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Excellence in Taxation

September 2021

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TAXAdviser

Is it better to demolish or renovate?

Sam Dewes considers the tax complexities of demolishing a property in order to rebuild, page 11


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Welcomes

Technical

From the Technical team

Briefings

From 30 Monck Street

Education

Features

President's page

president@ciot.org.uk
Peter Rayney

Heart and soul

I hope you are all enjoying the summer and have managed to enjoy some form of relaxation. Let's hope there is more good weather to come in September. With the easing of the Covid restrictions, there are signs that our daily life is slowly returning to some degree of normality. For me, experiencing the highly charged atmosphere of a live West Ham United match is something that I have been longing for! Nevertheless, it is clear that the angst of Covid will be with us for many months yet. We must therefore still take care and remain collectively responsible for everyone's wellbeing.

Branch events

September marks the return of our branch events, with an almost 'back to school' frenzy. As I have said before, I am particularly proud of the way that the CIOT and the branch network have responded to the challenges created by the pandemic.

Since the start of the March 2020 lockdown, we have broadcast 158 webinar events and have registered over 39,600 attendees – well over half the capacity of the London Stadium! We've been proud to have delivered a diverse range of online content, often chaired by your local branches. It's been great to hear local and regional voices, and the content from Scotland and the new Global CTA events has been very well received. Our new speaker programme is thriving as we seek to support and present you with a diversity of relevant knowledge and experience. And we have received great feedback on these events, which is testament to the high levels of your engagement with our CPD programme.

A number of you have asked about the proposed timing of our return to face to face branch meetings. This has been a difficult question as it requires weighing up many factors against the continuing uncertainty posed by Covid. It is also important that branches can plan future events with some confidence. With this in mind, we have decided that our branch events will continue totally in an online format for the remainder of 2021. We hope to be able to return to face to face events in 2022.

Branch programmes for 2022: have your say

As the branch committees begin to plan their regional programmes for 2022, they would really appreciate hearing from you. In particular, we would be very interested to hear from members who can't wait to return to face to face events and equally those who are happy to continue participating online! Please have your say to help branches shape their future activities by taking part in our short online survey at www.tax.org.uk/branchsurveys and www.att.org.uk/branchsurveys.

Our webinar syllabus is entirely curated by members and students. Therefore, if there is a particular subject that you wish to see covered, please let our new online branch working group and your local branch committee know through this survey.

The new 'Firm Passport'

I am also excited to let you know about our new 'Firm Passport' pilot scheme. This will give the partners and employees of your firm access to online and face to face CPD at special rates. If your firm is interested in buying a passport, please email branches@tax.org.uk.

Special thanks

Our fantastic branch events do not just happen without the dedication and hard work from a number of people. I want to give special thanks to our Head of Member Services Emma Barklamb, the Branch Network Manager Andrea Gale, Kate Epps and Hannah Gardner. They have given tremendous support and encouragement to our branch volunteers in moving their planned programmes online seamlessly.

The success of our online webinars has led to the creation of a newly formed online branch. The online branch working group, chaired by Dan Ellerton of East Midlands Branch, will take forward our online offering for the remainder of 2021 and beyond. I would also like to recognise the supportive guidance of the Branch Co-Chairs Jo Routier and Zoe Roberts. Finally, special appreciation goes to our Branch Chairs and their committees who have been incredibly encouraging and understanding of our approach, as well as adaptable to change whilst balancing their professional and other personal commitments.

Heart and soul

I'm extremely proud of our wide Branch Network and its vibrant community of members, students and volunteers. Our branch network really does form the heart and soul of our great Institute. Personally, I cannot wait for face to face events to return to meet all my friends and colleagues in our wonderful tax family. Till then, keep safe…

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

"As the branch committees begin to plan their regional programmes for 2022, they would really appreciate hearing from you.

ATT welcome

page@att.org.uk
David Bradshaw

Treasury matters

I hope it is not an abuse of my powers as Deputy President to use this page to sing the praises of the work that is done by the Financial Steering Group (FSG) of the ATT, even though I am chair of that group and hold the position as National Treasurer.

In 2016, the then ATT treasurer wandered up to me at an event in London and gently enquired: 'You're a chartered accountant too, aren't you?' Very shortly after that, I found myself chairing the Financial Steering Group and presiding over unprecedented times. Fortunately, a new finance team headed by Karl Cerski, our Chief Finance Officer, took over the reins just in time to deal with a pandemic – and they have risen to the challenge.

The story of the pandemic is to keep flexible. After all, who could predict the outcomes? Karl Cerski and his team responded to each change in direction of the pandemic with a reforecast. In response to the first lockdown, the executive team, together with the Council's support, cancelled all face to face meetings, events and 'physical' examination sittings for the remainder of 2020 and this situation continues into 2021.

While income streams are affected, they are mitigated by many cost savings. In 2020, total expenditure was reduced by £528,000 (16.5%) compared to 2019. Given the turbulence around income, the finance team continues the reforecasting exercises that were carried out during 2020 into 2021. This is keeping them busy and providing some remarkable numbers as expenses continue to be cut. The Association has posted a surplus in 2020 and is predicted to do so again in 2021. That is testimony to the hard work of the officers of the Association. We must now consider what we have learned in the process and how we need to adapt in the future.

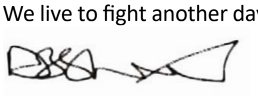
If you forgive a hint of alliteration, this paring of expenses comes paired obviously with paring of activity. While this has seen the Association through this troubled period, we recognise that we will need to start increasing our activity with stakeholders and therefore increasing our expenditure again. However, a number of developments which have become the norm over the last 18 months of the pandemic are positive and I suggest here to stay:

- **Online meetings**: Who knew we were going to enter the world of Star Trek? No one has been 'beamed up' yet as far as I am aware. The saving of travelling time and expense alone is immense but surely something is lost in the ether – you're on mute! A mixture, I am sure, of both 'live' and virtual meetings will return.
- **Online examinations**: A major leap from the slightly Victorian setting of long lines of desks in often draughty halls. Happy days ahead. This was always the aim of the Association, but the Education Team is rising to the challenge of developing a way to ensure this can continue without compromising the integrity of the examination system.
- **Education provided via webinar**: This has been spectacularly successful. Engagement and participation of a much wider audience could not be closer to delivering one of the main charitable objectives of the Association – the provision of education to the public. Long may this continue, but not at the expense of eventual face to face contact with fellow professionals. I am looking forward to returning to St James' Park Conference Centre to share a glass of wine with my North East England Branch colleagues. The football offering at the same venue from Newcastle United is slightly more stressful.

The ongoing effect of the pandemic on our membership numbers remains uncertain, but the long-term nature of membership provides some reassurance. The ATT has substantial reserves, standing at £2,725,000 as at 31 December 2020. The reserves have been built up over many years by our predecessors to provide financial stability for the Association to continue its charitable purposes in just such circumstances as this pandemic, and the financial assets held by ATT can be readily converted into cash.

The Association's Council meet in September to devote a day to discussions of strategy for the next two years to discuss all that we have learned in the last 18 months and to consider fully the 'new normal'. The budget process for 2022 will follow the same timetable as in previous years. The provisional budget will be presented to the September FSG meeting and then to the September Council meeting for approval but this time only in provisional form because experience over the last 18 months has shown that flexibility is the key, and it won't be finalised.

This is my last year as Treasurer and I am confident to hand the keys to the safe over to my successor with our finances in good shape whatever the world has to throw at us. So, thank you to all our members for sticking with us. We live to fight another day.



David Bradshaw
ATT Deputy President
page@att.org.uk

"A number of developments which have become the norm over the last 18 months of the pandemic are positive and I suggest here to stay.

It's time to complete your 2020 Annual Return. Don't get caught out. Stay compliant.

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
- professional indemnity insurance.

Please check that you have completed yours by logging on to the Members Portal (https://pilot-portal.tax.org.uk) then going to Secure area/Members Area/Compliance/Annual Return where you will be able to complete any outstanding form.

*Excludes those who are fully retired and students.

STEP BY STEP GUIDE TO COMPLETING YOUR 2020 ANNUAL RETURN

1. Login

On the ATT website click login located in the top right.
On the CIOT home page please refer to the advert on the right hand side.

