering changes to the legislation.

CIOT reiterated what we said in our comments to the Exchequer Secretary to the Treasury on the Business Tax Roadmap (www.tax.org.uk/ref1352). We would welcome a strategic and longer-term view from the government around capital allowances to ensure that these align to the government's overarching policy objectives and strategy for business growth.

ATT had previously submitted comments to HMT/HMRC suggesting that there was scope to rationalise some areas of the capital allowances regime. We also noted that, for the smallest businesses, capital allowance changes are unlikely to drive investment decisions. Instead, the key issue is to make it easier for them to work out what relief they are entitled to so they can factor this into their costs and avoid protracted disagreements with HMRC. Whilst ATT are pleased to see further engagement in this area, we agreed with CIOT that precluding legislative change from the scope of consultation is a missed opportunity.

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LARGE CORPORATE OMB

R&D: recent engagement with HMRC

CIOT continues our constructive engagement with HMRC around R&D tax relief enquiries.

Following our meeting with HMRC to discuss ongoing concerns with R&D tax relief enquiries in the summer, we asked you to send us recent examples of your experiences with HMRC to provide evidence of the ongoing issues. Thank you to those of you that sent these to us – they are very helpful to us in our engagement with HMRC.

In September, CIOT met with HMRC's compliance operations team to hear about their improvement plan and training initiatives. HMRC acknowledged that their conduct had at times fallen below their standards. HMRC are looking at improving letters, ensuring that information requests are properly tailored to individual cases, and recalibrating the allocation of R&D enquiries between the Individual and Small Business Compliance (ISBC) and Wealthy and Mid-Sized Business Compliance (WMBC) teams so that more complex enquiries are dealt with in WMBC.

We would like to hear from you if/when you feel the impact of these improvements in the coming months; HMRC noted that they will take time to be felt on the ground. We stressed to HMRC that collateral damage from the volume compliance approach had severely eroded trust in the tax system. We emphasised the need for HMRC's compliance standards to improve in order to ensure fair treatment for all and so that trust can be rebuilt.

Looking ahead, we are also pleased that HMRC have arranged a meeting of the CIOT/ICAEW/HMRC R&D Working Group for November, and we look forward to continuing our constructive dialogue with them through that forum. We are also expecting HMRC to publish a Compliance Action Plan in relation to tackling error and fraud within R&D claims before the end of the year.

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GENERAL FEATURE PERSONAL TAX

Voluntary National Insurance contributions for older years and Home Responsibilities Protection: potential for doubling up?

LITRG recommends taxpayers to check for missing Home Responsibilities Protection before making voluntary National Insurance contributions.

As readers will be aware, it is usually possible to make voluntary National Insurance contributions (NICs) going back up to six tax years (SI 2001/769, reg 4(3)–(5)). At present, there is also a time-limited opportunity for some taxpayers to plug gaps in their National Insurance record going back as far as 2006/07. This extended voluntary NIC facility is available for men born after 5 April 1951 or women born after 5 April 1953, and is only available until 5 April 2025. Following this, taxpayers will only be able to contribute under the normal six-year lookback principles.

Over the next few months, up until the end of the extended contribution window, it is likely that a final flurry of taxpayers will be checking their National Insurance record, with a view to possibly making voluntary contributions for earlier years.

Online service for voluntary contributions

HMRC now have an online service to facilitate voluntary NIC payments, including for the extended contributions back to 2006/07, which can be accessed via the personal tax account (by clicking 'Your National Insurance and State Pension' tile). The online service is only available for Class 3 voluntary NICs. The service provides various tailored payment options in respect of tax years currently showing as 'not full', allowing the taxpayer to see:

- what their payment options are; and
- what impact these payment options are predicted to have on the taxpayer's eventual state pension award.

Taxpayers can contact the Department for Works and Pension's Future Pension Centre if they are unable to use the online service, or would like further guidance to understand their options. Contacting the Future Pension Centre is also the only option for those who wish to make Class 2 voluntary NICs for previous tax years.

Missing Home Responsibilities Protection: a separate campaign

As a separate exercise, the Department for Work and Pensions and HMRC have also launched a campaign to correct some taxpayers' National Insurance records, where entitlements to Home Responsibilities Protection (HRP) might be missing. Broadly speaking, HRP was the forerunner to Class 3 National Insurance credits for those claiming child benefit prior to April 2010. As part of this exercise, HMRC are writing to taxpayers who they believe might be affected, encouraging them to check eligibility and claim for any missing HRP. LITRG recently wrote an article explaining more about the problem and the process for claiming: tinyurl.com/y5wmm2yn

Potential for voluntary NICs to be overpaid?

Bringing together the possibility of claiming HRP for tax years prior to 2009/10, and the extended facility to make voluntary NICs back as far as 2006/07, it is possible that some taxpayers may inadvertently overpay voluntary NICs if they do not first seek to investigate their HRP position. HMRC's online service for making voluntary contributions currently makes no obvious reference to HRP to act as a prompt (which LITRG has pointed out as being problematic).

Remind clients to check HRP eligibility

LITRG recommends anyone that is seeking to make use of the extended facility for voluntary NICs – particularly in respect of the period 2006/07 to 2009/10 – first investigates whether they are eligible for HRP for those tax years. HMRC's HRP guidance includes an eligibility checker tool, and can be found on GOV.UK at tinyurl.com/48r78avw.

If a taxpayer does make voluntary NICs for a tax year where they later discover that HRP was available, we understand from HMRC that it may be possible to obtain a refund of overpaid voluntary NICs.

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EMPLOYMENT TAX

Employment Taxes Forums

A brief overview of Employment Taxes Forum meetings attended by representatives of the CIOT, LITRG and ATT.

In this article, we summarise the main points from meetings of various groups that took place in early autumn 2024, which are attended by CIOT, LITRG and ATT volunteers. HMRC publishes the minutes of these meetings on GOV.UK.

Employment and Payroll Group

This group is the main HMRC forum for employment tax-related matters, and is attended by ATT, CIOT and LITRG representatives. At its most recent meeting, Meredith McCammond (LITRG) and Seb Sauca (SafeRec) gave a presentation highlighting the 'bogus' nature of elective deduction model arrangements and its 'false' self-employment that is denying workers their rights. Meredith and Seb explained why HMRC should take action to target these arrangements. Other matters on the agenda included an update on the pensions dashboard and how HMRC are improving guidance on charitable tax reliefs.

Expenses and Benefits Sub-Group

This is a relatively new sub-group of the Employment Payroll Group with a focus on technical aspects of employment expenses and benefits-in-kind. A government announcement is expected on the proposal to mandate the payroll of benefits-in-kind. Other matters discussed included a point raised by the CIOT on company car tax and HMRC's guidance on employee contributions for the private use of company cars where a more expensive car is chosen, and workplace nurseries and the partnership agreement rules.

Employment Status and Intermediaries Forum (formerly the IR35 Forum)

The forum is attended by representatives of CIOT, ATT and LITRG, and at its last meeting discussions focused on HMRC's Check Employment Status for Tax tool. HMRC also provided an update on its work on managed service companies.

Share Schemes Forum

The forum is attended by CIOT and ATT representatives, and its September meeting focused on HMRC's carried interest call for evidence. HMRC also indicated that it will soon be updating its guidance following the *Vermillion* case (*HMRC v Vermillion Holdings Limited (Scotland)* [2023] UKSC 37).

Collection of Student Loans Sub-Group

The group is attended by representatives on CIOT, ATT and LITRG. At its September quarterly meeting, HMRC provided an update into the work ongoing with improving the start and stop student loan process. HMRC also confirmed that they would be writing to borrowers that receive payrolled benefits-in-kind and who are in self assessment to provide options in regard to the anomaly notified to HMRC by the CIOT, whereby self assessment taxpayers are erroneously assessed to student loan repayments on their payrolled benefits-in-kind.

Construction Forum

The forum is attended by representatives of CIOT and ATT, and its last meeting was in mid-summer where there was a discussion on CIS simplification focusing on guidance changes, policy changes and operational improvements/digitalisation. A joint sector and HMRC presentation on construction sector fraud was also delivered.

Employment Status Consultative Committee

This is a non-HMRC forum and is made up of employment tax experts from a number of professional and representative bodies, including CIOT, ATT and LITRG, and chaired by Justine Riccomini of ICAS. The forum has written an introductory letter to the new Exchequer Secretary, James Murray MP, offering to meet to discuss how employment status for tax might also be reformed or simplified. The forum has been discussing the case for change.

Matthew Brown mbrown@ciot.org.uk

GENERAL FEATURE EMPLOYMENT TAX

LITRG trial new umbrella company payslip audit service for workers

If you have clients that are employed through an umbrella company, it may be useful for you to know that they can soon request a free 'payslip audit' via LITRG. This will be carried out by special software developed by compliance and technology firm SafeRec, who have kindly provided access to this to LITRG for free.

We have a lot of information available on our website to help people understand umbrella companies and manually check whether pay and taxes are being dealt with

properly. This includes a downloadable factsheet (tinyurl.com/35v64zzz). However, SafeRec's software automates this checking process.

