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Excellence in Taxation

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TAX Adviser

Charging towards the future

Colin Smith examines the incentives and other tax consequences associated with electric vehicles, page 8

PLUS Exam results – Self employment – Land remediation relief – Risk management – Capital gains tax

M&A Tax Manager or Senior Manager
Cardiff – £excellent

Do you dream of returning to or living in Wales? You might currently work in London as a tax lawyer or CTA and be looking for a different type of lifestyle. Our client is looking for an experienced transaction tax specialist to join their team in Cardiff. You will have access to London quality transaction tax work, but can be based partly from the office in Cardiff and partly from home, enabling you to live in rural Wales or in Cardiff. A variety of backgrounds considered, including a tax lawyer or tax accountant (ACA, ICAS, CTA or equivalent). **Call Georgiana Ref: 3117**

Corporate Tax Assistant Manager
Manchester – £excellent + benefits

You will undertake corporate tax compliance and advisory work for a portfolio including large international groups, OMBs (of varying sizes), entrepreneurial, fast growing businesses and UK stand alone companies. Examples of advisory work that you will get exposure to include group reorganisations, giving shareholder advice, R&D, M&A work and international tax. You should be ACA/CTA qualified, with experience of working in the corporate tax team at a large or mid tier accountancy firm. **Call Alison Ref: 3046**

Corporate Tax Assistant
Leeds – £excellent + benefits

This is a new role in a growing team that is winning lots of work. Working on a range of middle market companies including OMBs, private equity portfolio companies and large corporate groups, you will undertake the more complex compliance work and be involved in a variety of advisory projects. You will also be involved in business development opportunities and proposals. You must be CTA/ACA qualified, with a minimum of 3 years' corporate tax experience. **Call Alison Ref: 3125**

Personal Tax Senior
Leeds – to £30,000

This independent firm is based on the outskirts of Leeds. They are looking for an experienced tax senior to assist the tax manager with a portfolio of predominantly personal tax work. You will assist with the preparation and submission of the self assessment returns for a portfolio of clients, and will also be involved in ad-hoc tax advisory work. You should be AAT/ATT/CTA/ACA/ACCA qualified, with a minimum of 3 years' taxation experience. Flexible working is available. **Call Alison Ref: 3020**

Head of Tax
Leeds – £75,000 to £100,000 + bens

Our client is a major international group seeking an experienced corporate tax professional to head up tax from the UK. It is likely that you will already have some in-house experience or will have trained in a large accountancy firm and dealt with international groups. Some experience of transfer pricing would be advantageous, but the main thing is large group CT experience. This is a classic in-house role for an associate director/senior manager or current Group Tax Manager. There is also scope for you to get involved in treasury and broader finance projects. Mix of home and office working possible. **Call Georgiana Ref: 3114**

Share Schemes Specialist
Manchester, Leeds, Liverpool

Our client is a large accountancy, and due to growth they seek a qualified lawyer or CTA for share plans work. This hire could be at any level from recently qualified through to experienced Associate Director. All manner of flexible working arrangements are possible, and what is on offer is high quality work dealing with a wide range of plans and advisory work such as due diligence on transactions, advice on merging schemes or wind up. Clients range from dynamic OMBs to global multinationals. Plenty of scope for personal and professional development. **Call Georgiana Ref: 4005**

YOUR TAXATION RECRUITMENT SPECIALISTS

SCAN ME

President's page

president@ciot.org.uk
Peter Rayney

Magic moments

I hope this finds you all in good spirits. If you are able to get away for a holiday, I also wish you a recuperative and enjoyable break. These are still particularly challenging days for us and I think we are naturally going to be hesitant returning to our pre-Covid 19 lifestyles for some time yet. The pandemic has certainly changed the way we see the world and taught us to appreciate some basic values, such as a sense of community, volunteering for the NHS, and giving 'something back'.

We have seen this through the commitment of our strong army of volunteer members who have been particularly supportive throughout the Covid-19 disruption. (Online meetings, of course, have made volunteer engagement much more efficient timewise.) With the barrage of government support schemes and new tax rules and regulations, our work has taken on even greater importance. Thankfully, our dedicated volunteer network has helped our Institute to rise to these challenges, whether this be scrutinising legislation or HMRC procedures on one of our many technical committees through to helping with our successful online technical debates, webinars and conferences. This is all vital work in assisting us to fulfil our tax education remit and helping to improve the fairness of the tax system.

In 2020, we had some 680 volunteers across CIOT and ATT Committees, Steering Groups and Councils, who together contributed 19,922 hours. That is pretty amazing! We have just sent out a special survey so that we can enhance our engagement with our volunteer community even further.

A breakdown of Committee membership by our various operational and management streams is shown below:

Volunteer 'thank you' event

I never waste any opportunity to thank our volunteers for their time and support. The backing and support of our members' firms is also greatly appreciated. While the constraints of the pandemic still prevent us from holding our prestigious receptions, I was so pleased that we were able to put together a fantastic online evening event on 1 July for our volunteers to show our sincere appreciation of their valuable contributions. We had over 80 members joining us on the night and our enthusiastic blue-badge guides offered a choice of one of the four virtual tours:

- *Bombing with Banksy and Co.* The graffiti and street art of Shoreditch and Spitalfields.
- *Lights, camera… action!* Brooms at the ready to zoom across the capital in search of the many film locations used in the Harry Potter film franchise!
- *Curtain Up!* A virtual tour of Theatreland!
- *From Bowie to the Beatles.* London's rock 'n' roll history.

I chose the 'Music' tour (of course!), which was engaging, great fun and very informative, but I think I would have enjoyed any of the tours. Our guests really loved it and we are considering a repeat event later this year for those volunteers who were unable to make it. Magic moments indeed!

Happy together

We are always looking for new volunteers to offer their support and expertise. It is a great way to enhance and develop new skills and gain valuable experience. You will find that there is something very satisfying contributing to our profession, government and the wider public. And it's never too late – our doors are open to students and newly qualifieds, as well as experienced tax professionals. If you are interested in becoming a volunteer, please visit our website at www.tax.org.uk/networking.

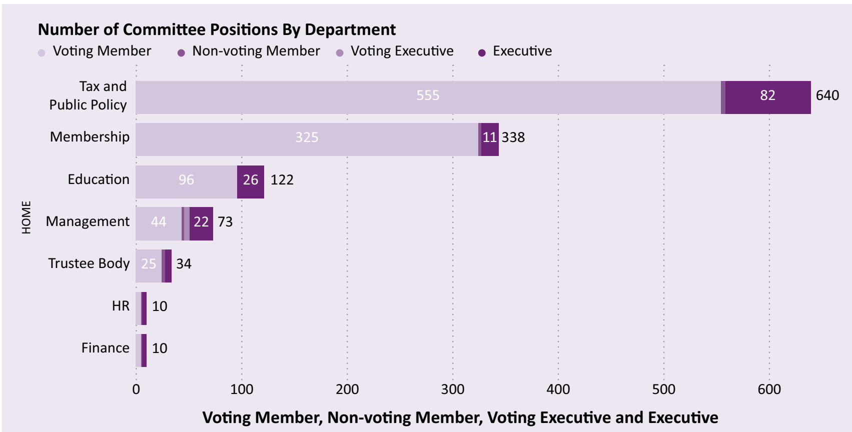
Finally, I would like to say a BIG THANK YOU to Jeremy Coker (who stepped down as ATT President last month) – who in footballing parlance has put in a 'massive shift'. Jeremy has made a superb contribution to the ATT for the benefit of members, students and the public, and both Glyn Fullelove and I have welcomed his support and time when discussing matters of mutual interest.

And good luck and congratulations to Richard Todd – Jeremy's successor.

Keep safe and take care.

Peter Rayney
President, CIOT
president@ciot.org.uk

> **In 2020, some 680 volunteers across CIOT and ATT Committees, Steering Groups and Councils together contributed 19,922 hours.**



ATT welcome

page@att.org.uk
David Bradshaw

Overjoyed my Tyne has come

It was 1974 in Birmingham city centre at the top of Corporation Street opposite Rackhams department store and in offices above a furniture store. I sat in a lecture theatre at the Aston University Business Center and awaiting the arrival at the lectern of Arnold Homer, lecturer in tax and the author of the newly published *Taxwise* – which he encouraged us students to purchase. I admit that I was more intent on establishing a recurring repeat in the pattern on the fold down table in front of me and writing begging letters to secure a ticket for the forthcoming FA Cup final between my Newcastle United and Liverpool. I was able finally to spot, and document via a series of dots, the pattern before the conclusion of the six-week optional course on taxation. The FA Cup Final, at which I was present, ended badly for me.

I duly get my degree and head off to be an auditor with what is now called KPMG. After qualifying as a chartered accountant, I return home to my beloved North East like a salmon returning to its native stream to reproduce (three actually, two boys and a girl). I joined what is now called Deloitte and, to my surprise, found it giving me corporation tax computations to do (no tax department in those days).

In 1984, I undertook financial training, sitting beside Stuart McKinnon (who was destined to be the first North East President of the ATT) on the inaugural ATII course in the North East. I do not recall if another North East tax legend Chris Siddle was involved in that course – but move on 20 years to 2004 and it was Chris who persuaded me to join the North East Branch committee.

I joined the joint CIOT and ATT North East England Branch in 2004 and hold the offices of Treasurer and Chairman. I am the current Secretary of the branch, as well as serving as the North East representative on the Joint Branches Sub-Committee.

In 2014, your then immediate Past President Stuart McKinnon suggested that I join the ATT Technical Steering Group (TSG). I head down to London to join my first TSG meeting – and sitting at the other end of the table was none other than Arnold Homer, lecturer in tax and author of the now long established *Taxwise* – around 40 years since our first encounter.

So, who am I?

I hail from the North East of England and I believe the second north easterner to hold the position of Deputy President after the aforementioned Stuart McKinnon in 2010. Stuart and I passed those exams and qualified as chartered tax advisers in 1984 and became proper tax advisers. We had done the knowledge!

I ended up working briefly also for PwC and finally at EY where I was a Director in the corporate tax practice – so that is the full set of the world's largest accountancy practices I have worked for. After serving my time as an auditor, I specialised in taxation for most of that time in both the owner managed marketplace and large corporate tax departments. I formed my own independent practice ten years ago and I am now providing corporate tax compliance and consultancy services for a number of North East businesses.

I was invited to join ATT Council in 2015 and I am currently also ATT Honorary Treasurer. I chair the Finance Steering Group and sit as the ATT representative on the CIOT Finance and Operations Committee.

I will not be the first grandad serving as an officer of the ATT. Despite my mature years, I am a keen cyclist both on the road and in the mud and am a veteran of many long distance adventures around France and Holland (gloriously flat) and riding from Land's End to John O'Groats (horribly hilly). Pre-lockdown, I regularly commuted from my office in Hexham to my Tyneside clients with my laptop strapped to my handlebars.

That, however, is not the end of my peculiar behaviours. Pre-lockdown I was routinely out on a Saturday night on the circuit with a well-known local covers band, where I have held down the bottom end (bass player) for now 20 years. Post-lockdown bookings are starting to roll in – better start rehearsals again! I have not let stardom affect my lifestyle – I am regularly ignored as I walk down Hexham high street.

And finally, I am a trustee of the Tyne Rivers Trust, proud guardian of England's finest salmon river.

Who do I blame for my current predicament? Is it Arnold Homer for introducing me to the world of tax, Chris Siddle for enticing me onto the local branch committee or Stuart McKinnon for inviting me to join the TSG? Or was it my fellow branch chairpersons in 2008 respectively for London Branch and Northern Ireland Branch – the now Immediate Past President Jeremy Coker and the current ATT President Richard Todd?

Me, I guess? I have enjoyed every minute and recommend it to anyone. Get involved in your local branch – you never know where it might lead you.

David Bradshaw
ATT Deputy President
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“I have enjoyed every minute. Get involved in your local branch – you never know where it might lead you.

Tax lessons

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***Bill Dodwell** considers the benefits of increasing public understanding of tax and compliance, and how to go about it*

PROFILE

Name **Bill Dodwell**
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Profile Bill is Tax Director of the Office of Tax Simplification and Editor in Chief of *Tax Adviser* magazine. He is a past president of the Chartered Institute of Taxation and was formerly head of tax policy at Deloitte. He is a member of the GAAR Advisory Panel. Bill writes in a personal capacity.

Education about tax comes in multiple forms – perhaps at three levels. There is awareness of how a tax system is designed to raise money to support public services, influence behaviours and redistribute money to those in need. Often what is meant by tax education is closer to home: helping people to understand the choices open to them as different types of income and activities are taxed in different ways – and related compliance obligations. The most basic form of education must be around tax compliance: exactly what do we need to do to manage our basic tax reporting – whether as an employee or the additional complexities of managing a self-employed business.

There is widespread agreement that too few people understand any of these three types of tax information. A survey by Deloitte in 2019 highlighted the tax education gap (see bit.ly/2TsZkZT).

The Taxation and Life Events report by the Office of Tax Simplification also included a chapter on education (see bit.ly/3rvWAaz). The OTS noted that we are all expected to comply with the law in relation to taxation but that many people do not know or understand their obligations.

HMRC has some excellent materials to help schools, under the Tax Facts banner (see bit.ly/3znKxih). The challenge for schools is both finding time in the curriculum and also finding qualified people to teach the topic. There is some evidence that many teachers feel uncertain about teaching this topic. If we assume that despite the best efforts of many, tax is unlikely to be taught in many more schools, we should ask how else could we help people learn about the tax issues relevant to them?

Further Education colleges and universities

The OTS team found good examples of colleges adding in a tax module to courses where many participants could find work as self-employed individuals. The great thing about offering training at this time is that it is likely to be immediately relevant to the students. Only a few months later, they could find themselves putting all their new-found knowledge into practice.

Arguably, this is a much better time to teach tax, due to the immediacy of application. Any form of training will require funding, as well as those able to teach the topic. However, the return to the Exchequer of funding training is likely to significantly exceed its cost.

A large component of the Tax Gap measured annually by HMRC covers the self-employed, where the methodology indicates that there is a high error rate. Managing this through compliance activities is expensive: the amounts in relation to an individual taxpayer are modest, but they add up, given there are 4 million self-employed individuals. Helping people to understand how they can manage their business better – and meet their tax obligations – is a worthwhile investment.

Finding the right time

As those who work in training will know well, so-called 'awareness' training is often not effective. We know, for example, that corporate tax specialists would offer a much better service to their clients if they had some VAT and land transaction tax knowledge. However, as those corporate specialists do not take responsibility for giving advice outside their key technical area, training needs to help them understand the triggers for bringing in a colleague with different specialist skills.

One idea put forward in a number of OTS reports is that in some situations businesses should be required to pass tax information from HMRC to their customers. For example, in the recent second report on capital gains tax (see bit.ly/3eLQwFN), the OTS recommended that the government should consider requiring that conveyancers or estate agents should pass on to their customers the electronic equivalent of an HMRC leaflet.

The conveyancers would not be asked to give anyone tax advice: that could be outside their scope of practice, or not covered by their fees. Instead, they would pass on HMRC guidance. In the property area, this would cover when the sale of a residence could be taxable and when the sale would need to be reported – the 30-day return.

A similar approach could apply to businesses which engage self-employed people. In a small number of areas, obtaining a licence requires that the licensing authority check that the individual is registered for tax with HMRC. However, many more engagers do not need to make this check – but they could help by passing on information to those providing services. Again, it must be HMRC information: there is no reason why a business should get involved in giving tax advice.

A forthcoming area could be Making Tax Digital for income tax. It is easy to see that those who already have a tax agent or who use accounting software will have ready sources of information and prompts to join the new service. However, it is thought that up to 30% of self-employed people do not have a tax agent. Finding an engager route to pass on information could help hard-to-reach people with this significant transformation in how they keep records and file information with HMRC.


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Charging towards the future

Colin Smith examines the UK tax consequences of electric vehicles

KEY POINTS

- **What is the issue?**
By 2026, electric vehicles are expected to account for a fifth of vehicle sales, up from one in ten in 2020, and the ban on the sale of new petrol and diesel cars has been moved forward to 2030.
- **What does it mean for me?**
This article explores the incentives and other tax consequences associated with electric vehicles, principally in the context of fleet electrification and in the provision of electric vehicles and electricity charging to employees.
- **What can I take away?**
Aspects of the UK tax regime currently incentivise the adoption of electric vehicles. However, they tend to be more expensive than those powered by internal combustion engines and there are a variety of practical, commercial and legal considerations to be overcome in order to accelerate the adoption of electric vehicles.

Electric vehicles are gaining traction in the UK. By 2026, they're expected to account for a fifth of vehicle sales, up from one in ten in 2020, and the ban on the sale of new petrol and diesel cars has been moved forward to 2030. Much has been written about the consumer side and public charging networks. There has been less focus on the commercial side.

Fleet vehicles account for more than half of UK car sales, with other fleet vehicles such as delivery vans, taxis and buses adding further to the figure. UK businesses have spent £8.2 billion on electric vehicle adoption in the last two years and a further £12 billion is expected in the next two.

This article explores the incentives and other tax consequences associated with electric vehicles, principally in the context of fleet electrification and in the provision of electric vehicles and electricity charging to employees.

Fleet electrification: acquisition and set up

Grants

Certain low emission vehicles benefit from a government grant of up to £2,500 for cars, £6,000 for large vans, £7,500 for taxis and £16,000 for trucks. Dealers reflect the value of these grants in the list price.

Vehicle excise duty

Vehicle excise duty is levied on every vehicle using public roads in the UK. First year vehicle excise duty payments are related to carbon dioxide (CO_2) and nitrogen oxide (NOx) emissions and range from nil to £2,245 per vehicle (see bit.ly/3hIbkif). No initial vehicle excise duty charge applies to 'pure' electric vehicles, being those which produce no CO_2 and NOx emissions whilst being driven.

Corporation tax: capital allowances

The CO_2 emissions of a car determine the rate of capital allowances available. As such, most cars (non-electric vehicles) are eligible for either 18% writing down allowances (WDAs) or 6% WDAs depending on the car's CO_2 emissions. Whilst the legislation is somewhat circular, 'unused and not second-hand' cars and taxis that are 'electrically propelled' (Capital Allowances Act 2001 s 268B) and purchased from 1 April 2021 will be eligible for a 100% first year allowance.

The March 2021 Budget introduced a super-deduction first year capital allowance of 130% on qualifying plant and machinery investments from 1 April 2021 to 31 March 2023.

The super-deduction does not apply to items which are excluded by virtue of Capital Allowances Act 2001 s 46, which means that it is not available for electric cars. However, commercial electric vehicles such as vans, lorries, buses, taxis and tractors do qualify, as would investment in qualifying infrastructure such as charging points (more details below) and associated engineering works.

Unless there is private use, expenditure on cars with low CO_2 emissions is allocated to the main pool. Therefore, the disposal of such a car will not necessarily give rise to a balancing adjustment.

100% first year allowances are also currently available for expenditure on

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PROFILE

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electric vehicle charging points. Careful consideration should be given to whether electric vehicle charging points may be considered general pool plant and machinery or special rate pool plant and machinery. This will depend on the specific circumstances pertinent to their installation.

VAT

The same VAT rules apply to electric and non-electric vehicles: VAT is charged 20% on both. As a general rule, VAT on cars cannot be recovered. However, subject to the businesses partial exemption status, businesses can reclaim the full amount of VAT paid on commercial vehicles and on cars provided they are not available for private use. Half of the input VAT can be reclaimed on leased cars.

VAT incurred on infrastructure costs such as charging points and associated engineering works can be recovered under the normal rules, provided that the charging points are supplied to the business. If the business pays for the installation of charging points at employees' homes, then the charging point is supplied to the employee and the VAT cannot be recovered.

Workplace Charging Scheme and Electric Vehicle Homecharge Scheme

The Workplace Charging Scheme is a voucher-based scheme to provide support towards the upfront costs of the purchase and installation of electric vehicle charge points. Grants of up to £350 for each socket, up to a maximum of 40 across all sites for each applicant, is available.

The Electric Vehicle Homecharge Scheme is similar, but rather than the customer applying for a voucher, the grant is factored into the price charged by the installer.

The level of administration for applicants under the Workplace Charging Scheme and the electric vehicle chargepoint installer under both schemes is relatively heavy. The Office for Zero Emission Vehicles aims to process Electric Vehicle Homecharge Scheme claims from experienced installers within 30 working days.

Ongoing usage

Fuel duties and VAT on fuel

The headline rate of fuel duty on standard petrol, diesel, biodiesel and bioethanol is 57.95p per litre (and has been frozen at that rate since 2011/12).

VAT is applied after fuel duty and so the price of a litre of petrol reflects the pre-tax price plus 57.95p for fuel duty, plus 20% VAT on the pre-tax price and a further 11.59p for VAT at 20% on the fuel duty.

Fuel duty is not charged on electricity used to charge electric vehicles, but it will be subject to the normal climate change levy rules. Where the electricity is supplied to an individual at domestic premises, no climate change levy is charged. However, where it is supplied for business use, such as charge point operations, the climate change levy is charged at 0.775p per kWh and will form a component of the cost of charging at public charging points. As for fuel duty, VAT is applied after the climate change levy.

Insurance premium tax

Insuring both electric and non-electric vehicles is subject to insurance premium tax at 12% (or 20% in some circumstances).

Vehicle excise duty

Whilst first year vehicle excise duty payments are based on emissions, subsequent payments are not. That is to say, the ongoing vehicle excise duty cost of a petrol or diesel vehicle is the same regardless of the level of CO_2 and NOx emissions. However, no vehicle excise duty applies to pure electric vehicles which produce no CO_2 and NOx emissions whilst being driven.

London congestion charge/low emission zones

From 25 October 2021, the 100% discount from London's congestion charge will only apply to pure electric and hydrogen fuel cell vehicles. From 25 December 2025, the cleaner vehicle discount will be discontinued.

Pure electric vehicles are exempt from London's ultra low emission zone charges.

VAT

Businesses can usually reclaim the VAT for all business-related running and maintenance costs, such as repairs or off-street parking, even if they could not reclaim VAT on the vehicle itself.

The VAT position on the supply of electricity for charging electric vehicles has long been unclear. On 25 May 2021, HMRC confirmed its policy (see bit.ly/36gU0eM), stating that:

1. Supplies of electric vehicle charging through charging points in public places are charged at the standard rate of VAT. Unlike electricity provided to domestic customers, there is no exemption or relief that reduces the rate of VAT charged for public charge points.

2. The de minimis provision (for ongoing supplies of electricity less than 1,000 kWh a month to a person's house or building) does not apply to supplies of electric vehicle charging at charging points in public places.
3. Sole proprietors may recover input VAT on the business use proportion of home-based charging, and all input VAT on charging that is done elsewhere.
4. Businesses may not recover VAT charged on supplies of electricity to charge employees' electric vehicles at their home, even where there is business use.
5. Businesses may recover the whole amount of input VAT charged on supplies of electricity to charge employees' electric vehicles at work. However, the business would be liable for output VAT on any element of electricity for private use as a deemed supply. Alternatively, the business could recover input VAT only on the business use element.

Normally, 5% VAT applies to domestic electricity, and this would include supplies to charging points at domestic premises where the electricity supply directly supplies the customer. Commercial arrangements may complicate matters if, for example, the electricity supplier makes a commercial supply of electricity to the charge point operators (VAT at 20%) and the chargepoint operations make a domestic supply of electricity to the consumer (VAT at 5%).

Leases

Many electric vehicle fleets will be financed through leasing. The tax consequences of leasing are beyond the scope of this article.

Employees

An increasing number of businesses are providing electric vehicles, or the charging thereof, as part of their employee benefit packages; it can be a tax efficient form of remuneration.

Benefit in kind charge: vehicle

The benefit in kind value for cars provided to employees is calculated by applying a rate to the value of the car. The rate depends on the car's CO_2 emissions: the normal maximum is 37%. The rates for pure electric vehicles are 1% for 2021/22, and 2% subsequently. The rates for hybrid electric cars are up to 14%.

The normal van benefit charge is £3,500 per year. From 6 April 2021, the van benefit charge is nil for all company vans that emit no carbon emissions.

CHARGING ELECTRIC CARS: BENEFIT IN KIND CONSEQUENCES

Provision	Company car made available for private use	Employee's car used for business
Employer allows cars to be recharged from a vehicle charging point at work	No taxable benefit	Generally no taxable benefit: various conditions apply
Employer pays for a vehicle charging point to be installed at the employee's home	No taxable benefit	Taxable benefit based on cost to the employer
Employer pays for charge card to allow individuals unlimited access to third party charging points	No taxable benefit	Taxable benefit based on cost to the employer

Benefit in kind charge: charging

HMRC currently considers that electricity is not a fuel for car fuel benefit purposes. Unfortunately, it is not that simple. The benefit in kind consequences associated with charging electric cars varies significantly depending on factors including whether the car is a company car made available for private use or an employee's car used for business purposes and whether the charging occurs at work or at home (see table above).

Due to the significantly different consequences between fully electric and hybrid electric vehicles and the various conditions attached, advice should be sought when drafting and implementing a policy.

Salary sacrifice

A salary sacrifice arrangement is an agreement to reduce an employee's entitlement to cash pay in return for a non-cash benefit. The opportunities to use tax efficient salary sacrifice arrangements have reduced significantly in recent years.

However, salary sacrifice arrangements involving the provision of hybrid and pure electric cars can still be tax efficient since the taxable income is based on the benefit in kind rate – which can be as low as 1% (rising to 2%) – rather than the cash income foregone.

HMRC no longer provides advance approval of salary sacrifice schemes and so it is recommended that businesses obtain external validation of a scheme before it is implemented.

Reimbursement of fuel costs for company cars

Most businesses reimburse employees for fuel use for business travel in their company cars, or require employees to repay for the cost of fuel used for private travel. Generally, these payments are calculated by applying certain rates to the number of miles travelled.

If the mileage rate paid is no higher than HMRC's advisory fuel rates, there will be no taxable profit and no Class 1A NICs to pay. Higher fuel rates can be paid without income tax or NI consequences if it can be shown that the cost of business travel is higher than the advisory rates.

Mileage rates vary from 11p to 19p per mile for petrol vehicles, and from 9p to 13p for diesel vehicles. These rates also apply to hybrid petrol and hybrid diesel vehicles. The mileage rate for a pure electric car is 4p per mile.

Mileage allowance payments

Businesses can pay employees an approved amount of mileage allowance payments each year for using their own vehicle for business journeys without having to report them to HMRC. The same rates apply to electric and non-electric vehicles: 45p for the first 10,000 business miles in a tax year; then 25p for each subsequent mile for income tax purposes and 45p for all business miles for NI purposes.

The future

Aspects of the UK tax regime currently incentivise the adoption of electric vehicles. However, electric vehicles tend to be more expensive than those powered by internal combustion engines and there are a variety of practical, commercial and legal considerations to be overcome in order to accelerate the adoption of electric vehicles.

Fuel duties and vehicle excise duties raise about £35 billion annually. If electric vehicles continue to be exempt from those duties, an increase in their use is likely to reduce the government's tax take. If future governments intend to maintain current transport tax revenues, it is likely that alternative taxing mechanisms will be adopted.

Political cogs are turning

Following the recent G7 agreement, *Alison Lobb* and *Bob Stack* consider the key components needed for a working machine

Proponents of a coherent, modernised international tax system addressing the tax challenges of the digital economy have been waiting, and hoping, for a long time for governments to agree a way forward.