2. Portal

To access your account on the portal please use your:

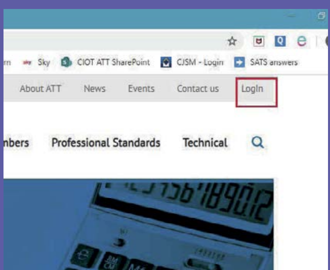
- **member number**
- **email address**

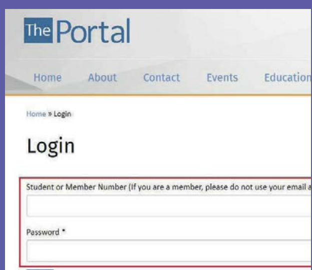
3. Account

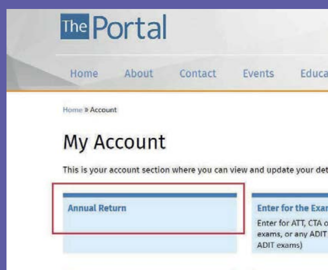
Select Annual Return option

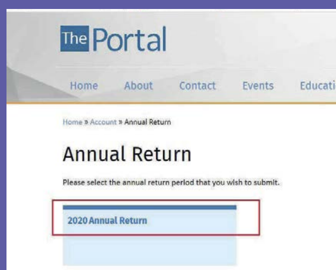
4. Period

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).

A new philosophy of tax

Bill Dodwell considers how better use of third party data could benefit individuals, their agents and HMRC, transforming the UK tax system

On 2 July, the Office of Tax Simplification published its report on 'Making better use of third party data: a vision for the future' (see bit.ly/3D2uCJ5).

What's the report about? The intention behind it is to transform the individual tax system into one that uses 21st century technology. Put simply, the idea is that taxpayers would benefit if, instead of having to report some types of income and expense to HMRC, the relevant bank, pension company, investment manager or even charity could instead report the item(s). HMRC would then include the reported figures in the taxpayers' online accounts with HMRC and, after checking, would use the information for tax codes and pre-population of self assessment tax returns. Tax agents would have access to the same information so they could use it to help prepare tax returns for their clients.

This report follows on from the October 2019 'Tax reporting and payment arrangements review' (see bit.ly/2W68sEP), which looked at issues relating to self-employment income and rental income, where a third party or intermediary was involved.

Scope for change

The philosophy underlying both these reports is that we need to make better use of today's digital capabilities in our approach to tax reporting. The UK approach since 1944 has been that for the majority of taxpayers, a system of reporting and tax deductions would satisfy their tax obligations and ensure that they paid the right amount of tax. The PAYE system achieves a great deal for this majority, aided by the tax code which, when it operates perfectly, tailors tax deductions to the individual.

HMRC does receive some information on interest income and pension contributions currently, which is used where possible to help set tax codes. The problem, though, is that the information is received several months after the tax year and in a significant number of cases cannot be allocated to taxpayers.

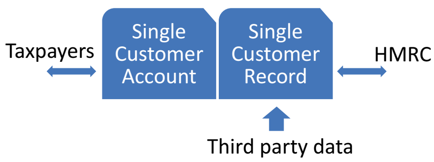
Today, there is the scope to ask financial institutions (and potentially some other third parties) to take on additional or better reporting of customer data to HMRC. The report discusses how banks and other financial institutions could report data to HMRC, which would then be visible to taxpayers in their forthcoming Single Customer Account. Taxpayers could check the data which would then be used in their tax codes and self-assessment tax returns – and ultimately for pre-population.

One of the most important discoveries in working on the report was that the majority of taxpayers, their agents and the financial institutions potentially involved gave a broad welcome to providing tax data to HMRC in this way. Naturally, taxpayers and providers both had a range of issues which would need to be dealt with should the government decide to take this work forward.

What is the Single Customer Account?

The Single Customer Account, available to view by taxpayers, will replace the current online Personal Tax Account and Business Tax Account, which have limited functionality. The new Single Customer Account will build on the current online accounts and add those digital services that are currently accessed separately through gov.uk, with the ambition to add further functionality.

The taxpayer-facing Single Customer Account will receive its data from HMRC's new Single Customer Record, which will sit behind the Single Customer Account to bring together the data held by HMRC on a taxpayer across the different taxes and data sources associated with a particular taxpayer. Third party data reported to HMRC would therefore be matched to a taxpayer's Single Customer Record, and then be visible to the taxpayer through their Single Customer Account.



HMRC plans to give tax agents a view of the Single Customer Account data, probably through using third-party software with a link into HMRC's systems.

The Single Customer Account could – with suitable investment – become the hub for all interaction between the individual taxpayer and HMRC. The OTS's Claims and Elections report in October 2020 (see bit.ly/3mhselw) highlighted that there are a wide range of claims and elections that could sit within an online account, potentially removing the need to submit a full tax return.

For many taxpayers, in time the Single Customer Account could remove the need to submit a self assessment tax return by allowing them to report income, claim expenses and check and verify information received by HMRC from financial institutions.

What data does HMRC currently receive?

HMRC receives some third-party data which is currently not always made directly available to taxpayers. It will be important to include this data in the Single Customer Account, as well as supplementing it with additional data. This includes:

- construction industry scheme data, which is likely to be available for taxpayers under HMRC's plans for Making Tax Digital for Income Tax;
- state pension data, which is available for some taxpayers, but not for all; and
- pension contribution data.

It will also include various employment information that is provided to HMRC by employers, who provide a copy to their employees, including:

- details of tax paid when an individual stops working for their employer (P45);
- tax paid on an individual's salary for a given tax year (P60) – generally included in the personal tax account at present;
- details of benefits in kind (P11D); and
- PAYE details of employee share schemes.

Additionally, HMRC receives annual information about bank and building society interest, as well as some other taxable interest (such as from NS&I). This comes some months after the tax year and cannot always be matched to taxpayer accounts. It is currently used where possible to issue tax codes but is not made visible to taxpayers except through the code.

What does the OTS report recommend?

The report recommends that the government and HMRC should extend the use and visibility of third party data to improve the accuracy of tax reporting and improve the taxpayer experience. This would include making the data held by HMRC from third parties visible to taxpayers and agents through the forthcoming Single Customer Account.

PROFILE

Name **Bill Dodwell**
Email bill@dodwell.org
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.

HMRC should use the data to update tax codes and make it available for individuals to use in their tax returns. Ultimately, this should enable the number of self assessment tax returns to be reduced, saving time and potentially cost for millions of taxpayers and for HMRC.

There are several important issues to be dealt with to take the project forward. The first point is that data exchange can only really be effective where taxpayers are assigned a unique identifier. Matching using our names and addresses is not sufficiently effective to achieve the very high level of accuracy needed for rapid data processing. The unique identifier most commonly used at present is the National Insurance number, which is held by almost all people over 16 and is already used for tax purposes. Currently, not every taxpayer has an NI number and so its use would involve extending the provision of NI numbers to all taxpayers. It would be possible to use a range of different identifiers, provided that they could be linked by HMRC. Other possibilities include the Unique Taxpayer Reference (currently held by Self Assessment taxpayers), a passport number (currently used with consent by HMRC for identification) or perhaps a driving licence.

Moving to much greater use of data provided by third parties to HMRC should involve a broadly based consultation about the balance of responsibilities between data providers, software providers, agents, taxpayers and HMRC, and the extent to which it is reasonable for taxpayers to rely on the data provided. The principle today is that taxpayers are responsible for the information in their returns. Should this change?

One important issue for taxpayers is the question of errors. Even with excellent systems and unique identifiers, properly verified, it is likely that there will be a small number of errors in information provided. It will be important for HMRC to set up an easy process for taxpayers to correct information – and provide more detail, in some cases. For example, some parents will hold accounts for their minor children. It may not be possible for the banks involved to identify this – and so designing a system to make it easy for taxpayers to pass on this detail to HMRC will be a vital part of building trust.

The big issue for potential data providers is having a clear roadmap for the stages in which greater use of third party data will be made, both to improve the way existing sources of data are provided and used, and to add further sources. Data providers will need templates to be set in advance to make it easier for their systems to pass the data appropriately to HMRC. Detailed consultation will be needed to get this right. HMRC will also need to invest in systems to receive high volumes of data securely and agree technology standards with industry bodies.

The report recommends that this work should progress in three stages – noting that the complexity of making some types of information available will mean that some information will be easier to provide earlier than other types.

Stage 1:	Bank and building society interest Other interest Pension contributions Dividends and other investment income (initially voluntary)
Stage 2:	Excess reportable income (from overseas funds)
Stage 3:	Capital gains on sales of investments Chargeable event gains (insurance bonds)

There would need to be a range of legislative changes to support the wider use of data provided by third parties. In some cases, it would be sensible to enable HMRC to process expense deductions without requiring formal claims. For example, at present an individual must claim higher rate tax relief for a pension contribution. However, where the information is received directly by HMRC, it should be processed without the need for that claim. There is some evidence that not everyone entitled to the relief knows how to make a claim to receive it. There would also need to be better ways for HMRC to receive the data without needing to make annual requests – and for third parties to submit data in the right format on a voluntary basis (which would require specific consent from their customers).