Their award-winning AI technology reads and forensically audits umbrella company payslips. It then cross-references the audit with the assignment rate (that is the amount paid by the agency to the umbrella company). The combination of these steps means that SafeRec can help workers to identify when they are being paid in a non-compliant way, such as through disguised remuneration, but also to identify other potential abuses, such as skimming or being in an Elective Deduction Model. We explain more about the Elective Deduction Model in a recent blog on the LITRG website (tinyurl.com/5hyxpvhc).

We hope that the payslip audit service will be valuable to any workers you know, or are supporting, who are employed by an umbrella company. It is important to note that the payslip audit results are provided for informational purposes only and should not be considered alone, without users seeking further professional advice.

This trial will also support LITRG's labour market work, helping us to explore and test new ways of gathering insight and information directly from taxpayers to better understand their issues and needs. While individuals' information will not be shared, it will be used by LITRG in an anonymised way in furtherance of our work – for example, to look for trends and patterns in umbrella company practices.

Keep an eye out for the payslip auditing service going live on our website. A new explainer page where workers can read more about the service, and a portal where they can agree some terms and conditions and upload their payslip and contractor reconciliation statement, will be linked to from our main umbrella company guidance page (tinyurl.com/2uyfdw72).

Meredith McCammond mmccammond@litrg.org.uk

INDIRECT TAX

From exempt to taxable: adding VAT to private school fees

The CIOT and the ATT submitted responses to the UK government's proposal to introduce VAT on private school fees from 1 January 2025. Both responses highlighted

concerns related to the timing, complexity and impact of the VAT changes on the sector.

The proposal to remove the VAT exemption (Item 1, Group 6, Schedule 9 to the VAT Act 1994) on private school fees was announced in the Labour Party's election manifesto in 2019, and repeated in 2024. After the new government was elected, draft legislation on 'VAT on Private School Fees and Removing the Charitable Rates Relief for Private Schools' (tinyurl.com/a5b8rnet) was released for consultation. The consultation had a limited scope, only asking five questions specifically about the draft VAT legislation, with no questions about broader VAT issues or the proposed changes to business rates.

Draft legislation for the VAT changes

The five consultation questions focused on definitions used in the legislation. The CIOT raised concerns that some words and phrases were not defined, such as 'other consideration' and 'institution'. They commented that it would be clearer if exceptions to the word 'institution' were listed to remove possible unintended impacts by Note (1a)(ii) to the draft legislation. Further, we would prefer that the legislation provides a full list of institutions in Note (1)(a)(ii), rather than

providing only one example, to provide clarity and certainty. Although the consultation questions had a narrow focus, both the CIOT and ATT still raised broader issues in their submission responses.

Timing concerns

In their submissions, both the CIOT and the ATT recommended postponing the date of implementation from 1 January until at least September 2025, to provide sufficient time for private school and HMRC readiness. At the time of submission, there was uncertainty as to whether the draft legislation would be updated as a result of consultation. There was also a lack of clarity for schools and advisers as no technical VAT guidance was available. (At the time of writing, neither the final legislation, the consultation outcome nor the guidance are published.)

Closely related services

The ATT highlighted concerns of increased complexity by retaining the VAT exemption on ancillary services like meals, transport and extracurricular activities, meaning that private schools would be partially exempt from the outset. They also highlighted that having a combination of VAT liabilities increases the risk of value shifting and that, even where this has not occurred, it will become a focus for future VAT compliance reviews.

Business rates

The CIOT noted that the policy design for business rates focused on the removal of Local Government Finance Act 1988 s 43 mandatory charitable rates relief for private schools. However, it was not clear whether the policy intent also impacted the scope of the local authority's discretionary relief under s 47. At the time of writing, confirmation on this point is still awaited.

Summary

Ultimately, the uncertainty around the draft legislation and the implementation date should be clarified in the Autumn Budget (which had not taken place at the time of writing).

The CIOT and ATT are able to submit feedback to HMRC on the VAT guidance for private schools once published, so if members have circumstances not already addressed in either the private school specific or existing VAT guidance, do let us know by contacting technical@ciot.org.uk or atttechnical@att.org.uk.

The submission responses can be found on the CIOT (tax.org.uk/ref1362) and ATT websites (www.att.org.uk/ref466).

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Briefings

ADIT

New South African international tax module

CIOT is launching a new module as part of our ADIT qualification.

CIOT has launched a new module on South Africa's international tax system as the latest addition to our ADIT qualification. This module will be useful for tax professionals in southern Africa and globally, especially those working with the cross-border aspects of South African tax law. It is relevant for people in accounting firms, multinational companies, law firms, tax authorities and academics.

The module covers the international implications of South African taxation in considerable depth, with particular emphasis on tax jurisdiction and residence, the determination of taxable income, transfer pricing and anti-avoidance rules, and South Africa's double tax treaty network.

It offers a new option to ADIT students worldwide, with the range of available jurisdiction options now accounting for 70% of the global economy (according to the IMF's 2024 World Economic Outlook).

Speaking on behalf of the Institute, CIOT President Charlotte Barbour said: 'The ADIT qualification continues to cement its status as a leading global benchmark for expertise in international tax. With the introduction of this new

module, practitioners in South Africa and beyond can demonstrate their in-depth understanding of the South African tax system within a global framework.

'This is crucial for those advising on cross-border transactions, where mastery of South Africa's tax legislation and international agreements can provide a strategic edge.



The ADIT qualification continues to cement its status as a leading global benchmark.

'With a syllabus developed by prominent voices from the South African tax field, this newest ADIT module can be trusted by employers as an assurance of the rigorous professional training needed to ensure that their teams are well-equipped to meet client expectations in an increasingly globalised region.


'The introduction of the South Africa module further reflects the CIOT's

commitment to expanding the ADIT syllabus and offering coverage of key global tax jurisdictions. We are proud to be meeting the needs of our growing audience in southern Africa, with accessible exams and flexible study options that cater to students across South Africa and worldwide.'

Clayton Bonnette, Head of Structured Finance, Corporate and Investment Banking at Standard Bank Group and ADIT South Africa Champion, said: 'The addition of a dedicated South Africa module to the range of exam options covered by ADIT is tremendous news for international tax professionals across the region, and for the firms and clients who rely on their technical knowledge and advice.

'Working for a major African multinational, I know at first hand the difference that having leading-edge international tax expertise, tailored to local markets, can make to a business. It's great to know that ADIT students in South Africa and the wider southern African region, whose employers are more connected than ever to global supply chains and tax governance structures, will now have the option of incorporating and developing their knowledge of South African tax law as part of their ADIT studies.'

Exams for the South Africa option module will be held annually, with the first exam taking place in June 2025 and delivered online.

 For further information, including a sample exam paper and the list of syllabus topics, visit www.tax.org.uk/adit/za or email our Education Team at education@adit.org.

Political update

CIOT, ATT and LITRG work with politicians from all parties in pursuit of better informed tax policy making.

The CIOT/ATT External Relations Team attended Lib Dem, Labour and Conservative conferences in September and October and met with a range of politicians and advisers. Head of External Relations George Crozier spoke to Exchequer Secretary James Murray the day after it was announced that he would be chairing HMRC's board and asked him about the thinking behind the move. He explained that it was about getting HMRC focused on the new government's priorities – modernisation, customer service and tackling the tax gap.

Also at Labour, George spoke to the newly elected chair of the Commons Treasury Committee Dame Meg Hillier, congratulating her on her election. Dame Meg said that she was looking forward to the other members of her committee being elected and very much hoped to have them in place by the Budget, to carry out the traditional post-Budget questioning of the Chancellor. She looked forward to continuing the committee's regular engagement with CIOT and ATT.

We also spoke with new Labour MP Yuan Yang in Liverpool about her work as one of the lead members of the

All Party Parliamentary Group on Anti-Corruption and Responsible Tax, which has been reformed in the new parliament. We have discussed the group's plans with its communications manager and look forward to engaging with its members as they develop their programme.

The All Party Parliamentary Group on Tax, formerly chaired by Ian Liddell-Granger, has not so far been reformed as organisers have yet to find a chair to replace Ian (to whom we have sent our best wishes for the future, following his defeat on 4 July and the subsequent announcement of his retirement).

Finally, congratulations to Lord Mackinlay of Richborough CTA, who took his seat in the House of Lords on 17 October (as well as receiving a special award from the CIOT at our recent reception – see page 48).

Rates and allowances

'Outdated' mileage rates leaving care workers out of pocket



ATT calls for mileage rates to be updated to reflect the true cost of business travel.

Care workers who have no choice but to use their own vehicles for work are being left out of pocket by 'outdated' mileage rates which have not been updated since 2011, the ATT has warned.

ATT President Senga Prior said: 'These rates have been frozen for so long that employees are no longer being reimbursed for the true cost of their business travel. The Bank of England's inflation calculator suggests that 45p in 2011 would be worth 64p by July 2024.'

'Effectively, employees doing business mileage on behalf of their employer are out of pocket. This particularly impacts those at the lower end of the wage spectrum, such as care workers, who have no choice but to use their own cars.'

The ATT has also called for a 'two-tier approach' based on total mileage to be scrapped and replaced with a simpler, single rate.