On 5 June 2021, the first announcement of political agreement came from the G7 largest economies. This significant agreement, described as 'historic' by both Janet Yellen, the US Treasury Secretary, and Rishi Sunak, the Chancellor of the Exchequer, indicated that countries were prepared to make changes to allocate a percentage of profits to market (sales) countries and to implement rules requiring a global minimum level of tax on corporate profits. This was expanded a few weeks later by agreement of 132 (out of 139) countries of the OECD Inclusive Framework to key principles, and most recently by the endorsement of the G20.

Although the digital economy was Action 1 of the Base Erosion and Profit Shifting (BEPS) Action Plan in July 2013, it is since 2017 that the 139 member countries of the Inclusive Framework have been jointly developing a 'two pillar' approach to address the corporate income tax challenges arising from the digitalisation of the economy. This led to the publication of two detailed 'Blueprints' in October 2020 on potential rules for addressing nexus and profit allocation challenges ('Pillar One') and for global minimum tax rules ('Pillar Two'). The Biden Administration put

KEY POINTS

- **What is the issue?**
On 5 June 2021, the first announcement of political agreement for multilateral international tax reform came from the G7 largest economies.
- **What does it mean for me?**
The G20 has emphasised the need for a detailed plan for implementation to be agreed by October 2021, alongside addressing the remaining political and technical issues for both pillars.
- **What can I take away?**
At the international level, most countries have committed to make changes but the biggest hurdle to reform may be the complications of the US political system.

forward proposed changes to update and simplify the proposals in April 2021, and these formed the basis for the political agreement reached recently. The political agreement is, by necessity, high level with limited detail and there are a number of areas where further significant technical work is needed before the regimes are finalised. Many questions remain for businesses.

Nexus and profit allocation rules (Pillar One)

Pillar One's 'Amount A' proposal reallocates taxable profits in favour of market (sales) countries through the creation of a new taxing right. A share of a group's global residual profit will be reallocated to market countries using a formula. No physical presence is required in a market country to create an Amount A nexus/taxable presence.

Determining the scope of the new taxing right has been the hardest technical and political issue in relation to Pillar One. In line with proposals from the US, countries have agreed that Amount A should apply to the 'largest and most profitable' multinational businesses with global annual turnover exceeding €20 billion and profitability above a 10% margin. Extractive and regulated financial services activities are excluded. The agreement represents a significant move away from, and potential simplification of, the original scope (which had looked at determining profits from automated digital services and consumer facing businesses) but means that business to business activities are no longer out of scope. The OECD estimates that 'around 100' multinationals will be in scope.

The global annual turnover threshold may be reduced to €10 billion in the future, depending on a successful implementation of the rules, including in respect of tax certainty. A review to determine the success will be undertaken after seven years (so expected to be in 2030).

Rules to look at separate business segments (which had been considered but would add considerable compliance and administration complexity) will apply only in exceptional circumstances where a segment disclosed in a group's consolidated financial statements individually meets the scope (including the turnover threshold) requirements.

A market country will be entitled to tax an allocation of Amount A profits at their domestic rate if revenues of at least €1 million are generated in that country. For small or developing countries with GDP lower than €40 billion, this threshold will be €250,000. Revenues will be sourced to the end market country where goods or services are used or consumed. Detailed sourcing rules will be developed for specific categories of transactions but, in response to concerns raised by businesses, requirements to trace small amounts of sales will be kept to a minimum.

Businesses that are in scope will reallocate between 20% and 30% of their residual profit above a 10% profit level to market countries based on proportion of sales. The 10% profit level is calculated as the ratio of profit before tax to revenue. Profit amounts will be derived from consolidated financial accounts with only a small number of adjustments (largely for share-related items such as dividends and gains or losses on disposal which are not taxable in many jurisdictions). To eliminate double taxation, any Amount A liability will be allocated to companies that earn residual profit and relieved via either exemption or credit. Businesses by and large would have preferred this to be limited to exemption, given the complex interaction with domestic credit systems and the risk that the double tax is not, in fact, relieved.

Further areas of work will include developing a marketing and distribution profits safe harbour to limit the further allocation of profits to market countries where residual profits are already taxed. It will also be necessary to finalise the administration system, keeping it as simple as possible for businesses and allowing compliance through a single entity. Mandatory and binding dispute resolution mechanisms will be available in respect of all issues related to Amount A, including transfer pricing, business profits, and determination of whether an issue falls within the scope of the Amount A dispute resolution mechanism. Some small developing economies that have few or no mutual agreement procedure cases may be considered for an elective (rather than mandatory) dispute resolution process.

Importantly, and a key point in the negotiations for the US, implementation will be coordinated with the removal of all unilateral digital services taxes (DSTs) and other 'relevant similar measures' (to be defined) on all companies.

Alongside the new taxing right, but as a separate workstream, work will be undertaken in respect of 'Amount B' to simplify and streamline the pricing of 'baseline marketing and distribution activities' undertaken by group distributors in a country. This is likely to focus on limited risk distributors and operate under existing transfer pricing rules in double tax treaties, perhaps as a form of 'safe harbour'. It is focused in particular on developing economies and their needs.

On 5 June 2021, the first announcement of political agreement came from the G7 largest economies.

Global minimum tax (Pillar Two)

Multinational businesses with annual turnover of more than €750 million (as for country by country reporting) will be required to pay a minimum effective rate of tax of at least 15% on profits realised in each country. Countries will not be obliged to adopt the global minimum tax rules, but those that do will apply them in a consistent manner in accordance with the OECD guidance. Countries will respect the application of the rules by others.

The 'main' income inclusion rule will result in additional 'top up' amounts of tax being payable by the ultimate parent company of the group to its tax authority (a UK Plc will pay the top-up tax to HMRC). The undertaxed payment rule will apply as a secondary (backstop) rule where the income inclusion rule has not been applied,

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although its method for allocating top up taxes, including in respect of low taxed profits in the country of the ultimate parent, remains under discussion.

Countries will be free to apply lower annual turnover thresholds to groups headquartered in their country. Government entities, international organisations, non-profit organisations, pension funds or investment funds, and any holding vehicles used by such entities, will be exempt where they are the ultimate parent entity.

An important consideration for groups with a US parent or non-US parented groups with a US holding company in their structures is how the existing US 'GILTI' regime will interact with Pillar Two. Proposed Budget changes by the Biden Administration would, if agreed by the US Congress, bring the GILTI considerably closer in line with the global Pillar Two rules. The OECD Inclusive Framework has said that consideration will be given to the conditions under which the US GILTI regime will co-exist with the Pillar Two global minimum tax, including being applied on a country by country basis.

Effective tax rate calculations will use a tax base determined by reference to the group's consolidated financial accounts, subject to some adjustments. Mechanisms to address timing differences and losses will also be available, but have not yet been developed. This has been perhaps the most difficult technical area in relation to the minimum tax rules, as the OECD has been reluctant to rely heavily on deferred tax accounting to address timing differences. Considerable work is ongoing in this area, with input from business. Specific issues for the insurance and extractives sectors are also likely to be addressed.

There will be limited exemptions for substantive activities (even where these relate to a regime that has been approved under the BEPS Action 5 Harmful Tax Practices work). These include profits that represent a 5% return on tangible assets and payroll costs (7.5% during a five-year transition period). There will also be a de minimis exclusion, and an exclusion for international shipping income. Further discussions will take place in this area as the Inclusive Framework expressed an ambition for the global minimum tax to have a limited impact on businesses carrying out economic activities with substance (of importance to some countries, in particular in relation to regimes such as R&D incentives), with a final decision to be made by October 2021.

Alongside the income inclusion and undertaxed payment rules, a 'subject to tax' rule will apply for smaller developing economies only. This will allow deductions of tax at source (similar to withholding taxes) on intra-group interest, royalties and a to-be-defined set of other payments. The minimum tax for the subject to tax rule will be lower (between 7.5% and 9%) to take into account its operation on a gross turnover (rather than profit) basis. The subject to tax rule will be incorporated into bilateral tax treaties with countries that apply nominal rates of tax below a minimum rate to such receipts where requested by defined developing economy countries.

The G20 has emphasised the need for a detailed plan for implementation to be agreed by October 2021.

Next steps

The G20 has emphasised the need for a detailed plan for implementation to be agreed by October 2021, alongside addressing the remaining political and technical issues for both pillars.

The OECD Inclusive Framework has set what looks like an extremely ambitious timeline for implementation largely to be in 2023. This looks challenging, given the need for a number of moving parts to turn and interact smoothly with each other. The new nexus and profit allocation rules (Amount A) will be implemented through a new multilateral instrument to amend double tax treaties which will be available for signature in 2022, with changes scheduled to come into effect in 2023. The global minimum tax rules are also scheduled to come into effect in 2023, although the undertaxed payment rule may be deferred to allow for implementation of the income inclusion rule first. The subject to tax rule will also be implemented by a multilateral instrument to amend applicable double tax treaties. Further technical work on the marketing and distribution function return (Amount B) is scheduled to be completed by the end of 2022, after which implementation is likely to be swift.

Making sense of the evolving political and technical developments

The significant political progress on international tax reform has been made possible by the efforts of the Biden Administration. This has better aligned the US administration's desire for changes to the US tax regime (for both inbound and outbound businesses) with the global minimum tax concept in Pillar Two. At the same time, the Biden administration has been prepared to contemplate the reallocation of some corporate profits to market countries, seen by the large economies in Europe and elsewhere as essential to capture the modern reality of highly digitalised businesses and others that do not need a local physical taxable presence to be successful.

A key point for the US administration has been that the reallocation of profits to market countries by the largest and most profitable companies (a large proportion of which will be US multinationals) will be tempered by the withdrawal of blunt and uncoordinated unilateral measures such as the digital services taxes for all companies, whatever their size. For countries that have implemented digital services taxes, this will also lead to the removal of the tariffs imposed (but suspended) by the United States Trade Representative in response.

One question to debate is what will be needed from here for multilateral international tax reform to finally go ahead? From a big picture perspective, at the international level, most countries have committed to make changes. The handful of countries that have not yet committed to the rules, and that continue to engage in discussions with the OECD, such as Ireland, Hungary, Kenya and Nigeria, may make local implementation more complicated, particularly within the European Union where a Directive to implement the rules was expected. It seems unlikely, however, that these difficulties would be enough to stop the momentum for changes to be implemented by other countries. The undertaxed payment rule, for example, would, depending on the final design, tax low-taxed profits in other countries even if the income inclusion rule is not adopted in the parent company jurisdiction. There are also questions around the long-term behavioural response of low-tax countries, and whether raising tax rates to the minimum to prevent tax on their profits being collected elsewhere is a feasible or logical step.

The biggest hurdle to reform may be the complications of the US political system. It remains to be seen whether the Biden Administration can persuade the US Congress to approve the changes, especially as the window for action in Washington is later this year, before any global minimum tax is likely to be finalised by the OECD Inclusive Framework countries working on Pillar Two. Slim majorities for the Democratic Party do not make this an easy task, and it is unclear how much – if any – support the Republican Party is willing to give the effort. That will be especially important if some of the changes need to be implemented via treaty changes, which require the support of two-thirds of the Senate. But global tax reform, without the participation of the largest economy in the world, would not be reform at all.

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All members* are required to complete an Annual Return confirming their contact, work details and compliance with membership obligations such as:

- continuing professional development
- anti-money laundering supervision
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STEP BY STEP GUIDE TO COMPLETING YOUR 2020 ANNUAL RETURN

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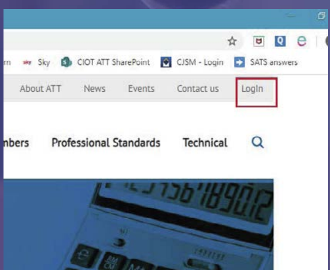

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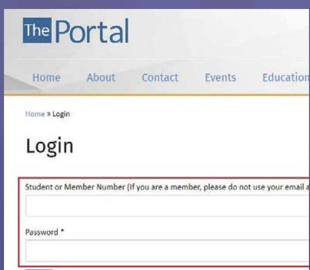
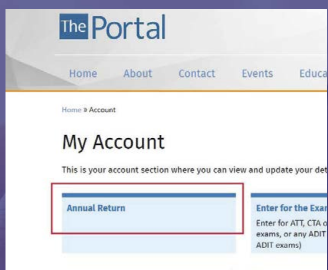


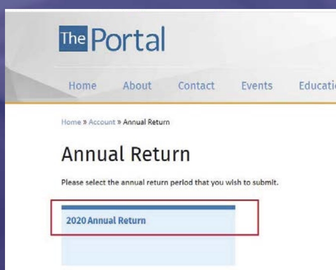
3. Account

Select Annual Return option



4. Period

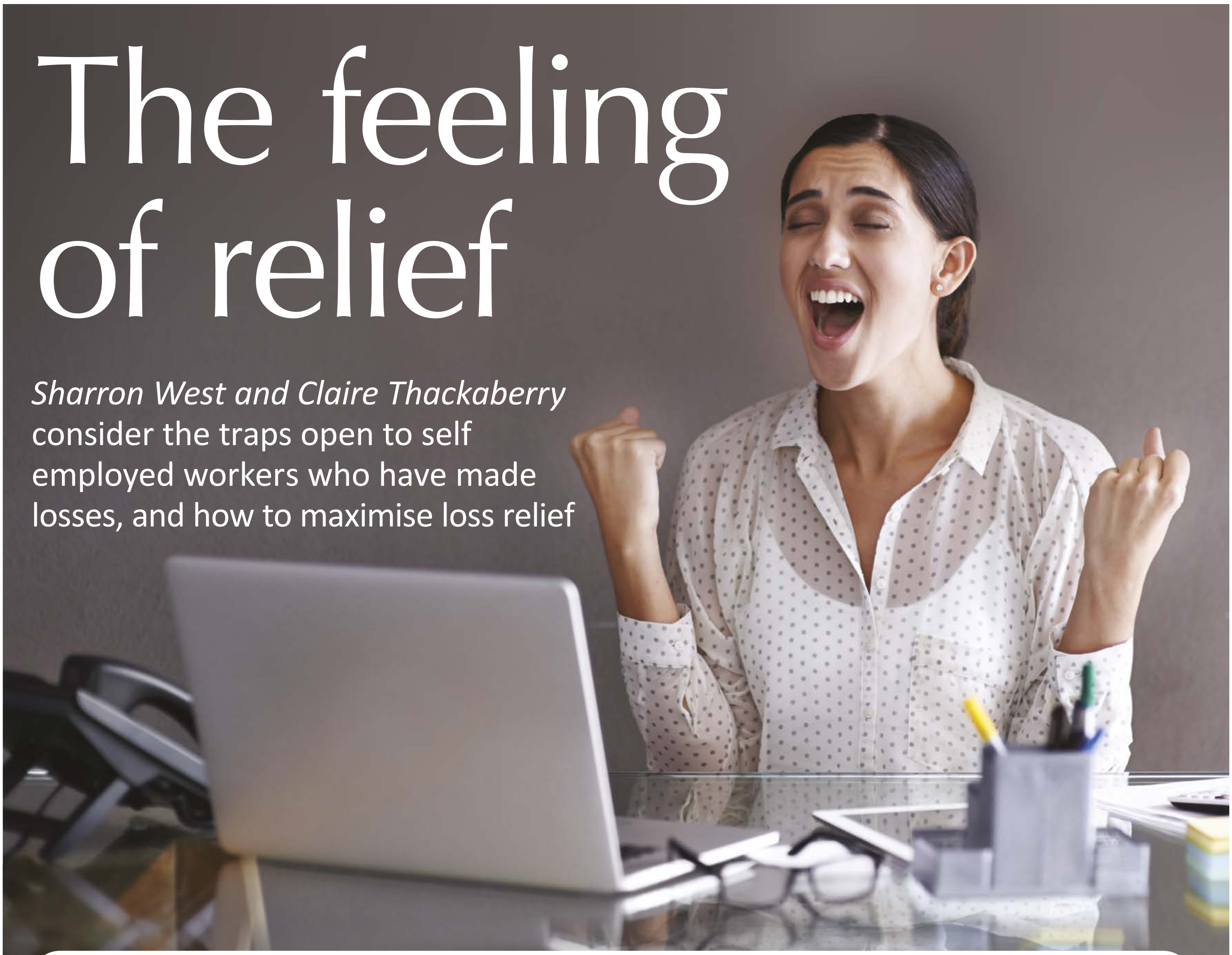
Select 2020 Annual Return period



Failure to complete an Annual Return is contrary to membership obligations and may result in referral to the Taxation Disciplinary Board (TDB).

The feeling of relief

Sharron West and Claire Thackaberry consider the traps open to self employed workers who have made losses, and how to maximise loss relief



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KEY POINTS

- **What is the issue?**
Unfortunately, many self-employed businesses will have made losses recently, so maximising loss relief may be important for cash flow. Care needs to be taken when completing tax returns where coronavirus support payments have been received.
- **What does it mean for me?**
The interaction between capital allowances, Class 4 NIC, self-employment income support scheme (SEISS) grants and losses may not be straightforward.
- **What can I take away?**
When completing 2020/21 tax returns which include trading loss claims there are several interactions to consider, especially when SEISS grants are also received.

We know that for many unincorporated businesses the last tax year has been a tough period to have been trading. Depending on the business basis period, this could mean that there is a self-employed loss in the 2020/21 tax year. This article highlights some areas to think about when considering how best to get tax relief for a self-employed trading loss in 2020/21.

Although LITRG focuses primarily on matters affecting those on low incomes, many of the issues raised here will be of interest to those dealing with unincorporated businesses of all shapes and sizes.

As readers will know, there are several different ways that income tax relief for losses can be given, including the new temporary carry back relief for 2020/21 and 2021/22, introduced by Finance Act 2021 s 18 and Schedule 2.

It should be noted that if self-employed accounts are prepared on a cash basis under Income Tax (Trading and Other Income) Act 2005 Chapter 3A Part 2, losses **must** be carried forward and set against future profits of the same trade (unless you cease trading in which case terminal loss relief may be relevant). Therefore, some self-employed businesses using the cash basis of accounting may benefit from changing to accruals accounting if they make a loss to maximise their options for obtaining income tax relief for the loss.

Capital allowances and losses

When considering the various loss reliefs available, there is often a need to strike a balance between the cash flow advantage of obtaining a tax refund and wasting some of the personal allowance. In some circumstances, it might be possible to tip the scales more in favour of claiming to offset the loss by adjusting – or perhaps disclaiming altogether – capital allowances in the loss-making period.

For example, suppose Jane is a self-employed football coach. Her turnover is usually around £20,000 per year, and her annual taxable profit is usually in the region of £12,000 to £15,000. In the year to 31 March 2021, her gross income was only £4,000, due to the pandemic restrictions. Her allowable business expenses in the year to 31 March 2021 were £7,985, including £1,500 on new equipment.

Jane's net loss from her self-employment, after claiming the annual investment allowance (AIA) in respect of the equipment, is £3,985.

Jane is also employed part time as a PE teacher, and in 2020/21 her salary was £14,800 (tax paid of £460).

Jane claims to offset the loss against her other income for the 2020/21 tax year under Income Tax Act 2007 s 64.

Her tax calculation for 2020/21 is as follows:

Employment income	£14,800
Less: self-employed loss	(£2,485)
Less: AIA	(£1,500)
Taxable income	**£10,815**

As the taxable income is below the personal allowance of £12,500, the tax deducted from Jane's PAYE income of £460 will be repaid. (Naturally, if a BR code had been in operation against Jane's employment income, the refund would be greater.)

However, if Jane does not claim AIA for her new equipment costs and instead claims writing down allowances in respect of the expenditure in the 2021/22 tax year, her loss for 2020/21 becomes £2,485.

If she offsets this against her PAYE income as before, the 2020/21 calculation becomes:

Employment income	£14,800
Less: self employed loss	(£2,485)
Taxable income	**£12,315**

The taxable income is still below the personal allowance of £12,500, and so the tax deducted from Jane's PAYE income of £460 will be repaid. However, £1,500 less of her personal allowance is wasted and capital allowances can be claimed in future tax years in respect of the new equipment.

Class 4 National Insurance and losses

The rules for relieving trading losses for National Insurance contributions (NIC) purposes are separate to those relating to income tax relief and can be found in Social Security Contributions and Benefits Act 1992 Schedule 2 para 3.

To the extent that the income tax treatment of the loss means it is offset against income which is not liable to Class 4 NIC, then there has been no relief for Class 4 NIC purposes. In these circumstances, the relevant amount of the loss should be carried forward and set off against the first available profits in a subsequent tax year, thereby reducing the Class 4 NIC liability in the later tax year.

For example, Hameed, who lives in Leeds, was employed until March 2019 when he decided to set up his own window cleaning business. Hameed's only income since March 2019 has been from his self-employment as a window cleaner. In the 2019/20 tax year, he made a profit of £10,000 but his accounts for the year to 31 March 2021 show a loss of £4,000. He was unable to claim the first three self-employment income support scheme (SEISS) grants as he only started his business in 2019/20.

He decides to make a claim to carry back the loss of £4,000 to the 2017/18 tax year under the 'opening year losses' provisions in Income Tax Act 2007 s 72 and offset it against his employment income in that year of £20,000. This will generate a tax refund to claim on his 2020/21 tax return of £800 (£4,000 x 20%). The loss of £4,000 remains unrelieved for Class 4 NIC purposes.

Hameed is predicting that his profits for the year ended 31 March 2022 will be in the region of £14,000. Therefore, Hameed's Class 4 NIC liability for the 2021/22 tax year will be based on profits of £10,000 (£14,000 - £4,000).

Incidentally, although Hameed will not be liable for Class 2 NIC for 2020/21 (as the loss means he is clearly below the small profits threshold), he may decide to pay the contributions voluntarily to maintain his National Insurance record and so protect his entitlement to state benefits such as state pension. He can elect to do this on his 2020/21 tax return.

Interaction of losses with coronavirus support payments

The 2020/21 tax return requires coronavirus support payments such as local authority grants, Job Retention Scheme grants and Eat Out to Help Out payments to be included in 'other business income' in the self-employed section of the 2020/21 tax return, rather than in turnover. This may mean the grant payments need to be stripped out of the accounts to enter in the relevant box of the tax return and so will be declared on the same basis as the accounts figures; i.e. according to the accounts basis period.

However, SEISS grants are treated differently. SEISS payments still need to be excluded from the turnover figure in the tax return, but Finance Act 2020 Schedule 16 para 3(3) specifically provides for the first three SEISS grant payments to be liable to tax and self-employment National Insurance in the 2020/21 tax year by expressly treating them as receipts of a revenue nature for that year, regardless of the basis period for 2020/21. (The only exception to this is SEISS grants paid into a partnership and then distributed to all partners; for example, in accordance with the

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partnership agreement.) In practice, this means the SEISS grant payments are automatically added to a self-employed profit or offset against a self-employed loss in the 2020/21 tax year. This is illustrated below.

Marco is a self-employed baker and has been supplying his local café with cakes and pastries on a daily basis for the past five years. Marco makes up his accounts to 31 December each year. During the year ended 31 December 2020, the café was closed for several months due to the lockdown restrictions so Marco's sales income reduced dramatically. The only government support he claimed during the pandemic were grants under the SEISS and he received the following payments:

- First grant: £4,800 (received 25 June 2020)
- Second grant: £4,200 (received 30 September 2020)
- Third grant: £4,800 (received 12 January 2021)

Marco's self-employed accounts for the year ended 31 December 2020 showed a loss of £3,310.

Therefore, Marco's 2020/21 tax return will show the following entries in the self-employed section:

Net loss from self-employment	(£3,310)
SEISS grants	£13,800
Total taxable profits from self-employment	**£10,490**

As the above shows, without offsetting the loss there would have been a small taxable profit of £1,300 (£13,800 - £12,500), so by offsetting the loss automatically, tax of £260 is saved (£1,300 x 20%).

Unfortunately, it is not possible to make a separate loss relief claim in respect of the loss of £3,310 in isolation; for example, claiming carry-back relief under Income Tax Act 2007 s 64 to obtain full tax relief for the loss and thereby save tax of £662 (£3,310 x 20%). The tax cost of the automatic offset is therefore £402 if basic rate relief might instead have been obtainable through carry back to an earlier year.

With regard to Class 4 NIC, this is calculated based on profits of £10,490, as the loss of £3,310 is offset against SEISS grant income which is chargeable to Class 4 NIC.

It is also worth noting that this automatic offset of the loss against the SEISS grant wastes £2,010 of the 2020/21 personal allowance of £12,500.

Final thoughts

If a client makes a loss from their self-employment, the following issues might also arise:

- The presumption might be that they have no tax to pay for the tax year. However, this will not always be the case. For example, if they have made charitable payments under Gift Aid during the tax year, the basic rate tax relief given at source on the payments will be clawed back via the self assessment tax return. Note, however, that there is no similar clawback for tax relief on pension contributions made to a relief at source scheme.
- They may be expecting a tax refund following a loss relief claim. However, if they owe HMRC tax for a previous period it is unlikely HMRC will issue the refund. Rather, HMRC will offset the refund against the arrears to reduce any debt, which may well disappoint the client.
- If they are receiving universal credit or tax credits, this may impact on their benefits payments. There are different rules for dealing with trading losses for both tax credits and universal credit purposes. There is more information on the LITRG website at bit.ly/3qMKjhG.

The tax landscape of farming

In the first of a three part series on farming tax, *Michael Steed* asks how to define farming and considers the farming tax landscape

KEY POINTS

- **What's the issue?**
Farming clients can have relatively complex tax affairs, especially with diversified business models.
- **What does it mean to me?**
The definition and scope of the farming and related trade rules needs to be carefully analysed for a particular set of client circumstances.
- **What can I take away?**
We need to carefully check if a client is farming, or whether they have moved into other tax landscapes, where the tax rules will be different.

It ought to be fairly straightforward. If a taxpayer is farming, as defined in the legislation, then the basic farming tax rules will apply. Farmers can have some standard reliefs, such as farmers' averaging of profits, loss set-off against general income (subject to the hobby farmer rules) and the availability of the herd basis (where the production herd sits on the balance sheet, rather than in the trading account). They can have business asset disposal relief on sale or retirement (subject to the rules). They will probably mostly make zero-rated supplies for VAT; and on retirement or death, they should be able to claim the two leading inheritance tax reliefs of agricultural property relief and business property relief. In practice, it can be far less simple than that.

What is farming?

Farming is defined in both the Income Tax Act 2007 and Corporation Tax Act 2010 as essentially being 'the occupation of land wholly or mainly for the purposes of husbandry but excluding any market gardening'. It is worth noting that this applies to activities in the UK.

This can cause a bit of confusion for beginners, as some reliefs and restrictions only apply to farming and others are extended to similar activities, such as market gardening. For example, restriction of loss relief (see below) and farmers' averaging also applies to market gardening, notwithstanding the basic definition.

The basic definition creaks too, as technology has moved on and the legislation is slow to respond. Would dairy cows being raised and milked in big closed barns with no access to land specifically be farming, as opposed to a trade? Is growing salad crops in a vertical farm classified as farming or merely a trade? What about fish farms that are urban-based? The core of this is to understand what the words actually mean.

'Occupation of land'

This does not generally cause a problem for a famer who lives on the farm and farms it. It is less clear if, say, the farmer lives in the farm but rents some land out to another farmer.

It's quite common, however, for a farmer to be farming and to do something else, such as contracting, and this is a separate trade if it's done on any appreciable scale. We will revisit this in the second article as part of diversification (intended or otherwise).

Farming outside the UK

There is something odd too about the basic definition and that is the territorial aspects. Husbandry conducted on land outside the UK is not automatically treated as a trade for tax purposes (see BIM55095). It will depend on the facts. But farming outside the UK will be subject to the five year loss-relief hobby-farmer rules because the definition of farming for loss-relief purposes does not have territorial restrictions.