The adoption of the Single Customer Account and broadening the range of data provided automatically to HMRC should bring benefits to individuals, their agents and HMRC. This is a big change – but if done well, a worthwhile step forward to transform the UK tax system.

monitoring

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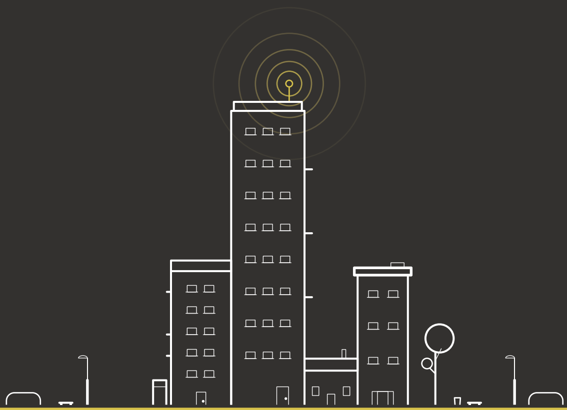


verb

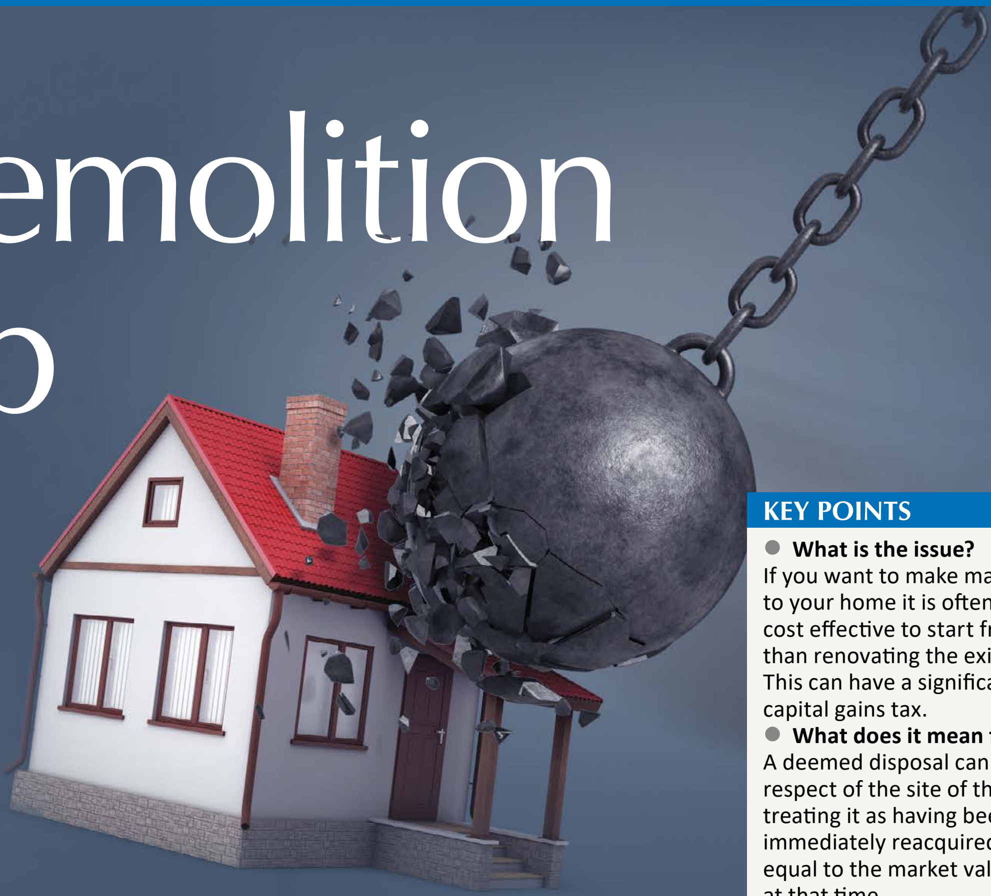
1. observe and check the progress or quality of (something) over a period of time; keep under systematic review.

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

IR35 SHIELD

THE IR35 COMPLIANCE STANDARD

Demolition job



Sam Dewes considers the tax complexities of demolishing a property in order to rebuild, rather than simply renovating

KEY POINTS

- **What is the issue?**
If you want to make major changes to your home it is often easier and more cost effective to start from scratch, rather than renovating the existing structure. This can have a significant impact on capital gains tax.
- **What does it mean for me?**
A deemed disposal can be triggered in respect of the site of the building by treating it as having been sold and immediately reacquired for consideration equal to the market value of the land site at that time.
- **What can I take away?**
Given the number of factors at play, each case will need to be considered on its own merits to see if a claim is worthwhile to secure the resulting tax savings.

Watching your house fall to the ground may sound like a homeowner's worst nightmare. And yet, many people are willing to pay for the service of having their property knocked down. What is behind this seeming act of recklessness? As it turns out, if you want to make major changes to your home it is often easier and more cost effective to start from scratch, rather than renovating the existing structure.

Take the example of Jenny. She moved out of London with her family, selling her house for £3 million, and bought a new house in Surrey for £2 million, keeping back some of the proceeds for much needed renovations on her new home. After six months of living there, she realises that the house is not suitable for her family to live in until her planned renovations take place, and so she moves the family into rented accommodation. Having moved out, and following a consultation with the architects, she discovers that the house requires more work than she originally thought. Therefore, 18 months after purchasing it, she decides that it would be better to knock down the house and start again. It is unlikely that under such strain, capital gains tax is on her radar. So, let us consider for her the capital gains tax consequences of her decision. All statutory references are to Taxation of Chargeable Gains Act 1992.

Does the demolition create a disposal?

A deemed disposal is created 'on the occasion of the entire loss, destruction, dissipation or extinction of an asset' (s 24(1)). Under land law, Jenny's asset is the interest she holds in the land on which her Surrey house once stood. She therefore does not destroy her asset (the land) by demolishing the house. However, s 24(3) goes on to say that 'a building ... may be regarded as an asset separate from the land on which it is situated'. The effect of this provision is that a deemed disposal can be triggered under subsection 1 in respect of the site of the building (including any land occupied for purposes ancillary to the use of the building) by treating it has having been sold and immediately reacquired for consideration equal to the market value of that site at the time the house is demolished. There are some important points to note here:

- Only the *entire* destruction of an asset will create a disposal under s 24(1). HMRC is likely to take this literally; i.e. to create a deemed disposal nothing but the foundations of the building can remain after the demolition.
- It is the *site of the building* that is treated as having been sold and immediately reacquired at market value. In some cases, the land area owned will be larger than what is ancillary to the site of the building, leading to a part disposal. Furthermore, for some clients the market value of the site of the building will in itself be worth more than the total acquisition costs of the original house, perhaps because valuable planning permission has been obtained since it was purchased or because of a substantial increase in the land value between acquisition and demolition.
- The legislation states that a person *may* regard the building as separate from the land. This denotes a choice. Jenny can decide if she wants to create a disposal when the entire building is demolished. The default position appears to be that the disposal is not triggered, such that

the demolition costs will simply be added to the enhancement expenditure that is deductible from a future sale of the house (see HMRC manual CG15200).

So what are the potential advantages of creating a disposal in such circumstances?

Firstly, if the disposal gives rise to a capital loss, then treating the house as separate from the land under s 24(3) will enable the owner to accelerate the use of the loss by claiming it in the tax year of the deemed disposal.

In Jenny's case, let's assume that the market value of the site of the house was £800,000 after the demolition. Part of the capital loss arising is disallowed due to private residence relief (PRR) because the house was her main residence for six months (see **Calculation 1**).

Jenny's new base cost of the site of the house will be equal to its market value at the time of the demolition which, being lower than her acquisition costs, means that she has reduced her base cost on a future disposal. However, this is not necessarily a problem, as will now be explained in relation to the second potential advantage of creating the deemed disposal.

Impact of deemed disposal on private residence relief

The second advantage is that by triggering the deemed disposal, arguably a new period of ownership for PRR purposes is created. As established in *Henke v HMRC* [2006] SpC 550, the period of ownership for PRR purposes is the date on which the *land* is acquired. Therefore, without the deemed disposal, the period of ownership began when the demolished house was acquired.

Triggering the deemed disposal is of particular benefit for individuals who were not living in their property prior to its demolition because that period of non-occupation falls away when the new period of ownership starts. Furthermore, if the construction works are completed within two years of the deemed disposal (i.e. since the demolition) such that the owner can move into the new house, this period should be covered by the deemed occupation provided for by s 223ZA for delays moving into your home.

In Jenny's case, one might think that the time when she was absent from the property due to the demolition or reconstruction works would be covered by the period of absence for any reason, which can extend to three years, as long as she moves back into the new house as her main residence (s 223(3)(a)).

However, HMRC could argue that, based on *Gibson v HMRC* [2013] UKFTT 636, the occupation of the original house is ignored because it is a completely separate dwelling from the new house. Whilst this case was heard only at the First-tier Tribunal (and the tribunal was not unanimous in its decision – the casting vote going to the tribunal judge), it nonetheless poses a serious risk for individuals who are relying on occupation of an existing property (before it is demolished) to improve the PRR position on the new property (built in its place).