Employees are no longer being reimbursed for the true cost of their business travel.

The NHS and some local authorities pay rates that differ from those of HMRC. Higher rates are generally paid for small amounts of business travel and lower rates when travel increases.

Senga Prior added: 'If the HMRC rates were updated more regularly and set at a level that other government departments and local authorities were prepared to accept, this would simplify the position for employees. It would also introduce consistency between the private and public sector and reduce administration costs across government.'

LITRG

Paper tax returns: HMRC make things easier



CIOT's Low Incomes Tax Reform Group has welcomed a decision by HMRC that will make it easier for taxpayers to file a paper tax return.

Ahead of the 31 October deadline for filing a 2023/24 paper self assessment tax return, HMRC has confirmed to LITRG that it will accept copies of the tax return form that have been downloaded and printed from GOV.UK.

Until recently, the 2024 form on GOV.UK had been marked 'For reference only'. HMRC had indicated that it would only accept a paper tax return form if it had specifically issued the form and posted it to the taxpayer. Following concerns raised by LITRG, HMRC agreed

to relax its position, and has confirmed that it will accept forms printed from GOV.UK. LITRG achieved a similar concession from HMRC last year for 2022/23 tax returns and hopes that the change will be made permanent.

Antonia Stokes, LITRG Technical Officer, said: 'We understand that HMRC strongly encourage people to file their tax returns online, but this is not always possible. We have always been clear that HMRC should not try to make things harder for those who have no option but to file on paper.'

In the news

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



'Christopher Thorpe, technical officer for the Chartered Institute of Taxation, said a potential 40% to 45% tax on carried interest would be a lot higher than rates in Germany, France and Spain, which "risks causing distortions in the market".'

'The i' on capital gains tax changes, 11 September

'It's important that anyone affected is aware of the workaround. Otherwise, they will end up overpaying their student loan and have to wait for HMRC to contact them to arrange a refund.'

ATT technical officer Helen Thornley in the Daily Mirror on student loan overcharges, 15 September

'There could be "chaos and confusion" as HMRC has allegedly failed to do enough to make online sellers aware they may need to start filing a tax return, claims the Low Incomes Tax Reform Group.'

The Daily Mail on reporting rules for online selling platforms, 18 September

'Tax claims agents are unregulated and the campaign body the LITRG says that unscrupulous firms may be obtaining taxpayers' personal information, including signatures, from PPI claims management firms and recycling it to submit new claims without the individuals' knowledge.'

The Guardian on tax rebate claims, 30 September

'If the government really doesn't want unintended consequences of it impacting certain young people ... that needs to be captured and there needs to be an exclusion. If the government had provided a full list, institutions that are not on the list would know they were not affected.'

CIOT technical officer Jayne Simpson in the Daily Telegraph, in response to concerns that the draft legislation on VAT for private schools could inadvertently force universities to levy 20% VAT on tuition fees, 1 October

'The proposed commencement date of 1 January does not give sufficient time for schools or HMRC to adequately prepare and deliver the proposed changes. Commencing part way through an academic year could also introduce additional difficulties for schools and pupils.'

The ATT in the Observer on the implementation of VAT on private schools, 6 October.

New media ATT joins TikTok!



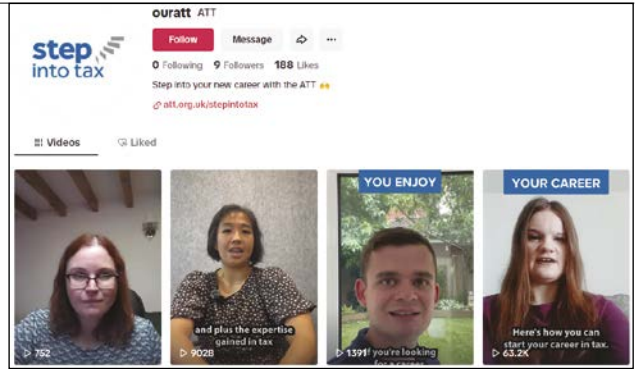
The ATT has set up an account – @ouratt – on the popular social media platform TikTok and has posted a series of short videos from tax professionals explaining how they got into the industry.

Additionally, technical officer Emma Rawson shot a video explainer on HMRC-approved mileage rates, which was used on TikTok alongside a longer press release issued by the ATT to the media. The video racked up a number of

likes and comments in its first few days.

The ATT also has a presence on other social media sites, with accounts on X (formerly Twitter), LinkedIn, Instagram and YouTube, where it regularly posts updates, news and videos.

TikTok was set up in 2016 as a video-sharing platform, where users can upload videos from three seconds to



60 minutes long. It quickly became one of the world's most popular social media platforms and was ranked the most popular website of 2021, with more than 1 billion monthly active users.

Technical Spotlight Spotlight on the Issues Overview Group



The Issues Overview Group is a joint forum of professional bodies and HMRC, which aims to address widespread operational issues with HMRC systems or processes. Typically, these will have been first reported on HMRC's online Agent Forum.

The Issues Overview Group meets roughly every two months, but will also meet on an ad hoc basis with HMRC experts on specific topics of concern.

The ATT and CIOT are each represented on the group by one member in practice and one member of staff. Our members in practice are Senga Prior, President of ATT and the ATT Technical Steering Group Chair (representing the ATT, obviously!), and David Jeffreys, a Chartered Accountant and Chartered Tax Adviser based in Cambridgeshire representing CIOT.

Interaction with the Agent Forum

The main route for identifying and escalating widespread problems to the Issues Overview Group is via the Agent Forum. The forum is moderated by HMRC and is open to tax agents with professional qualifications, including ATT and CIOT members.

Once registered on the forum, agents can post queries about HMRC systems or processes that they come across in day-to-day practice, contribute supporting evidence where an issue has already been raised, and search to see if other agents have experienced similar problems or found a solution.

Issues Overview Group members monitor the Agent Forum for potentially widespread issues that need to be escalated further within HMRC or highlighted to agents who are not on the forum.

Current issues

The Issues Overview Group, like Working Together, which predated it, has often been described as trying to help get rid of 'grit in the system'. Current sources of grit discussed at our October meeting included:

- a backlog in the processing of 2022-23 returns;
- tax returns with marriage allowance claims falling out of automation;
- email acknowledgements from HMRC which cannot be linked to a client; and
- address matching issues preventing self assessment registrations.

Interaction with the Representative Bodies Steering Group

The Issues Overview Group reports to the Representative Bodies Steering Group (RBSG), which we covered in the June 2024 edition of Tax Adviser (see tinyurl.com/y3dphky7). If we are unable to get an issue resolved at the Issues Overview Group level, then we can escalate issues to RBSG and put our case to senior HMRC management.

Challenges

The work of the Issues Overview Group is important, as better systems lead to better outcomes (and lower costs) for taxpayers, agents and HMRC. However, the Issues Overview Group has many challenges, with several of the issues on our list being longstanding and costly to fix. Part of our

role is to help HMRC to ensure that the appropriate issues are addressed when there is limited funding.

A further challenge is ensuring that we have enough good quality evidence of issues that HMRC can follow through. For example, to follow up a problem on a phone line, HMRC needs the number dialled to/from and the time of the call. For systems problems, screen shots are very helpful.

In recent months, usage of the Agent Forum has dropped significantly, and we know that some members have been disappointed with the responses they have received to their queries, including where HMRC has blocked their posts. However, the forum is the primary route for agents to share concerns directly with HMRC and other agents, and we are continuing to press HMRC for improvements. So we would encourage members to persevere – and report any concerns with responses on the forum to us.

Positives

HMRC tells us that the backlog of 2022-23 returns is now much reduced, and we are pressing it to investigate how and why the backlog built up, in an attempt to avoid a repeat in future years.

Following work by the Issues Overview Group, HMRC is working hard to communicate workarounds to help returns with marriage allowance claims falling into manual processing queues. We also believe that progress is being made in addressing a systems flaw which is leading to the rejection of self assessment registrations because addresses are not matching correctly within HMRC.

By working with the RBSG and other groups like the Agent Digital Design Advisory Group, we also have a role in ensuring that issues are understood more widely in HMRC and are not carried forward into the brave new world of Making Tax Digital.

Careers Conference

CIOT at Gen Z Club: Careers Conference

CIOT sponsored the Gen Z Club Careers Conference held at UCL London on Saturday 28 September.

The Gen Z Club was created in 2021 to address the lack of resources available to future leaders and founders of organisations and businesses, the aim being to create a community for Generation Z individuals to get inspired, network and grow. The event, hosted by Austin Okolo, CEO of The Gen Z Club, provided a great opportunity to engage with attendees and share insights into a career in tax through interactive sessions, workshops and discussions.

Toyin Oyeneyin, Business Manager and Tax Product Specialist at Octopus Investments, delivered a popular workshop on 'Demystifying the payslip', stressing the importance of always checking your tax code and understanding payslip details and deductions. Sofia Thomas, Partner at Juno Tax, participated on the finance panel, which explored opportunities for career growth and development in finance. She highlighted how the CTA qualification has played a crucial role in supporting her passion and work in the field.