Wholly or mainly for the purposes of husbandry

Let's go back to the definition of farming for a minute. 'Husbandry' is not defined in the legislation and should be given a common sense interpretation. This would include activities normally recognisable as farming, such as growing crops (tillage) and the raising of farm livestock.

The definition does presuppose a connection between the activity and the occupation of land, which goes beyond the mere use of the land as a site for the activity. So to fall within the statutory definition of 'farming', the produce of the activity must have some husbandry origin in the land occupied by the person carrying on the activity.

Therefore, an intensive enterprise – in which livestock are kept entirely separate from the land (for example, entirely indoors or, in the case of fish farming, in tanks) and fed entirely on purchased feed – is not farming (but it is clearly a trade).

Let's think again about dairy cattle kept permanently in sheds. Is that farming (if cattle are fed on hay and silage that is grown on the farm, thereby having husbandry origin in the land)? Or is it a trade (and not farming) because all of the feed is brought in? This will depend on the facts.

In *CIR v The Cavan Central Co-operative Agricultural and Dairy Society* [1917] 12 TC 1, butter made in a co-operative buttery from milk supplied by its farmer members was held not to have a husbandry origin. ITA 2007 s 996 also helps us. It provides that husbandry includes hop growing, breeding and rearing of horses (and associated grazing) and short rotation coppice.

Another example which could cause difficulty is 'rewilding' projects, where animals are introduced to land and are basically left to their own devices. Would that be farming as defined? Again, this will

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depend on the facts. If the animals are slaughtered and sold as meat, that would be farming. If not sold for meat, then it is less clear that this would be farming.

The significance of the definition of farming

The definition of farming is significant because a number of statutory provisions apply, or refer, specifically to farming. These include:

- all farming is treated as a trade and all farming carried on by a particular person (or partnership) is treated as a single trade;
- averaging of profits (not restricted to farming);
- herd basis (although not restricted to farming); and
- restriction of loss relief where losses are incurred in the five previous years (not restricted to farming).

The significance of this is that it is very easy for farmers to want to diversify into other areas, such as contracting, rental properties, glamping, renewables, etc. However, you can quite quickly lose farming status, as the farmer will no longer be wholly or mainly in occupation of the land for the purposes of husbandry. This could also easily happen when a farmer wants to partially retire, so inheritance tax reliefs may be in danger.

The herd basis

Farm animals are normally dealt with as trading stock. However, some farm animals are kept by farmers not primarily for resale but for the sake of what they produce, such as offspring (lambs and piglets), milk and eggs.

These are in many ways more like the farmer's capital assets. The herd basis allows a herd or flock of production animals to be excluded from trading stock and treated instead as a capital asset on the balance sheet. This balance sheet treatment is also permitted for animal breeding and fish farming (which are trades and not farming). The legislation is in Income Tax (Trading and Other Income) Act (ITTOIA) 2005 ss 111-129 and CTA 2009 ss 109-127.

If a farmer elects for the herd basis (and it is normally in point when a farmer first acquires a herd or flock), then the following provisions apply:

- The initial cost of the herd is not an allowable deduction, nor is the cost of any subsequent increase in herd size.
- The net cost of replacing animals in the herd is an allowable deduction (including the cost of own-bred animals).
- Where the odd animal, or just a few animals, are sold from the herd and not replaced, the resulting profit or loss is taken to the P&L.
- Where the whole herd, or a substantial part of the herd, is sold and not replaced, the resulting profit or loss is not taken to the P&L (this is a quid pro quo for no tax relief on acquisition).

Therefore, an ageing dairy farmer who had adopted the herd basis when they first went into dairy could dispose of the herd tax-free on retirement.

Averaging fluctuating profits

The fate of many farming enterprises is written in the skies, so farmers are able to elect to average their profits over either two or five tax years (see ITTOIA 2005 ss 221-225). These claims can be made if the profits for one year are less than 75% of the other and can provide valuable smoothing tax relief for farmers who may be subject to different tax rates year on year. However, for the purposes of the averaging provisions of ss 221-225, the definition of 'farming' is extended to include market gardening and the intensive rearing of livestock or fish on a commercial basis for the production of food for human consumption.

Loss relief

Loss relief for farmers has always caused problems. There is a general right in tax to offset trading losses against other income, but farming (which includes market gardening for this purpose) has always had an extra layer and that is the loss of sideways loss relief after five consecutive tax years of losses (the so-called 'hobby-farmer rules').

The basic shape of sideways loss relief for farmers is that you make a normal ITA 2007 s 64 relief claim for farming losses to be offset against general income. However, the relief potentially evaporates after five years because of the rules in ITA 2007 ss 67 and 68, which generally stop a sideways loss relief claim from year six onwards, so from that point onwards the farming losses can only be carried forward.

However, there is an important get out of jail card in s 68, which is the 'reasonable expectation of profits' test. This essentially says that the five year restriction won't apply if the expectations of a competent farmer would be that future profits will reasonably be made, but a competent person carrying on the activities at the beginning of the prior period of loss could not reasonably have expected the activities to become profitable until after the end of the current tax year.

There has been a battery of case law about the true meaning of these rather obtuse words. In this back to basics article, it's sufficient to say that a tax adviser would need to research this area carefully before giving advice (see *French v HMRC* [2014] UKFTT 940 and *Scambler v HMRC* [2017] UKUT 1 as examples).

It's also important to note that although the legislative heading above ITA 2007 s 67 refers to hobby farmers, this is unhelpful because the rules equally apply to full time professional farmers. The phrase does not appear in the text.

In the next article of this three-part series, I will examine the complexities of what happens when farmers diversify.

Building on brownfield incentives

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Ben de Waal sets out the case for operational clarity and modernisation of the land remediation relief legislation to address the current bias towards greenfield development

KEY POINTS

- **What is the issue?**
Land remediation relief was first introduced in 2001 to encourage the development of brownfield (previously developed) land. Unprecedented demand for housing is now pushing housing development onto larger, often easier to develop, greenfield sites with many brownfield sites being overlooked.
- **What does it mean for me?**
The CIOT's Property Taxes Committee has been considering the HMRC manual dealing with land remediation relief with the aim of addressing areas of uncertainty in the application of the current relief.
- **What can I take away?**
The case for change and a refocus on this relief is strong. An active brownfield development sector can support a well-managed greenfield development policy in helping the country to hit its housing and employment land development targets.

Land remediation relief was first introduced in 2001 to encourage the development of brownfield (previously developed) land at a time when there was a much stronger pro-brownfield narrative coming out of government. There were tighter planning laws, and the National Brownfield Strategy had introduced a commitment to build over 60% of new housing on brownfield sites. The relief was subsequently amended in 2009 to remedy some seemingly unintended consequences of the 2001 version and to extend the scope of qualifying costs to derelict sites.

Twenty years on, we find ourselves in a place where unprecedented demand for housing is pushing housing development onto larger, often easier to develop, greenfield sites with many brownfield sites being overlooked, despite evidence suggesting they could contribute over one million new homes. The green vs brown argument is complex, but the reality is that many brownfield sites with planning permission remain undeveloped due to viability issues. The much heralded Local Authority Brownfield Register initiative has failed to deliver its targeted ambition for 90% of registered sites to have planning permission for housing by 2020.

With corporation tax rates set to rise to 25% and the likely introduction of the residential property developer tax, there will be an inevitable refocus on reliefs to help mitigate the increased tax burden. Refreshed guidance and modernisation of the legislation would generate greater certainty and help to meet the future demands of the market.

Modifications to the relief were first proposed in 2015 by the Environmental Industries Commission and Home Builders Federation with further representations being made to address concerns about additionality and deadweight (www.tfigroup.co.uk/about-us and then click + Our Lobbying). The recommendations were, and remain:

- to bring the tax relief 'above the line' to operate in a similar way to the Research and Development Expenditure Credit (RDEC);
- to increase the general rate from 150% to 175%;
- to increase the rate for sites of over 25 dwellings to 200% if completed within 24 months of planning permission being granted; and
- to change the qualifying date for derelict sites using the Treasury Order powers within the current legislation.

Brexit and the Covid-19 pandemic then hit but as the *Build Back Stronger* agenda gathered momentum so did the calls for land remediation relief modifications. The Construction Leadership Council raised the issue in its pre-Budget letter to Rishi Sunak and the Environmental Industries Commission reiterated the points in its soon to be published Brownfield First report.

In a timely move, the CIOT's Property Taxes Committee has also been considering the HMRC manual dealing with land remediation relief (CIRD60000 Corporate Intangibles Research and Development Manual: Remediation of Contaminated Land) with the aim of addressing areas of uncertainty.

Some of the practical uncertainties, or apparent barriers to claiming the relief that appear to be outside the policy intent, are set out below.

Polluter retains an interest in the land

A not uncommon situation can arise where a company or public body sells a new long leasehold interest in land to a housebuilder or developer.

Where the owner of the freehold reversion is the polluter, the developer would be denied the relief because of their relevant connection to the polluter through the polluter's retained interest in land (Corporation Tax Act (CTA) 2009 s 1150).

The concept of a 999 year peppercorn lease as being an effective disposal of the property (notwithstanding the reversionary interest) has been accepted in other taxes. The grant of a lease can be a disposal of the relevant property for the purposes of a VAT transfer of a going concern if the reversionary interest retained is worth less than 1% of the property transferred.

Is there an argument, therefore, to apply this principle and clearly state that a reversionary freehold interest does not amount to a retained interest in land?

Exclusions: air and water

The definition of 'contaminated land' for land remediation relief purposes is unique to this legislation and represents a departure from the definition of contaminated land for planning purposes. Whilst the Environmental Protection Act 1990 for planning requires the presence of harmful 'substances' for land to be deemed contaminated, the land remediation relief legislation only requires the presence of 'something', albeit that the 'something' must be from an industrial (anthropogenic) activity and any risk of harm cannot be due to the presence of air, water or living organisms.

The manual provides an example for the water and living organism exclusion tests, but no reference is made to the relevance or intention behind the air exclusion test. In practice, HMRC does not allow claims for mine shaft grouting (in which underlying voids are backfilled to solidify the ground for construction). This is a major cost required to develop land in former mining areas, the very areas targeted for 'levelling up' the UK economy. It is assumed that this exclusion is for cost reasons, given the not unsubstantial costs claimed under the 2001 version of the relief.

There is essentially a dual purpose to grouting: to remove a risk of explosion due to the build-up of gases; and to remove the risk of subsidence or building collapse by filling the air void. The former is not sufficient on its own to justify claiming the relief because the developer would fall foul of Condition B in CTA 2009 s 1144: they would still have to do the grouting even if the gas risk were not present and hence would fail on the air test.

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Profile Ben specialises in Land Remediation Relief and currently advises many of the national housebuilders and developers of complex brownfield sites. He has successfully negotiated several key entitlement and eligibility issues with HMRC and leads the current initiative to make the relief more responsive to the challenges of developing brownfield land.

This is a complex area and guidance is needed to avoid companies relying on the receipt of relief only to see it denied under a potential enquiry. Preferably, this exclusion should be removed all together.

Derelict land

The government was keen to encourage the development of derelict sites and extended the 150% relief to a very prescriptive list of treatment costs in the CTA 2009 modified legislation.

One of the conditions is that to claim the relief, the site must have been derelict (unused) from the earlier of 1 April 1998 or the date of acquisition by the claimant company. At the time of enactment, a site would only have to have been derelict for the preceding 11 years; due to the passage of time, however, a company can now only benefit from this relief if the site has lain derelict for 23 years. This has rendered the derelict land relief almost obsolete and is unlikely to be contributing anywhere near the amount of £30 million to £40 million per annum originally estimated by HM Treasury.

There is currently an unused provision in CTA 2009 s 1149 3A(b) that allows for this date to be changed through a Treasury Order. It seems entirely logical and consistent with the intention of the legislation to either change the date to 1 April 2010 (to restore the original 11 year position), or to make it a relative date by requiring a site to be derelict for 10 years prior to the date of acquisition.

Subsidised expenditure

There is a common misconception that a purchase price agreed with reference to the remediation costs represents a subsidy for the purposes of claiming land remediation relief, and therefore denies relief. The reason for this is that it is not uncommon practice to agree the open market value of a contaminated site with reference to the open market value of a clean site less the estimated cost of remediation, which in turn is treated by some as a subsidy.

This is not expenditure that is 'otherwise met directly or indirectly by a person other than the company' (CTA 2009 s 1177(1)(b)); rather, it is a mechanism for arriving at the open market value of the site in its contaminated state. The second example in the CIRD manuals correctly confirms no subsidy exists where the site is acquired in a contaminated state. Given the prevalence of this misconception, however, an additional note to address the point would certainly help to provide clarity.

Capital expenditure and capital allowances

The CIRD manuals do helpfully alert potential claimants to the restrictions that could apply where expenditure qualifies for land remediation relief, as well as certain types of capital allowances. However, further clarification and examples are perhaps needed regarding the interaction with the new structures and buildings allowance (SBAs).

The new SBA legislation is not included in the list of allowances in CIRD60085. The presence of relief under the land remediation relief legislation denies the ability to claim SBAs. Care is certainly required in this area, especially given that parts of a building's substructure and other structures within the ground can also contain qualifying land remediation relief expenditure.

In summary

The case for change and a refocus on this relief is strong. There is no reason why an active brownfield development sector cannot support a well-managed greenfield development policy in helping the country to hit its housing and employment land development targets.

The chancellor has already been willing to use tax incentives to promote short term policy objectives with the recent time limited introduction of the super-deduction and enhanced allowances for plant and machinery and integral features investment. Maybe now is also the time to give brownfield development a timely boost and in doing so help drive the green recovery.

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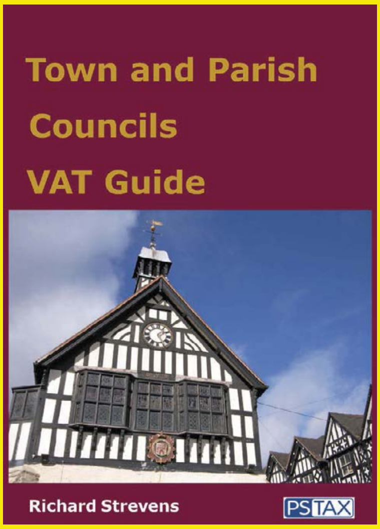
Town and Parish Councils VAT Guide



By Richard Strevens

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His Dark Materials

Keith Gordon reviews the Upper Tribunal's decision in the case of *Northern Light Solutions*, examining the rules relating to IR35

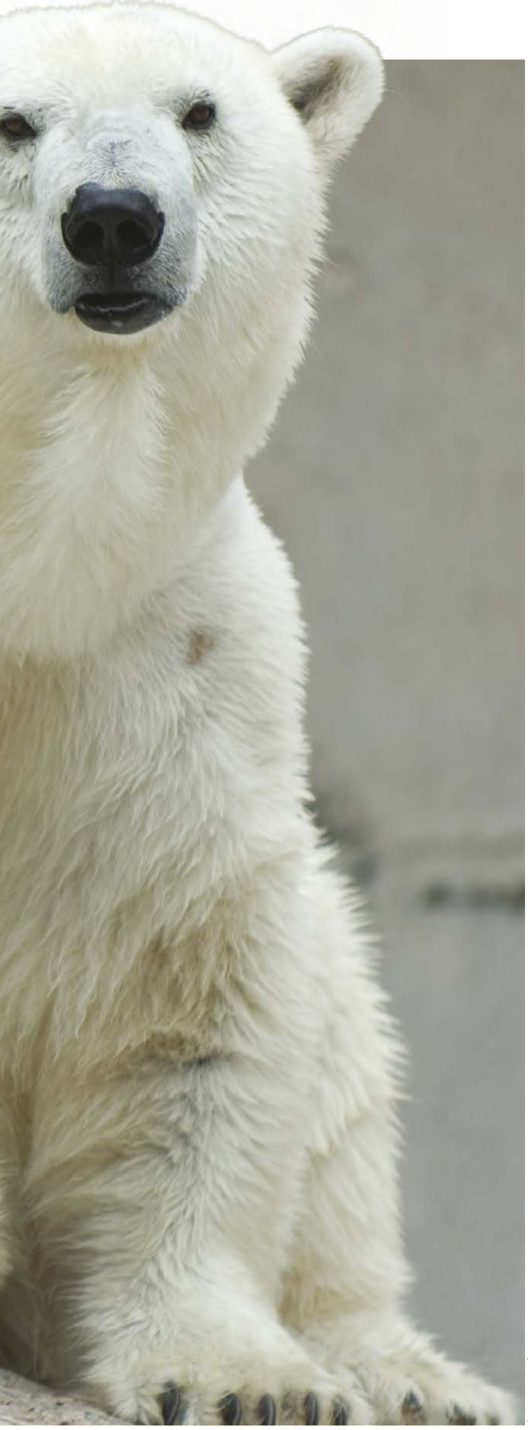
KEY POINTS

- **What is the issue?**
After an apparent lull in IR35 challenges, there has been increased focus by HMRC in more recent years. The case of *Northern Light Solutions Ltd v HMRC* [2021] UKUT 134 (TCC), relating to a contractor, shows that HMRC has renewed the pressure on this sector of the workforce.
- **What does it mean for me?**
The case focused on the first two stages of the *Ready Mixed* test: mutuality of obligations; and the requirement for personal service. HMRC will no doubt point to this case as a major vindication of its oft-stated position that many contractors' contracts ought to be 'inside IR35'.
- **What can I take away?**
Advisers should recognise that HMRC's victory in this case is not a significant development in the sphere of employment status disputes. However, there is a risk that the decision will be used by HMRC to downgrade the highly significant substitution test in favour of a dominant feature test.

The so-called 'IR35' legislation is now 21 years old. However, a rush of recent cases and a new set of procedures which came into force in April mean that the rules are more topical now than ever.

As is well known, the rules target arrangements whereby an intermediary is interposed into what is essentially an employment relationship, so that the 'employer' contracts with the intermediary which onward supplies the services of the would-be employee. The legislation was introduced to prevent abusive avoidance of the PAYE and NIC code and it is probably fair to say that the abusive arrangements ceased upon enactment of the rules in 2000 (or those which persisted were not defended once HMRC started to challenge them). Consequently, the litigated cases in this area have concerned workers whose employment status is less clear cut, with contractors being particularly prone to an HMRC challenge, particularly in the first decade of this century.

After an apparent lull in IR35 challenges, there has been increased focus by HMRC in more recent years. Indeed, in the past couple of years alone, four cases have now been heard by the Upper Tribunal, three of which involved television and radio presenters. The fourth case, *Northern Light Solutions Ltd v HMRC* [2021] UKUT 134 (TCC), however, relates to



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a contractor, showing that HMRC has renewed the pressure on the one sector of the workforce which has long borne the brunt of HMRC's policing of these rules.

The facts of the case

The case concerns a Mr Lee, who operated as a project manager through his personal service company, Northern Light Solutions Ltd. In the period in question, he was working on a succession of contracts for businesses in the financial services sector (Nationwide Building Society and Lloyds Bank). The contracts varied in length from a few weeks to a few months. HMRC's IR35 challenge related solely to the work carried out for Nationwide.

Typically, Mr Lee's role would be to oversee the implementation of projects being introduced by Nationwide, heading project teams and liaising with senior management. Under the contracts, Mr Lee would be required to work for seven and a half hours per day on a five-day week basis, although he often worked for more hours, for which he (or, more strictly, the company) was not remunerated. Although officially based at Nationwide's head office in Swindon, Mr Lee often worked closer to his home in the north west on Mondays and Fridays. The company would be remunerated at a daily rate.

Given that this was an IR35 case (rather than a straightforward employment status dispute), the First-tier Tribunal was obliged first to ascertain the terms of a hypothetical contract between Mr Lee and Nationwide, taking into account the actual contractual arrangements in place. By reference to this hypothetical contract, the tribunal was then required to apply the generally accepted three-stage test for employment status, as first set out by Mr Justice MacKenna in *Ready Mixed Concrete (South East) Ltd v Minister of Pensions and National Insurance* [1968] 2 QB 49. Applying this test, the tribunal concluded that the hypothetical contract did indeed constitute one of employment.

The company appealed against the First-tier Tribunal's decision to the Upper Tribunal.

The Upper Tribunal's decision

The case came before Upper Tribunal Judges Timothy Herrington and Guy Brannan. The case focused on the first two stages of the *Ready Mixed Concrete* test.

As for mutuality of obligations, the precise meaning of this test has long been disputed and this debate arose in the present case. In particular, does it mean any more than that there exists a contract for work under which payment will be due to the worker? Northern Light sought to argue that there was insufficient mutuality of obligations because, at the end of any one project, there was no obligation on either Nationwide or Northern Light to enter into a further contract for a new project.

The Upper Tribunal considered that this did not mean that, during the subsistence of any contract, there was no mutuality of obligations.

The Upper Tribunal also considered the company's further argument on mutuality of obligation, being that the work being provided was task-specific and that Nationwide could not direct Mr Lee to carry out a different task. However, the Upper Tribunal considered that this point was more pertinent to the question of control (the subject of stage two of the *Ready Mixed Concrete* test).

In relation to the requirement for personal service, the First-tier Tribunal had recognised that a contractual right to appoint a substitute need not be exercised in order to be effective. However, in the contracts under review, that right of substitution was subject to Nationwide's reasonable right of refusal. The First-tier Tribunal had concluded that Mr Lee's skills and knowledge (being the reason for his being engaged in the first place) 'meant that it was difficult for Mr Lee to offer a substitute that Nationwide acting reasonably would accept'.

Northern Light sought to argue that, in the absence of any witness evidence from Nationwide, these conclusions were speculative and therefore there was insufficient evidence to justify the tribunal's findings of fact. However, the Upper Tribunal referred to the meeting notes and the undisputed length of Mr Lee's relationship with Nationwide to say that there was sufficient factual evidence on which the First-tier Tribunal was entitled to base its conclusion. The Upper Tribunal chose not to embellish its decision on that point; for example, by commenting on whether or not it might have reached a similar conclusion on the same evidence. This was probably a wise move: the point is that the First-tier Tribunal is entitled to reach factual conclusions on the basis of the evidence before it and, absent any error of law, the Upper Tribunal is bound by the First-tier Tribunal's decision.

Finally, the Upper Tribunal rejected Northern Light's arguments on control and confirmed that the First-tier Tribunal was entitled to reach the view that there was sufficient control over Mr Lee (the task to be performed, where he was to work and the working hours) to satisfy the control test. Mr Lee was a skilled worker, likened to master mariners and surgeons, whose 'employer' would in practice have little control as to how the tasks would be performed but who would nevertheless exercise sufficient control over the worker to be the worker's 'master'.

Commentary

HMRC will no doubt point to this case as a major vindication of its oft-stated position that many contractors' contracts ought to be 'inside IR35'. However, it is my clear view that, besides endorsing earlier tribunals' decisions on mutuality of obligations (for which see below), the case sheds no light on the more obscure areas of employment status, the point which lies at the heart of all IR35 disputes to date. This can be illustrated by considering in further detail the three *Ready Mixed Concrete* stages.

In many cases involving contractors (and also those in the television and radio industry), personal service is pretty much a given. Indeed, when I represented the taxpayers in the cases of *Albatel* (Lorraine Kelly) and *Atholl House* (Kaye Adams), I wasted no time suggesting that the personal service condition was not met. I accept that, unlike many in the broadcasting world, a lot of contracting agreements contain a qualified right of substitution. However, as this case demonstrates, even to the extent that such rights are genuine, such terms will not always be sufficient to take a relationship outside the scope of an employment. Of course, that will have to be considered on a case by case basis.

Furthermore, I must nevertheless express concern about one aspect of the Upper Tribunal's decision on personal service. The Upper Tribunal made reference to the Supreme Court's decision in *Pimlico Plumbers Ltd v Smith* [2018] UKSC 29 and suggested that the correct way to approach the effect of any right of substitution is to consider 'whether the dominant feature of the contract remained personal performance on [the worker's] part'. In the present case, Mr Lee's specialist skills and knowledge meant that, in the Upper Tribunal's view, the dominant feature of the hypothetical contracts, in this regard, was an obligation for personal performance.

In my respectful view, however, the Upper Tribunal went one stage too far and risked putting the proverbial cart before the horse. If one considers how the test was applied in *Pimlico Plumbers*, it is clear that the dominant feature of the contract there was determined by the long list of *personal* obligations on Mr Smith when interacting with clients – indeed, the contract contained a long list of obligations prefaced by the words 'you' and 'your'. Furthermore, when then proceeding to consider the effect of the substitution clause, the Supreme Court noted that the pool of potential substitutes was limited to other operatives who were already bound by Pimlico Plumbers' heavy obligations.

In *Northern Light*, the Upper Tribunal has effectively suggested that the question of substitution has itself been substituted by a dominant feature test. But, as the Supreme Court itself warned: 'The sole test is, of course, the obligation of personal performance; any other so-called sole test would be an inappropriate usurpation of the sole test.'

There is a risk that the Upper Tribunal's decision will be used by HMRC to downgrade the highly significant substitution test in favour of a dominant feature test.

Control, similarly, must be considered on a case by case basis. However, in relationships where the client (i.e. the putative employer) has the right to call on the worker's services, the test will often be satisfied. In many ways (and this is inevitably a short cut which should be treated with some caution), the point can boil down to whether, on a particular 'working day', the worker can choose which client to work for (or whether simply to take the day off). For most contractors engaged in what might be loosely described as 'nine to five' contracts, they are likely to be subject to sufficient control so as to satisfy the second stage of the *Ready Mixed Concrete* test, whereas those with a portfolio of clients whose cases are worked on at the worker's own discretion should find that their relationships fall outside the definition of employment.

Again, the *Atholl House* case provides a useful contrast. In the First-tier Tribunal, the tribunal had reached the view that the true contractual relationship between Ms Adams, her company and the BBC meant that 'far from being entitled to compel her to refuse her other engagements on the basis both that it had first call on her time and that Ms Adams required its permission to enter into those other engagements, the BBC did whatever it could to accommodate those other engagements'. This led to the tribunal concluding that 'the BBC had no control over Ms Adams' ability to enter into those other engagements'.

Although the final decision on the control test is not totally clear, it is generally understood that the First-tier Tribunal took the view that there was insufficient control in that case. However, the Upper Tribunal considered that the First-tier Tribunal had wrongly determined the terms of the actual contractual relationship and that, in fact, 'the BBC could compel Ms Adams to present the Kaye Adams Show and undertake reasonable tasks associated with that role'. This revised analysis of the facts led the Upper Tribunal, when remaking the decision, to conclude that 'overall ... there was a sufficient framework of control for the second *Ready Mixed Concrete* test to be satisfied'.

In *Atholl House*, therefore, the case turned on the final stage of *Ready Mixed Concrete*, which effectively allows a common sense view of the relationship to prevail, so that what is clearly a self-employment relationship is not to be classified as one of employment merely because the first two stages of the test are overcome. In *Atholl House*, the taxpayer prevailed, although that decision is now the subject of HMRC's further appeal to the Court of Appeal. It would have been illuminating therefore to see what the Upper Tribunal had to say about that third stage in the present case.

Regrettably, however, the taxpayer was understood not to have raised such arguments when seeking permission to appeal. Although the arguments were aired in the taxpayer's skeleton argument, the Upper Tribunal considered that this was too late in the day and declined to admit this additional ground. As a result, we are still in the dark as to how the third stage of the *Ready Mixed Concrete* test might be applied in this latest raft of IR35 challenges.

Finally, the comments made by the tribunal on mutuality of obligations might disappoint those who maintain that the very precariousness of a contractor's work negates the existence of any mutuality of obligations. However, for the reasons I set out at more length a year ago in my article 'MOOnopoly' in *Taxation* (9 July 2020), I consider that this precariousness is more relevant to the third stage of the *Ready Mixed Concrete* test, something which (regrettably) the Upper Tribunal did not consider on this occasion.