By triggering the deemed disposal, Jenny therefore alleviates the risk of HMRC making this argument, and the new house is treated as a separate dwelling with a new period of occupation and ownership.

Calculations 2 and 3 highlight the impact of making the deemed disposal on a future sale of the new house by Jenny. They are calculated on the basis that Jenny:

- sells the new house five years after the demolition of the old one for net proceeds of £4 million;
- spent £30,000 on demolishing the original house and £500,000 building the new house; and
- moved into the new house 1.5 years following the demolition.

Clearly, in Jenny's case, she is better off triggering the deemed disposal on demolition. She has created a capital loss of £200,000 and, because she lives in the property as her main residence after it is constructed, her entire subsequent gain of £2.7 million is exempt.

An alternative method of doing the calculations could be to time apportion the gain on a just and reasonable basis under s 224(2), before applying PRR to those separate parts. Those wanting to explore this further may want to look at *Ritchie & Anor v HMRC* [2017] UKFTT 449, where a fairly generous approach was applied.

Given the number of factors at play, each case will need to be considered on its own merits to see if a claim under s 24(3) is worthwhile. In particular, care must be taken to ensure that claiming the loss is actually possible; i.e. has the entire building been demolished? However, as demonstrated with Jenny, where the deemed disposal can be claimed, this little known provision can offer some tax savings to lift the spirits as the walls come down.

PROFILE

Name: Sam Dewes
Position: Senior Manager, Private Client Department
Company: HW Fisher LLP
Tel: +44 (0)20 7554 3060
Email: sdewes@hwfisher.co.uk
Profile: Sam Dewes advises a range of UK and international clients, including high net worth individuals, trusts and estates. He was made a Fellow of the CIOT following a dissertation on domicile issues for children of same-sex couples.

CALCULATION 1: LOSS ON DEMOLITION OF PROPERTY

Market value proceeds:	£800,000
Cost of acquisition:	(£2,000,000)*
Capital loss:	(£1,200,000)
PRR exemption:	£1,000,000**
Allowable capital loss:	(£200,000)

* It may be difficult to argue that the costs of demolition are allowable in this computation because the subsequent improvements that are necessary to show that they can be classified as enhancement expenditure have not yet taken place.

** (6 months actual occupation + the last 9 months)/18 month period of ownership

CALCULATION 2: ASSUMING A DEEMED DISPOSAL ON DEMOLITION

Proceeds:	£4,000,000
Deemed cost of acquisition:	(£800,000)
Enhancement expenditure:	(£500,000)
Capital gain:	£2,700,000
PRR exemption:	(£2,700,000)*
Chargeable capital gain:	NIL

* 1.5 years of deemed occupation under s 223ZA + 3.5 years actual occupation/5 year period of ownership

CALCULATION 3: ASSUMING NO DEEMED DISPOSAL ON DEMOLITION AND GIBSON CASE APPLIED

Proceeds:	£4,000,000
Cost of acquisition:	(£2,000,000)
Demolition costs:	(£30,000)
Enhancement expenditure:	(£500,000)
Capital gain:	£1,470,000
PRR exemption:	(£791,538)*
Chargeable capital gain:	£678,462

* 3.5 years actual occupation (including the last 9 months)/6.5 year period of ownership

Hidden traps?

Making Tax Digital for VAT will be extended to voluntary registrations for VAT periods beginning on 1 April 2022 or later. *Neil Warren* considers whether it makes sense for a business to deregister before this date

KEY POINTS

- **What is the issue?**
An entity that is voluntarily registered for VAT must keep digital records and submit digital VAT returns for periods beginning in April 2022 and later.
- **What does it mean for me?**
Deregistration is an option for voluntary registrations, but there are pitfalls to consider before going down this route; e.g. a potential output tax liability on some stock and assets on the final return submitted by the business, and possibly capital goods scheme adjustments.
- **What can I take away?**
Deregistration will avoid the need to comply with MTD but it will mean a loss of input tax for a business and increased overhead costs. It is a case of evaluating the numbers to decide on the best strategy.

Many UK businesses have either ceased to trade or suffered reduced turnover due to the Covid-19 pandemic. In some cases, this lost turnover will be permanent and therefore offer the opportunity for deregistration. Many other businesses are VAT registered on a voluntary basis anyway, having always traded below the compulsory registration threshold.

However, the goalposts will move in April 2022, when Making Tax Digital (MTD) will be extended to all VAT registered businesses, including voluntary registrations. Deregistration will be actively considered by many business owners to avoid the challenges of MTD but they must be aware of some of the pitfalls. Although deregistration might seem to be an easy option, there are some hidden traps in the legislation that are sometimes forgotten.

Deregistration limit

A business can deregister if it expects its taxable sales in the next 12 months will be less than £83,000. The deregistration threshold has traditionally been £2,000 less than the registration threshold, which is currently £85,000. These figures will be frozen until at least 2024, possibly longer.

A request for deregistration based on expected sales can only be made from a current or future date. In other words, you are a member of the VAT club until the date when you decide to leave and there is no scope to deregister retrospectively if you are still trading.

Note: the £83,000 threshold includes zero-rated and reduced-rated income but excludes exempt sales or those that are outside the scope of VAT.

Pricing trap

Imagine that one of your clients runs a hairdressing salon and her annual sales are £90,000 including VAT. The turnover figure recorded on the annual accounts will be £75,000; i.e. excluding VAT. Your initial view will be that she can deregister for VAT because sales excluding VAT are well below the £83,000 threshold. This is partly correct. But what happens if your client does not reduce her prices when she deregisters? In other words, she does not pass on the VAT savings to her clients. Her expected sales in the next 12 months will still be £90,000, above the deregistration threshold. She should not deregister.

This challenge is relevant to many retailers and entities that price their goods or services on a VAT inclusive basis. If we reconsider the maths, the hairdressing salon will need to reduce its prices by, say, 10% when it deregisters; i.e. its expected annual sales will be £81,000.

Stock and assets

Clients can deregister online by completing form VAT7 and it is a straightforward process. However, they must firstly consider if there are hidden pitfalls with the output tax rules about stock and assets still owned at the time of deregistration. Any VAT due under these rules must be declared on the final return but there is potential good news:

- A business can ignore any stock or assets where no input tax was claimed when it was purchased; e.g. a computer bought from a friend.
- Output tax is calculated according to the market value of the item on the deregistration date. As most items depreciate, this will be a lower figure than the original cost price. Valuations can take account of obsolescence, wear and tear, physical damage and a reduced value if an item is out of date.
- No output tax is payable on zero-rated or exempt items; e.g. food stock for a grocer.

- If the total VAT payable after all of the above exclusions is less than £1,000, then no output tax is due; it is de minimis. See ***Florist shop: Deregistration***.

Property warning

The biggest pitfall with deregistration is to forget about a non-residential property owned by a business seeking to deregister, and specifically property where a past option to tax election has been made with HMRC. As with much of the land and property legislation, there are some important questions to consider:

- Did the business pay VAT and claim input tax on the purchase of the property, either because it was less than three years old, or because the seller had opted to tax? If the answer is 'no', there is no output tax liability on the final return when it deregisters.
- Has the business opted to tax its interest in the property?
- If the answer is 'yes' to these two questions, output tax is due on the market value of the property in question when the business deregisters.

There have been many horror stories – see ***ABC Printers Ltd: Property VAT shock.***

Capital goods scheme

Here is another scenario: imagine that a fully taxable trading partnership purchased a property five years ago costing £500,000 plus £100,000 VAT. The partners didn't opt to tax their interest in the building because it was only used for taxable business purposes; i.e. no renting activities were involved. The partners now want to deregister because of reduced turnover.

In this situation, there will be no output tax liability on their final VAT return with the stock and assets rules. This is because they never opted to tax the property so it is an exempt asset. However, because the property cost more than £250,000 excluding VAT, the original input tax claim of £100,000 is subject to a ten year adjustment period under the capital goods scheme (HMRC VAT Notice 706/2 s 3).

These adjustments would have been nil in the first five years of ownership because the property was wholly used for their taxable business activities. However, deregistration means that 50% of the input tax will need to be repaid on their final VAT return because the asset is exempt from VAT under the stock and assets rule. Years six to ten are therefore linked to exempt rather than taxable use, producing an input tax repayment of £50,000. They might decide to remain VAT registered for another five years when the scheme adjustments will end.

PROFILE

Name: **Neil Warren**
Position: Independent VAT consultant
Company: Warren Tax Services Ltd
Profile: Neil Warren is an independent VAT author and consultant, and is a past winner of the Taxation Awards Tax Writer of the Year. Neil worked at HMRC for 13 years until 1997.

FLORIST SHOP: DEREGISTRATION

Rose trades as a florist and leases a shop in a busy High Street location. Her annual sales have permanently declined by one third due to a reduced footfall following Covid-19. She has decided to deregister.