What is apparent is that Gen Z is looking for more than just a pay cheque – they're in pursuit of purpose, flexibility, inclusivity and growth opportunities. A key takeaway from the event was the emphasis on the importance of building a strong network, highlighted by the powerful quote: 'Your network is your net worth.' The idea behind this is that connections can greatly influence your career, open doors to new opportunities and increase professional influence. Attendees were encouraged not to 'despise small beginnings' and to confidently promote their skills and achievements, as no one will know what someone wants unless it is appropriately communicated.

It was fantastic to see companies including Capital One, HSBC, Lloyds, Warner Brothers, Knight Frank and VaynerMedia sponsoring and supporting the event. With around 200 delegates in attendance, the conference was both insightful and inspiring. It was refreshing to engage with motivated, positive, career-driven young people eager to network, enhance their skills and explore new career opportunities.

It was exciting to be involved in such a successful event that offered a chance to help support and empower future leaders – the next generation of talent ready to make their mark.



Austin Okolo and Emma Barklamb



CIOT speaker: Sofia Thomas



CIOT speaker: Toyin Oyeneyin

Reception

Joint Presidents' 'Thank you' Reception



The Joint Presidents' Reception was held on Tuesday 1 October 2024 at Merchant Taylors' Hall and was attended by over 120 people.

The ATT President Senga Prior and the CIOT President Charlotte Barbour thanked volunteers on Branches, Council, Committees, Steering Groups, Sub-Committees and Working Parties who have dedicated their time, expertise and guidance to both charities over the past year. During

the reception, several presentations were made.

The CIOT President presented:

- a CIOT Honorary Fellowship to Paul Morton for his significant contribution to the field of taxation;
- a CIOT Council Award to Tracy

- Easman for her sustained contribution to the CIOT's values, aims and objectives;
- a special award to Lord Mackinlay of Richborough for overcoming extraordinary personal circumstances;
- certificates to Jennie Rimmer and Ian Hayes recognising their service on the CIOT Council;
- Certificates of Merit to Michael Ashdown and Jim Robertson recognising their contributions to the CIOT's public benefit and aims;
- Branch Certificates of Appreciation to Stephen Moorse and Tom Young recognising their contributions to the CIOT and ATT branches.



Simon Groom, Tracy Easman, Senga Prior, Sue Fraser, Jeremy Coker, Molly Eldridge



Nancy Cruickshanks and Senga Prior



Will Silsby and Senga Prior



Charlotte Barbour and Jim Robertson



Charlotte Barbour and Michael Ashdown



Paul Morton and Charlotte Barbour



Charlotte Barbour and Tom Young



Charlotte Barbour and Lord Mackinlay of Richborough

Colin Ben Nathan, recently retired, was given a special mention for his longstanding service as a CIOT Committee Chair and volunteer.

The ATT President presented:

- Certificates of Appreciation to Nancy Cruickshanks and Will Silsby recognising their direct contributions to the ATT;
- ATT Council Awards to Tracy Easman, Sue Fraser and Jeremy Coker recognising their outstanding contributions to the ATT;
- a certificate and gifts to Molly Eldridge to mark her status as the 10,000th member of ATT; and
- an ATT Presidential Scroll to Simon Groom to thank him for the services which he gave to ATT during his year as President.



Charlotte Barbour and Stephen Moore

CPD

Your CPD requirements: key reminders

The key points for complying with your continuing professional development obligations.

Who is in scope?

The CIOT and ATT require all members (including ADIT Affiliates) working in tax *and* all those who are not working in tax but who use their designations (CTA, ATT, ADIT and other variations) to assess and perform CPD appropriate to their duties. There are no set minimum number of hours and no stipulations regarding structured versus unstructured CPD, and a wide variety of activities count as CPD.

You can find full details of the regulations and guidance on our websites: CIOT at www.tax.org.uk/cpd_regs_guidance and ATT at www.att.org.uk/CPD.

CPD and your Annual Return

Members must indicate if they are compliant with the CPD regulations in their Annual Returns (open for submission mid-November). If you are not working in 2024, you can answer 'Yes' to meeting your CPD requirements in the upcoming return.

Your record keeping and the CPD Annual Audit

Remember that recording your CPD is a requirement! Every spring, a range of members are selected to provide their records as part of the CPD annual audit. Please don't delay in responding if you are selected in 2025, as those who do not provide their records or an explanation as to why no CPD is required will be fined and can be referred to the Taxation Disciplinary Board. We issued three fines for £350 each in 2024.

Where we see members with poor records provided in response to the audit request, we have some concerns that these have been created after the CPD year has ended.

Members should be recording their CPD regularly throughout the year to ensure they have full records available if they are requested. Those members with poor records are given information on how to improve records and their records will be checked again in future years.


Records can be kept in any reasonable format, including those used to meet other professional bodies' requirements. Our CPD form for 2025 is available now at: tinyurl.com/5a86czbr.

Professional Standards, AML and CPD

You must comply with the principles set out in Professional Rules and Practice Guidelines at tinyurl.com/446v4dap and in Professional Conduct in Relation to Taxation where relevant to your role at tinyurl.com/3zubnebw. We do expect to see Professional Standards CPD being regularly undertaken in a member's records together with Anti-Money Laundering training where relevant. Is it in yours?

CIOT and ATT CPD resources

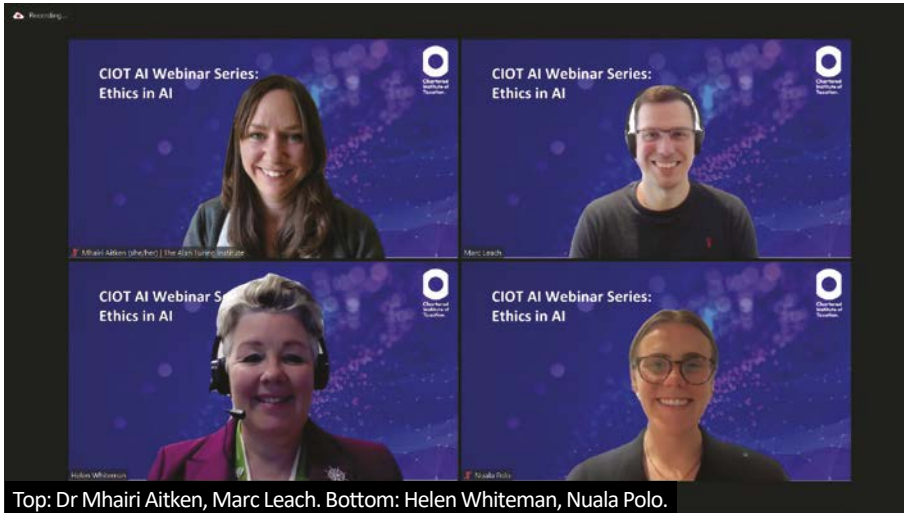
Our primary educational purposes mean that we provide free and 'at cost' CPD resources (part of the value of member subscriptions). These include branch events, website guidance, online webinars and in-person workshops or conferences on a range of topics, including non-tax technical and professional standards areas. CPD resources are listed on our websites: www.att.org.uk/cpd_materials and www.tax.org.uk/cpd_materials.

 Do you have any questions on your CPD requirements? Don't hesitate to get in touch with us at cpd@tax.org.uk.

Artificial intelligence

CIOT AI Webinar Series: AI in Ethics

The CIOT hosted its second webinar in the AI Webinar Series: AI in Ethics.



Top: Dr Mhairi Aitken, Marc Leach. Bottom: Helen Whiteman, Nuala Polo.

Over lunchtime, CIOT Chief Executive Helen Whiteman led the webinar which examined the

safe and responsible use of AI to help members build confidence in applying AI within the tax sector.

AI has the potential to revolutionise industries, boost productivity and solve complex global challenges. However, with this immense power comes significant responsibility. How do we ensure that these systems, which have such a profound influence on individuals and society, are developed and used in ways that are ethical and just? At the core of this conversation are three key concepts that highlight some of the most pressing ethical concerns in AI – privacy, explainability and bias.

The webinar included a panel of expert speakers – Dr Mhairi Aitken, Ethics Fellow in the Public Policy Programme at The Alan Turing Institute; Nuala Polo, AI Assurance Lead in the Responsible Technology Adoption Unit in the UK government; and Marc Leach, Professional Standards Officer at CIOT – who all shared their views and valuable insights.

Helen set the scene about AI being embedded in nearly every aspect of our lives. She spoke about the importance of understanding the ethical implications of technologies for

Tax Pathway

Unlock new opportunities

Why ATT Membership is essential for CIOT members and Tax Pathway students who have completed the ATT exams.



For members of the CIOT and students enrolled in the Tax Pathway programme, joining the Association of Tax Technicians (ATT) can offer numerous advantages that complement your current studies and professional journey. Here's why becoming an ATT member is a beneficial step for both CIOT

members and Tax Pathway students who have completed the ATT exams.

1. Enhanced networking opportunities

By participating in ATT events, seminars and conferences, members can forge valuable connections that may lead to

mentorship opportunities, job placements and collaborative projects.