What to do next

Advisers should therefore recognise that HMRC's victory in this case is not a significant development in the sphere of employment status disputes, as most battles concern the third stage of *Ready Mixed Concrete*, which did not feature in the present case. However, there is a risk that the Upper Tribunal's decision will be used by HMRC to downgrade the highly significant substitution test in favour of a dominant feature test. For the reasons set out above, this risks misinterpreting what the Supreme Court said in *Pimlico Plumbers* and advisers should be careful in this regard.

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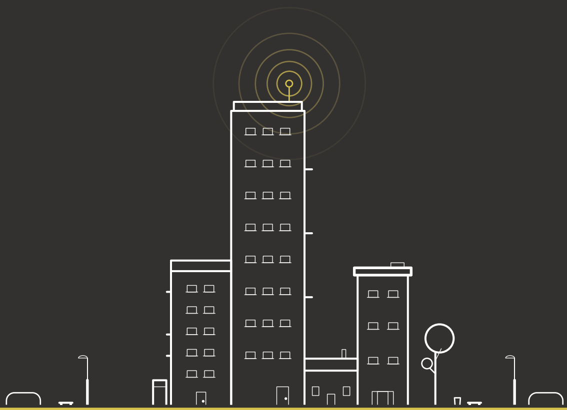

verb

1. observe and check the progress or quality of (something) over a period of time; keep under systematic review.

2. more game-changing innovation in the IR35 space.

IR35 SHIELD

THE IR35 COMPLIANCE STANDARD

Chartered Institute of Taxation.

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Results and prizes

May 2021

The Chartered Institute of Taxation, the principal body in the United Kingdom concerned solely with taxation, announced on 21 July 2021 the results from its examinations taken by 1,219 candidates in May 2021. There were also a further 499 candidates who sat one or more papers on the ACA CTA Joint Programme (with ICAEW) and for the first time 51 candidates sat a paper on the newest route to qualification, the CA CTA Joint Programme (with ICAS). In addition, 834 Tax Pathway candidates sat a combination of ATT and CTA papers.

The Institute President, Peter Rayney, commenting on the results said: 'I would like to offer my warmest congratulations to all the candidates who have made progress towards becoming a Chartered Tax Adviser as a result of passing one or more papers at the May 2021 examination, especially in what continues to be an extraordinary time in both their professional and personal lives.

'323 candidates have now successfully completed all of the CTA examinations and we very much look forward to welcoming them as members of the Institute in the near future. Included in this figure are 54 candidates who were on the ACA CTA Joint Programme and 71 candidates who have now fully completed the ATT CTA Tax Pathway by passing the CTA element. We will resume holding our normal Admission Ceremonies when guidelines covering such large scale events permit.'

CTA prizes and awards

The Gilbert Burr Medal for the candidate with the highest mark in the Advanced Technical Paper on Taxation of Owner-Managed Businesses
The medal has been awarded to Hannah Robson of Harrogate.

The Victor Durkacz Medal for the candidate with the highest mark in the Advanced Technical Paper on Domestic Indirect Taxation
The medal has been awarded to Maximilian Kompart of Cambridge, where he is employed by KPMG.

The Spofforth Medal for the candidate with the highest mark in the Advanced Technical Paper on Inheritance Tax, Trusts & Estates
The medal has been awarded to Thomas Edward Ainge of Coventry, where he is employed by Spencer Gardner Dickins.

The Ronald Ison Medal for the candidate with the highest mark in the Advanced Technical Paper on Taxation of Individuals
The medal has been awarded to David John Hunt of Faversham who is employed by Burgess Hodgson LLP in Canterbury.

The John Tiley Medal for the candidate with the highest mark in the Advanced Technical Paper on Taxation of Major Corporates
The medal has been awarded to Autumn Luanna Murphy of Wigan who is employed by Haines Watts in Manchester.

The Wreford Voge Medal for the candidate with the highest mark in the Advanced Technical Paper on Cross-Border Indirect Taxation
The medal has been awarded to Amar Zaman of Sheffield, where he is employed by BHP LLP.

The Ian Walker Medal for the candidate with the highest mark in the Awareness Paper
The medal has been awarded to Scott Wallace of London, where he is employed by Willkie Farr & Gallagher (UK) LLP.

The Avery Jones Medal for the candidate with the best performance in the Application and Professional Skills Paper
The medal has been awarded to Charles Paul Henry Richards of Exeter who is employed by PKF Francis Clark LLP in Torquay.

The Chris Jones Prize for the candidate with the highest total marks in two Advanced Technical Papers (taken at the same sitting)
The prize has been awarded to Chelsea Gilchrist of Blaydon-on-Tyne who is employed by PwC in Newcastle upon Tyne.

The Croner-i Prize for the candidate with the highest distinction mark in an Advanced Technical paper
The prize has been awarded to Thomas Edward Ainge, winner of the Spofforth Medal.

The Medals, Prizes and Distinctions are awarded for each examination paper subject to the discretion of Council and the attainment of a satisfactory standard, regardless of whether the examination requirements for membership have been met.

The Institute Medal and The John Beattie Medal have not been awarded on this occasion.

CTA distinctions

Advanced Technical: Domestic Indirect Taxation
Maximilian Kompart (KPMG, Cambridge)
Romana Janita Kaur Rai (Lee on Solent)

Advanced Technical: Inheritance Tax, Trusts & Estates
Thomas Edward Ainge (Spencer Gardner Dickins, Coventry)

Advanced Technical: Taxation of Individuals
Richard Nicholas Coldham (Deloitte LLP, London)
Chloe Driscoll (Duncan & Toplis, Lincoln)
David John Hunt (Burgess Hodgson LLP, Canterbury)

Advanced Technical: Cross-Border Indirect Taxation
Deborah Pace Ross (Deloitte LLP, Birmingham)
Khadeeja Patel (Deloitte LLP, Birmingham)
Adam James Richardson (Deloitte LLP, Leeds)
Emma Robinson (PwC, Belfast)
Amar Zaman (BHP LLP, Sheffield)

Advanced Technical: Taxation of Major Corporates
Owen Apedaile (Deloitte LLP, Newcastle upon Tyne)
Rachel Blunt (Peters Elworthy & Moore, Cambridge)
Matthew James Hill (BDO LLP, London)
Franchesca Frazer Johnson (PKF Francis Clark LLP, Bristol)
Matthew Lewis Kernaghan (PwC, Belfast)
Henry Le Maistre (Operis Group Plc, London)
Autumn Luanna Murphy (Haines Watts, Manchester)

Application and Professional Skills: Taxation of Individuals
Matthew Newcomb Field (Wright Vigar, Lincoln)
Charles Paul Henry Richards (PKF Francis Clark LLP, Torquay)

Application and Professional Skills: Taxation of Larger Companies and Groups
Judit Fodor (London)

Application and Professional Skills: Inheritance Tax, Trusts & Estates
Kelly Naomi Greig (Southampton)
Hannah Payne (Saffery Champness, Manchester)

Distinctions are awarded to candidates whose answers reflect an exceptional level in the Advanced Technical Papers and the Application and Professional Skills Papers. Distinctions are not awarded for the Awareness Paper.

CTA results

In addition to success in the required papers and Computer Based Examinations, the criteria of experience must be satisfied to be eligible for membership of the Institute. The following candidates have met the examination requirements for membership.

The candidates denoted by an * have met the examination requirements for membership by passing their final Computer Based Examination(s), having previously passed the tax papers from 1 January – 1 July 2021.

A
Abad Algarra A (London)
Aghaki-Allen L (London)
Alun-Jones T (London)
Anderson C (Yeovil)
Anderson D (Leeds)
Andreca M (Leeds)
Aziz A (London)*

B
Baker M (Brierley Hill)
Baleri C (Bournemouth)
Bancroft S (Burton-On-Trent)
Barker K (Crowthorne)
Bayliss T (Belfast)
Beaty L (London)
Bennett D (Haywards Heath)
Bevis G (Bristol)
Bishnoi H (London)
Black C (Belfast)
Botting D (Stevenage)
Boumova V (Barnstaple)
Bowyer L (Buckfastleigh)*
Boynton M (Stockton-On-Tees)*
Bramley C (Rugby)
Branch C (London)
Brooker J W S (Reigate)
Brown G (Yate)
Buck S (Ilkeston)
Bunce M (Cambridge)
Butcher S (Birmingham)

C
Campbell H (Glasgow)
Campbell N (Inverness)
Carey P (Cardiff)
Carp M (Didcot)
Carr S (Crediton)
Castle J (Canterbury)
Cavanaugh L (Godalming)
Charlotte T (Borehamwood)
Chen I (Southampton)
Cheung P (Richmond)
Chopra A (Isleworth)
Cloherty C (Derby)*
Coates L (Milton Keynes)
Cogan M (Bristol)
Coldham R N (Betchworth)
Coleman C R (Northampton)
Constable D (Manchester)
Constantin M M (Leeds)
Coulson L (Bristol)
Curry C (Littlehampton)
Cutler J (Stourport-On-Severn)
Cyna S (Borehamwood)

D
Dagg C (Bedford)
Darling J (Ballyclare)
Day J (Esher)
Dennison F (Grange-Over-Sands)
Dicken S (Middlesbrough)
Dimitrova M (Edinburgh)
Disley A (Ellesmere Port)
Dissanaike A (Pinner)
Dobson O (Swindon)
Donohoe J (Manchester)
Douglas-Lamb E (Warwick)
Dray C (Rochester)
Draycott J (Stoke-On-Trent)
Drew H (Beckenham)*
Dudden K (London)
Duncan B (London)
Duncan C (Horsham)

E
Eagle C (Bishop's Stortford)
Elliott C (Basingstoke)
English D (Thornton Heath)

F
Fagelman J S (Southampton)
Faux V (Fleet)
Forth C F (Truro)*
Fraser M (Birmingham)

G
Gabriel B (London)
Gardner E (Wellingborough)*
Garner T (Wakefield)
Gayton A (Exeter)
Gilchrist C (Blaydon-On-Tyne)
Gillani R (Leicester)
Golding C (London)
Graham L (Newcastle Upon Tyne)
Greenhill L C (Maidstone)
Greig K N G (Southampton)
Griffiths L (Barton On Sea)
Gupta G (New Delhi, India)

H
Hagreen J (Whitehaven)
Hall C (Bridgend)
Hamer E F (Bury)
Hanan L (London)
Hancock C (Newcastle Under Lyme)
Hanrahan A (London)
Hardy C (Barnsley)
Henry N (London)
Henville D (Cullompton)
Hibbitt J (Sandy)
Hill C (Belfast)
Hills S (Exmouth)
Hirons G (Cardiff)
Hodgetts M (Paignton)
Homer L (Birmingham)
Horton S (Bath)
Hoult A (Leeds)
Howie C (Lochore)
Hughes B (Norwich)
Hui J (Leeds)
Hursey T (Colchester)
Hussain U A (Nottingham)*

I
Inglis E A (Aberdeen)

J
Jain S (London)
Jarvis M (Bristol)
Javed D (Hitchin)*
Jay S (King's Lynn)
Jeffs V (St Albans)
Jin J (London)
Jinks G (Chesterfield)
Johnson F (Romford)*
Jones L (Romford)
Jones R (Diss)
Jones A (Wirral)
Jones V (Pudsey)
Jones E J (Hengoed)

K
Kainth K (Coventry)
Kalispera C (Enfield)
Kaliszczuk M (Sidmouth)*
Keane A (Banbury)
Kelly J (Carrickfergus)
Kent-Baguley V L (Oxford)
Kernaghan M L (Belfast)
Kernohan L M (Glasgow)
Khan A (Leavesden)
King H (Braintree)
Knazevs V (West Malling)
Koskins E (London)
Krasteva H (London)
Krawec J (Brierley Hill)

L
Laight S (Tyne & Wear)
Lamb R (Hook)
Lamburn L (London)*
Lamichhane P (Watford)
Law G (Milton Keynes)
Lee C (Manchester)
Lewis R (Edinburgh)
Lewney J W (London)
Lindsay A (Paisley)
Liu Y (Brentwood)
Lock C J J (Lowestoft)
Lodge L (Gateshead)
Lomas R (Peterborough)
Lorimer H (Hexham)
Lowe L (Reading)

M
Macdonald C (Glasgow)
Madan I (London)
Mahomed F (Surbiton)
Mason B (Southampton)
Mather C (East Kilbride)
Matson J (Dunfermline)
Matterface H (Tonbridge)
Maund P (Southampton)
Mawson M (Stowmarket)
Mcconnell J (Belfast)
Mcdonald J (Aberdeen)
Mcelroy F (Augher)
Mcgaughey C (Derry)
Mckeown A (Antrim)
Mclaughlin L (East Kilbride)
Mcneill J (Toomebridge)
Mee V (York)
Menezes V (Cambridge)
Milanova A (Edinburgh)
Milward J (St Peter Port, Guernsey)
Moffett J (Belfast)
Molade Y A (London)
Molloy D (London)
Moseley J (London)
Moss A (London)*
Murphy D (Wishaw)

N
Nobbs G (Peterborough)
Nutt M (Sheffield)

O
O'Conchuir S (Penarth)
Ochieng H (Harrow)
O'Neil R (Milton Keynes)
Orr E (Co. Fermanagh)
Owen K (Swansea)

P
Paget L (Bristol)
Palmer S (Norwich)
Patel S (Pinner)
Patrick A (Penarth)
Pawar G (Sutton Coldfield)
Pembroke R (Beaconsfield)
Pentecost J (Pulborough)
Phillips N (Wilmslow)
Phillips A (Bridgend)
Pomroy J (Stevenage)
Potter T (Torquay)
Pratheepan Y (Ilford)
Pringle P J (Cookstown)
Proudman G (Cardiff)

R
Raja W (Brentford)
Ramuz T (London)
Randall S (Reading)
Redfearn B (Lincoln)
Rendall C (Edinburgh)

longman
tax recruitment

CAREER GUIDANCE IF YOU ARE NEWLY QUALIFIED

Our Associate Director, Claire Randerson-Smith, is our specialist tax recruitment adviser for newly qualified candidates. Here Claire offers her top 5 tips for recently qualified ATTs and CTAs at this exciting and crucial time in your career.

CELEBRATE!

Everyone in the tax profession knows how tough the exams are and how much hard work is required to get through them – so enjoy this very well-deserved moment.

TAKE STOCK AND CONSIDER THE FUTURE

Make sure you take stock at this point in your career to think about your longer-term aspirations and goals and how you are going to work towards them. Start to think about what you like about your current role, what other areas of tax appeal to you, how ambitious you are and what your longer-term aspirations are both in terms of career satisfaction and earnings potential. Make sure you fully understand the tax market and the different directions your career can take.

UNDERSTAND YOUR OPTIONS

At this stage of your career, you will most probably have more options open to you than at any other point which can be quite a daunting thought especially this early in your career. **As a newly qualified you may well get the opportunity to move firms for quite a jump in salary but…** remember to think longer-term as well and ensure you understand what your progression could be like with a new employer, the highest offer does not always mean it is the right career choice.

BUILD A RELATIONSHIP WITH A GOOD TAX RECRUITER YOU CAN TRUST AND RECOGNISE THE VALUE THEY CAN BRING

A good tax recruiter will provide you with expert knowledge and insight of the tax market, balanced advice over the course of your career and act as a sounding board for your own thoughts. In addition, sometimes it is necessary to think strategically and plan a move to get more of the right type of experience to help you end up in the job you aspire to – again a good consultant can help you here.

GET IN TOUCH WITH US!

We have been helping tax professionals shape their careers since 2003 and during that time have built up an unrivalled knowledge of the northern tax market. We believe strongly in building long term relationships and offering genuine career advice and guidance to candidates, including a free salary benchmarking service. We would be delighted to help you in any way we can at this exciting stage in your career!

ABOUT CLAIRE

Claire is a highly experienced recruiter with over twenty years' experience working across the North of England most of which has seen her specialise in placing tax candidates into accountancy practices.

Claire is passionate about really adding value to the careers of her candidates, with a personal service from coaching on your next steps externally or internally through to providing full support during a job search.

Claire Randerson Smith: **claire@taxrecruit.co.uk**

Rengger A (Burgess Hill)
Reynolds G (Colchester)
Richards C P H (Exeter)
Rimmer A (Manchester)
Rimmington S (London)
Robbins L (Whitchurch)
Roberts K (Blackwood)
Robinson E (Belfast)
Robinson A (Ormskirk)*
Rodgers E (Stansted)
Rose H (Huddersfield)
Ross A (Glasgow)
Russell J (Manchester)

S

Salmon B (London)
Sangha S (Uxbridge)
Sayer A (Norwich)
Schooley-Frame R (St Austell)
Scott H (Walsall)
Sedgwick A (Altrincham)*
Self J (Edinburgh)*
Shah N (Wembley)
Shah C (Orpington)
Shen X (Milton Keynes)
Sheppard C (Bristol)
Shipston K (Clitheroe)
Shrosbery S (London)
Sidhu V (Hayes)
Sidhu P (Gravesend)
Simpson P (London)
Sinclair M (London)
Skinner G (Ilkeston)
Slater B (Torquay)
Slater B (Frimley)
Small C (Wolverhampton)
Smith T (Douglas, Isle of Man)
Smith B (Thetford)
Smith-Langridge H (Cheltenham)
Spedding M (Robertsbridge)
Starr V (Blandford Forum)
Stebbing J (Wimbledon)
Steinberg S (London)*
Stephens A (Peterborough)
Stevens S (Tadley)
Stones C (Leigh)
Strisiver C (Manchester)
Swan L (Redhill)
Sykes A (London)*

T

Taylor C (Bristol)
Temple J (Truro)
Teward M (Barnard Castle)
Thadani T (London)
Thapa N (Welling)
Tharby J (Peterborough)
Thompson L (Heathfield)
Thomson M (Fareham)
Torrens J (Belfast)
Town A (Liverpool)
Trask L (Sidcup)
Trevallion K (Horsham)
Tsang G W (Manchester)
Tucker S (Cambridge)
Tyler H (Brierley Hill)

V

Valentino-Sanders H (Bedford)*
Vourou N (London)

W

Walker C (London)
Walker N (Newcastle upon Tyne)
Walters L (Cardiff)
Ward L (Manchester)
Wareham A (Bridgend)
Warren S (Derry City)
Watkins D (Aylesbury)
Watson I (Leeds)
Webb R (Sleaford)
Weeks J (Chelmsford)
Weiler M R (London)
Wild S (Thatcham)*
Wilding L (London)
Wilkinson L (Whitley Bay)
Williams S (Bristol)
Williams R (Rugeley)*
Wilson G (Chelmsford)
Wilson C (Tunbridge Wells)
Wishart N (Hillingdon)
Woodgate M (St Peter Port, Guernsey)
Woodwards J (Sheffield)

Z

Zhou Z (Eastleigh)

ACA CTA Joint Programme

The following candidates have met the ACA CTA Joint Programme examination requirements for the Chartered Institute of Taxation and The Institute of Chartered Accountants in England and Wales as a result of the May 2021 examination session and are eligible to apply for membership of both bodies subject to meeting the experience requirements.

The candidates denoted by an * have met the examination requirements for membership by passing their final Computer Based Examination(s), having previously passed the tax papers from 1 January – 1 July 2021.

† denotes that the candidate qualified via the ACA as the last exam.

A

Adlard E (Hull)
Ainge T E (Coventry)
Ashby S (Reading)
Ayton K (Ripon)

B

Beeson K (Worthing)†
Bethwaite A (Swindon)†
Bird L (London)†
Brennan L O (Dudley)
Bruce C (Leatherhead)†
Buller G (London)

C

Celot A (Orpington)
Chauvin A (Bristol)
Cheshire H (Arthington)
Cundick K J (Hethersett)

D

Donaldson H (Worthing)

E

Edwards H (Brentford)
Ellin J (Thame)
Eloi J O (Manchester)†

G

Gardner R (London)
Garlick J (London)†
Green L (London)
Greenwell J (Northallerton)
Grogan S (Southport)
Gu W (London)

H

Hart J (Birmingham)
Hickland L (Tunbridge Wells)
Holdsworth E (Sevenoaks)†
Hook D (London)†
Hulme R D S (Stockport)

J

Jenkins H (Newark)
Johnson F F (Colyford)

K

Karumidze G (London)
Kavanagh-Bebbington R (Manchester)
Killen M (Birmingham)†
Kirby H (London)*
Kompart M (Cambridge)

L

Lan Pak Kee K L F A (Tunbridge Wells)
Lau C H (London)
Lee J (Manchester)
Lynch C (London)
Lyons J (Nottingham)†

M

Martins C (London)
Monk R S C (Beverley)
Moore D (Dartford)*
Morris H F (Cardiff)

N

Newey E (Sevenoaks)

O

Oxland L (Leeds)†
O'Sullivan H (Edenbridge)

P

Pace Ross D (Birmingham)
Page C (Ely)
Parker R J (London)
Patel K P B (London)
Patel K (Leicester)

R

Richardson P (King's Lynn)
Richardson A J (Leeds)
Richardson L (Harrogate)†
Ross J (Perranporth)

S

Sarodia K (Blackburn)
Sengani V (Edgware)†
Shailer M T (Liverpool)
Shaul M (London)
Sheng I (London)
Siddiqui Z (London)†
Statham A (Leeds)
Straw L (London)†

T

Teunissen-High A (London)
Tucker C (Birmingham)
Turner K (Chertsey)

W

Watson J (Leeds)
Weston A (Lincoln)
Willis R (Calne)†

Y

Yaguez-Bovio P (London)†
Yan K (Slough)

Z

Zanconato A (Sutton Coldfield)

ASSOCIATION OF TAXATION TECHNICIANS

www.att.org.uk

EXAM RESULTS

Results and prizes

May 2021

The Association of Taxation Technicians, the oldest and largest body concerned solely with tax compliance, announced on 21 July 2021 the results of its examination taken by 1,020 candidates in May 2021. The Association reports that a high standard of performance was achieved by many candidates.

The Association President, Richard Todd, commenting upon the results said: 'I am delighted to congratulate all the successful candidates from the May sitting of our exams in what continues to be an extraordinary time in both their professional and personal lives. In total, 1,825 papers were sat and 1,448 passes were achieved with 96 distinctions awarded for outstanding performance.

'All of the papers were sat remotely and I would like to commend mostly the candidates, but also employers and our examination team who continue to display remarkable adaptability, resourcefulness and resilience in order to make it possible for our students to continue on with their careers by sitting their exams remotely.

'Our modular system means that candidates can study at their own pace, whether they are working towards full membership or simply wishing to obtain one or more Certificates of Competency in their specialist area. This flexibility continues to be popular.

'Even though we have held two online admission ceremonies, I look forward to meeting as many new members as possible at one of our admission ceremonies when it becomes safe to hold these again.'

ATT prizes and awards

The Medals and Distinctions are awarded for each examination paper subject to the discretion of Council and the attainment of a satisfactory standard, regardless of whether the examination requirements for membership have been met (with the exception of the Association Medal).

The Association Medal

The Association Medal has been awarded to Hui Juin Josephine Lim of London, where she is employed by Blick Rothenberg.

The Association Medal is awarded to the candidate taking three tax papers at one sitting obtaining the best overall result including having passed the Computer Based Examinations in Professional Responsibilities & Ethics, Law and Principles of Accounting.

The Ivison Medal

The Ivison Medal has been awarded to Joshua James Blackman of Tewkesbury, who is employed by Smith and Williamson in Birmingham.

The Ivison Medal is awarded to the candidate with the highest mark in Paper 1 – Personal Taxation.

The Jennings Medal

The Jennings Medal has been awarded to Rebecca Banks of Mirfield, who is employed by RSM.

The Jennings Medal is awarded to the candidate with the highest mark in Paper 2 – Business Taxation.

The Collingwood Medal

The Collingwood Medal has been awarded to Jennifer Perry of Chesterfield.

The Collingwood Medal is awarded to the candidate with the highest mark in Paper 3 – Business Compliance.

The Stary Medal

The Stary Medal has been awarded to Annie Rebecca Law of London.

The Stary Medal is awarded to the candidate with the highest mark in Paper 4 – Corporate Taxation.

The Kimmer Medal

The Kimmer Medal has been awarded to Joshua James Blackman, winner of the Ivison Medal.

The Kimmer Medal is awarded to the candidate with the highest mark in Paper 5 – Inheritance Tax, Trusts & Estates.

The Gravestock Medal

The Gravestock Medal has been awarded to Vikki-Louise Emery of Leicester where she is employed by Newby Castleman LLP.

The Gravestock Medal is awarded to the candidate with the highest mark in Paper 6 – VAT.

The Johnson Medal

The Johnson Medal has been awarded to Bradley Barraclough of Sunderland, who is employed by Haines Watts in Newcastle upon Tyne.

The Johnson Medal is awarded to the candidate with the best overall performance when passing the Computer Based Examinations in Professional Responsibilities & Ethics, Law and Principles of Accounting within a six month period.

The Tolley Prize

The Tolley Prize has been awarded to Hui Juin Josephine Lim, winner of the Association Medal.

The Tolley Prize is awarded to the candidate taking three tax papers at one sitting and obtaining the highest total marks on those three papers.

The President's Medal

The President's Medal has been awarded to Jordan Singh Gill of Newcastle upon Tyne, where he is employed by EY.

The President's Medal is awarded at the discretion of the President to an outstanding candidate or candidates not otherwise eligible for a prize.

Prizes and Medals are only awarded provided the papers are of a sufficiently high standard.

Distinctions

Passes with Distinction for each Certificate paper are listed separately. Distinctions are only awarded to candidates whose answers reflect an exceptional level in a paper.

ATT results

In addition to success in the required Certificate papers and Computer Based Examinations, the criteria of experience must be satisfied to be eligible for membership of the Association.

The following candidates have met the examination requirements for membership, either by passing their final Certificate paper(s) in the May 2021 session or by passing their final Computer Based Examination(s), having previously passed the three required Certificate papers (denoted by an *) from 1 January – 30 June 2021.