Her balance sheet includes £8,000 for leasehold improvements; her stock of flowers is £3,000; she owns a van that she bought for £10,000 plus VAT, which is now worth £6,000; and she purchased fixtures and fittings online with a depreciated value of £4,000 (no VAT was paid on the purchase price).

Rose will have an output tax liability of £1,800 on her final VAT return; i.e. accounting for output tax on the value of the flowers and van. There is no output tax liability on the leasehold improvements because these are for services and not goods, and she did not claim input tax on her original purchase of the fixtures and fittings, so has no output tax to pay.

VAT Notice 700/11 s 7

ABC PRINTERS LTD: PROPERTY VAT SHOCK

The company purchased the freehold of an office 18 years ago for £500,000 plus VAT and claimed input tax. The directors opted to tax the property with HMRC because the first floor was sublet to a firm of accountants, and they wanted to avoid a partial exemption problem. The directors now want to deregister because of reduced sales, also avoiding the need to comply with MTD for VAT.

However, output tax will be payable on the market value of the property on the date of deregistration because of the company's option to tax election and the fact that it claimed input tax on the purchase price. If its value has increased by, say, 50%, the output tax liability upon deregistration will be £150,000.

A sensible approach would be to wait for another two years when the election can be revoked under the 20 year rule by submitting form VAT1614J to HMRC (VAT Notice 742A para 8.3). The property will then be an exempt asset again, with no output tax liability when the company deregisters.

B2C services post Brexit

If you advise clients who sell business to consumer (B2C) services to EU customers, there might be a post-Brexit opportunity to deregister. The process is as follows:

- The starting point with the place of supply rules is that the VAT liability depends on where a supplier is based for B2C services; i.e. the UK.
- However, there is a list of professional services in the legislation where no VAT is charged if the customer is based 'outside UK' and the place of supply becomes the customer's country; i.e. outside the scope of UK VAT. Until 31 December 2020, this legislation only applied if the customer was 'outside EU'.
- For a list of qualifying services, see HMRC VAT Notice 741A s 12.
- The change from 'outside EU' to 'outside UK' since 1 January 2021 means that many more supplies of services are no longer subject to UK VAT, which creates a potential opportunity for deregistration in some cases.

Without diverting to a completely different topic, if you act for clients who provide B2C services to EU customers, they must check that there is no requirement to register for VAT in the EU country where the customers live under the EU's 'use and enjoyment' legislation. These rules vary in different member states, but care is needed; it is beyond the scope of this article.

Conclusion

If a voluntarily registered business has no VAT horrors with the issues I have considered, it might decide to deregister on 31 March 2022 to avoid having to join the MTD club. This will largely depend on whether the input tax gains of being registered, or perhaps the prestige benefit of registration, outweigh the costs of MTD compliance.

Don't forget that bridging software is still an option with MTD, which will be useful to many entities that use spreadsheets. According to HMRC, about one third of voluntary registrations are already MTD compliant; it will be interesting to see how things evolve with the others.

A hive of activity

Jack Hollyman considers how to manage the commercial and tax issues when transferring business assets and shares to a purchasing company

KEY POINTS

- **What is the issue?**
The implementation of a hive down is often far more complex than it might seem at the planning stage. When combined with an M&A transaction, an adviser must consider a number of issues across several different tax codes.
- **What does it mean for me?**
It is all too easy for the unwary to solve one tax issue and inadvertently cause another.
- **What can I take away?**
Hive downs in preparation of an M&A transaction provide an opportunity for tax advisers to demonstrate their commerciality alongside complex tax technical input. But thorough planning at the outset is critical.

It always sounds so simple: 'Hive down the trade and assets into a new company ('Newco') and dispose of Newco to a buyer, tax free'. But, of course, there are a host of commercial and tax issues to consider and navigate. The commercial aspects of a hive down, while burdensome, are generally well understood and managed upfront. For example, some of the key commercial areas of focus are:

- Can employees be transferred (and do they want to be!)?
- Are the employees who are transferring to Newco currently part of a seller group incentive plan (perhaps a share plan) that needs to be restructured or monetised?
- Can customer contracts, supplier contracts, leases, insurance policies, etc., transfer to Newco without requiring third party permissions or without giving the counterparty of the contract a chance to renegotiate existing favourable terms?
- Does there need to be a transitional services agreement with the seller to allow Newco to operate in the period after the hive down until it establishes its own operational infrastructure?
- Do any regulatory requirements prevent Newco from trading until authorisations are given to Newco (common in the pharmaceutical sector)?

The tax implications for each of the above need consideration; however, this article focuses on the hive down itself and the execution of the sale of Newco to a third party buyer ('Buyer'). The commentary below assumes that the transferor of the trade and assets ('Transferor') and Newco are both UK tax resident companies.

Succession of trade

A key area to consider is whether the hive down of the trade falls within the (mandatory) 'succession of trade' provisions. If it does, the trade is (broadly) treated as if it was always carried on by Newco (e.g. plant and machinery transfer at tax written down value, brought forward tax losses transfer to Newco, etc.).

For these rules to apply, the 'ownership condition' and the 'tax condition' must be met.

For the 'ownership condition' to apply:

- at the time of the transfer of the trade, or at some time during the period of two years beginning immediately after the transfer, a 75% interest in the transferred trade must belong to certain persons; and
- at some point in the time during the period of one year ending immediately before the transfer, a 75% interest in the transferred trade must have belonged to the same persons.

Broadly, this means the trade must have been carried on under the same 75% common ownership both before and after the hive down.

The 'tax condition' requires that, in effect, the trade remains in the UK tax net (corporation tax or income tax). Often, a hive down is undertaken to facilitate an M&A transaction. This can pose interesting beneficial ownership complexities as it is critical that Newco carries on the trade while under the beneficial ownership of Transferor.

Helpfully, HMRC provides some useful commentary on this area in CTM06030. The manual states that:

> 'Beneficial interest in shares normally passes from vendor to purchaser when an unconditional sale document is signed. But if a contract is subject to a condition precedent, then beneficial ownership does not pass so long as the condition remains unfulfilled.
>
> 'On the other hand, the legal owner can lose the beneficial interest in shares by entering into an unconditional agreement to sell them in advance of signing a contract. An oral agreement can be an unconditional agreement.'

Hive downs followed by a sale to a third party are therefore generally executed through the following documents:

- an asset transfer agreement entered into between Transferor and Newco;

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PROFILE

Name: **Jack Hollyman**
Position: Senior Director
Employer: Alvarez & Marsal Taxand UK LLP
Email: jhollyman@alvarezandmarsal.com
Profile: Jack Hollyman is a Senior Director with Alvarez & Marsal Taxand LLP in London. He advises infrastructure and private equity funds on tax aspects of transactions, including due diligence and transaction structuring.

- a put-call option agreement (PCOA) entered into between Transferor and Buyer; and
- a short-form share purchase agreement effecting the transfer under the PCOA, entered into between Transferor and Buyer.

The PCOA is in effect the equivalent of an unconditional contract for sale; however, as covered in *J Sainsbury Plc v O'Connor* [1991] STC 318, the existence of options should not affect beneficial ownership.

There is no strict period that Newco should trade for whilst under the beneficial ownership of Transferor; however, the longer the period, the greater the comfort. In practice, a month is considered a reasonable amount of time, but it is not unusual for this to be reduced. This point was considered in *Barkers of Malton Ltd v HMRC* [2008] SpC 689.

There can also be some wrinkles when the transferor is in the process of being wound up. A company in liquidation ceases to be the beneficial owner of its assets (including subsidiary shareholdings). As a result, the 'succession of trade' rules should not apply when a company in liquidation transfers a trade. Conversely, HMRC confirms in CTM06030 that a company to which a receiver or administrative receiver is appointed does not lose the beneficial ownership of shares it owns in other companies.

Consideration for the hive down

In the example, Buyer might be tempted to request that Transferor transfers the trade and assets in exchange for a loan note or with the proceeds left outstanding (i.e. a loan). This would reduce the equity value of Newco to a nominal amount and therefore reduce the stamp duty payable by Buyer on the acquisition of Newco shares. Great! But wait: if Buyer acquires the Newco shares for, say, £1, and warranties and indemnities are provided to Buyer by Transferor, the receipt by Buyer of any such payments could be taxable as it is not possible to adjust the purchase price (i.e. in accordance with ESC D33) to a negative base cost. See 'Stay out of the beartraps' by Alistair Goodwin (*Tax Adviser*, November 2019).

Intragroup transfers of assets and the substantial shareholding exemption

The tax implications of a transfer of assets, and subsequent de-grouping events, are no doubt familiar to readers (see 'Hive downs' by James Tryfonos (*Tax Adviser*, May 2019)) – even if, like me, practitioners may have to refresh their memories each time about which provisions apply to which transfers based on applicable dates, underlying asset classes, etc. Nevertheless, the tax treatment of intra-group asset transfers would require its own lengthy article and so they are not covered here.