2. Supplementary resources and learning materials

ATT offers a wealth of resources specifically tailored to tax practitioners. For CIOT members, ATT's resources can serve as a supplementary tool to deepen your understanding of technical issues and industry best practices. For Tax Pathway students, these resources are invaluable for bridging the gap between academic learning and practical application in the workplace.

As an ATT member you will receive *Tolley's Tax Guide*, *Whillans' Tax Tables*, a hard copy of the Finance Act and a mouse mat containing all the latest tax year's rates and allowances, as well as access to our technical updates and educational webinars which will enhance your knowledge and prepare you for real-world challenges.

3. Increased credibility and recognition

Being a member of ATT enhances your professional credibility and allows you to use the designatory letters ATT. For CIOT members, this affiliation signals a commitment to ongoing education and adherence to high standards in taxation practice. For Tax Pathway students, joining ATT demonstrates your dedication

the tax sector and how we can ensure that systems are developed and used in ways that are ethical and just.

Dr Mhairi Aitken highlighted the issues and challenges in implementing AI in taxation, and its impact on legislation, policy, regulations and people.

Nuala Polo discussed the UK government's approach to AI governance. The Responsible Technology Adoption Unit works on promoting the development and adoption of tools for trustworthy AI Assurance and Standards.

Marc Leach highlighted member obligations under professional conduct in relation to tax (PCRT), as well as governance structures. He considered issues relating to fairness, explainability and accountability, and highlighted an AI ethics framework.

Thank you to our panellists for their insights.

 We look forward to hosting our final webinar in the CIOT AI Webinar Series, which takes place at 12:30, 20 November: Building an AI Resilient Workforce. Register for this webinar at: www.tax.org.uk/ciot-ai-webinar-series

to the profession and can bolster your resume if you wish to seek a new role.

4. Supportive community

Joining ATT means becoming part of a supportive community of taxation professionals. You can access our mentoring platform and sign up to be either a mentor or mentee. Mentoring offers a multitude of benefits that can significantly enhance personal and professional development

5. Exclusive member benefits

As well as the benefits listed above, ATT members enjoy a range of discounts on events, training courses and professional resources. For both CIOT members and Tax Pathway students, these financial incentives make membership not only an investment in your career but also a cost-effective choice.

Conclusion

Joining the ATT offers significant benefits for CIOT members and Tax Pathway students alike. With enhanced networking opportunities, access to valuable resources, professional development and a supportive community, ATT membership is a strategic move that can elevate your career in taxation. Take the next step in your professional journey and join ATT today.

Disciplinary reports

NOTIFICATION

Mr Keith Adams

At its hearing on 2 May 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Keith Adams of Bath, a member of the Association of Taxation Technicians, was in breach of the following rules of the Professional Rules and Practice Guidelines 2018, namely:

1. Rule 9.1.1, in that he did not have in place an adequate complaints procedure; and
2. Rule 9.1.2, in that he did not treat seriously and take immediate action upon receipt of a client complaint and remedy any defective work as quickly as possible and did not provide a refund of fees in a timely manner.

The tribunal determined that the appropriate sanction was that Mr Adams be censured and that he pay the TDB's costs in the sum of £2,345.50.

NOTIFICATION

Mr Daniel Austin

At its hearing on 2 July 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Daniel Austin of Bodmin, a member of the Chartered Institute of Taxation, was in breach of Rules 2.8.1, 2.10.2, 2.12.1, 2.13.1, 2.13.2, and 2.13.3 of the Professional Rules and Practice Guidelines 2018 (as amended in 2021) in that:

1. He failed to renew his 2022 CIOT membership annual return and/or pay his membership fee as due by 31 January 2023.
2. He failed to respond to correspondence from the CIOT notifying him that his 2022 annual return and membership fee were overdue.
3. He failed to complete the Anti-Money Laundering (AML) registration form and/or pay the AMR registration fee as due by 31 May 2023.
4. He failed to respond to correspondence from the CIOT that the 2022 membership annual return and the 2023-2024 AML registration renewal were overdue.

5. The TDB having imposed a financial penalty of £500 on him on 18 September 2023, he failed to pay the financial penalty or to rectify the other failings.
6. He failed to respond to correspondence from the TDB.

The tribunal ordered that Mr Austin be expelled from membership of CIOT, and that he pay the TDB's costs in the sum of £3,100.

NOTIFICATION

Ms Kun Tian

At its hearing on 11 July 2024, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Ms Kun Tian of London, a student member of the Association of Taxation Technicians, was in breach of the Professional Rules and Practice Guidelines 2018 (as amended in 2021).

She faced the following Charges:

Charge 1

- 1.1 Between 2 and 4 May 2023, the defendant sat ATT online examinations for Papers 1, 2 and 3. In the course of providing her answers to some of the short form questions, the defendant colluded with another student by communicating and/or sharing notes about the answers.
- 1.2 The defendant knew or should have known that her action in Charge 1.1 placed her in breach of the ATT Online Exam Regulations.

Charge 2

Consequent upon the facts and matters set out in Charge 1, the defendant is in breach of Rules 2.2.1, 2.6.2, and 2.6.3 of the Professional Rules and Practice Guidelines 2018 (as amended in 2021).

The tribunal found both Charges proved. It recommended that Ms Tian be removed from the ATT's student register and ordered that Ms Tian pay the TDB's costs in the sum of £2,757.

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



PODCASTS AVAILABLE

For the latest Tax Adviser podcasts, including How to thrive in your career, Making Tax Digital for Income Tax Self Assessment, Moving into a career in tax and How to protect your practice, see taxadviser.co.uk/podcasts

CFE Tax Advisers Europe CFE Professional Affairs Conference

The 2024 annual CFE Professional Affairs Conference took place in Ljubljana on 19 September.

The theme of the conference was global policy trends. The morning session involved a panel discussion about AI and the future of tax planning. It was interesting to hear how the use of AI is developing in relation to tax practice in the US and the Far East, as well as the experiences in one of the Big Four firms.

The afternoon panel session covered the new EU rules on anti-money laundering. Panel speakers for this session were:

- Aleksandra Vasilic (Europe West FinCrime Leader and risk management, EY Netherlands);
- Rolf Declerck (President, Commission on Quality Performance Review, Belgian Institute of Tax Advisers and Accountants); and
- Jane Mellor (Head of Professional Standards at the CIOT).

The session was chaired by Philippe Vanclooster (Chair of the CFE Professional Affairs Committee).

EU lawmakers have instigated changes to Anti-Money Laundering (AML) compliance requirements, including setting up the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA). AMLA will be a central authority supporting and coordinating national supervising authorities in the EU with the aim to improve the fight against financial crime. It will also directly supervise up to 40 European financial institutions and will coordinate and support Financial Intelligence Units. AMLA will be fully operational from 1 January 2028.

The CIOT was pleased to be able to contribute to the panel discussions in relation to our experiences of having a similar ‘supervisor of supervisors’ system within the UK. The Office for Professional Body AML Supervision (OPBAS) supervises the accountancy and legal professional bodies in the UK. It aims to ensure robust and consistent supervision by those bodies and facilitates collaboration and information sharing.

Based on our experience in the UK, there could be many positives from the introduction of AMLA in the EU, including closer working relationships between

supervisory bodies and increased information and intelligence sharing. Working with the regulator is key. European colleagues were encouraged to engage with the changes and ensure that there is early dialogue with AMLA to assist them in understanding the role of tax advisers in different jurisdictions. It is important that the regulators understand the range of supervised entities and ensure that the focus is not simply on large financial institutions.

Thursday’s conference was followed up by a Professional Affairs Committee

meeting on Friday morning. The meeting agreed that the CFE should seek to be included as observers at EU meetings about AMLA. There was a discussion about DAC6 and developments in IESBA global ethics standards. It was also acknowledged that work should be undertaken on the regulation of the use of AI by tax advisers.

Helen Whiteman attended the General Assembly meetings at which Tax Adviser 2030 (a programme of work to 2030) was discussed and the elections for new Executive Board members took place for 2025. Jeremy Woolf attended the Fiscal Committee Indirect Tax meeting, which included a discussion on the recovery of import VAT and proposals for VAT in the Digital Age. Paul Aplin attended the Tax Technology committee and Toyin Oyenyin and Danni Phillips virtually attended the New Tax Professionals Committee.

Jane Mellor, Head of Professional Standards, jmellor@ciot.org.uk



Jane Mellor



Speaking: Helen Whiteman

ADIT

Exam and award achievers celebrate their success

ADIT graduates and award winners from around the world came together at the ADIT Awards Ceremony in London.

On Thursday 26 September, ADIT graduates and award winners from as far afield as Indonesia, Thailand, Uganda and Zambia, accompanied by family and friends, gathered in London to celebrate their accomplishments in pursuit of our flagship international tax qualification.

The ADIT Awards Ceremony was the first such in-person ADIT occasion since the Covid-19 pandemic, and it was a special privilege for the ADIT team and CIOT staff to share the evening with members of the ever-growing global ADIT community.

CIOT President Charlotte Barbour offered a warm welcome to the gathered attendees. In a year that has seen a record number of voters head to the polls in elections across the globe, she noted the special prominence of tax as a political issue worldwide.

After the awards and certificates were given out, the ADIT achievers enjoyed a reception with their guests and were able to have photos taken in the stylish Grade II listed venue at 44 Hallam Street.