A
Abid M O (London)*
Acres A (Burgess Hill)
Adebambo I (London)*
Adkin W (Leeds)
Album T (Borehamwood)
Ali Khan A K (London)
Anderson S J (Hythe)
Antlova V (Cullompton)
Aryal N (Woking)*
Ashurst R (Wigan)*
Asumanu S (London)*
Austin B (Orpington)

B
Bagg D (Edgware)*
Bahia P S (Birmingham)*
Bailey M (Lanark)*
Banister J (Wells)
Barker S (London)*
Barraclough B (Newcastle upon Tyne)*
Barrett M (Glasgow)
Barrett S (Cambridge)
Batt D M (Fareham)*
Beard B (York)
Bedford C (Hull)*
Begum-Ali F (London)*
Bell A (Cheshunt)*
Bellis-Chapman J B (Gateshead)*
Bendorffe M (Bury)
Benson D (Newbury)*
Bhatti A (Oldham)*
Bisby O (York)
Blake M (Orpington)
Botterill G (Driffield)*
Bramley C (Rugby)*
Breen D J (Hamilton)*
Broughton A (Norwich)
Brown O (Bromley)
Brownsword H (Reading)*
Bryant A (Leeds)*
Bryant L (Bristol)*
Buckley M (London)
Burger J (Birmingham)*
Burgess J (Haverhill)*

C
Caraglia N (Barnet)*
Carr D A (Aberdeen)*
Castaner-Gonzalez E (London)*
Chaplin L (Ipswich)
Chaudhry S (London)
Chen S (Southampton)
Chester M (Gloucester)
Cheung T (London)*
Chohan A (Manchester)*
Chottanahalli Rangaiah C (Tumkur, India)*
Choudhury J (Luton)*
Chowdhury S (Hampshire)*
Christopher S (Manningtree)*
Chumber A (Wolverhampton)
Coe L (Nottingham)*
Cogan M (Bristol)*
Collins N (Faversham)
Constantin M M (Leeds)*
Cook B (Reading)
Cook H (Solihull)*
Cooper A J (York)*
Cooper J (Leatherhead)*
Corbett O (Barnet)
Cowell M (St. Austell)
Cozens R F (Canvey Island)*
Culora G (Enfield)*

D
Dakin N (Alfreton)*
Davcheva A (Worthing)
Dave N (Leicester)
Davies G (Colchester)*
Davis J (Kingswinford)
Davis R (South Ockendon)*
Dean G (Witham)*
Dolan C (London)
Donnelly G (Uckfield)
Dorrington O J (Chelmsford)*
Dreano E (Malmesbury)*

E
Earrye S L E (Barnsley)*
Everett B (Pinner)*

F
Fagbohun J (London)*
Farthing A (Hassocks)*
Fazal M (London)
Fazaldin I (Southall)*
Foot L (Southampton)
Franks J (Manchester)
Frost M (Exeter)

G
Gafoor N (London)*
Gandhi A (Stanmore)
Gangar S (Wolverhampton)
Gant R (Doncaster)*
Garg A (Hyderabad, India)*
Garland S L (Harrogate)
Garlinge L (Southampton)
George A (Craigavon)*
Gnanasampanthan A (London)*
Golding C (Haywards Heath)*
Gray N L (Kelso)*
Green N (Mayfield)
Greenbury I (Bristol)*
Gupta G (London)

H
Hamilton C (Royston)*
Hamilton S (Newtownards)*
Hanrahan G (Lewes)*
Harfield H (Bristol)*
Harris R (London)
Harrison C I (London)
Hart J E (Gloucester)*
Hastings J (Hornchurch)
Hatch L (Nuneaton)
Hendon A (Barry)*
Hensman J (St. Albans)*
Hermeston R (Newcastle upon Tyne)*
Herrtage V (Northampton)
Hodgkinson J (Manchester)
Horrocks T (Manchester)
Huang A (Gosport)*
Hudson J (Reading)
Hughes E (London)*
Humphreys R (Kidderminster)*
Hussain I (Burton-On-Trent)
Hussain U A (Nottingham)*
Huszcza B (London)*
Hutchieson M (Glasgow)*

I
Ige C (London)
Isaac J (Ammanford)

J
Jackson L (Middlesbrough)
James P (Melksham)*
Jarvis O G (Norwich)*
Jesani N (Edgware)
Johnson A (Farnborough)*

K
K T S (Bangalore, India)*
Karaselimovic A (London)
Khan A (Bradford)
Kilpatrick E E (Magherafelt)*
King M (Hornchurch)
King G (Hornchurch)
Kirby C (Leeds)
Kozlowski P (Harrow)*
Kralikova K (Dundee)*
Ktori Y (London)*

L
Lam C (London)*
Lam Yuk Wang L (London)
Lamb J (Poole)
Lane K (Richmond)*
Larwood A (Rayleigh)
Lau Q (Hitchin)*
Law A (London)
Lawler B (Stockton-On-Tees)*
Leach M (Washington)*
Lewis R (Edinburgh)*
Lewis N S (Longfield)*
Lewney J W (London)*
Lim H J J (London)
Lindner W (Oxted)*
Llewellyn K (Newport)*
Love C (Macclesfield)*

M
Macdonald C (Glasgow)*
Madhavji M (Stanmore)
Malhi S (Oldbury)
Mallon M (Belfast)*
Manners E (London)*
Manton H (Huntingdon)*
Marquez Prol L (Waltham Cross)*
Marshall C K N (Manchester)*
Martin S (Rayleigh)*
Marz A (Chipstead)
Mason D (Sittingbourne)*
Master S (Preston)*
Mastrangelo D (London)
Maton J (London)*
Maughan L (St Lawrence, Jersey)
Mayes S (Colchester)*
Mcavoy T D (London)*
Mcconaghie M (Belfast)
Mcdermott E (Hartlepool)*
Mceldowney J (Derry)*
Mcgrann N (Belfast)*
Mclaughlin L (East Kilbride)*
Mcleman S (Tyne And Wear)*
Mclewee N (Steyning)
Mcmillan S (Aberdeen)*
Meadows D (Wigan)*
Meakins K J (Tunbridge Wells)*
Meechan L (Birmingham)*
Milanova A (Edinburgh)*
Millar G (Dublin)*
Momodu R (London)*
Moran A B L (Altrincham)*
Moschos I (Exeter)*

N
N M A (Kozhikode)*
Nandra J (Derby)
Nazir S (Leeds)*
Naznin N (London)*
Neal L (Edenbridge)*
Nechita C (London)*
Newall S (Warrington)
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Atkinson-Rowley B (Hemel Hempstead)
Banks R (Mirfield)
Blackman J J (Tewkesbury)
Bridgman G (London)
Clayden T J (Letchworth Garden City)
Dave N (Leicester)
Dover K E (London)
Elson K (Havant)
Ford S J (Exeter)
Forrester E (Glasgow)
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Thyer S A (Watford)
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Windram D (Washington)
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Paper 2: Business Taxation
Alvarez E J (Esher)
Baker J (Godalming)
Banks R (Mirfield)
Beard B (York)
Blake M R (Orpington)
Bone H (Leeds)
Chaudhry S A (London)
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Faust O P (Abingdon)
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Williams S N (Lichfield)

Paper 3: Business Compliance
Gandhi A (Stanmore)
Lamb J (Poole)
Ozanne T S (Bristol)
Perry J (Chesterfield)
Williams S N (Lichfield)
Wilson D R (London)
York J (Newton Abbot)

Paper 4: Corporate Taxation
Banks R (Mirfield)
Blake M R (Orpington)
Burnley M (St Helens)
Clayden T J (Letchworth Garden City)
Corbett O A (Barnet)
Das R (Newcastle Upon Tyne)
Gangar S (Wolverhampton)
Hudson J (Reading)
Law A R (London)
Lim H J J (London)
Ward J (Nottingham)

Paper 5: Inheritance Tax, Trusts and Estates
Blackman J J (Tewkesbury)
Foot L J (Southampton)
Herrtage V L (Northampton)
Iles D (Effingham)
Khan H B (Aylesbury)
Stokes J (Nantwich)

Paper 6: VAT
Andrews V (Bromley)
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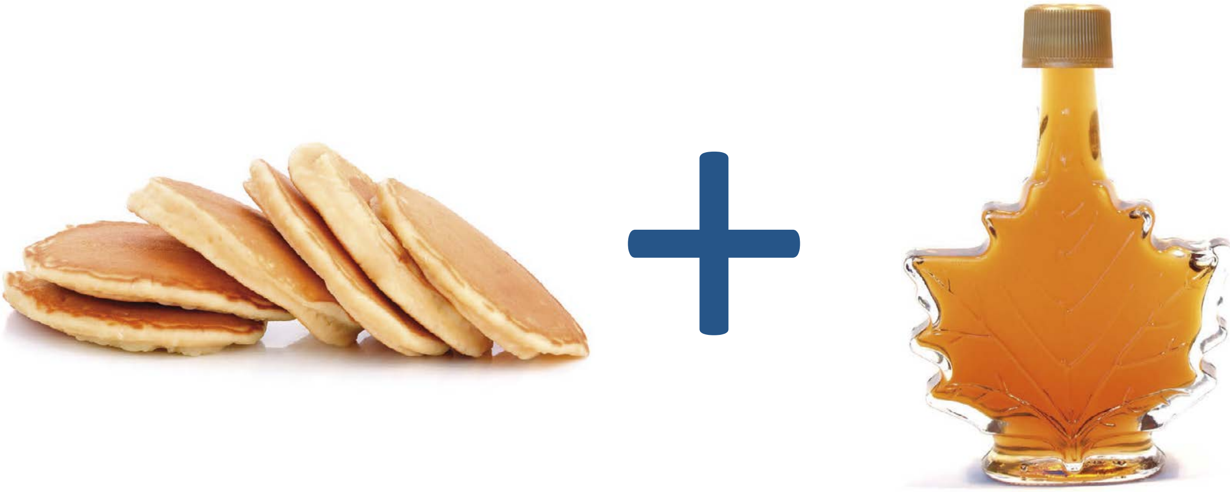

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  Pete Miller CTA (Fellow) – Partner, The Miller Partnership
- **Partnership Taxation**
  Jill Walker CA – Private Client Director, Anderson, Anderson & Brown LLP
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  Jane Mellor – Professional Standards Manager, CIOT and John Cullinane, Director of Public Policy, CIOT
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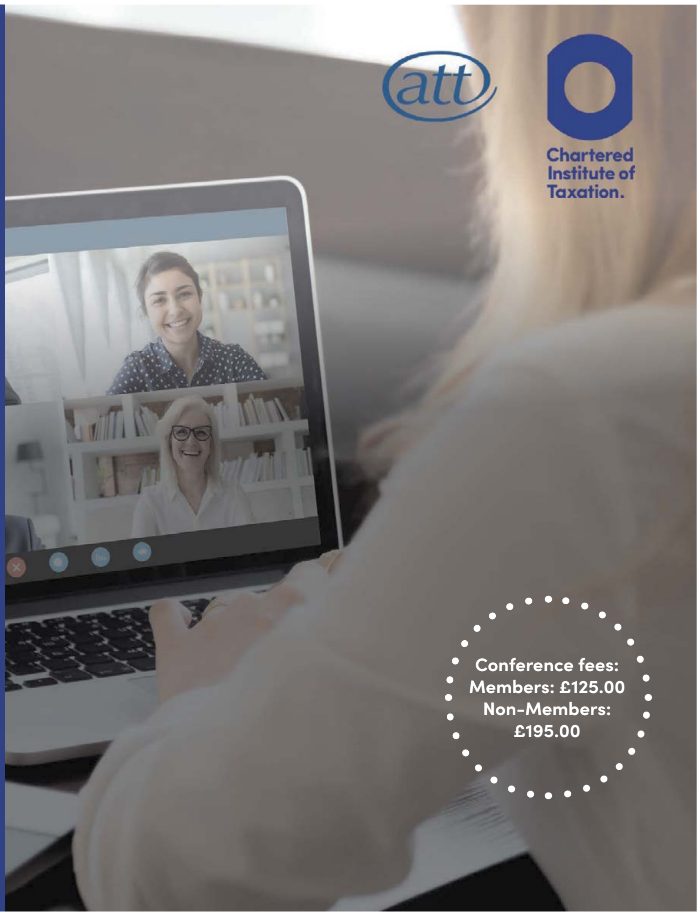
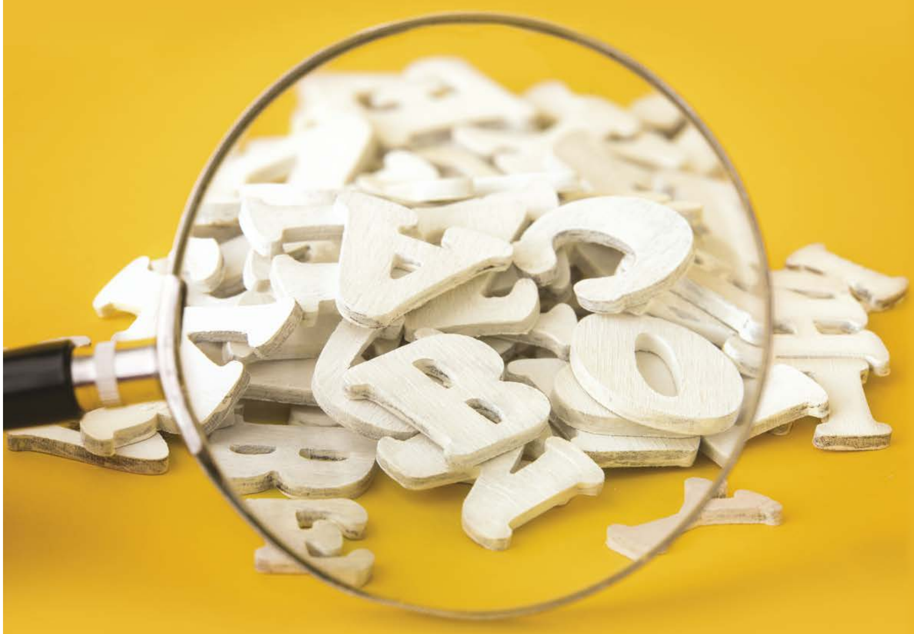


Pay attention to the letter



Karen Eckstein examines the importance of correctly drafting engagement letters, particularly in terms of establishing the purpose of any advice given

KEY POINTS

- **What is the issue?**
One of the biggest factors in claims against professionals is the issue of the engagement letter and the scope of the retainer between the professional and their client.
- **What does it mean for me?**
If problems later arise, the engagement letter will be forensically examined to determine the precise terms and scope of the retainer.
- **What can I take away?**
Advisers who do not clarify the facts in writing leave themselves open to a challenge that facts had been imparted to the advisor but overlooked, or that incorrect advice was given despite the adviser having knowledge of the facts.

One of the biggest factors in claims against professionals is the issue of the engagement letter and the scope of the retainer – the contract – between the professional and their client. Many professionals sadly treat the engagement letter as a 'tick box' exercise, regarding it as a form that must be completed in order to meet their firm's internal processes before client work can begin. All too often, inadequate attention is paid to the terms of the retainer.

If problems later arise, the engagement letter will be forensically examined to determine the precise terms and scope of the retainer and the lack of care given to the drafting of the retainer comes home to roost. More focus is required on how precedents should be drafted, with attention given to guidance and training on how they should be completed.

There are a number of significant points to consider when completing an engagement letter:

1. Who are you acting for?
2. What have you agreed to do for the client?
3. What are you *not* doing for the client?
4. Who can rely on the work that you are doing?
5. What is the purpose of the work that you are doing?
6. Does the engagement letter include an 'ad hoc' clause?
7. Does the engagement letter include protections such as liability caps?

Establish the purpose of advice

The recent case of *Manchester Building Society v Grant Thornton UK LLP* [2019] EWCA Civ 40 has increased the focus on the fifth point above. There has been a lot of interest in this case recently and I don't propose to provide a forensic analysis of the case here. Of significance, though, is the specific focus on the purpose of the retainer in determining the losses that were recoverable as a result of the negligence of Grant Thornton.

In this case, Grant Thornton negligently advised MBS that an accounting method known as 'hedge accounting' could allow MBS to reduce the volatility of the market to market value of swaps on its balance sheet. This would allow MBS to keep the capital required to show liquidity to its regulator at an affordable level.

The incorrect advice was given by Grant Thornton in 2006, who then identified the error in 2013. MBS had to restate its accounts, showing reduced assets as a result. It then had insufficient regulatory capital and had to close the interest rate swap contracts early, at a cost of over £32 million.

The question before the Supreme Court was whether MBS could recover from Grant Thornton the £32 million cost of closing the interest rate swap contracts early, as well as the transaction fees. In essence, the issue rested on the purpose for which Grant Thornton's advice had been given and the extent to which it owed duty of care to protect MBS from losses.

The Court of Appeal had found that Grant Thornton's advice was limited to how the swaps could be treated in the accounts, and therefore that it did not assume responsibility for the financial consequences.

However, the Supreme Court found that MBS had asked Grant Thornton whether it could use hedge accounting to implement its proposed business model within the limitations of its regulatory requirements, and had received incorrect advice. It overturned the Court of Appeal's decision, stating that the scope of a professional's duty is defined by an objective assessment of the purpose of the duty. It held that MBS had suffered a loss which fell within the scope of duty owed by Grant Thornton, who were therefore liable for the loss suffered as a result of the incorrect advice.

The loss was reduced by 50% for contributory negligence on the part of MBS, because it had mismatched mortgages and swaps in a manner which the court found to be 'overly ambitious'. However, that doesn't affect the principle that the court will now look specifically at the purpose of the advice when determining losses which are recoverable from the advisor.

Necessary protections

This case marks a change from the way that losses have been assessed previously. It will undoubtedly cause an increased focus on the issue of the purpose of advice when drafting an engagement letter, or when advice is given outside the specific terms of an engagement letter (see below on retainer creep).

A number of protections should be included within the engagement letter and terms and conditions in order to protect both the adviser and the client, including:

- Advice can only be relied upon if confirmed in writing.
- Advice can only be used for the purpose for which it is given.
- Advice may only be relied upon if acted upon promptly. For example, if advice is given in January, it cannot be relied upon in July without checking back with the advisor.
- Advice may not be relied upon if the facts upon which it was based have changed since the advice was given. Again, the client should check back with the advisor before relying upon the advice.

My recommendation to professionals is that they always confirm, when advising a client, the facts upon which the advice is based, the purpose for which the advice is given, and the advice itself. This avoids ambiguity and gives the client a chance to correct any factual errors before it is too late. It also means that in the event of a subsequent claim made against the adviser, there is clear evidence not only about the advice given, but also the basis upon which that advice was given and the purpose for which it was given.

PROFILE

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Profile Karen Eckstein LLB, CTA, Cert IRM, is a solicitor and qualified risk management specialist. She specialises in helping professionals in all aspects of professional risk management, from guidance on engagement letters, PII issues, through to outsourced risk management. She also runs a 'RiskBites' training club. Details of all services are at https://kareneckstein.co.uk

In practice

What does this mean in practice? Consider the example of a client who seeks advice in relation to a proposed transaction. The advisor states in the engagement letter that he is 'advising on tax in relation to the transaction'. Does this mean that he is advising on the tax consequences of the transaction, or on the most tax efficient way of structuring the transaction?

Although the adviser intended the first interpretation, the client may claim that their adviser failed to provide advice on a more tax efficient way of structuring the transaction. Arguments will then follow as to whether or not it would have been possible to structure the transaction in a more tax efficient way, and whether or not the other parties to the transaction would have been prepared to agree.

Such questions will become increasingly important and litigation will follow if the issue is not clarified in sufficient detail in the engagement letter. As the advisor is responsible for drafting the engagement letter, any disputed ambiguity as to the meaning of the retainer may result in the courts finding in favour of the client's interpretation, as it was within the adviser's ability to restrict the wording.

Advisers that do not clarify the facts in writing leave themselves open to a challenge that facts known to the client had been imparted to the advisor but overlooked, or that incorrect advice was given despite the adviser having knowledge of the facts. By setting the facts out clearly and asking the client to confirm if any facts are missing or incorrect, the advisor protects himself. Equally, the client is given a chance to correct any incorrect information, leading to the increased prospect of a successful outcome.

Retainer creep

Retainer creep is work done outside the agreed scope of the retainer. This is an increasingly risky area for advisers.

If an adviser has agreed to undertake work for a client in a specific area, and the client later asks the advisor to undertake a further specific piece of work, the advisor is likely to issue a new engagement letter or new schedule of services.

However, where the client merely asks a 'quick question' unrelated to the existing retainer, substantial risks arise. That work does not fall within the existing engagement letter, so none of the protections apply. As a result, there is ambiguity for the client and risk for the advisor.

The use of an 'ad hoc' clause in the engagement letter can be invaluable. This can say that the advisor will carry out 'such additional work as we may agree between us in writing' and will mean that the advisor can carry out some additional work under the terms of the existing engagement letter. It should not replace the need for a new engagement letter when substantial work is required but can be used when small general queries arise. Each firm should have its own policy as to when the 'ad hoc' clause should be used as opposed to issuing a new engagement letter or schedule of services.

When doing work under the auspices of any 'ad hoc' clause, the principles referred to above still apply. The client should agree in advance that the work will be carried out under that clause. That agreement should be recorded in writing (email is sufficient) and should set out the facts, the purpose of the advice and the advice itself. Of course, the use of such a clause enables the firm to charge a fee for that work.

Firms need to have a process for ensuring that staff are aware of the scope of the retainer on all matters, so that they are aware when the ad hoc clause needs to come into play, and receive training on how to operate any ad hoc policy that the firm puts in place.

By operating these measures, firms should be able to mitigate substantial risk of claims, earn additional fees and increase client satisfaction by avoiding misunderstandings between themselves and their clients as to the terms of their engagement.

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THURSDAY 23 AND FRIDAY 24 SEPTEMBER 2021

The Chartered Institute of Taxation European Branch and ADIT in conjunction with the Young IFA Network will be holding their 14th Young International Corporate Taxation Conference this year on Thursday 23 September and Friday 24 September 2021 as an online event to highlight the current major international tax issues.

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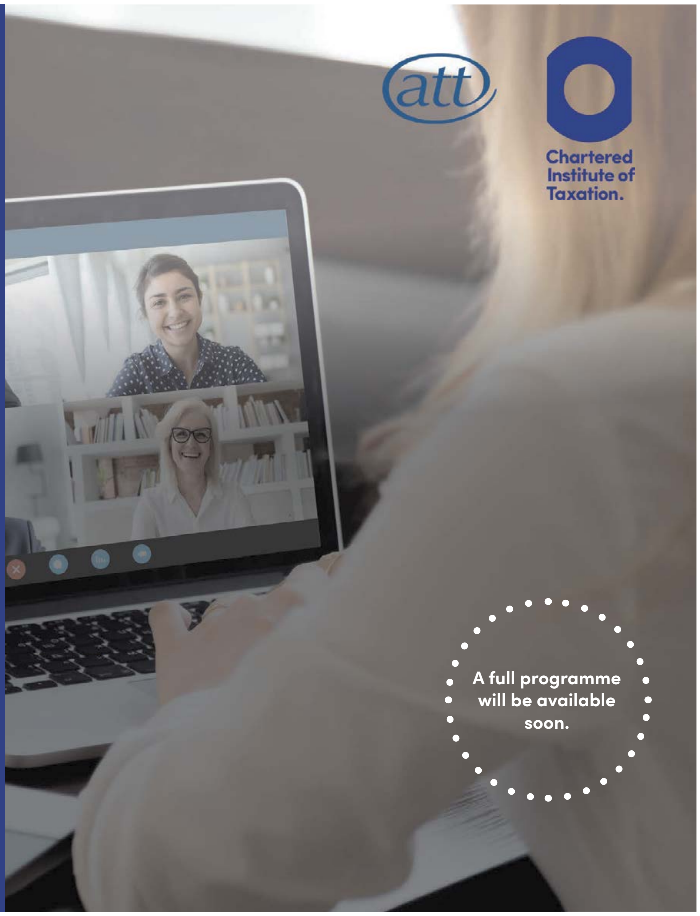
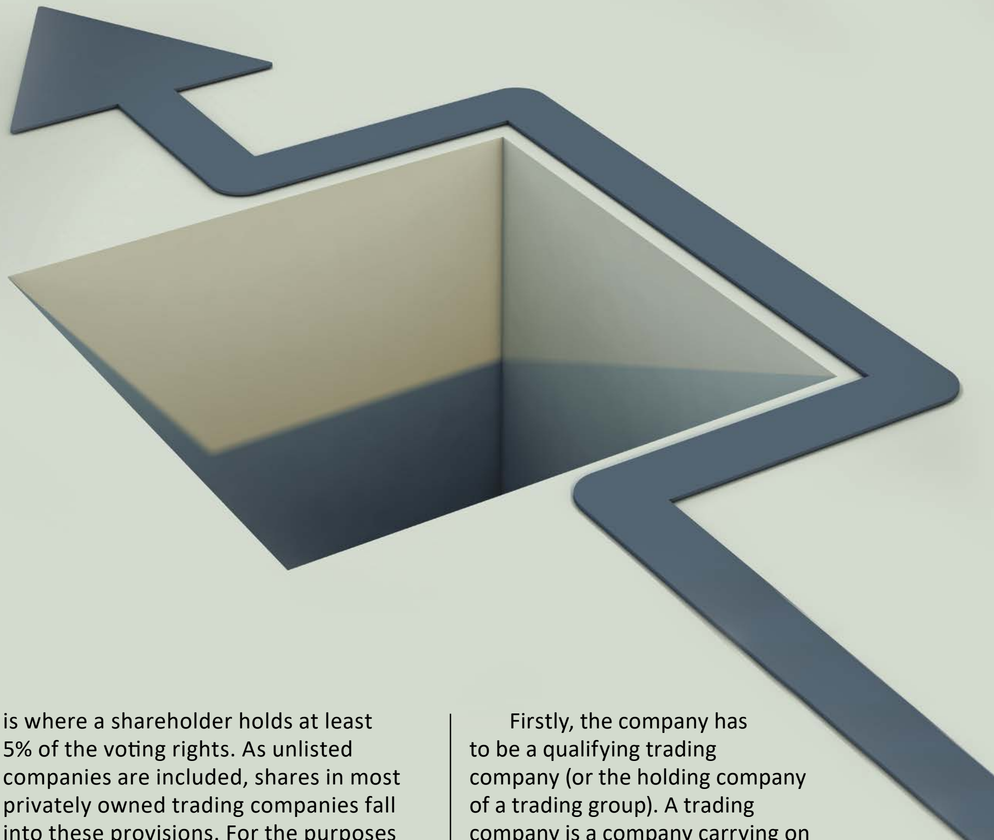


An unintended pitfall?

KEY POINTS

- **What is the issue?**
When gifts of shares in a trading company are considered, there are two restrictions which impact claims for business asset gift relief under TCGA 1992 s 165. The first restriction is in relation to the trading status of the company/group. The second restriction and focus of this article is that where a trading company owns non-business assets, relief can be restricted but this only takes into account chargeable assets.
- **What does it mean for me?**
Where a company owns non-business chargeable assets and assets which are not chargeable assets such as intangible assets, care needs to be taken when calculating the gain eligible for gift relief as the application of the non-business asset restriction can result in unexpected tax charges.
- **What can I take away?**
When considering the gift of shares in a trading company and the application of s 165, ensure that the asset base of the company is considered in detail.

Cassandra Graham considers the legislative oversight for business asset gift relief on a transfer of shares



There are many reasons why a shareholder may give shares away, including as part of a succession plan to provide continuity for the business and its management in the future, to pass the business ownership on to the next generation in the family or as part of a wider inheritance and estate planning exercise.

Business asset gift relief is available to defer the capital gain on gifts of qualifying business assets between parties through a joint election. Its effect is to defer the capital gains tax due on the gift until such time as the recipient disposes of the asset. This prevents dry tax charges on gifts otherwise assessed at market value and is a useful tax planning tool in every tax advisor's armoury, provided the pitfalls are known.

The relevant legislation is the Taxation of Chargeable Gains Act (TCGA) 1992 s 165. Qualifying business assets include shares (or securities) in a trading company or holding company of a trading group. As specified by TCGA 1992 s 165(2)(b), the company has to be an unlisted trading company or the transferor's personal trading company. Personal trading company in this context is where a shareholder holds at least 5% of the voting rights. As unlisted companies are included, shares in most privately owned trading companies fall into these provisions. For the purposes of simplicity, references to 'shares in a trading company' within this article include all of the definitions above.

Other assets qualify as well as shares but for the purposes of this article the focus is on the transfer of shares in a trading company and a specific consequence that arises due to the way the legislation is drafted. In particular, this article focuses on a company which has 'hybrid' trading and investment activities and assets.

Gift relief restrictions

When gifts of shares in a trading company are considered, there are two restrictions that impact relief claimed under s 165. It is important to highlight that these restrictions do not apply when considering gift relief under TCGA 1992 s 260 for transfers into and out of a trust. This may lead to the use of trusts as an alternative means of transferring shares where the following restrictions are in point.

Firstly, the company has to be a qualifying trading company (or the holding company of a trading group). A trading company is a company carrying on trading activities which do not include, to a substantial extent, activities other than trading activities. A trading group of companies is one where at least one of its members carries on trading activities; and, if the activities of all of the group members are taken together, they do not include, to any substantial extent, non-trading activities.