Provided that the conditions of the substantial shareholding exemption (SSE) are met, any gains (or losses) arising to Transferor on the disposal of Newco to Buyer should be exempt. Problems arise, though, if Transferor was not itself already in a group. This was confirmed recently in *M Group Holdings Ltd v HMRC* [2021] UKFTT 69, in which the First-tier Tribunal dismissed an appeal against a closure notice denying SSE as a group had not existed for 12 months prior to the disposal.

Consideration should also be given to stamp duty land tax (and potential clawbacks) if the hive down involves the transfer of a property interest.

Value added tax

Often the hive down of a trade should qualify as a transfer of a going concern (TOGC) and therefore be outside the scope of VAT. However, complexity can arise when the transitional services to be provided by Transferor (or its affiliate) until Newco establishes its own operational infrastructure are excessive. For example, if no employees move to Newco, this could put tension on the TOGC treatment. See 'A grey area of VAT' by Neil Warren (*Tax Adviser*, February 2016).

Of course, if Newco carries on a fully taxable business for VAT purposes and the transfer does not qualify as a TOGC, the VAT charged on the transfer should be recoverable resulting in only a cashflow disadvantage. To eliminate the TOGC risk, Newco could be added to Transferor's VAT group (assuming there is one) prior to the trade and asset transfer, and then be subsequently removed from it on the sale of Newco. Great! Problem solved. But, as is so often the case, one fix causes other problems.

Members of a VAT group have joint and several liability with respect to the VAT group. Adding Newco to Transferor's VAT group could therefore pass on unwanted VAT risk to Newco, which requires additional (likely reciprocal) indemnity clauses to be added to the transaction legal documentation. In practice, the additional clauses should be uncontroversial as the intention of both buyer and seller should be that Newco is not liable for the VAT position of Transferor's VAT group, and vice versa.

What can easily be overlooked is that when Newco is removed from the VAT group it no longer has its own VAT number to include on its invoices. It will take time to obtain a VAT number and, technically, Newco should not raise any invoices during this period. Thankfully, HMRC is generally pragmatic in this area.

Conclusion

As with all transaction-related tax advice, it is critical that the commercial objectives are put first, with the tax implications then considered alongside those commercial objectives. If the commercial fact pattern supports a hive down then beware: there are a number of tax issues to consider across a variety of different taxes.

The threshold certainty

Jon Claypole and *Jonathan Levy* consider the conclusion of a long running battle on the issue of follower notices, and what this could mean for their future

KEY POINTS

- **What is the issue?**
Following a final judicial ruling, the threshold that HMRC must apply to issue a follower notice must be greater than merely 'likely' that the principles or reasoning in that case apply. The statutory test of 'would' apply is a higher threshold.
- **What does it mean to me?**
The follower notice regime differs from the accelerated payment notice regime because it requires the client to close the HMRC enquiry or risk up to a 50% penalty for the right to challenge the substantive point, so the issues carry very substantial financial implications.
- **What can I take away?**
Any client that participated in the 'Round the World' tax planning arrangements and received a follower notice should consider challenging the validity of the notice.

On 2 July 2021, the Supreme Court released its decision in the long running case of *R (oao Haworth) v HMRC* [2021] UKSC 25 (see bit.ly/3flKImV).

This is the first case taken all the way to the Supreme Court challenging the ability of HMRC to issue a follower notice. The judges unanimously concluded that HMRC had unlawfully issued a follower notice and consequently an accelerated payment notice to Mr Haworth.

The decision brings finality on what has been a long running battle with HMRC and demonstrates that judicial review remains an option open to challenge HMRC's actions, albeit not one to be taken lightly as the taxpayer will need to be resolute to see it through.

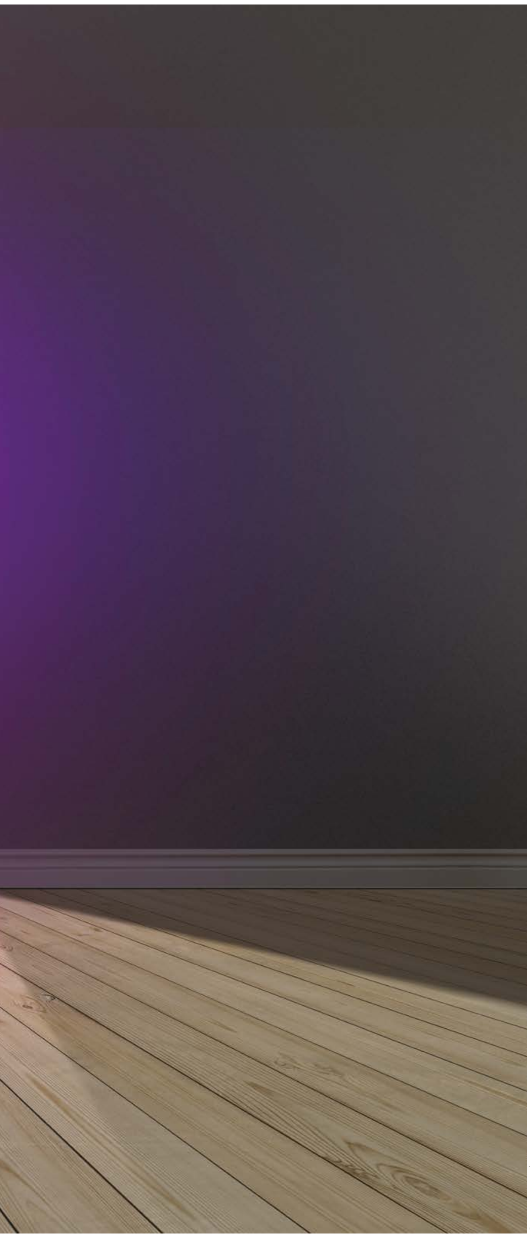
The background

The authors discussed the decision of the High Court in the July 2018 edition of *Tax Adviser* and the factual background can be referenced from that article.

In summary, Mr Haworth listed his successful software business on the UK Stock Exchange in the summer of 2000, at the height of the technology bubble when company valuations were irrationally high (albeit the bubble burst shortly afterwards). He held shares personally but also through a longstanding offshore family trust settled in 1981.

On advice from leading tax counsel the trust was migrated to Mauritius and the UK in the same tax year with the objective of taking advantage of the UK/Mauritius double tax treaty. This tax planning was colloquially called 'Round the World' and was implemented by somewhere between 50 and 100 taxpayers.

It should be noted that this planning could not rely on standardised documents, which were identified by



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PROFILE

Name **Jon Claypole**
Position Partner, Tax Dispute Resolution
Company BDO LLP
Email jon.claypole@bdo.co.uk
Tel 07799 033089
Profile Jon is a Partner in the BDO Tax Dispute Resolution team. He has worked with many high net worth individuals, entrepreneurs and employers, helping them to resolve participation in tax avoidance schemes, and has worked with clients facing challenges under the Insolvency Act 1986 by liquidators appointed by HMRC. He is a former Senior Inspector of Taxes, and worked at EY and Mazars prior to joining BDO in July 2019.

Name **Jonathan Levy**
Position Partner
Company Levy & Levy
Tel 07715 959 668
Email jonathan@levyandlevy.co.uk
Profile Jonathan is a solicitor and has 28 years of experience in the tax resolution field. He was formerly a Senior Legal Officer at HMRC, Head of Tax Litigation at Ernst & Young and Head of Tax at RPC.

HMRC as a characteristic of mass marketed schemes and used as justification for introducing the follower notices legislation in 2014. In the *Haworth* case, whether the listing on the UK Stock Exchange proceeded remained uncertain up to the day before the placing happened and all the documentation was unique to the *Haworth* case.

The statute

The follower notices regime was introduced in the Finance Act 2014 and gave HMRC further powers to tackle historic tax avoidance. At the time, the introduction of the legislation was controversial because once issued, the taxpayer had no statutory right of appeal and the notice required the taxpayer to close HMRC's enquiry into the tax avoidance that the taxpayer had participated in – by paying the tax saved plus interest – or risk a 50% penalty. The size of the maximum penalty has recently been subject to a consultation process by HMRC, which has accepted that the maximum penalty of 50% is too high. As a consequence, the maximum penalty is being reduced to 30% in the Finance Act 2021.

On receipt of a follower notice, the taxpayer effectively had the option to 'throw in the towel' or risk the financial penalty if, at the eventual outcome of the enquiry into the tax avoidance, it was found to be unsuccessful.

At the time, the tax and legal profession expressed grave concerns that the proposed legislation could in practice deny clients access to justice because of the penalty risk, and also that the decision whether to issue a follower notice rested solely with HMRC. The inability to appeal the notice meant that HMRC would be acting as judge and jury in the decision making process.

In response, HMRC committed to put in place 'strict internal governance and safeguards so that follower notices can only be issued following approval at senior level within the organisation, and will be scrutinised by staff other than those who have been working on the detail of the case'.