The assembled ADIT graduates have joined a vibrant and well-connected community of more than 2,000 people across six continents who hold the qualification. They are sure to make a major contribution throughout their careers to international tax policy, academic discourse and the profession as a whole.

In addition to this in-person ceremony, the CIOT will also be holding a virtual awards ceremony on Thursday 28 November for ADIT graduates and award winners who were unable to travel to London but would still like to celebrate their success with other ADIT achievers.

We extend our congratulations to everyone who was honoured at the ceremony, and to those who will be celebrating ADIT achievements at the forthcoming virtual ceremony. Your success is thoroughly deserved, and we look forward to supporting your continued learning and development throughout your careers!

A MEMBER'S VIEW

Andrew Dickson CTA

Director at Fieldfisher



This month's CIOT member spotlight is on Andrew Dickson CTA, ADIT, Director at Fieldfisher and Notary Public.

How did you find out about a career in tax?

I initially wanted to be a company commercial lawyer. However, post-recession there were no jobs in that area at the firm I trained at. I therefore took a job on qualification in private client in the Kingston office and have loved this area of law ever since. While I was a trainee solicitor, I remembered a partner passing the CTA and he was gifted a garden gnome on passing these 'very difficult' exams. I later decided to give it a go (maybe I wanted a gnome too!).

Why is the CIOT qualification important?

The CIOT qualification raises standards across the industry by having candidates push themselves to learn and apply new knowledge. Personally speaking, it has enabled me to connect with many interesting people and keep up to date with new developments affecting my clients.

Why did you pursue a career in tax?

As a private client lawyer, tax is so pervasive and putting my head in the sand didn't seem a good option. It's now the most important part of my practice.

How would you describe yourself in three words?

Determined, calm and fair.

Who has influenced you in your career so far?

I am lucky to have worked with so many talented people working across great firms. If I had to pick two, it would be Kieran Bowe at Russell-Cooke (who fielded many silly questions while I was newly qualified and supported me when I started the CTA) and Claire Randall at Farrer (who fielded many silly questions when I was more qualified).

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

It's a great investment in yourself. There are also excellent networking

opportunities at CIOT through local branches and conferences. Then try the ADIT if you haven't had enough of exams!

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

We all know about technology and how it is transforming the world, including AI, but my feeling is that the softer skills we need to look after clients will still be paramount. We see a difference with in-person meetings in building connections with clients. We mustn't neglect the need to continue to listen to inform us of how we can be useful to clients.

What advice would you give to your future self?

I suspect my future self should be advising me, not the other way around. But it's good to stay interested as you get older, in whatever that may be, so I would hope for my future self to be kind and to be hungry to learn about the world.

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

I worked on death row cases in Louisiana USA as a volunteer intern in around 2005. I took my first of three solo trips to the Louisiana State Penitentiary to visit clients, but the small car that I hired to take the trip was not available, so I had to drive a large pick-up truck to the prison instead. While I was driving on the US highway, I thought: I have never driven abroad before, I have never driven on the right-hand side of the road before, I have never driven a pick-up truck before, and I have never driven to death row before!

Contact

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

Examinations Committee Volunteer



Would you like to be part of the group that oversees the review and administration of the CTA Exams on behalf of the CIOT Council?

If you are a CIOT member with at least three years post qualification experience, especially if you specialise in IHT or Corporate Tax, we would like to hear from you*.

Volunteering with the Examinations Committee will provide you with a range of experiences including contributing to setting the standards for admitting new CIOT members as well as gaining experience in governing an examination and qualification process and making judgement calls on difficult decisions. You will also be able to also grow your skills in diplomacy, delegation, communication and governance, as well as forming relationships with others in the profession with a shared interest in the education, training, and qualification of aspiring members.

More information on this opportunity can be found at www.tax.org.uk/vacancies and you are very welcome to contact Jude Maidment jmaidment@ciot.org.uk or Vicky Purfill vpurfill@ciot.org.uk before submitting a brief CV to discuss the role if you are interested.

*Those who work in the tax tutorial bodies delivering the CTA qualification are unable to apply for this role.



**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



“we’re hiring”

As a growing business we always encourage new talent to get in touch

Do you love helping business owners?

Our core mission is Making Lives Better. This is central to everything we do!

Preparing a tax return is one thing – but helping owners by giving them more time, helping them to grow their business, get that new house, take their family on that holiday of a lifetime, or help to show them that they can afford to take on a new employee and free up their time is valuable.

Are you straight-talking with integrity, someone who can create empathy with clients and help them to achieve their goals?

Do you strive to be the best version of yourself? Not simply settling but continually striving and looking for new ways to develop!

Do you love working as part of a team? When the going gets tough are you the one to step up and play your part? We are always there when it matters: for our team, our clients and the wider community through our charitable work.

Are you willing to challenge clients to get the most out of their businesses and keep them on the straight and narrow? If you see something wrong are you the one to highlight that and stand against the tide? “No you can’t put that new hot tub through as a business expense”.

If this sounds like you then we are looking for a number of people to join our growing team here at russell + russell.

We are currently hiring for a
Qualified Tax Senior and a Tax
Trainee Part Qualified. Please scan
the QR code for more details on
these roles!



As we head into Q4 with just 10 working weeks remaining until Christmas, we thought it would be the perfect time to share an update on the trends and shifts we've seen in the Interim Tax Market so far this year, and what we anticipate in the run-up to year-end and into 2025.

Year-End Preparation: In readiness for January, we are working closely with our clients to ensure they have the additional support required to get through year-end—supplying interims capable of group consolidation, annual audits, financial statement publication, and bolstering support where needed, with many tipping the scales into the Pillar II threshold.

Interim Market as a Solution: More broadly, with current permanent market conditions still uncertain with continued scrutiny on hiring, the interim market remains a reliable solution to bridge any gaps. We've supported an outstanding number of new, high-calibre permanent candidates make the switch to interim for better flexibility. With secondees in short supply and at premium rates, interims remain a cost-effective solution (sometimes 40% cheaper) to cover any permanent gaps.

Welcoming Antipodean Talent: We've also had the welcomed return of lots of fantastic Aussie/Kiwi candidates who have come to London with strong compliance and advisory experience to further their careers, particularly within the in-house interim market. This year, we've seen pre-Covid levels/ numbers of such candidates coming to market (circa 40), which has been hugely beneficial for filling Assistant Tax Manager and Tax Manager interim positions.

Interim Leadership Roles: The Interim Tax Director/Head of Tax market remains incredibly buoyant, which in the past 18 months has mostly consisted of parental leave cover. We are, however, now seeing more interim greenfield roles coming back to market as confidence grows in the private equity space and tax becomes a C-Suite area of consideration.

Project Market Challenges: The transformation and broader project markets remain patchier, likely due to restricted budgets necessitating the need to prioritise compliance and reporting needs, putting any 'blue sky thinking' hiring on the back burner.

Demand for Indirect Tax Specialists: Indirect Tax is proving to cause 'headaches' for many Heads of Tax who are contending with frequent legislative changes and increased reporting requirements, pushing demand for both 'BAU' and project-focused interims. Time to hire in the permanent market remains sticky due to increased demand across the in-house market and skill shortages coming out of the Big 4/Top 10. This has inevitably kept us busy with 'bridge-gap' interims; in particular, we are seeing huge demand for experienced Indirect Tax specialists to assist on project work such as VAT claims, system implementations, and international advisory.

Preparing for E-Invoicing: With the introduction of E-Invoicing over the next 18 months across Europe, we've also supported large tech companies who are leading the charge with strategic interim hires to prepare them for European launch dates.

Ongoing VAT Compliance Support: This is all in addition to our cyclical demand for VAT compliance specialists to support with regular tight deadlines.

With shifts in market focus, an influx of skilled international talent, and ongoing demand for specialized expertise—particularly in Indirect Tax and compliance—the coming weeks are crucial for ensuring that businesses are well-prepared for the next couple of months and 2025. At Pure, we are a team of 3, the largest team of specialist interim tax recruiters in the market, placing over 100 contractors annually. Whether it's bridging gaps, supporting complex projects, or navigating regulatory changes, our team is here to help you find the right interim talent to meet your needs.

We will be releasing our **2025 Tax Salary Guide** in Q1 next year, but should you need up information around daily rates/ FTC salaries then please do get in touch.

Please do get in touch if you require any further market information or would like to engage with us on potential interim hiring needs.



> THE

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Personal Tax Senior – Private Clients Team

Full time, 37.5 hours a week

Do you want to work for a business that's serious about you and your ambitions? Do you share our values of achieving high standards and enjoying your work? Do you take pride in growing, supporting and challenging yourself and others, and not being someone who sits on the fence? If so, read on...

Due to recent sustained growth, we have a fantastic opportunity to join our private client accounts team. We are looking for a confident, honest and friendly individual to work in our tax team within Myers Clark.





The ideal candidate

This role is for someone who is looking to join a tech savvy, forward-thinking team. They should be a confident, approachable individual who has an analytical mind and excellent attention to detail. We are looking for a candidate with strong verbal and written communication skills who can self-manage their workload. Previous tax personal experience is essential, we are looking to offer a variety of tax services and develop this new role.