HMRC's view is that substantial for these purposes is taken to mean 20% or more. Broadly, a company cannot carry on investment activities that represent more than 20% of the overall company activities. However, a notable caveat to this is that 20% is not defined by the legislation and given recent case law this 20% test is now under question. This 20% test was considered in two recent (non-binding) First-tier Tribunal cases, both in relation to business asset disposal relief. In *Potter & Anor* [2019] UKFTT 554, the judge decided that the company was substantially a trading company despite significant investment assets, which could have been used to support the business. In *Assem Allam* [2020] UKFTT 26, the judge did not accept either the 20% test, or a proposed 50% test put forward by the taxpayers' counsel – but still concluded that the company had substantial non-trading activities.

Multiple indicators are considered 'in the round' such as gross assets, management time and expenses, turnover, profitability, overall context of the business and business history when assessing whether the company carries on non-trading activities to a substantial extent. When considering a 'hybrid' company, the question of whether the shares even qualify as those of a trading company is the essential starting point, as otherwise business asset gift relief is irrelevant, along with the second restriction to be considered.

The particular quirk in the legislation and main focus of this article is the second restriction, referred to as the 'non-business asset restriction'. This is the restriction of gift relief where the trading company owns investment assets or assets not used in the trade which are chargeable assets. Confusingly, these provisions are contained in a different part of the legislation at TCGA 1992 Sch 7 Part 2 para 7 and could be missed in their entirety if it was not for the knowledge that they exist.

In this scenario, the gain that can be heldover when claiming business asset gift relief on a transfer of shares in a trading company is restricted by reference to the value of non-business chargeable assets held by the company. The gain eligible for gift relief is calculated as:

$$\text{The gain} \quad \times \quad \frac{\text{MV}}{\text{TMV}}$$

where:

MV = market value of chargeable business assets held by the company/group

TMV = total market value of all chargeable assets held by the company/group

What is the issue?

The issue to be focused on is that the restriction only refers to chargeable assets. Therefore, where the company owns other assets and most notably intangible assets such as goodwill created or acquired after 1 April 2002 (commonly referred to as 'new goodwill') there can be an odd result. As the restriction includes the value of the chargeable assets, it is the market value of the chargeable assets at the date of the gift, including those which may not necessarily be recognised on the balance sheet. The impact of the issue with the non-business asset restriction is most easily demonstrated by way of examples.

Example 1: Gift of shares where company owns 'old goodwill'

Rodney owns shares in a trading company, Trotters Ltd, which was incorporated in 1990. Due to its successful trading performance, profits have been reinvested over time in purchasing investment property, such that the company has built up a rental portfolio.

Trotters Ltd owns investment property worth £2 million and the goodwill associated with the trade has also been valued at £8 million. As the goodwill was created prior to 2002 (commonly referred to as 'old goodwill'), it is considered a chargeable asset for tax purposes. No other chargeable assets are owned by Trotters Ltd. For the avoidance of doubt, Trotters Ltd is considered as a trading company when looking at all tests in the round.

Rodney gifts a 10% shareholding in Trotters Ltd to Derek, worth £250,000, inclusive of an appropriate minority discount. The base cost of the shares is £10 resulting in a gain of £249,990. When considering the restriction, the gift relief available is:

£249,990 x £8m/£10m = £199,992

This reduces the gain chargeable to capital gains tax to £49,998.

Example 2: Gift of shares where company owns 'new goodwill'

The facts are same as the above but Trotters Ltd was incorporated in 2005. As the goodwill associated with Trotters Ltd was created after 1 April 2002, it is within the intangible fixed assets regime for corporation tax purposes and it is not a chargeable asset for the purposes of the restriction. The gift relief available is:

£249,990 x £0m/£2m = £0

No gift relief will be available and the gain chargeable to CGT is £249,990 and assessed in full.

Example 3: Gift of shares where company owns 'new goodwill' and chargeable business assets

The facts are the same as Example 2 in that Trotters Ltd was incorporated in 2005 but instead of the £2 million of investment property, the company owns £2 million property assets used in the business (even if this business use is just at the time of the gift).

The gift relief available is:

£249,990 x £2m/£2m = £249,990

Full gift relief would be available to reduce the gain to nil and the restriction would not apply.

A complex arrangement

The above three examples are overly simplified for the purposes of demonstrating the issue in question but they do outline the absurd outcome of the legislation.

In reality, where a company has a more complex asset base and has purchased goodwill or created goodwill (or other intangibles) both before and after 2002, the implications are more complicated, but the overall impact would be the same.

In theory, a trading company which holds intangible fixed assets and no chargeable assets used in the business could technically own as little as £1 of non-business chargeable assets and no gift relief would be available for the shareholder when gifting shares in the company.

As s 165 predates the intangible fixed assets regime, it seems clear that this was not the intended result as it disadvantages owners of newer businesses. It can only be concluded that this is an inadvertent oversight when the intangible fixed assets regime was introduced which has never been rectified.

PROFILE

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However, the implication is that it is an issue which is likely to become more prevalent in practice when shareholders consider ownership succession of ‘hybrid’ companies which have been established or purchased valuable goodwill after 1 April 2002.

A costly workaround

When considering whether a company is a trading company for the purposes of business asset gift relief, it is strictly a snapshot test at the point of the gift. This is caveated by the fact that one of the factors to be considered is the overall context of the business and its history, which may create complexities in this analysis in a borderline case.

However, provided that ‘in the round’ the company is a trading company, one possible solution to the non-business asset restriction is that all of the non-business chargeable assets could be sold by the company immediately before the gift of shares. As the non-business asset restriction is equally only applicable at the point of the gift if no non-business chargeable assets were held, no restriction would apply and the gain can be heldover in full under s 165.

However, this is not only likely to result in an expensive corporation tax bill for the company; it is also debateable whether this would be commercially viable, especially if the intention was to reacquire the assets after the gift. Given that corporation tax at 19% on the resulting chargeable gains is likely to be a marginal saving to the capital gains tax triggered on a disposal of shares, it may not be worthwhile.

It may also be that the resulting gain on the disposal of shares after taking account of the non-business asset restriction would qualify for business asset disposal relief and be taxable at 10% personally in any event. However, the capital gains tax would have to be funded personally after triggering tax on extraction, so it is likely to be more tax efficient for the company to pay the tax unless the individual has cash available to fund the capital gains tax.

Ultimately, the issue is the application and drafting of the business asset gift relief legislation. The workaround outlined above is far from ideal in most circumstances and feels somewhat of a sticking plaster rather than addressing the real issue and achieving a solution.

Call for evidence

Last July, the chancellor asked the Office of Tax Simplification to undertake a review of the capital gains tax regime and reports have been published in November 2020 and May 2021. The outcome of this review is likely to result in changes to capital gains tax. It therefore now seems more appropriate than ever to consider whether legislative issues such as this as it could be rectified as part of the overhaul.

Whatever the future may hold for the world of capital gains tax, this article highlights the importance of ensuring that the full ramifications across all of the taxes and all of the reliefs are considered when making changes to the UK tax system. Otherwise, there may be unintended consequences which have unfair and costly outcomes for the taxpayer and result in a system that ends up being more unwieldly rather than simplified.

As a member of the CIOT OMB Committee, it would be useful to know if any readers and CIOT members have come across this issue when considering the non-business asset restriction on gift relief in practice. We therefore request that any evidence is sent to technical@ciot.org.uk *with the message of ‘Business asset gift relief, Tax Adviser (August 2021)’ in the subject line to prompt further discussion and action, where appropriate.*

Technical Team

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Welcome to the August Technical Newsdesk

Readers of our submissions will know that we are keen that tax policy development follows the five stages of the tax consultation framework (see tinyurl.com/p2msut9h). Whilst the framework is now ten years old, the government reaffirmed its commitment to these principles of policy making in December 2017 (see tinyurl.com/jry8c4hb). Our submissions will typically reference the framework when stage 1 – 'Setting out objectives and identifying options' – has been missed. This is because too many consultations start at stage 2 – 'Determining the best option and developing a framework for implementation including detailed policy design' – missing the opportunity for bigger picture thinking; and instead simply focusing on the implementation of an already decided policy.

As importantly, adequate attention is rarely given to the final stage (stage 5) of the framework – 'Reviewing and evaluating the change'. Is the measure operating as intended? Is the revenue estimate accurate? What are the costs of compliance? Are these in line with those estimated in the impact assessment? Often, these seem to go unanswered.

In general, we believe that inadequate post-implementation work is being undertaken by the government, which typically moves onto the next policy rather than looking back to judge the efficacy of previous ones. However, some post-implementation work is being undertaken by HMRC as part of their programme of research (see tinyurl.com/9c9jy5b8). Not all of this work falls within stage 5 of the tax consultation framework, and many research projects look at perceptions of HMRC and the behavioural impacts of process changes. Indeed, this topic for my introduction was prompted by HMRC's publication of research into taxpayers' behaviour when confronted with new prompts prior to submitting their VAT or Self-Assessment returns (see tinyurl.com/4btrwh24 and tinyurl.com/22hscb7b).

HMRC's research programme for 2021/22 can be found at tinyurl.com/wtz97zwn and previous reports can be viewed at tinyurl.com/76fxzbku. For 2021/22, as well as the usual annual customer surveys, there are some projects which, arguably, fall within stage 5 of the framework, including research around the non-resident SDLT surcharge, the off-payroll reforms in the public and private sectors, and Making Tax Digital for VAT. The programme is quite wide-ranging, with something to pique everyone's interest.

Those of us who are naturally a little circumspect might wonder how objective the research is (I think it is); whether it is statistically reliable (often only a small number of interviews take place); and how influential the output from these research reports is (the jury is out, perhaps). However, in a world where post-implementation reviews are sparse, they provide welcome insight. One area for potential improvement is the timeliness of their publication.

The two reports mentioned above were published in July 2021, yet the VAT report was dated June 2019 and the Self-Assessment report March 2017! Lengthy delays in publication make the findings of the reports less useful, particularly if they evaluate part of a longer term policy, meaning that external bodies like ourselves are less well informed. The conspiracy theorist in me might think that these delays are deliberate, but as they do not only apply to reports where the findings might be considered less favourable of the policy or measure, I will direct my scepticism elsewhere.

National Insurance Contributions Bill 2021: CIOT comments

EMPLOYMENT TAXES

The CIOT has submitted evidence to Parliament on measures in a National Insurance Contributions Bill which introduces secondary Class 1 national insurance contribution reliefs for employers of workers in freeports and employers of armed forces veterans; exempts payments under the self-isolation support scheme from NICs; and extends anti-avoidance measures under the disclosure of tax avoidance scheme included in the FA 2021 to national insurance contributions.

The National Insurance Contributions (NIC) Bill introduces two new secondary Class 1 NIC reliefs (for employers of workers in freeports and employers of armed forces veterans); extends anti-avoidance measures included in the FA 2021 to NICs; and exempts self-isolation support scheme payments from NIC. The Bill passed its committee stage unamended in a single Public Bill Committee sitting on Tuesday 22 June. The debate is on the UK Parliament website (tinyurl.com/57tfk7ds) and a CIOT Blog summarising the Committee's debate can be read on our website here: tinyurl.com/w8j3mmhk. Our understanding is that the only external briefing on the measures was the CIOT's briefing to the Committee and it is pleasing to note that the shadow Financial Secretary to the Treasury thanked us for our comments.

Freeports

In the March 2021 Budget, the Chancellor announced that eight freeports will be created in England: East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Thames and Teesside. Discussions continue around further freeports in Scotland, Wales and Northern Ireland.

The NICs Bill will enable qualifying employers to apply a zero-rate secondary Class 1 NIC up to a prescribed upper secondary threshold for a period of 36 months from the commencement of employment of eligible employees newly employed at freeport tax sites, where the employment commences during the period from 6 April 2022 to 5 April 2026. One of our concerns was that the relief applies only to new employees commencing employment from 6 April 2022, when it is expected that UK freeports will start operating in 2021. Freeport businesses will, no doubt, wish to take on new employees at that point rather than waiting until April 2022 but it seems they will have a perverse fiscal incentive not to do so.

We also queried the requirement that to be eligible an employee must spend 60% or more of their employed time in a single freeport tax site, which means that if an employee splits their working time equally between two freeport sites the employee will not qualify as a freeport employee. During the debate, the Financial Secretary to the Treasury Jesse Norman confirmed that this was the intended policy.

One aspect that, disappointingly, was not discussed was the definition of 'public authority' in respect of freeport employers. The definition includes '*any person whose activities involve the performance of functions (whether or not in the United Kingdom) which are of a public nature*' and is potentially much wider than the definition used elsewhere – for example, under the off-payroll working rules, which is based on the definition used in the UK and Scottish Freedom of Information Acts. Our concern is that this wide definition could be applied to private businesses that are operating within a freeport carrying out functions that are normally carried out by public authorities, such as street cleaning, road works, etc, and, as a result, exclude these businesses from the relief.

Veterans

This relief will enable employers to apply a zero-rate secondary Class 1 NIC up to the prescribed upper secondary threshold on the employment income of eligible armed forces veterans during their first year of civilian employment. Subsequent and concurrent employers can also benefit from this relief during the one year period starting from the first day of their first post-armed forces employment. To qualify, a veteran must have completed at least one day of basic training in the armed forces. The relief is available to employers from 6 April 2021 to 5 April 2024.

The one point we raised with this new relief is that although it is available from 6 April 2021, employers will need to pay the secondary Class 1 NICs on the earnings of eligible veterans for the 2021/22 tax year and then claim this back retrospectively in April 2022. We suggested consideration of permitting employers to self-serve the relief for 2021/22 (once the legislation has been passed), given the very challenging circumstances of the current pandemic and the cash flow implications arising. It is understood that the minister is 'happy to consider the matter further and to ask HMRC to consider it'.

Disclosure of contributions avoidance arrangements

This legislation widens existing regulation making powers so that regulations can be made for NIC purposes mirroring the amendments to the disclosure of tax avoidance schemes (DOTAS) procedures included in FA 2021.

Our comments largely replicated those we made on the companion measures in the FA 2021. We were supportive of robust action in this area but were concerned that the seemingly endless chasing down of a small number of promoters through potentially widely applicable legislative change seems to be achieving diminishing returns while adding significant complexity to the tax system. We included a number of suggestions for potentially more effective approaches. In particular, we noted that there is a hard core of between 20 and 30 promoters, identified by HMRC, who clearly do not play by the rules. This was acknowledged by the minister who added that: 'HMRC are vigorously applying themselves to curtailing that activity and to supporting and protecting taxpayers'.

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Capital gains tax 30-days reporting service: offsetting an overpayment

PERSONAL TAX

HMRC provide an interim process solution for offsetting a capital gains tax overpayment arising under the capital gains tax 30-days reporting service, required in respect of sales of UK residential property since 6 April 2020.

The CIOT, ATT and other professional bodies met HMRC recently through the medium of the Issues Overview Group to focus on the ongoing issues with the capital gains tax (CGT) 30-days reporting service. (The Issues Overview Group is a joint forum of HM Revenue and Customs and professional bodies, which progresses important operational issues or problems raised on the online Agent Forum, or otherwise identified by HMRC or professional bodies.)

Members will be aware that there are a significant number of ongoing issues with the CGT 30-days reporting service. It has been very helpful to hear from members about the problems being encountered in practice when attempting to file on behalf of clients. It is hoped that HMRC will address some of these issues in the short term through enhanced guidance, including in relation to amendments and estimates, repayments and the difficulties in filing on behalf of non-residents and estates.

In the meantime, HMRC have provided an interim solution to one current issue: that of offsetting an overpayment of CGT under the CGT 30-days reporting service against an income tax and Class 2 National Insurance contribution (NIC) liability in the 2020/21 self-assessment tax return.

Taxes Management Act 1970 s 59B indicates that a balancing payment of the difference between the total income tax and CGT liability and the income tax and CGT payments on account can be made. However, HMRC's systems do not presently allow for the offset of an overpayment of CGT under the 30-day reporting service against an income tax/NIC liability in the self-assessment return. Therefore, HMRC have provided interim guidance to address the system issue, as reproduced below and published on the CIOT and ATT websites.

HMRC guidance: Offset of UK property disposal capital gains tax

- *After submitting an in-year UK Property Disposals return, if the user needs to amend their return, they can do so via the UK Property Disposals return service or via their Self Assessment tax return.*
- *If they amend via the UK Property Disposals return service, and their liability reduces, they can claim a repayment via the service. This will then be processed by HMRC.*
- *If the user chooses to amend via Self Assessment, they should complete the Self Assessment tax return with their overall Capital Gains Tax (CGT) residential property gains and the total gains or losses and tax charged via the UK Property Disposals return service.*
- *After all relevant sections of the Self Assessment tax return are completed, the user should go to view the calculation section and tick the option to View and print your full calculation.*

Example output below:

Taxable capital gains			£62,700.00
Residential property and carried interest basic rate	£15,000.00	x 18%	£2,700.00
Residential property and carried interest	£47,700.00	x 28%	£13,356.00
			£16,056.00
minus Tax on gains already paid			£21,000.00
Capital gains tax calculated as overpaid			£4,944.00
Income tax, capital gains tax, and Class 2 National Insurance contributions due			£6,795.87

- *The user can then pay the difference between the Income Tax, CGT and Class 2 NICs due figure and the CGT calculated as overpaid figure. In the example above:*
  *£6,795.87 – £4,944.00 = **£1,851.87***
  Please note that the Self Assessment payment deadline is the 31 January following the tax year.
- *The user should then contact HMRC by telephone on 0300 200 3300 to enable HMRC to make a manual adjustment. If any further action is required by the user HMRC will contact them to advise what that is.*
- *If the user chooses to make payment in full of the Income Tax, CGT and Class 2 NICs figure (£6,795.87), they should contact HMRC to request a repayment of their overpayment. This will then be reviewed by HMRC.*
- *Once the Self Assessment tax return has been submitted, the user should not attempt to amend their UK Property Disposals return for the corresponding tax year.*

This interim process will be communicated further by HMRC via the agent forum and via GOV.UK. HMRC recognise that this interim process requires an additional step (having to contact HMRC following submission of the Self Assessment return) and will be working to explore a more satisfactory solution for the longer term.

One further point to note is that the interim guidance above refers initially, in broad terms only, to amending the UK Property Disposals return (the 30-days return). FA 2019 Sch 2 para 15 sets out the statutory requirements and limitations for making a further return in certain circumstances (for example, where an estimate changes) and para 19 provides for amendments to returns.

The ATT have made further comment on this issue in their news article (see www.att.org.uk/210628_property_reporting) and are continuing to update their 'User's Guide' as we learn more about the service (see www.att.org.uk/PRS_user_guide) .

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Meetings of Employment Taxes Forums

EMPLOYMENT TAXES

A brief overview of recent forum meetings attended by representatives of the CIOT, LITRG and ATT, including the Employment and Payroll Group, the IR35 Forum, the Collection of Student Loans Group, and the Rewards and Employment Engagement Forum.

In this article, we summarise the main points from meetings of various forums that took place in June 2021, which are attended by CIOT, LITRG and ATT volunteers. HMRC publishes the minutes of their meetings on GOV.UK.

Employment and Payroll Group (EPG)

The group is the main HMRC forum for employment tax related matters and met on 2 June. The forum is attended by representatives of CIOT and ATT and meets quarterly. The main topics of discussion were:

- the Coronavirus Job Retention Scheme;
- the off-payroll working rules where HMRC are continuing to review the Check Employment Status for Tax tool to address 'unable to determine' results, national minimum wage policy;
- the *Tax Administration Framework* consultation and the *Raising standards in the tax advice market* consultation;
- employment income policy in relation to the pandemic (for example, working from home, provision/reimbursement of equipment); and
- Making Tax Digital.

Minutes of the meeting are published on GOV.UK at: tinyurl.com/f8265jxu.

IR35 Forum

On 4 June, the CIOT attended a meeting of the IR35 forum. Discussions included HMRC's communications relating to the off-payroll working rules introduced from 6 April 2021 and the impact of these changes. It was noted that the reforms had had more of an impact in some sectors than others, perhaps because of industry press reaction. We understand that HMRC are reaching out to sectors that they can target with additional help. Misinformation was noted as a problem, especially around the use of statements of work and also with the use of umbrella companies.

Collection of Student Loans Consultation Group (CSL)
On 1 June CIOT, LITRG and ATT representatives attended a meeting of the CSL group. Topics discussed included:

- the new Scottish student loans threshold introduced on 6 April 2022 (new Plan Type 4), where work on contacting employers that have not implemented the plan type change is ongoing);
- more frequent data sharing with the Student Loans Company of student loan deductions reported by employers through the real time information system;
- a reminder that deemed employers should not be making student loan deductions where PAYE applies to an arrangement caught by the off-payroll working rules; and
- the new lifelong loan entitlement (to be consulted on later this year and introduced in 2025).

Feedback is requested on any issues members become aware of from employers implementing plan type changes to accommodate the new Scottish student loan repayment threshold. Minutes of the meeting are published on GOV.UK at tinyurl.com/wp9hbnw8.

Reward and Employment Engagement Forum (REEF)
REEF is an independent external stakeholder forum with a special interest in payroll matters to which HMRC is regularly invited. It is attended by ATT, CIOT and LITRG representatives. Its last meeting was on 16 June and included guest attendees from HMRC's Stakeholder engagement team, the OTS and the Pension Dashboard project in turn. Discussions with HMRC included the remit of the new Coronavirus Job Retention Scheme External Stakeholder Forum and the quality and content of HMRC's Employer Bulletin.

Discussions with the OTS covered the merits of changing the tax year-end from 5 April to 31 March or 31 December. Both non-tax implications of a tax year change, such as statutory payments, pensions auto-enrolment, national minimum wage/national living wage, state pension increases, etc and tax implications for employers and employees (including foreign tax credit claims) were raised.

Lastly, discussions with the Pensions Dashboard project (which is intended to show an individual all their pensions entitlement information online, including state pension, all in one place) focused on the issues of data quality. The project aims to commence a voluntary onboarding stage for data from larger schemes next year and then in 2023 there will be a staged onboarding for the rest.

More information can be found at tinyurl.com/2a2z38nj.

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Mandatory professional indemnity insurance for tax advisers: CIOT, ATT and LITRG responses

GENERAL FEATURE

CIOT, ATT and LITRG have each responded to the HMRC consultation on the possible introduction of a requirement for all providers of tax advice to have professional indemnity insurance. The consultation was issued in March as part of the government's package of actions announced in November 2020, following the wider call in 2020 for evidence on raising standards in the tax advice market.

The CIOT and ATT collaborated in the preparation of their responses, with the CIOT majoring on the questions relating to the introduction of mandatory professional indemnity insurance (PII) and ATT providing significant input on the questions relating to the associated issue of how tax advice should be defined in the context of a requirement for PII. The CIOT's response notes its support for both the ATT and LITRG responses.

The CIOT response expresses support for the introduction of a requirement for all providers of tax advice to hold PII. The CIOT sees it as essential to then build on this first step by bringing all tax advisers within the scope of other professional body requirements such as continuing professional development, monitoring and enforcing standards, education and disciplining.

In order to provide appropriate consumer protection, the CIOT response advocates the PII requirements being similar to those already required of professional body members. The commercial pressure on firms to obtain such cover at an economic rate and maintain their business should then drive up standards. Firms unable to obtain cover would need to cease trading and HMRC enforcement action would be essential.

The consultation document itself favoured modelling the definition of tax advice on one of the two pre-existing statutory definitions of tax advice – either that used by FA 2012 in the context of dishonest tax agents or that used in the Money Laundering Regulations. By contrast, the CIOT response favours a widely drawn and principles-based bespoke definition which could be built on over time. All tax advice should be within the definition unless specifically excluded. In that way, the CIOT sees the definition as extending to the activities of tax avoidance boutiques, umbrella companies operating disguised remuneration schemes, and advice embedded in software and/or wider advice.

ATT's response notes the collaboration with the CIOT and endorses the detailed observations in the CIOT response. It then emphasises the essential role of a sustained and well-targeted education programme to ensure that the public have a proper understanding of the value not only of PII but also of the other components of consumer protection which are required of professional body members who provide tax advice. ATT also highlights the importance of HMRC having the necessary additional resources to enforce mandatory PII.

The ATT response refers back to the 2020 call for evidence and reasserts its earlier conclusion that maximising the regulatory/supervisory role of current professional bodies has the greatest potential to produce common higher standards in the tax advice market for the benefit of both consumers and the Exchequer and also to produce a much more level playing field as between providers of tax services.

On the subject of HMRC's *Standard for agents,* the ATT's response recommends that HMRC's expectations of all agents should be more closely aligned with the Professional Conduct in Relation to Taxation (PCRT) requirements (see www.att.org.uk/pcrt2016) and that interaction by any agent with HMRC and HMRC systems should be conditional upon adherence to those standards.

LITRG's response endorses the CIOT response and focuses on points relevant to low-income unrepresented taxpayers in relation to mandatory PII for all tax advisers. It notes that low-income taxpayers often cannot (or believe that they cannot) afford to pay for advice and do not always know where to look for tax advice. LITRG think that HMRC can do more to help people find tax advice from qualified tax advisers and believe that research into consumer perspectives of finding and using tax advisers would allow for better decisions on implementing mandatory PII.

The LITRG response notes the need to raise public awareness of how to pursue complaints when things go wrong and refers to the specific issues associated with high-volume repayments agents and certain payment intermediaries.

In relation to the definition of tax advice, the LITRG response considers that tax advice offered to the general public on a pro bono basis should be within the definition. It also calls on HMRC to specifically consider how disguised remuneration arrangements could be brought within the definition of tax advice in order to help achieve the overall objectives of the measure.

LITRG emphasise that for the introduction of mandatory PII to achieve any of its objectives, there must be sufficient checks and swift enforcement action from HMRC.

CIOT's response is at: www.tax.org.uk/ref774

ATT's response is at: www.att.org.uk/ref371

LITRG's response is at: www.litrg.org.uk/ref2498

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Offshore tax compliance and international tax debt: CIOT and LITRG responses

PERSONAL TAX MANAGEMENT OF TAXES

The CIOT and LITRG have recently responded to two related HMRC discussion documents in which HMRC asked for views on how best to improve offshore tax compliance and prevent mistakes occurring, and on how best to prevent international tax debt occurring and how best to collect it when it does occur.

Helping taxpayers get offshore tax right

In its response to this discussion document, the CIOT says that it supports HMRC's efforts to improve compliance in the complex area of offshore taxation and that we strongly agree that the best way to tackle non-compliance is to prevent it happening in the first place. In general, we agree with HMRC's analysis of why offshore non-compliance can happen and support the suggestions in the discussion document to try to help taxpayers get their offshore tax right first time; however, we think that the role that simple mistakes and misunderstanding of the rules plays in producing inaccurate tax outcomes could be being underestimated. We also note that while some of the rules on offshore taxation remain as complicated as they are at present, it seems inevitable that mistakes and misunderstandings will continue.

We suggest that HMRC provide more information about the sorts of errors with offshore tax which they see being commonly made by taxpayers. Efforts could then be focused in the first instance on identifying solutions to the most common errors.

We also suggest that it would help improve compliance and reduce errors and omissions in tax returns if HMRC were prepared to share more of the offshore data they have about taxpayers (for example, from exchange of information with other jurisdictions) with the taxpayers concerned and their agents.

We note that there are several practical problems with registering with HMRC and contacting HMRC from overseas, and solutions to these problems should be explored.