However, the only legal remedy open to a taxpayer on receipt of a follower notice is judicial review – which is expensive and, being litigation, carries uncertainty.

The key parts of the legislation in point in the Haworth case were:

- Under Finance Act 2014 s 204(1), HMRC may give a follower notice to a person if Conditions A to D are met.
- Under s 204(3), Condition B is that the return, claim or appeal is made on the basis that a particular tax advantage ('the asserted advantage') results from particular tax arrangements ('the chosen arrangements').
- Under s 203(4), Condition C is that HMRC is of the opinion that there is a judicial ruling which is relevant to the chosen arrangements.
- Under s 205(3), a judicial ruling is 'relevant' to the chosen arrangements if:
  a) it relates to tax arrangements;
  b) the principles laid down, or reasoning given, in the ruling *would* [our emphasis], if applied to the chosen arrangements, deny the asserted advantage or a part of that advantage; and
  c) it is a final ruling.

One of the key battlegrounds in the *Haworth* case, which became the threshold test, was the practical application of the meaning of the word 'would' under s 205(3).

The *Smallwood* decision

In *Smallwood v HMRC* [2010] EWCA Civ 778, one of the issues in point was where the place of effective management (POEM) of a trust would be found. The Special Commissioners decided that this was in the UK.

However, in the Court of Appeal, Hughes LJ (with Ward LJ concurring) held that the Special Commissioners' conclusion on the issue of POEM was one of fact. Applying *Edwards v Bairstow* [1956] AC 14 principles the court decided that, on the particular facts found by the Special Commissioners, their conclusion did not indicate any error of law.

Advice from HMRC Solicitor's Office

Through the judicial review process, HMRC's internal documents and submissions were obtained and these proved pivotal in the case and decision.

They demonstrated there was at least one opinion within HMRC that it could not issue a follower notice on the back of the *Smallwood* decision – but clearly the opposite view ultimately prevailed. When it came to the submissions to the HMRC panel responsible for issuing the follower notice to Mr Haworth, the panel was told that in another case the tax tribunal was *likely* [our emphasis] to conclude that the POEM was in the UK, having regard to seven factors, identified by Hughes LJ that were called by HMRC the '*Smallwood* pointers', '*Smallwood* hallmarks' or '*Smallwood* criteria'.

The follower notice issued to Mr Haworth referenced the '*Smallwood* pointers' as justification for its issue, adding that these pointers inevitably led to the conclusion that the POEM of the Haworth trust was in the UK, rather than Mauritius.

Another important point arose in the *Haworth* case. The documents obtained from HMRC demonstrate that it could not unequivocally show that all the documents presented by Mr Haworth's advisors to HMRC in support of his case were fully reviewed before the submission to the internal governance panel which decided to issue the follower notice.

The courts below

The High Court ruled that HMRC had lawfully issued the follower notice; however, the Court of Appeal unanimously upheld Mr Haworth's appeal.

In the Supreme Court

There were four grounds to HMRC's appeal.

Ground 1

HMRC accepted that it had taken the view that it was only 'likely' that the application of the *Smallwood* ruling would deny that advantage to Mr Haworth, but argued that this still satisfied Condition C. The court did not agree. The key issue was what was meant by 'would' in s 205(3)(b): how certain must it be, that the *Smallwood* decision provides the answer in Mr Haworth's case?

Lady Rose, giving the leading judgment of the Supreme Court, agreed with Mr Haworth's counsel that the statutory test of 'would' is a higher threshold than HMRC had adopted of 'likely'.

Given the severe consequences for the taxpayer of the giving of a notice, HMRC must form the opinion that there was no scope for a reasonable person to disagree that the earlier ruling denied the taxpayer the advantage. Only then can they be said to have formed the opinion that the relevant ruling 'would' deny the advantage. An opinion merely that was 'likely' to do so was not sufficient.

Grounds 2 and 3

These grounds concerned whether HMRC misdirected itself about what was actually decided in *Smallwood* by overstating the conclusions reached by the Court of Appeal in that case. The submission to the panel that decided to issue the follower notice stated that Hughes LJ had held that the UK POEM of the trust was the inevitable consequence of the tax scheme, because the decisions of the trust whilst resident in Mauritius were orchestrated from the UK.

The *Haworth* decision brings finality to a long running battle with HMRC and demonstrates that judicial review remains an option, albeit not one to be taken lightly.

Lady Rose rejected HMRC's view, saying: 'That does overstate the conclusion of the court in *Smallwood*. Hughes LJ did not decide that it was an inevitable consequence of a scheme which shared the *Smallwood* pointers that its POEM would be the UK and not Mauritius.' Instead, Hughes LJ simply said the special commissioners were entitled to reach the conclusion they did.

Ground 4

Ground 4 concerned whether the follower notice failed to give an adequate explanation as required by s 206(b) and whether that failure invalidated the notice. The Supreme Court (as did the Court of Appeal) said that although HMRC should not send 'voluminous notices' to taxpayers, some more explanation as to why the corresponding reasoning applied to his arrangements should have been set out. In the *Haworth* case, the court concluded that the lack of explanation was not enough to invalidate the follower notice per se, but one wonders, given that the appeal failed on the other grounds, whether the judges chose not to exercise their minds on this point too much.

Conclusions

The authors hope that, following the *Haworth* decision, HMRC will reconsider the circumstances when it will issue future follower notices.

Those clients who participated in the 'Round the World' tax planning might wish to consider the validity of the follower notices if they received one. They are likely to have incurred professional fees in considering their options and many will have closed the substantive enquiry on receipt of the follower notice – and paid the tax (plus interest) as a consequence.

Those clients may also want to have their substantive enquiry reopened and have their appeal heard by the tax tribunal. This is a complex area and advice should be taken as to whether this is an option open to them. However, the authors would encourage a realistic evaluation of the merits of their substantive case before proceeding, as the appeal process itself is expensive both in terms of professional fees and emotional energy!

Following the *Haworth* decision, HMRC quickly made the following announcement:

> 'On 2 July, the Supreme Court handed down its judgment in the case of *R (oao Haworth) v HMRC*. The case related to a follower notice issued to Mr Haworth, and the accelerated payment notice which accompanied it. HMRC may issue follower notices to users of avoidance schemes which, in the opinion of HMRC, have been shown to fail in another person's litigation. Accelerated payment notices can be issued with follower notices and require the recipient to pay the disputed tax to HMRC pending resolution of the dispute.
>
> 'This was the first challenge to the follower notice legislation to be considered by the Supreme Court. HMRC lost the case on all grounds.
>
> 'The court provided a useful clarification of the test HMRC must apply when deciding whether to issue follower notices. HMRC are considering the judgment carefully and the extent to which any customers who have received follower notices might be affected. There is no need for customers to contact us about this case, we will contact any customers we think will be affected by the judgment as soon as possible.'

It remains to be seen how HMRC reacts to the *Haworth* decision, and whether, and if so to what extent, it agrees with the analysis – not just that of the authors, but of other commentators from within the tax and legal professions.

A complicated gift

KEY POINTS

- **What is the issue?**
Under Finance Act 1986 s 102, when there is a reservation of benefit in gifted property at the date of death, for inheritance tax purposes that property is treated as property to which the donor was beneficially entitled at his death and is taxable under Inheritance Tax Act (IHTA) 1984 s 4.
- **What does it mean for me?**
Where the reservation of benefit ceases at any time during the donor's life, he is treated as making a potentially exempt transfer at that time. A deemed transfer becomes chargeable only on the donor's death within seven years of the reservation of benefit ceasing.
- **What can I take away?**
If the settlor wants to avoid a reservation of benefit problem, he will need to decide whether the trust terms should be changed to give the surviving spouse the property on death or to act now and be excluded from the trust and hope to survive seven years.

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Emma Chamberlain considers the common problems caused by reservation of benefit, and a change of approach by HMRC

Under Finance Act 1986 s 102, when there is a reservation of benefit in gifted property at the date of death, for inheritance tax purposes that property is treated by sub-section (3) as property to which the donor was beneficially entitled at his death. This means it is taxable under Inheritance Tax Act (IHTA) 1984 s 4. Where the reservation ceases at any time during the donor's life, he is treated by sub-section 102(4) as making a potentially exempt transfer at that time. Like an ordinary potentially exempt transfer, the deemed one under sub-section (4) becomes chargeable only on the donor's death within seven years of the reservation of benefit ceasing. Hence under both sections, it is not until the donor's death that any tax can become payable under the gift of reservation rules.