The role

This role has a small portfolio of tax clients which we are eager to grow with you meeting local contacts, developing your own contacts to win new work to increase your portfolio of tax clients. Support will be given from the directors and marketing to introduce their contacts to grow your own networks of clients and contacts. The role will develop to offer IHT planning, probate, international aspects, more complex tax client, compliance work, CGT Tax, Trust and Tax advisory work.









Our Values

-  **Get off the fence:** Influence goals and ambitions. Make a recommendation and help make decisions. Innovate and solve problems. Be honest – don't just say what people want to hear.
-  **Achieve high standards:** Hold yourself to accounts. Learn from your mistakes. Take pride in what you do. Don't settle for good – strive to be your best.
-  **Enjoy your work:** Be respectful and expect the same. Find a healthy balance. Promote a happy environment and be positive. Don't blame yourself or anyone else – just put it right.
-  **Grow, support and challenge:** Be prepared to adapt and change. Influence key decisions and hold to account. Develop ourselves and others – share what you learn. Don't just do what you've always done.





In return, this is our promise:

-  We promote a happy environment that's rooted in positivity
-  We encourage community and charity support
-  We help you grow and develop your CTA knowledge
-  We want to help you achieve your ambitions
-  We offer a competitive salary

Additional benefits

-  You're able to work from home up to three days a week (remote and flexible working is available after successful completion of the probation period)
-  You get 23 days holiday excluding bank holidays (3 days reserved for Christmas and New Year closure)
-  You will be entitled to statutory sick pay, providing you meet the qualifying conditions
-  After one year's service, your contractual sick pay entitlement will increase to one month
-  Workplace pension upon completion of probationary period
-  A Medcash Health Plan and BUPA (P11d Benefit) upon completion of probationary period
-  Life Assurance Scheme (three times annual salary) once a member of the workplace pension scheme
-  Support completing CPD courses

Desired qualifications / knowledge:

-  **Qualifications:** CTA (or ATT wanting to or currently studying CTA)
-  **Essential skills:** Attention to detail, strong and open communication. Able to analyse and interpret data. Able to consult with specialists when faced with complex issues to ensure correct advice.
-  **Desirable skills:** Detailed knowledge of all relevant taxation issues. Good working knowledge of all areas of tax relevant to the firm's clients.
-  **Software:** Detailed knowledge of relevant computer applications used internally.

How to apply

Joining Myers Clark as our Personal Tax Senior provides an opportunity to be an integral part of a dynamic team and contribute to the overall success of the firm. Submit your CV and introduce yourself in a style that you are comfortable with, either by video, cover letter or email. Tell us a little about who you are and why you are applying for the role. Please apply in your style to Jo Windmill by email to people@myersclark.co.uk.

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A rare opportunity to join a high profile and independently recognised Private Client Tax team. One of their personal tax partners is retiring and they are keen to appoint a direct-entry partner with excellent international private client tax planning skills. Very much a client-facing advisory role. A portfolio awaits, but strong business development experience is important. **Ref 5176**

Senior Manager, Personal Tax

London

To £90,000

Act as a key trusted adviser to HNW entrepreneurs, international families and family offices. Undertake ad hoc income and capital taxes planning work, as well as assisting Partners with networking and business development initiatives. As a dynamic and growing team, our client offers hybrid working, as well as genuine scope for supported progression to Director and Partner grades. **Ref 5130**

Personal Tax Senior Manager

Birmingham

To £80,000

Do you have experience of advising HNW entrepreneurial private clients? Are you looking to progress your personal tax career with a high-profile team, offering supported progression, high-end tax work and hybrid working? We're working with a prominent accountancy firm that is looking to recruit an additional Personal Tax Senior Manager into its growing Birmingham team. **Ref 5073**

Trust & Tax Assistant Manager

London Law Firm

£50,000 – £60,000

Perform a client and third-party facing role, as a key member of the Trusts & Tax team at a leading Private Client law firm. Oversee a portfolio of trusts and estates, their taxation, accounts and ongoing administration. Work with partners on trusts planning projects and progress your career towards Manager and Senior Manager grades. **Ref 695**

Personal Tax Director/Partner Designate

London

To £110,000

Succession-planning at a respected independent firm necessitates the appointment of a Personal Tax Director who can progress to Partnership within 12-24 months. The role is advisory-focused, advising UK and international HNWIs including entrepreneurs and business owners. Also assisting Partners with Private Client team management and business development. **Ref 5175**

Associate Director & Manager, Personal Tax

Tunbridge Wells

£Excellent

Our client offers high quality, entrepreneurial Private Client Tax work without the commute into London. You'll join an established and high-profile team, advising regional, London and international wealth. The client base includes PE executives, HNW business owners, serial entrepreneurs and wealthy families. They are growing and keen to hire an Associate Director and Manager. **Ref 5141**

Private Client Tax Manager / Assistant Manager

Bristol

£43,000 – £63,000

Advise an impressive client list of HNW individuals, in one of Bristol's leading Private Client Tax teams. They are growing and keen to appoint additional personal tax advisers at Manager and Assistant Manager level. Undertake a mix of planning and complex compliance as a key point of contact. Benefit from supported progression towards Senior Manager grade. **Ref 5161**

Personal Tax Assistant Manager

Guildford

£50,000 – £58,000

Undertake high quality UK and international personal tax work with a respected Private Client Tax team. Advise on CGT and IHT issues. Handle complex compliance as a key client relationship manager. Assist Partners with third-party networking and benefit from a supported pathway to Manager. An ideal opportunity for a CTA to take their career to the next level. **Ref 5164**

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

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

Linked in Personal Tax Network

www.howellsconsulting.co.uk

Corporate Tax & Reporting Senior Manager: Bradford

Pure Search are currently working with a world leader in converged broadband, video and mobile communications; the business is an active investor in cutting-edge infrastructure, content and technology ventures. The group is looking to further specialise their Shared Service Centre and to hire a UK Corporate Tax & Reporting Senior Manager. This individual will be responsible for Tax Compliance and Reporting activities.

Some of your responsibilities will include:

- Preparation and review of UK and overseas tax computations and tax provision calculations;
- Preparation and review of international quarterly and year-end tax provision calculations (IFRS and US GAAP);
- Functions as point of contact for all customer service delivery issues;
- Seek and implement continuous technological improvements to deliver efficiencies for compliance and reporting through technology, automation and artificial intelligence solutions;
- Train, support and manage junior members of the tax team;
- Work with customer's tax and accounting teams to understand enterprise operational requirements for tax processes including detailing tax processes and organization, analysing tax data/calculations/reports, and understanding technology environment and interfaces in order to develop the most efficient organisational structure and limit possible exposures and/or errors;
- Ensure the team work seamlessly with other teams, customers and in particular the Group Tax teams to ensure that Tax technical items are correctly reflected in the Tax returns;
- Expand the scope of the Shared Service Tax team to other/new customers by demonstrating the potential value of the service.

What you'll need to succeed:

- ACA or CTA qualified
- Extensive experience of working in a Corporate Tax compliance and/or reporting role
- Experience of UK tax issues such as CIR, CFC, Hybrids, R&D, Group Payment Arrangement etc
- Knowledge of Thompson Reuters ONESOURCE and Microsoft Excel
- Continuous process improvement mindset
- Experience working in a matrix environment where relationships with customers and/or other teams and departments is essential to the success of the Team

What's in it for you?

- Competitive salary and bonus.
- Hybrid working (2 days office based and 3 remote).
- 25 days annual leave with the option to purchase 5 more.
- Access to wellbeing and mental health benefits such as the Calm app, personal medical, critical illness cover and dental insurance.
- Matched pension contribution up to 10%.
- Access to our car benefit scheme.
- Access to our online learning platform to continue to develop and grow your career with us.
- The chance to join an innovative, fast-paced and passionate team.

Please contact **Luke Freere** at LukeFreere@puresearch.com



GEORGIANA HEAD

Director

Tel: 0113 418 0767
Mob: 07957 842 402

georgiana@ghrtax.com



Tax Directors Bristol, Exeter, Poole or Southampton

PKF Francis Clark is the largest firm of independent chartered accountants and business advisors in South West England. We have nine offices in Bristol, Exeter, Plymouth, Poole, Salisbury, Southampton, Taunton, Torquay and Truro.

The firm, which celebrated its centenary in 2019, has annual revenue of over £65 million and a 900-strong team based across our offices. Our dedicated specialist tax department comprises nearly 150 individuals, from trainees to partners. We're one of the largest tax practices of any regional firm in the UK. As part of the next stage of the expansion of our tax practice, we seek two key hires:

Transaction Tax Director – based in Bristol, Exeter or Poole

This pivotal role sees you working alongside our award-winning corporate finance team to provide advisory services to our well-established portfolio of large corporate clients and private equity houses. You will deal with a wide range of M&A tax work, including: due diligence projects; vendor advice, including clearances and pre-sale structuring; structuring for PE-backed transactions; corporate restructuring, demergers, reorganisations and management buy-outs. Providing deal support such as reviewing SPAs; liaising with non-UK firms in the PKF network to obtain input on international tax projects. Alongside technical work you will assist the partners in the strategy and development of the Transaction Tax team, managing team members, developing client relationships and internal networks.