We suggest that consultation be carried out to explore whether changing the UK's tax year from 5 April to 31 December would help with international data sharing and improve compliance. However, changing the tax year would have implications for the whole UK tax system so we suggest that HMRC should consider consulting on changing the UK tax year as part of the current Tax Administration Framework Review, also noting that the Office of Tax Simplification has recently published a scoping document on the subject.

We think the terminology around offshore tax is confusing for taxpayers and agree that it does lead to misunderstandings and errors. In particular, the term 'offshore' is ambiguous. We suggest the consistent use of the term 'non-UK' instead of 'offshore', 'overseas' or 'foreign'. Terms like 'non-compliance' and 'inaccuracy' do not mean much to the general public so perhaps using simpler language like 'mistakes' or 'errors' would be better. There is also the risk that people associate the term 'offshore tax non-compliance' with tax evasion and assume that messages about it are not relevant to them even though they might be.

Information about offshore tax is not particularly easy to find on GOV.UK so improving accessibility of this information and putting it all in one place may help to improve compliance, especially for unrepresented taxpayers. However, we note that this will not be sufficient on its own to raise awareness and increase knowledge, so we make various suggestions about further communication mediums which could be investigated.

LITRG's response focuses on unrepresented taxpayers who have not disclosed their offshore income because they did not realise it was taxable in the UK – a common and understandable mistake when the income is already being taxed and reported offshore. LITRG agrees that HMRC's suggested use of prompts to this group of taxpayers could be useful, but says that it must be accompanied by links to accessible guidance to avoid under-reporting becoming over-reporting if, for example, double taxation relief is not applied correctly.

The CIOT's response can be found at: www.tax.org.uk/ref776

LITRG's response can be found at: www.litrg.org.uk/ref2493

Preventing and collecting international tax debt

In its response to this discussion document, the CIOT says that it supports HMRC's aims in seeking to prevent the creation of international tax debt and to improve its collection. However, without having a much fuller breakdown of the composition of international tax debt and how it might have arisen, it has been difficult to identify targeted solutions to tackle it. Consequently, many of the observations and comments we make are at a necessarily high level.

We recommend that HMRC start copying letters pursuing international tax debts to a person's authorised UK tax agent (if they have one) at the same time as they are sent to the individual concerned. The agent may be in a better position to communicate with the individual, explain the position and help them to navigate HMRC's systems and arrange payment of the outstanding tax due sooner.

We think there must be potential for greater use of cooperation with other overseas jurisdictions in the collection of international tax debts. Greater international cooperation in fiscal matters has been a feature of the last few decades, e.g. in the areas of tax avoidance and exchange of information, but it is less clear in the area of overdue tax collection, as far as we can tell.

We recommend that there should be more consultation before any changes to the rate of tax withheld from payments to non-UK resident entertainers and sports professionals are considered because it is not clear from the discussion document how large a problem this is in general or in relation to the overall size of the UK's international tax debt. There should be greater analysis undertaken by HMRC to establish the size of the problem before any further consultation is carried out.

Information about HMRC's powers in this area is not particularly easy to find on GOV.UK so we suggest that improving accessibility of this information and putting it all in one place may help to improve compliance. Since many taxpayers with international tax debt may not speak English as a first language, we recommend that HMRC consider providing communications and guidance in languages other than English.

LITRG's response echoes this, also highlighting that much of the 'debt' attributable to unrepresented taxpayers might be reduced once it is checked to be accurate and in time to assess. Similarly, Self Assessment records for repatriating migrants are often not closed down properly, leading to significant late filing penalties against their name which could be appealed with a simple phone call.

LITRG goes on to suggest that the departure notification process needs review, as the purpose and function of P85 can be unclear. This could help HMRC get better data on taxpayers to help in the collection of international tax debt, as well as assist in ensuring that taxpayers get refunds for the tax year of departure.

The CIOT's response can be found at: www.tax.org.uk/ref777

LITRG's response can be found at: www.litrg.org.uk/ref2493

The CIOT would also like to thank volunteers who attended the workshops which HMRC ran during May 2021 to explore the issues raised in both discussion documents.

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Aggregates levy: CIOT response to the call for evidence

INDIRECT TAX

The aggregates levy is a non-deductible tax that is charged on qualifying aggregate, which is rock, sand and gravel.

The aggregates levy is an environmental tax, introduced in 2002, to address the environmental impact of quarrying, reduce the demand for aggregate, and encourage the use of alternative materials. The levy is charged on commercially exploited fresh aggregate that can be dug from the ground, dredged from the sea in UK waters, or imported. The levy mainly impacts businesses in the quarrying, mining, digging, dredging and construction sectors, though there are reliefs available in certain circumstances. The levy rate has been £2.00 per tonne since 2009. For further details on aggregates levy, see GOV.UK (tinyurl.com/4b9ua5bu).

Call for evidence

HMRC published its call for evidence: *Aggregates Levy: Proposals on the treatment of aggregate removed during construction works* (see tinyurl.com/h3rxy6wn) in March, which sought views on changing the treatment for 'borrow pit' aggregate used in construction. Borrow pits are temporary sites used to extract aggregate for a specific purpose and then the sites are restored when no longer needed. HMRC also sought views on whether there should be a general exemption for aggregate arising unavoidably when laying underground utility pipes.

CIOT views

HMRC's proposed change for borrow pits looked to clarify the taxable status of borrow pit aggregate on construction sites. The CIOT highlighted in its submission (www.tax.org.uk/ref780) an example where the position was still not clear. Where aggregate is discovered on the site of a larger development during the works on that site, and used as part of the site development rather than moving off-site, it appeared that this could be taxable because its use is not connected with the 'winning of aggregate', rather it being 'discovered'. The CIOT would like the taxable status made clear for taxpayers.

For the proposed new exemption in respect of laying underground utility pipes, the CIOT broadly supported the measure and noted that it would bring utility works into parity with the treatment of highways and railways. We also considered that determining the extent of aggregate which is removed from the pipeline works and is eligible for exemption should be, in principle, no more difficult than for other exemptions.

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Scottish Taxes Update

GENERAL FEATURE

Representatives of the CIOT's Scottish Technical Committee attended meetings with the Scottish government and Revenue Scotland.

Land and buildings transaction tax

Representatives of the Scottish Technical Committee (STC) joined stakeholders from the Law Society of Scotland and ICAS in meeting with Revenue Scotland and the Scottish government to discuss operational and policy issues around the land and buildings transaction tax (LBTT).

There is a new head of LBTT at Revenue Scotland, Mollie Johnson, who was previously at HMRC.

Revenue Scotland provided various updates in relation to penalties – having paused these for a time because of COVID-19, they are now issuing them for late filing and late payment, but are taking a sympathetic approach.

Revenue Scotland had to make adjustments during COVID-19, such that paper forms and cheques could no longer be accepted. Going forward, they are looking to implement this as a permanent position.

In terms of tax policy, following the parliamentary elections, and the commitment to a review of the additional dwelling supplement (ADS) by the SNP, the Law Society of Scotland agreed to put together an amalgamated list of ADS issues.

Various issues with guidance were discussed, including in relation to the assumption of mortgage debt as consideration, group relief, ADS and the split between what is residential and what is non-residential. There was also discussion about various issues in relation to leases, including those affected by the transitional rules between stamp duty land tax and LBTT.

Scottish government: post-budget meeting

Representatives of the CIOT, ATT, LITRG, ICAS and the Law Society of Scotland met with Scottish government officials.

There was an update in relation to the Scottish parliamentary elections – Kate Forbes MSP has been reappointed as the Cabinet Secretary, with an expanded remit covering the economy, as well as finance. Tom Arthur MSP is the minister with responsibility for devolved taxes and Scottish income tax. The CIOT will be meeting with him in August. The aim is also to have meetings with the spokespeople for finance from the main opposition parties.

There were brief discussions about Scottish income tax and LBTT. In addition to the review of the ADS referred to above, the Scottish government is also carrying out a review of the change to a five band structure of Scottish income tax and its impact on the wider tax system.

It appears to be a priority to pick up the work of the Devolved Taxes Legislation Working Group, which was put on hold because of COVID-19. This was looking at new legislative processes to ensure a means of 'spring-cleaning' the Scottish tax system.

Revenue Scotland: draft Corporate Plan 2021-24

CIOT joined a stakeholder meeting to provide feedback on Revenue Scotland's draft Corporate Plan 2021-24. This will be the Scottish tax authority's third corporate plan since its inception.

The draft plan picks up the themes from the previous (current) plan – excelling in delivery; investing in our people; reaching out; and looking ahead. The aim has been to broaden the key performance indicators to better reflect the range of activities carried out by Revenue Scotland staff. There was helpful discussion about service delivery and use of data.

The plan will go to Scottish ministers and the Scottish Parliament for approval.

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Aviation tax reform: CIOT response

INDIRECT TAX

The CIOT's Climate Change Working Group submitted a response to HM Treasury's consultation on aviation tax reform.

HM Treasury published the consultation document (see tinyurl.com/te2j2f74) to follow up on government commitments made in 2020 to review air passenger duty (APD) and to consult on the reform of aviation tax. The government has taken an initial policy position to make reforms with a view to the taxation of aviation supporting UK domestic connectivity and aligning more closely with government environmental objectives. As such, it is proposing to reduce the effective rate of APD on domestic flights and to reform the banding system for international flights. It is not proposing to introduce a frequent flyer levy at this time. It should be noted that the UK government has passed legislation making a binding commitment to achieve net zero emissions by 2050, while the Scottish government has set itself a target of achieving net zero by 2045.

We noted the challenge of achieving the net zero targets and the need for tax policies as a bare minimum not to work against their achievement. We called on the government to produce a climate change tax policy roadmap, using their ten point plan for a green industrial revolution (published November 2020: see tinyurl.com/n9jrynw2) as a basis. Our response pointed out that consideration needs to be given as to how the aviation tax proposals in the consultation document match up against that plan.

We raised a concern that the consultation proposals do not present a coherent policy picture. In particular, the proposal in respect of domestic flights would appear to act against the achievement of net zero; the domestic APD and international APD proposals seem to conflict with each another. This is likely to send a confusing message to the public and reduces transparency in relation to policy objectives. The consultation document does not set out sufficient or convincing evidence that the proposed reductions in APD for domestic flights will improve regional connectivity. We think that consideration should be given as to whether regional connectivity can be better served by forms of transport that produce lower carbon emissions.

While acknowledging that there would be many operational practicalities to work through, we also use our response to suggest that the government might usefully explore the possibility of a uniform carbon price across all sectors, probably in conjunction with a carbon border adjustment charge.

Finally, although the consultation sets out the current position in relation to the devolution of APD to Scotland, we thought that the proposals did not seem to take account of the fact that the tax is in the process of being devolved. We asked for clarification about the plans to resolve the issues relating to the Highlands and Islands exemption that are currently preventing the tax being devolved.

The CIOT response is available at www.tax.org.uk/ref779

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Helping people to avoid pension pitfalls

PERSONAL TAX

LITRG's online postbag contains numerous examples of people making costly mistakes when drawing on their pension savings. We have recently responded to two consultations in the hope that in future more people will get guidance which might help them avoid the pitfalls.

Pensions freedom has, since 6 April 2015, allowed savers much more flexibility over how and when they take funds from defined contribution pension pots. However, in so doing, people can unwittingly incur unexpected tax charges; for example, taking out a lump sum can tip them into the higher rate of tax. They may even create a high income child benefit charge (HICBC), where adjusted net income for the year (including the taxable part of the pension lump sum) exceeds £50,000 and child benefit is being paid. The consequences of falling within the HICBC's ambit can be even more devastating if the taxpayer does not realise this results in an obligation to notify HMRC of liability, with consequent penalties for failure to do so.

They might also not realise that the taxable element of their pension withdrawal is income for tax credits purposes. Depending on the amount of the withdrawal, this can give rise to a tax credits overpayment for the year and loss of some tax credits for the next year.

Claimants of other welfare benefits can also trigger adverse consequences. For example, a lump sum withdrawn from a pension might be taken into account when working out how much capital they have. By contrast, when it was in the pension pot, it would usually have been disregarded for benefits purposes.

One of the reasons that people fall into these traps is that those with smaller pots often cannot afford to access advice before making their decision. Furthermore, take up of the government's PensionWise guidance appointment offering is low, with estimated usage being between 1% and 3% of the eligible population.

LITRG has therefore responded to two recent consultations, highlighting how awareness could be improved.

First, the Financial Conduct Authority has been consulting on how people can be given a stronger nudge towards getting guidance on their pension choices. Our response (see www.litrg.org.uk/ref2476) emphasises, amongst other things, that tax and benefits impacts of decisions should be given more prominence.

Second, we have supported the Department for Work and Pensions' plan to mandate the use of simpler pension statements for defined contribution savers. These will be limited to two sides of A4 and will aim to get key information across in a consistent format. While appreciating that there is limited space available, LITRG's response (see www.litrg.org.uk/ref2501) stresses that a single line warning should be included about the interaction of pensions with tax and benefits.

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Deeds or letters of assignment: tax refund companies

GENERAL TAX PERSONAL TAX

LITRG are increasingly hearing from people who have used a tax refund company in the past, for example to get a payment protection insurance or working from home tax refund, and who are now discovering that unconnected tax refunds are also going to the tax refund company, with further fees being deducted.

This is because the person has signed a deed or letter of assignment. A deed or letter of assignment assures the person named as the assignee that the repayment will definitely be paid to them as opposed to a nomination (like that made via an R38 form, the form from HMRC which enables a reclaim of an overpayment of tax on which it is possible to nominate another person to receive this payment) that can be withdrawn unilaterally by the taxpayer at any time. Sometimes the taxpayer (the assignor) will not know that they have signed it – or may have thought they were signing it in respect of a specific tax refund only and not for past years.

In particular, you should be aware that if a taxpayer has signed a deed or letter of assignment, even inadvertently, it could mean that any 2020/21 P800 refunds (a tax calculation from HMRC indicating that a refund of tax is due) due to them over the next few months, could be diverted.

The word 'deed' makes people think of a formal legal document but often the inclusion of a few words on an application pack seems to be enough to be seen as a *letter* of assignment, even if not a deed. (Note that HMRC's guidance (see tinyurl.com/4nm4pkm7) suggests that a 'deed' needs a witness signature, although it is interesting to note that a different page of HMRC guidance (see tinyurl.com/yh3nbds7) on the same topic does not mention this.)

For example, if a person signs an application pack, they may think they are just giving permission for the tax refund company to act on their behalf. But there may also be some small print saying something such as: 'I unconditionally assign my repayment of tax (for tax years ending 2017/18, 2018/19, 2019/20 and 2020/21) to…. [tax refund company].'

A deed or letter of assignment is different from appointing an agent via form 64-8. Indeed, it is possible, for a 64-8 to be lodged on someone's record appointing one agent, but the deed of assignment to be in respect of another.

If it is valid (and this is something that may be subject to challenge), the deed or letter of assignment is legally binding and HMRC say they have no option but to issue the refund to the person (or company) to whom it has been assigned. In particular, note HMRC's requirements that to be valid:

- it has to be clear, unambiguous and unconditional;
- the wording of the assignment must be provided before the customer's signature, and cannot appear in small print or after the customer's signature; and
- no particular form of words is required for the deed or the letter, but the assignment must specifically identify the repayment that is being assigned. For example, 'Income tax overpaid by me for the two years ended 5 April 2009' is acceptable, but 'any repayment of tax due to me' is not.

Where a refund has been sent to a tax refund company in accordance with a deed or letter of assignment, but there are questions over whether it is valid, a formal complaint should be made to HMRC, because it may be possible to argue that it should not have been accepted by HMRC in these circumstances.

There is further guidance available on LITRG's website (see www.litrg.org.uk/ref108) to help people understand whether a deed or letter is valid and what to do next.

A valid assignment can only be revoked if both the taxpayer who made the assignment and the person to whom they assigned the refund agree to it being revoked. This is different to simply removing the tax refund company as their 'agent', which is a fairly simple process and can be done unilaterally. Some tax refund companies may charge a fee to remove the deed (in addition to collecting the fee on any refunds diverted to them).

It is of course entirely legitimate for people to exercise freedom of choice and use a tax refund company if they so wish, as long as they understand what they are signing up to, the fees they will pay and the scope of any associated deed or letter of assignment. However, this was not the case for those who have written in to us.

This is an extremely pressing consumer protection matter that we have urged HMRC to intervene in (see www.litrg.org.uk/ref2508). If you have any thoughts, comments or relevant experiences with tax refund companies and deeds or letters of assignment that we could feed into our discussions with HMRC, please write in and let us know.

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CIOT		Date sent
Consultation on aviation tax reform	www.tax.org.uk/ref779	14/06/2021
Raising standards in the tax advice market	www.tax.org.uk/ref774	14/06/2021
Discussion document: helping taxpayers get offshore tax right	www.tax.org.uk/ref776	15/06/2021
Discussion document: preventing and collecting international tax debt	www.tax.org.uk/ref777	15/06/2021
Proposals on the treatment of aggregate removed during construction works	www.tax.org.uk/ref780	16/06/2021
An Inquiry into Rural Productivity	www.tax.org.uk/ref810	30/06/2021
ATT		
Raising standards in the tax advice market	www.att.org.uk/ref371	15/06/2021
LITRG		
FCA Stronger nudge to pensions guidance	www.litrg.org.uk/ref2476	11/06/2021
Helping taxpayers with offshore tax and international tax debt	www.litrg.org.uk/ref2493	16/06/2021
Raising standards in the tax advice market	www.litrg.org.uk/ref2498	18/06/2021
Low Pay Commission consultation 2021	www.litrg.org.uk/ref2499	21/06/2021
Tax checks for taxi drivers and scrap metals dealers in Scotland and Northern Ireland	www.litrg.org.uk/ref2500	22/06/2021
Department for Work and Pensions: Simpler annual benefit statements: draft regulations and statutory guidance	www.litrg.org.uk/ref2501	22/06/2021
APPG on Financial Education for Young People: Rapid inquiry on Primary-School aged Financial Education	www.litrg.org.uk/ref2502	23/06/2021

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CIOT & ATT

Your brand rehab strategy

PERSONAL DEVELOPMENT

Joanne Herman explains how you can redefine and reinvent your personal brand.

Welcome back to my blog.

With the employment market picking up, and for those of you coming out of furlough, seeking a new role or simply wanting to refresh or redefine your personal brand, this edition is for you.

I will be covering:

- departmental brand reputation and how it can affect you;
- your rehab strategy in five steps; and
- takeaway: what you can do right now to help yourself.

Have you allowed others to define your reputation?

Whether you like it or not, you already have a personal brand. Yes, you really do!

You, and even the departments you work for, have a certain reputation (or 'brand') that you are known for in the workplace. However, for most people, that brand has been created by default, rather than by intentional design.

The people you work with have built up their own perceptions, opinions and judgements about who you are, and some may even pigeonhole you by default based on the department you work in. Some may even assume the things you're good at and what you're not good at. They perceive you a certain way. In short, they have 'branded' you in their own minds. These perceptions may, of course, be accurate but there is a danger that they are not!

Have you allowed others to define your reputation? If so, you owe it to yourself to learn and discover how you're currently perceived and, if necessary, rebrand yourself and the department you work in. Changing the perceptions of others can be a challenge but it's not impossible.

- What are you doing to reinvent yourself?
- What misconceptions do you have to address?
- What's your strategy? Do you have one?

Before you answer, here's my story and strategy.

Over ten years ago, I used to work for a global real estate services provider, within their IT headquarters. My roles as an internal marketer consisted of creating newsletters and managing notices and internal national events. Although the company had 100 offices UK wide and another 600 globally, I was cocooned within the IT department.

I needed to overcome the widely held view that we were simply the IT Crowd; basement dwellers, only there to tell people to turn their PCs off and on again!

One Christmas, we were treated to a big party, which took up most of Embankment Gardens in London. We had just organised a major DR (disaster recovery) process and were in the midst of a complete server room revamp. I was excited because as a department we had accomplished so much and I looked forward to sharing it with others.

I recall introducing myself to people who had come in

Rehab strategy in 5 easy steps

The strategy I decided upon for this particular exercise was predominately based around articulating the value and importance of the IT department, rather than reinventing myself. I knew that, once I changed the overall perception of the department, I'd have the opportunity to highlight key individuals and finally, myself.

This strategy worked over a period of two years. Most of you who work in tax don't have the luxury of time, however, and changing the status quo and how others perceive you as a tax adviser can be a long process. Today, I want to share some quick, easy and helpful shortcuts.

If you're ready to rebrand yourself, here are **five simple steps** I'd recommend to get started.

1 Understand your current brand

First, Google yourself. What did you find? Get a baseline of where you currently stand to determine the brand that you're already known for.

Next, ask trusted managers, mentors, colleagues or HR representatives to explore how you're currently perceived by others. Make a note of their feedback.

2 Form your new mission

Think about what others have said about you and, importantly, why they said it. Often the views of others are heavily influenced by a single incident or from limited interaction with your department. Start to form your own goals and objectives. Keep your messaging simple and bear in mind who you are trying to reach – your target audience.

3 Identify the new brand and how you want to be portrayed

This is all about your new brand attributes. When you understand how you're currently perceived, create a concise brand statement that describes what you want to be known for. Identify the gaps and work out a plan to bridge them. What misconceptions do you need to contradict and what hidden attributes do you need to promote and raise awareness of?

Then discuss it with your manager to make sure that your desired brand is one that will be valued by your department and company. For example, you may want to be:

- 'the go-to tax expert who can make things happen and move projects forward';
- 'the bridge between complex tax legislation and simplifying the complexities of tax for greater customer support';
- 'the team tax catalyst'; or
- 'the turnaround trouble-shooter and tax expert for struggling projects'.

Once you identify and agree your new brand, you can turn your attention to the final two steps:

4 Create your story

What's your story? Share your life journey as a student and now as a fully qualified tax adviser (and please do contact me to be featured as a CIOT CTA case study!). This acts as a compass to guide your emerging brand and with an authentic personal brand story, so that you can feel more confident to positively impact your future.

Be the director of your story.

5 Align your communications and actions with your brand

- Think about what you are going to share, when you'll share it and what channels you'll be using. Do you prefer LinkedIn to Facebook or Tik Tok to Instagram?
- Sequencing and timing are key to ensuring maximum penetration and engagement over time.
- Pay close attention to every interaction you have with others and try to stay aligned with the brand you want to be known for.
- Look out for opportunities to showcase the brand you want to build.
- Remember that when it comes to reshaping your brand, actions speak louder than words.
- Build in 'review and refresh' points into your annual plan to ensure that your brand remains representative of you and your organisation.

from other offices. However, once they realised that I worked in the IT department, the conversation was cut short. I was no longer interesting to them and they simply walked off.

At first, I thought it was me, but then I realised it was both me and my association of working within the IT department. They had obviously branded IT and those working in the department as boring, unimportant and insignificant.

This experience helped me to understand and empathise with others. They had obviously made up their own minds and changing this stereotype was going to be a challenge. I needed to overcome the widely held view that we were simply the IT Crowd: basement dwellers, only there to tell people to turn their PCs off and on again!

The only way to build credibility is to articulate your values and then put it into practice.

Walking the walk and always acting in a way that is consistent with your values is critical to establishing credibility for a desired personal brand.

KEY TAKEAWAY

It can take from as little as two to six months to completely rebrand yourself. It takes work, but the rewards are worth it!

CIOT

How should platforms and gig economy workers be taxed?

DEBATE

Innovation and action are needed to help those in the gig economy to get their tax right, concluded speakers at an online CIOT/IFS debate, held on 23 June 2021.

(left to right) Rayney, Ross, McCammond, Dodwell and Adam

CIOT President Peter Rayney chaired the debate, remarking that while the gig economy is not new; the internet has 'rocket boosted' its growth. Rayney said the gig economy is seen by many as flexible, responsive and meritocratic, but has faced criticism for appearing to exploit workers and gaining apparent unfair tax advantages over more traditional rivals.

Stuart Adam, Senior Research Economist at IFS, was the first speaker. Adam said that tax should aim to be neutral across different legal and commercial arrangements. His argument is that there is no reason any more to favour some structures over others because the difference in social security entitlements between employed and self-employed is not that great anymore, and attempts to draw lines between these two types of employment lead to distortions, unfairness and complexity.

Adam suggested aligning overall tax rates between employment income and business income. He thought this was achievable alongside reforming the tax base to minimise distortions and minimise incentives to fragment into mini-businesses. He said there are 'some relatively easy wins here'.

On making those using contractors pay an equivalent of employer NICs, Adam said the idea of 'engager NICs' is problematic in practice, such as defining what is a 'contractor' vs another supplier. It may even require households using contractors to pay it; how to allow deduction of contractors' costs is an added issue. But levying the tax on income from business is a more attractive idea and would allow contractors to charge correspondingly more, he argued.

Neil Ross, Head of Policy at techUK, made some observations about the gig economy, saying it is an evolution of an existing way of working and there is a huge variety of work within it. He added that delivery services are the biggest sector of the gig economy. Ross cited research which found that gig economy workers are generally under 30 years old, of average educational achievement, likely to have a full-time job and work once or twice a week in the gig economy.

Many people see the gig economy as a way to 'top up' earnings and others as a 'bridge' while in education, Ross added. The flexibility and freedom are attractive to people, he claimed. But he said low pay is an issue, with 25% of people in the gig economy paid less than the national minimum wage. Ross closed his speech by saying that tax is not just an issue for gig economy workers but also the platforms they use as well. He opined that the gig economy is not sufficient to explain a rise in insecure work – that comes down to government policy, he suggested.

The Tax Director of the Office of Tax Simplification (OTS), **Bill Dodwell** (a former CIOT President), explained that the UK has no statutory test of employment for tax purposes, instead relying on longstanding case law. This is something he finds unhelpful for individual taxpayers and engagers, believing that it is essential that everyone knows whether an individual is self-employed or employed. A statutory test should not simply attempt to replicate the old case law; instead, we should take the opportunity to ask afresh who should be treated as self-employed.

Dodwell was also keen that policymakers appreciate that many engagers and individuals seek flexibility in their work. And he went on to say that the gap in tax treatment between employees and the self-employed is well known, encouraging lower cost approaches in some areas. There are two possible approaches: a contractor levy payable by engagers in respect of their freelancers; or a general rise in self-employed NIC. The advantage of the contractor levy is that it would be payable by the engager, rather like employer NIC, and that it would apply in the most contentious area: freelancers. The disadvantage would be in defining exactly when it might apply and creating another boundary.

Dodwell said that we should not approach platforms differently from other intermediaries that operate in the same market. Platforms are different from each other – some take money, while others just place people; they can be a force for good. He thought it reasonable that platforms share more information on their workers with HMRC and tax authorities internationally – and they could also pass tax information to their workers to help them with their tax compliance.

The final speaker was **Meredith McCammond**, a technical officer at the CIOT's Low Incomes Tax Reform Group (LITRG). She has found that self-employed gig economy workers do not generally have much autonomy at all. She said such workers want to be tax compliant but find the tax system complicated – and are mostly unaware of their entitlements to reliefs and allowances. The lack of official government guidance on the taxation of the gig economy does not help, she added.

McCammond suggested that platforms could operate a withholding tax as a way of avoiding people in the gig economy having to rely on self assessment. She insisted that platforms can do far more to help people with their tax affairs, such as producing a 'tax checklist' for people who work for them.

To read more about the ensuing Q&A session visit bit.ly/3ef4Eal.