Corporate Tax Director – based in Bristol, Exeter, Southampton or Poole

A fantastic role in our tax team for an individual with significant compliance and advisory experience. You will help manage and develop our corporate tax team and a well-established portfolio of OMB/SME and large corporate clients, providing

a mix of compliance and advisory services. You will play a key and leading role in developing and maintaining relationships with our corporate clients and will build strong links with the accounts and audit team to ensure a comprehensive tax service to clients. You will provide technical and mentoring support to team members and be a key point of contact for HMRC. There is the opportunity to become involved in developing tax technical material and to prepare and present at internal and external meetings and seminars.

Both roles come with flexible, hybrid working, with plenty of opportunities to develop and grow your tax career. Both roles require UK-based corporate tax experience and ideally you will be CTA qualified or equivalent. We welcome applications from individuals looking to relocate to the South West for a better work-life balance.

We offer a supportive and flexible culture, taking your career seriously to enable you to be the best you can be. We've been certified as a Great Place to Work since 2022 and are ranked 24th among large organisations in the UK's Best Workplaces 2024. We were also a Best Employer in Tax finalist at Tolley's Taxation Awards 2023.

For further information, please contact our retained consultant Georgiana Head on 07957 842 402 or email her at georgiana@ghrtax.com.

www.georgianaheadrecruitment.com

Private Client Advisory Leeds or York

Advisory focused personal tax role in a growing team. This role can be based in Leeds or York and the firm will consider a hire at any level from junior manager through to experienced senior manager. You will deal with a mix of HNW individuals, trusts and entrepreneurs. Your role will include advice on family investment companies, structuring of property assets, international tax issues arising from properties in different locations, IHT and CGT planning. Hybrid and flexible working available in a friendly team. **Call Georgiana Ref: 3511**

Trust Manager / Senior Manager Law firm – Leeds

Our client is a well regarded law firm known for its highly rated private client practice. This firm seeks an experienced trust manager – this is a chance to work with partners in a legal practice helping with planning and project work alongside trust tax and admin. You will need proven UK trust experience – STEP or ATT would be advantageous. Would suit someone working in an accountancy firm who is looking for a change of scene and likes the idea of working for a law firm. Hybrid working available, minimum 2 days in the office. **Call Georgiana Ref: 3510**

Professional Standards Role Remote work UK wide – to £36,800 + bens

This role would suit an ATT or legally qualified tax professional who has an investigative bent. You will work with professional bodies to investigate claims against tax professionals. You will help decide whether these cases are taken to the next level of disciplinary process. This role could be worked on a full time or 4 day week basis, but flexibly and can be mainly remote worked with some travel to London. Could suit an organised tax person who is looking for a different direction, perhaps someone with a law degree. Experience of AML supervision an advantage. **Call Georgiana Ref: 5000**

Private Client Partner Leeds, York or Scarborough

An excellent opportunity to join a growing firm as a Tax Partner. You will need experience of managing personal tax compliance teams whilst also delivering high quality advisory work to entrepreneurs and their businesses. It is likely that you will be CTA qualified or equivalent, and that you may currently be working as a Tax Director and be looking for a step up to partnership. Would suit an organised person who likes the idea of running their own team and budget and who welcomes the opportunity to get involved in BD. **Call Georgiana Ref: 3497**

Personal Tax AD or Director Gloucestershire – £excellent

A landed estates specialist is sought by a large independent firm based near Cheltenham. You will deal with an expanding portfolio of rural clients including landed estates, farms and HNW individuals and families. You will support Partners on advisory projects and implementation of complex tax planning arrangements for farmers and landowners, including CGT and IHT and succession planning. Alongside this you, will oversee compliance for your portfolio and manage more junior staff. **Call Georgiana Ref: 3465**

Inhouse VAT and CT role Alderley Edge – to £38,000 to £42,000

Our client is the in-house team of a major group. They seek a tax specialist to work to Senior Tax Managers on a mix of VAT and corporate tax. This role would suit someone who is either ex HMRC or in practice and ATT qualified. There is plenty of scope for development in the role. The work is interesting with a lot of variety from compliance and reporting to helping with projects such as transaction work. A great first move in-house with study support. Mainly office based, could suit a more experienced person looking for a 4 day week. **Call Georgiana Ref: 3512**



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IN HOUSE VAT AM / MANAGER

LANCASHIRE

£dep on exp

Reporting into the Head of Indirect Tax, you will manage and lead on VAT compliance and provide advice and support for the business. You will also work on a range of projects including creating strategies to improve processes and systems, dealing with post M&A activity, and be the key point of contact for VAT issues within your allocated entities within the group. This role will be suitable for you if you are working at manager level and have a strong knowledge of handling VAT compliance for a complex organisation.

REF: R3603

IN-HOUSE TAX MANAGER

MANCHESTER CITY CENTRE

£55,000 - £70,000

Due to significant growth, this is an exciting opportunity for a Tax Assistant Manager or Tax Manager to join a leading FS group in a period of growth and transformative change. The role is largely compliance focused across UK & Europe and there will also be lots of opportunity to develop and take on new projects to manage. The role is suited to a tax professional with solid experience of UK corporation tax and ideally some VAT experience. This would make a fantastic first move from practice owing to the supportive nature of the team and group.

REF: R3606

OMB TAX ADVISORY M / SM

MANCHESTER

To £75,000 dep on exp

Faster career progression working alongside ex Big 4 Partners, work-life balance, and fascinating complex work is on offer with this leading Manchester firm. You will be CTA qualified and either an experienced Manager looking for a sideways move to ensure progression or a Senior Manager seeking more exposure to more complex advisory projects including international. This is a driven firm, with an expanding tax department offering an excellent benefits package for all employees.

REF: C3608

TRANSACTION TAX DIRECTOR

VARIOUS OFFICE LOCATIONS

To £120,000

Rare opportunity for an M&A tax specialist to work outside one of the large accounting firms. As part of this fast growing and truly independent firm, you will be joining a high calibre tax team with fantastic client base and reputation in the local deals market. The role would suit someone with several years experience in the transaction space at either Senior Manager or Director level looking to join a close knit and entrepreneurial business building something unique in the market.

REF: A3612

EMPLOYMENT TAX SENIOR MANAGER

MANCHESTER

£highly competitive

Would you like to work for a Top 20 firm that is equity owned by Partners and has long-term business plan to stay that way? Our client operates more like a tax boutique with a relaxed culture and provides access to working with Partners as the norm rather than a one-off. If you are energetic, passionate, proactive in your approach to a client base. If you want to work with impressive peers and the best quality trainees in the market, on the highest quality tax projects then please contact us for an informal discussion to find out more.

REF: C3610

PRIVATE CLIENT SM (TRUSTS AND ESTATES)

NORTH YORKSHIRE

To £75,000

This leading firm is seeking a CTA Qualified Personal Tax Senior Manager/Senior Manager to support a portfolio of high-net-worth and ultra-high-net-worth individuals and families. You will be leading and delivering advisory project work and there are many clients with significant land and rural interests, comprising both landed estates and trusts. This is a challenging and interesting client-facing role that provides an excellent range of work for someone with a strong tax background in trust and landed estate clients. Clear pathway to Partner as part of succession plans.

REF: C3609

IN HOUSE CORP. TAX ANALYST

SOUTH MANCHESTER

To £52,000

An interesting new in-house role has arisen to work for a multinational group, in South Manchester. Ideally you will have strong tax accounting skills as well as experience in the preparation and submission of corporate tax returns. There will also be the opportunity to assist the Head of Tax in various ad-hoc project work. The role will suit someone from a large accounting practice who is probably recently qualified and keen to step into industry in a role that offers lots of opportunity to grow and develop.

REF: R3607

INTERNATIONAL TAX SENIOR M'GR

MANCHESTER

To £90,000

As part of a high performing team you will work with a diverse portfolio of large clients across UK listed, PE-backed, inbound and family-owned groups, and take on a variety of projects including BEPS Pillar 2, tax structuring and international expansion. Excellent opportunity for either an established Senior Manager or Manager looking for promotion. Part-time considered.

REF: A3611



longman 
tax recruitment

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SCAN ME

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RECRUITMENT

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Andrew Vinell Tax Recruitment is a boutique tax recruitment consultancy servicing all areas of tax. Andrew has a preeminent reputation as a networker and connector in the tax industry, having placed numerous tax professionals at all levels through his personal and professional network. He has been responsible for some of the highest profile moves in the tax industry including some significant team build campaigns.

Our mission is to match the best qualified, motivated, and experienced tax professionals to the roles that are right for them, creating lasting, mutually beneficial relationships in the tax sector. As a trusted partner to many prestigious organisations and firms both domestically and internationally, our vision is to become the foremost taxation recruitment specialist.

Andrew has driven his company forward and now heads up a team of 10 professionals servicing client needs across the world. Our expertise services are delivered for clients across the UK, Europe, Australia, the US, and the Middle East.

Interested in finding your next opportunity?

Get in touch.