CIOT

CIOT: AGM Minutes

ANNUAL GENERAL MEETING

Minutes of the Annual General Meeting of members of the Chartered Institute Of Taxation held via virtual means on Tuesday 25 May 2021 at 16.45

Present: *The President Peter Rayney was in the Chair; 28 Members; the Chief Executive Helen Whiteman; Secretary Rosalind Baxter; and Chief Finance Officer Karl Cerski were in attendance.*

The President welcomed all those present to the virtual AGM of the CIOT. He explained that throughout the AGM, members could submit questions and vote on live polls using Slido, and gave the website address and event code. He also informed everyone that questions would only be considered if their name had been given and that anonymous questions would be disregarded.

The President explained that over 1,500 members had voted electronically in advance of the meeting and he reminded everyone that if they had already voted electronically, they must not vote again on Slido during the meeting.

1. Apologies
The Chief Executive reported that apologies had been received from one Member.

2. Notice convening the meeting
At the invitation of the President, it was agreed that the Notice convening the meeting be taken as read.

3. Minutes of last meeting
The President reported that the Minutes of the last Annual General Meeting were approved for signing as a correct record by the President at the meeting of the Council held on 13 October 2020.

4. Ordinary business

4.1 Annual Report and Financial Statements
The President called for any questions. No questions were raised on the Annual Report and Financial Statements.

On the proposal of Susan Ball, seconded by Tracy Easman, it was RESOLVED that the Annual Report for the year ended 31 December 2020 be received and adopted. It was reported that there were no votes on Slido but that 99% of the proxy votes were in favour.

On the proposal of Tracy Easman, seconded by Susan Ball, it was RESOLVED that the Financial Statements for the year ended 31 December 2020 be received and adopted. There were no votes on Slido. It was reported that 99% of the proxy votes were in favour.

4.2 Election of Members of Council: Members' Regulation 21
On the proposal of Daniel Lyons, seconded by Heather Brehcist, it was RESOLVED that Paul Aplin, Tracy Easman, Ian Hayes, Moira Kelly and Jennie Rimmer, having retired under Members' Regulation 21 and offered themselves for re-election, be and were thereby re-elected members of the Council. There were no votes on Slido. It was reported that 98% of the proxy votes were in favour.

4.3 Election of Members of Council: Members' Regulation 20
On the proposal of John Cullinane, seconded by Daniel Lyons, it was RESOLVED that Joanna Bello, Sarah Hewson, Mobeen Ismail, Ashley Makoni and Chris Shrubsole, having been co-opted and having retired under Members' Regulation 20 and offered themselves for re-election, be and were thereby re-elected members of the Council. There were no votes on Slido. It was reported that over 98% of the proxy votes were in favour.

4.4 Appointment of auditor
On the proposal of Heather Brehcist, seconded by Susan Ball, it was RESOLVED that Buzzacott LLP be and were thereby re-appointed auditor to the Institute to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting. There were no votes on Slido and it was reported that over 98% of the proxy votes were in favour.

The President thanked the auditors and explained that this concluded the AGM formalities. He thanked Members for making the time to attend and hoped that they would stay on to listen to his address which had been pre-recorded.

At this point, it became apparent that some members had in fact voted by Slido but these figures had not appeared until after the agenda items so had not been reported. Immediately following the President's speech, Peter Rayney explained to the Members viewing the AGM that the Slido votes had now become visible and asked the Chief Executive to report these. Helen Whiteman apologised for this technical hitch and reported that votes on Slido were as follows for each Resolution:

The Annual Report: 8 votes for, none against and no abstentions
The Financial Statements: 6 votes for, none against and no abstentions
Election of Members of Council – Members' Regulation 21: 7 votes for, none against and no abstentions
Election of Members of Council – Members' Regulation 20: 6 votes for, none against and no abstentions
Appointment of Auditor: 6 votes for, none against and no abstentions

President's address: The text of the address was included in the July edition of *Tax Adviser.*

President, 20 July 2021

Disciplinary reports

Findings and orders of the Disciplinary Tribunal

TAXATION DISCIPLINARY BOARD

Mr Kevin James

NOTIFICATION

At a meeting on 22 June 2021, the Interim Orders Panel of the Taxation Disciplinary Board considered a complaint raised against Mr Kevin James of St Austell, a member of The Association of Taxation Technicians.

The complaint was that on or about 26 May 2020 the Association of Accounting Technicians (AAT) made a finding against Mr James to the effect that he had breached the AAT's Code of Ethics, and made an order expelling him from the AAT for a period of three years.

The Panel ordered that Mr James be suspended from membership of the ATT until such time as the Disciplinary Tribunal has considered the complaint that has been made against him. He was ordered to pay the TDB's costs.

ATT

Richard Todd: Incoming speech

SPEECH

To say that I am overwhelmed to hold the office of President of the Association of Taxation Technicians, that is *your* President of *your* Association, is an understatement. Now I do not like using clichés, but when I realised that I could become President of ATT, I very quickly realised the enormity and importance of that role. Who even knew that two people with a connection to the island of Ireland would hold a Presidential office at the same time?

This is an especially significant year for me. I became a Fellow of the Association ten years ago yesterday and, later this year in December, I will have been a Member for 25 years.

I thank Jeremy Coker, our newest 'Immediate Past President', for his support over the past number of years. Not just at Branch Network Meetings, Steering Group Meetings and Council Meetings, but also on a personal level. Jeremy, please do not go changing your telephone number.

Privately, I am grateful that he agreed to remain as President for an extra year to guide the Association through the perils brought about by Covid-19. I also gained an extra year to prepare myself.

Jeremy became our President on 4 July 2019, which now seems an awfully long time ago. At that time, he noted the significance of the date – the signing of the US Declaration of Independence in 1776. Four days later, the Declaration was read out to a public gathering for the first time.

ATT is a registered charity, and the first of its charitable objects is:

> *'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 and public finance.'*

I must confess – I didn't know that off by heart.

When I think of education in the US, I think of the ABCs; but when I think about ATT, I think ACE. A top-notch organisation. Let's consider these letters in turn.

A is for the Association

The Association is managed by the Trustees, who are unpaid Members of Council. And Council is supported by the Members in the various Steering Groups. Collectively, we strive to ensure that Members of ATT are in the best position possible to provide correct and well-informed UK tax compliance services to the public.

There is no avoiding it – last year's pandemic affected ATT and the Members of ATT. I am extremely grateful to all our volunteers and staff at ATT for adapting quickly to the changing environment and continuing to support the Association.

Our Branch network moved all their events online, and we had a record number of people attending the various seminars and conferences. This shows just how adaptable people have been, and how changes can benefit attendance at these events. No more driving miles on a cold winter's night – you can now catch up on the latest tax developments from the comfort of your own home.

All our Steering group and Council meetings were also moved online. Not only does this help reduce our carbon footprint, but it also ensures that the Association can continue to function with the help of all our volunteers. At our Strategy Day this September, we will be considering whether we continue with the events online or go back to face to face meetings.

But ATT is not just for us – it is for you, the Members and Students. So do please let us know if we are doing something right, or if you believe there is a better way of doing something. That feedback ensures the continued success of your Association.

In March this year, the government had their first 'Tax Day'. The government made several announcements in connection with tax policies and consultations, and two of those announcements caught my eye. The first was entitled 'The tax administration framework: supporting a 21st century tax system', and the second was 'Raising standards in the tax advice market'. I will consider the first of those now.

ATT is the leading body for those providing UK tax compliance services and therefore I believe we have a vested interest in shaping the future of UK tax compliance through our response.

This was a wide-ranging consultation, covering all legislation relating to the collection and payment of direct and indirect taxes. The idea of looking at the full lifecycle for a taxpayer, from initial registration through compliance, payment, review and enquiry, with safeguards across *all* taxes *all* at once is some ask, and in truth this consultation has probably bitten off more than even the most enthusiastic tax adviser could take on in one go.

It is, though, the start of an important conversation around the future of the operation of the tax system as HMRC seeks to move more tax compliance into a digital space. It is likely that several more-focused consultations will flow out of this one, and the ATT will continue to engage throughout that process.

Richard Todd

At next year's Annual General Meeting, I want to be able to report that the ATT has risen to the challenge and continues to be a professional body of recognition.

C is for Compliance

ATT is the leading body for those providing UK tax compliance services. Here, however, I mean compliance with our Regulations to remain as Members of the Association.

It is a requirement of Membership that we all undertake sufficient, and relevant, continuing professional development (CPD) and pay our annual subscription on time. Additionally, some of us need professional indemnity insurance (PII) and to be supervised by ATT for anti-money laundering purposes.

I mentioned earlier that the second consultation that caught my eye on Tax Day was 'Raising standards in the tax advice market'. ATT responded to this consultation last month. Unlike the March 2020 call for evidence on raising standards, which was expansive in its ambit, the March 2021 consultation focuses on a single issue: should all providers of tax advice be required to have PII? And then there is a further supplementary question: what is 'tax advice'?

I have already mentioned that PII is compulsory for ATT members in practice. That has been the case for many years. We definitely see PII as a 'good thing'. It would therefore have been very strange not to have responded to the consultation with a resounding 'Yes'.

It is, however, important to recognise the limitations of introducing mandatory PII for all providers of tax advice. PII should ensure that any substantiated claim made by a client against their adviser should be met. But real consumer protection requires so much more than just PII. It depends on rigorous professional standards and easy access to redress through complaint and disciplinary processes. Just like we have here in ATT.

So, while our response to the main question is a resounding 'Yes', we have emphasised that, whilst mandatory PII is a *necessary element* in raising standards (and trust) in the tax advice market, it is definitely not sufficient in isolation. We continue to believe that membership of a professional body, such as ATT, should be mandatory for all providers of tax advice. Now, if I had another half an hour or so, I would be happy to explore the definition of 'tax advice' but as I do not, I recommend that you have a look at ATT's response on that point.

E is for Education

The first charitable object of ATT is to advance public education in, and promote the study of, the administration and practice of taxation. ATT achieves this through its rigorous examination programme twice a year, in May and November.

We all remember how unsettling it was to attend an examination centre, usually someplace that we may never have been to before, and in the company of quite a few strangers. Admittedly, those strangers were all there sharing a common goal – achieving a pass (or better) in their exams.

How times have changed.

Even before March last year, ATT Council were considering the possibility of moving some tax exams online within the next three or four years.

At very short notice, we switched last March's Role Simulation Exercise for the Level 4 Apprenticeship from an exam hall to remote sitting, but the lockdown meant the May 20 sittings for our main papers had to be cancelled.

However, following a mammoth effort from the Education Team, we were able to trial the introduction of online exams for the first time for Paper 4: Corporate Taxation in June/July last year. And having gauged how that sitting went, some changes were made before the November 20 and more recently May 21 sittings took place entirely online.

What this clearly demonstrates is the willingness of the Association to accept challenges to modernise the delivery of our exams. Hopefully, there are fewer challenges in future.

It is at this point that I wish each of you good health and prosperity for the future. And, of course, should you ever find yourself in my company, please do come over and talk with me.

And I will leave you now with one thought. May you live as long as you want, and never want as long as you live.

Thank you.

CIOT & ATT

Tax… Simple?

TAX SIMPLIFICATION

We celebrate tax simplification in an interview with Bill Dodwell.

On 12 July, we held National Simplicity Day. Considering that the UK has one of the most complex tax systems in the world, this year we celebrated how the work of the Office of Tax Simplification is making a difference.

Our past CIOT President Bill Dodwell shares a deeper insight into the inner workings of his work. Jo Herman, marketing manager of CIOT, finds out more.

What is the Office of Tax Simplification?

The OTS is the independent adviser to government on tax simplification. Technically, it is an independent office of the Treasury. It has a staff of up to ten full-time equivalents and an independent Board.

When and why was it set up?

The OTS was set up in 2010, following a Conservative manifesto commitment, based on a report chaired by former chancellor Lord Geoffrey Howe. Initially, it was set up informally, with John Whiting as Tax Director and former minister Michael Jack as chair. In 2016, it was given statutory authority in Finance Act 2016.

What is the connection between OTS and CIOT?

Strictly none, of course – and it is just coincidence that the first and third tax directors are past presidents and the second a former council member! The OTS regularly consults with the CIOT, LITRG and the ATT – as well as a wide range of other stakeholders – and we are grateful for their expert advice.

What is your role at the OTS?

I started as a team member in July 2018, after I retired as head of tax policy at Deloitte. A couple of months later, the tax director resigned. I applied for the Tax Director role and started in that role in January 2019.

Can you give examples of OTS's work which you felt was particularly successful and made a difference?

I think that the work of the OTS is considered in a wide range of potential reforms put forward by the government and HMRC. Our recommendations are quoted in many areas – for example, in the Tax Admin Framework consultations. Our recent capital gains tax reports were referenced extensively in the media and brought a debate about the role of the tax into public view. All our administrative recommendations for inheritance tax have been accepted with major changes starting from 2022.

How influential is the OTS?

That's probably one for others to judge. We're an adviser, not an implementer and part of our success comes from encouraging government and HMRC to make improvements to our tax system.

What three things would you like to leave within the minds of your readers today?

Your contributions are vital to the work of the OTS. We depend on evidence of problems and suggestions to drive recommendations. Please also consider supporting our recommendations through the CIOT and ATT or other bodies – as that will help make the case for change. Finally, please let us have your ideas of areas of complexity where an OTS review could help!

If you spot an area that you think could be simple, or an area of complexity that you'd like the OTS to look at, please email OTS@ots.gov.uk.

ATT

ATT Fellows

FELLOWS

Council was delighted to admit the following ATT Fellows at its July 2021 meeting. Please connect with our new LinkedIn ATT Fellows Group. We will be posting regular updates here and directing you to items we feel may be of interest to you as an ATT Fellow. A 'Feature a Fellow' item will appear in *Tax Adviser* during 2021. Please contact us at page@att.org.uk if you are interested in featuring in this. If you have ten years' continuous ATT membership, you can apply to become a Fellow. For more information please visit: www.att.org.uk/members/apply-become-att-fellow

Zaheer Abbas, Woking
Kenneth Adamson, Galashiels
Simon Archer-Perkins, Pok Fulam, Hong Kong
Paul Attridge, Hertford
William Bailey, Pershore
Emma Bandeen, Bo'ness
Luke Barletta, Thirsk
Rhoanne Bebb, Bootle
Jonathan Berger, London
Hiral Bhatt, Bromley
Samantha Bilcliff, Exeter
Vijay Bohorun, Port Louis, Mauritius
Lara Bowyer, Belfast
Paul Breen, Glasgow
Michael Britton, Bristol
Supriya Broadbent, Wimbledon
Larissa Brown, Maidstone
Christopher Brydone, Sheffield
James Cameron, London
Katherine Cavanagh-Jackson, Ripon
Adela Cebotari, South Ockendon
Roy Chandler, West Byfleet
Graham Charlton, London
Rob Chedzoy, Taunton
Sukhraj Cheema, Derby
Nicola Clough, Chorley
Robert Cockayne, Oldham
John Collins, West Kilbride
Judith Connon, Larn
Joanne Cooper, Altrincham
Nikita Cooper, Rochester
Patrick Crookes, Wilmslow
Julie Cunningham, Ardrossan
Gunhild Dam, Oldham
Carla Daniels, Norwich
Helen Davies, Basingstoke
John Day, Royston
Katie De Niese, Las Vegas
Lisa Deering, Stourport-On-Severn
Suzan Demirates, Horsham
Tracy Diomedes, Barnet
Natalie Doncaster, Huntingdon
Joanne Ellen, Maidstone
Craig Elliot, Glasgow
Lorraine Evans, Letchworth
Karen Everett, Bury St. Edmunds
Jan Fachot, Cambridge
John Fairchild, Edinburgh
Juliet Field, Salisbury
Timothy Fraser, Carlingford, Australia
Jacqueline Fraser, Inverness
Paul Frost, Colchester
Jason Fussell, Bristol
Paul Gayton, Nottingham
Paislei Godley, Coventry
Dawn Green, Shrewsbury
Dominic Greene, Kingston Upon Thames
Charlene Griggs, Leighton Buzzard
Neal Groves, Bishops Stortford
Craig Hanlon, Sandbach
Sophie Harding, Camberley
Jennifer Harmer, Brighton
Lorraine Harnby, Consett
Felicity Harris, Tavistock
David Harris, Tavistock
Jennifer Harvey, Wolverhampton
Suzannah Hawkey, Cambridge
Gary Hicks, Huntingdon
Stephen Holland, Nantwich
Angela Humphrey, Winchester
Kerry Hyslop, Whitehaven
Robert Jackson, Cheltenham
Heidi James, Daventry
Rajesh Jiwani, Harrow
Martin Johnson, Bognor Regis
Lisa Johnson, Wigston
Howard Jones, Newport
Elaine Josh, Manchester
Nishopan Karunanithy, London
Nigel Kemp, Burnham-On-Sea
Christopher Keyworth, Royston
Ammad Khan, High Wycombe
Bashir Kidiwala, Blackburn
Bashir Kidiwala, Blackburn
Gnanapragasam Kumar, London
Bharat Ladd, Derby
Neetu Ladher, Chandler's Ford
Elizabeth Leach, Chipstead
May Lee, Chigwell
Michelle Lewis, Bristol
Sarah Lindsay, Canterbury
Gareth Lishman, St Albans
David Livitt, Summit, New Jersey
Adam Longmore, Wolverhampton
Sacha Luce, Guernsey
Tung Luu, London
Steven MacGregor, Wick
Khalid Majid, London
Richard Major, Wetherby
Diane Martin, Selkirk
Ciaran McIntyre, London
Andrew McKenna, Wigan
Euan McLeod, Cupar
Graeme Miller, Edinburgh
Katie Morris, Swindon
Karen Mulcahy, Oxford
Joanne Mullins, Jersey
Steven Mulrooney, Nunthorpe
Jason Munro, Billericay
Graham Murray, London
Laura Needham, Harpenden
Steven Newman, Sutton
Anna Newton, Peterborough
Louise Nightingale, Woodbridge
Patricia Nown, Leicester
Serina Obodoefuna, Birmingham
Victoria Palmer, Southampton
Nicholas Parkinson, Bewdley
Stephen Parnham, Cheltenham
Rosalind Peplow, Berkhamsted
Craig Pirie, Towcester
Hazel Pratt, Luncarty
Darren Purcell, Cambridge
Mohsin Rafiq, Glasgow
Sunitha Ranjit, Reading
Andrew Roberts, Stevenage
Mark Roe, Nottingham
Karl Rosedale, Chester
David Ross, Aviemore
Sarah Scala, Knutsford
Andrew Scott, Ipswich
Anup Sharma, Harrow
Daniel Shaw, Nottingham
Iqbal Shehzad, Ilford
Ayesha Sheikh, Croydon
Andrew Shepherd, Leigh
Alison Short, York
Harsharan Singh, Slough
Rosemary Smith, Barlaston
Geoffrey Smith, Dunmow
Andrew Snowdon, London
Aman Sood, London
Adam Spriggs, Newport
Christopher Springett, Bexley
Lorna Straker, Kidlington
Louise Strutt, Pathhead
Graeme Surtees, Hartlepool
Alan Tam, Sevenoaks
Jodie Tarbin, Sudbury
Matthew Thames, Reading
Jennifer Thompson, Nottingham
Mark Tombs, Norwich
Craig Tyrrell, Cambridge
Huw Vaughan, Witney
Anupama Venkataram, Stanmore
Emma Walsh, London
Kathryn Walshaw, Kettering
Paul Webb, Surbiton
Laura Webster, Salisbury
Darrell Weightman, Leicester
Andrew Wilkinson, Norwich
David Williams, Worcester
Xiaojie Wiseman, Leominster
Simon Wood, London
Sandra Wrankmore, Southampton
Joanna Wright, Bexleyheath

ATT

ATT Spring Conferences

CONFERENCES

For the second year running, the ATT annual conference was held online with a mix of live and recorded material. We held three live-streamed events in June, with regular presenter Michael Steed supported by the ATT technical team.

Our new format proved popular last year, and this year we were able to increase the amount of live content to give attendees more opportunities to interact with the presenters. We were also delighted to welcome a guest speaker, Sofia Thomas of Thomas Consulting, to add to our recorded content.

Each day's live event was split into two 90 minute sessions held over a morning, with Michael and the ATT technical team covering Budget 2021 and the various Covid-19 schemes and grants in session one; and OMB-specific planning, as well as VAT and Brexit issues, in the second.

Over 240 members joined us over the three events, submitting questions through the Slido app and, as we can see from the viewing times provided by our streaming provider, staying engaged and focused throughout the sessions.

In addition to the live sessions, a further four hours of pre-recorded material was available online for delegates to access at their convenience. The sessions covered:

Tax issues on separation and divorce: This was presented by guest speaker Sofia Thomas (a member of ATT's Technical Steering Group), who has quite literally written a book on the topic.

MTD – where are we now?: This comprised an update on MTD across VAT, income tax and corporation tax and more detail on digital links.

Employment taxes round up: This covered off payroll and other employment tax updates including company cars and homeworking expenses.

Capital taxes issues: This covered current issues with the UK Property Reporting service, practical uses of trusts, and the changes to the Trust Register as a result of 5MLD.

Consumer protection for taxpayers: This session considered the contribution made to consumer protection by HMRC's Charter, HMRC's follow-up work to the powers and safeguards review, HMRC's newly created Professional Standards Committee, HMRC's focus on high-volume agents, measures to tackle avoidance schemes, and the possible introduction of mandatory PII cover for all providers of tax advice.

Professional standards for members: The professional standards team highlighted the latest changes and practical issues that members need to be aware of.

It is highly likely that we will be keeping the Spring Conference season online again in 2022, with a similar mix of live and recorded material. Although we appreciate that many people enjoy the face to face experience, the flexibility of the online format does make the conferences much more accessible for those who have not previously been able to attend due to travel or work/family constraints.

Once again, we were supported behind the scenes by our Member Services and Events teams, without whom none of this would be possible.

WCOTA

Continuing under Covid-19

EVENTS

Caroline Turnbull Hall, Chair of the Social Committee of the Worshipful Company of Tax Advisers, reports on recent events and charity funding.

For a Livery company that has charity and fellowship as two of its basic aims, the Covid-19 lockdown presented two particular problems. Firstly, how would we get members together for social events? And, more importantly, how would we continue to raise much needed funds for our charities?

Like everyone else over the past months, the Company turned to Zoom, not only for Court and Committee meetings, but also for social events. Whilst that all important face to face contact has been missing, we have quickly adapted to virtual events, which have proved to be very popular.

Not only are they relatively simple to organise, but they are more inclusive as members are able to join from wherever they are based in the country, and there are no concerns about getting late trains home. They are also important to maintain contact between members, and as a basis for our charitable fundraising, which is especially important in this, the Company's 25th anniversary year.

The Social Committee, together with the History of Tax group, has organised a virtual event at least every month, and sometimes two events a month. In some respects, these have attempted to replicate the actual events that the Company would hold at certain times of the year, whereas others have perhaps been rather different.

Guided walks of London are a regular feature of the usual social calendar, and we have managed to keep these in the diary, albeit from the comfort of our homes. Recent months have seen us tour Livery Halls, as well as parts of the City associated with 'Sick London'. We have enjoyed tutored tastings of smoked salmon, wine and chocolate; heard about farming and a year as ICAEW President; and have been amazed by a virtual magic show.

The main omissions from the social calendar have been the two banquets: the Budget Banquet which is held in early March; and the Installation Banquet close to 21 September (the Feast of St Matthew, patron saint of tax collectors). However, we managed to hold a virtual Budget Banquet, where we tasted a range of wines, accompanied by cheese, pate and saucisson sec.

History of Tax talks continue to be very popular, perhaps more so when the audience size is not constrained by the size of the room at the CIOT. In fact, online talks are getting audiences which are much larger than the audiences for an in person event. Recent talks have covered PG Wodehouse and his tax affairs, tax in the landscape, and the Women's Tax Resistance League.

These events are intended to educate and entertain our members, as well as providing some element of fellowship. However, underlying each event is the need to continue to raise money to support the Company's charitable aims.

At the start of the pandemic, and in recognition of the Company's 25th anniversary, a substantial donation was made to St John's Ambulance in the City of London to provide essential life saving equipment. Over the last year we have continued our fundraising, and have taken advantage of the much lower costs associated with virtual events to offer some free of charge, but requesting a donation to the Company's two charities in lieu. As a result, and thanks to the generosity of members we have raised £18,371 for our two charities.

As Covid-19 restrictions lift and life gradually returns to a new form of normality, the Company is looking to hold in person events again, and has a 25th anniversary celebration in the diary for 6 August. However, the popularity and inclusivity of online events means that these will almost certainly continue for the foreseeable future, giving members the option of a range of events wherever they live.

Georgiana Head Recruitment

MEET YOUR ADVISERS

GEORGIANA HEAD

Director

Tel: 0113 426 6672
Mob: 07957 842 402

georgiana@ghrtax.com

ALISON TAIT

Director

Tel: 0113 426 6671
Mob: 07971627 304

alison@ghrtax.com

Trust Supervisor or Manager
Isle of Man – £40,000 to £55,000 + bens

Great role for someone looking for something a little different. Our client is based on the Isle of Man, and they seek a trust supervisor or manager to join their team. In this role, you will advise UK and overseas trusts on tax issues. You will prepare and review tax returns for trusts and individuals and will assist more senior staff with advisory reports. Lovely location to live and work, perfect for someone who loves sports and the outdoors. The firm will sponsor your employment visa, and there is help with relocation available. They will even provide study support for STEP. **Call Georgiana Ref: 3136**

Corporate Tax Manager or Associate Director
Manchester or Liverpool – £excellent

Our client is one of the fastest growing and most dynamic tax practices in the North. They are looking for Managers and Associate Directors to support them in their ambitious growth plans which include creating 15 new Director vacancies over the next 3 years. The role will involve managing a portfolio of clients and leading advisory engagements, working directly to partners. Our client is a progressive organisation which prides itself on being a supportive and collaborative working environment. They will accommodate all forms of flexible working. **Call Georgiana Ref: 4000**

In-House Indirect Tax Manager
Hull – £excellent + benefits

Reporting to the Group Head of Tax and Treasury, this role would suit someone looking for a new challenge with an international remit. Responsibilities will include overseeing global indirect tax compliance, responding to operational tax queries, evaluating the transition to MTD, reviewing and testing the group's VAT control environment, providing tax support for M&A related activities and project work as required. A flexible working pattern (including part homeworking) and part time applicants will be considered. **Call Alison Ref: 3105**

Mixed Tax Manager
London – West End – £excellent

This dynamic boutique firm is looking for an experienced tax professional with knowledge in personal, business and corporate tax to deliver tax compliance and advisory services covering a range of subjects including residence and domicile issues, corporate restructuring, HMRC clearance, EIS/SEIS, EMI and employee share schemes, IHT etc. You will also manage a junior and the billing process on your portfolio. Flexible working arrangements including working a mix of home and office can be considered. **Call Alison Ref: 3076**

In-house Corporate Tax Mgr or Accountant
Leeds – £excellent

Financial Services business in Leeds seeks a qualified corporate tax professional to join their in-house team which is based in the centre of Leeds. You do not need previous FS industry experience, just sound UK corporate tax knowledge. A strong background in corporate tax (including compliance) is required. This is a friendly team and a classic in-house role with scope to get some VAT experience and deal with tax reporting. Ideally, you will be CTA or ACA qualified (would consider ATT or ACCA). **Call Georgiana Ref: 4002**

VAT Senior Manager
Leeds – £excellent + benefits

This large independent firm is looking for a VAT specialist to lead their indirect taxes offering. Working alongside the Business Tax Advisory team and partner group, you will lead a number of advisory projects. You must have detailed technical knowledge of a number of key areas including dealing with HMRC disputes. The client base is predominantly owner managed businesses, particularly in property and construction, digital and technology and manufacturing. A fantastic opportunity to join a successful team that comes with progression to partnership. **Call Alison Ref: 3135**

www.georgianaheadrecruitment.com