This method of taxing reserved gifts has a number of implications:

1. If the donor reserves a benefit in property at the time of his death so that s 102(3) is in point, that property is brought back into the donor's estate for the purposes of inheritance tax under IHTA 1984 s 4 but does not form part of the donor's estate for purposes such as capital gains tax. The normal capital gains tax death uplift is not available.
2. Even in the inheritance tax context, the gifted property remains comprised in the donee's estate. Hence, if the donee dies shortly afterwards there could also be an inheritance tax charge on the donee's death with no possibility of double charges relief.
3. Even if the donor reserves a benefit in a discretionary trust, on lifetime cessation of that reservation this is still a deemed potentially exempt transfer, not a chargeable transfer. No reporting is required unless the donor dies within seven years.
4. Liabilities incurred by the donor in respect of his free estate are not available to reduce the taxable value of the property subject to a reservation. However, liabilities to which such property is subject would, on general principles, appear to be deductible. (This is currently the subject of some debate in relation to home loan schemes.)
5. The liability to pay inheritance tax due on a reservation of benefit at death falls primarily on the donee and only on the personal representatives after a year if the donee has not yet paid it. See IHTA s 204(9). (In relation to reservation of benefit in settled property, the trustees (not the personal representatives) are liable for the inheritance tax; and unless the settled property in question is UK land no liability should fall on the personal representatives (see IHTA 1984 s 204(1)(a)).
6. There is no safe period after which benefits can be taken in gifted property.

For example, a gift might have been made in 1987 and the donor is entirely excluded for many years. This will not matter if shortly before his death the donor then receives some benefit.

Example 1: Reservation of benefit
Hugo gives his house to his son in 1997, who lets it out to third parties. Hugo lives abroad for many years but then comes back in 2017 and lives in the house rent free until his death in 2020.

On his death, the house is subject to a reservation of benefit and will therefore be subject to tax. His son is liable to pay the inheritance tax due. The residential nil rate band may be available to reduce inheritance tax if the other conditions are satisfied.

Residential nil rate band

The residential nil rate band for deaths from 29 October 2018 applies only where the donee at the time of the gift is a child or other issue of the deceased. See IHTA 1984 s 8J(6).

Example 2: Residence still subject to loan
Peter effected a home loan scheme in 2003 and has just died (see *Tax Adviser,* 'Keeping it in the family' (March 2021) and 'New hurdles to overcome' (April 2021)). The house is still subject to the loan at Peter's death, and he has had a qualifying interest in possession in the house trust from 2003.

The house passes outright to the children under the terms of the trust, who therefore 'closely inherit'.

HMRC argues (in the author's view incorrectly) that Peter has reserved a benefit in the house at the date of his death. HMRC also denies the residential nil rate band as the property did not become comprised in the children's estate at the time of the original gift. If the loan had been written off prior to death so that (according to HMRC's analysis) the reservation of benefit had ceased in the house, then the house would be comprised in the donor's estate but under IHTA 1984 s 49. Residential property relief should then be available if the children take the property outright on Peter's death (not on continuing trusts). If Peter had died before October 2018, then the residential nil rate band may have been available subject to the other conditions being satisfied.

The scope of s 102(4)

What happens if the reservation of benefit ends inter vivos (as a gift between living people) because the property actually becomes comprised in the donor's estate in the real world?

Example 3: Potentially exempt transfer?
Chris is a discretionary beneficiary of a trust he established in 2010. He therefore reserves a benefit. In 2021, the property is appointed back to him and the trust ended. He dies in 2022. Is there a deemed potentially exempt transfer under s 102(4) when his reservation of benefit ceases, even though the property is also taxed as part of his free estate? The answer is no.

HMRC notes: 'We do not regard the deemed potentially exempt transfer by A as having any practical consequence because it would have no value.' It is difficult to see how s 102(4) can apply at all if the property becomes comprised in the donor's estate, as he continues to enjoy it so there is no deemed potentially exempt transfer.

Spouse exemption

For some time, there has been debate as to how exemptions such as spouse exemption and charity exemption work in connection with the reservation of benefit provisions. In IHTM 14303 HMRC used to note:

> 'The gift with reservation rules are fictitious treatments created only for the purposes of preventing inheritance tax avoidance. They do not affect the actual devolution of the property in real life, so the gifted property does not actually pass on death under the will or intestacy, neither was any gift actually made at the time the reservation ceased.
>
> 'The gifted property passed to the actual donee at the time it was actually transferred. Thus, any exemptions that may be available on death, or that apply to potentially exempt transfers, such as charity exemption or annual exemption, will not apply to the transfer deemed to be made on death, or deemed to be made when the reservation ceases.'

Suppose the donor was the discretionary beneficiary of a settlement and on his death the trust ended in favour of his spouse. Would spouse exemption in these circumstances be available? In principle, it now appears yes. IHTA 1984 s18 provides that a transfer of value is an exempt transfer to the extent that the value transferred is attributable to property which becomes comprised in the estate of the transferee spouse. On that basis, if the settled property subject to a reservation of benefit on the death of the settlor passes immediately to the spouse on death – under the original terms of the settlement or by a subsequent appointment made by the trustees – then spouse exemption should be available.

In most cases, this will be irrelevant as on the donor's death the property remains vested in the donee – often a child. But the point is relevant in relation to settled property where the settlor is a discretionary beneficiary, particularly in relation to trusts that were originally excluded property settlements but have now lost that favoured treatment – either because they hold UK residential property or loans to purchase the same; or because the settlor was a foreign domiciliary within Condition A (born here with a domicile of origin and now UK resident). In these circumstances, the spouse exemption can be highly relevant.

IHTM 14303 now says that: 'Exemptions that are available on death, such as spouse exemption and charity exemption, may be applicable to the transfer deemed to be made on death if, on death, the property passes to an exempt beneficiary.'

Example 4: Spousal arrangements
Frederick sets up a discretionary settlement holding cash and loans to beneficiaries to purchase UK residential property. Frederick is neither resident nor domiciled in the UK but the relevant loans mean that on Frederick's death there will be a reservation of benefit (Frederick also being a discretionary beneficiary).

Frederick could be excluded irrevocably as a beneficiary from the trust (at least in relation to the fund comprising the relevant loans). This will be a deemed potentially exempt transfer and he will need to survive seven years. Alternatively, the trustees could appoint that on his death the relevant loans pass outright to his spouse. The appointment could be revocable until Frederick's death. Of course, this could have other tax implications if the spouse takes the loans outright and is UK resident.

What happens if the trustees of the discretionary trust do not want the surviving spouse to take funds outright? They cannot appoint the spouse an interest in possession, as this will not be a qualifying interest unless the spouse is disabled. A solution may be for the trustees to give the settlor a testamentary general power of appointment and the settlor then exercises that general power in his will, appointing the spouse a qualifying interest in possession which can qualify as an immediate post death interest. The property is then deemed to become comprised in the spouse's estate.

HMRC does not consider that spousal relief applies where settled property ceases to be subject to a reservation of benefit in the donor's lifetime. This is because Finance Act 1986 s 102(4) operates by deeming there to be a potentially exempt transfer, rather than by deeming the donor to be beneficially entitled to the gifted property. In the author's view, this is correct. If the settlor wants to avoid a reservation of benefit problem, he will therefore need to decide whether the trust terms should be changed to give the surviving spouse the property on death or to act now and be excluded from the trust and hope to survive seven years.

In a future issue on reservation of benefits, I will look at how the carve out principle can operate in relation to settled property, a point particularly relevant in relation to insurance schemes.

PROFILE

Name Emma Chamberlain
Job title Barrister
Employer Pump Court Tax Chambers
Email clerks@pumptax.com
Tel 020 7414 8080
Profile Emma Chamberlain OBE is a barrister at Pump Court Tax Chambers and visiting professor of law at Oxford University and LSE. She is a member of the STEP technical committee, joint chair of the CIOT Private Client (International) Committee, a former council member and fellow of CIOT, a member of the GAAR Advisory Panel and a member of the consultative committee for IHT set up by the OTS. She was also one of the co-authors of the report published in December 2020 on wealth taxes in the UK (see www.wealthandpolicy.com/wp/WealthTaxFinalReport_FAQ.pdf).

ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

Chartered Institute of Taxation

Awards, Distinctions and Overall Pass List

JUNE 2021

The Chartered Institute of Taxation (CIOT), the principal body in the United Kingdom concerned solely with taxation, has announced the results of its ADIT examinations held on 8, 9 and 10 June 2021. In one of the largest ADIT exam sessions to date, 775 students sat a total of 865 exams in 61 countries around the world via the CIOT's online exam system.

585 students passed at least one June 2021 ADIT exam; six students sat and passed all three exams in June 2021.

A total of 123 students (15 of whom have achieved a distinction) have completed ADIT in the last six months, including the first ADIT graduates in Oman. The ADIT qualification is now held by 1,450 tax practitioners in 86 countries and territories.

CIOT President Peter Rayney, commenting on the results, said:

> 'On behalf of the Institute, I extend my congratulations to the nearly 600 ADIT students around the world who passed an exam in June, and in particular those who have now completed the ADIT qualification.
>
> 'The ADIT exams are highly valued by tax employers worldwide as offering international tax professionals the ability to develop, demonstrate and apply their technical knowledge and skills, giving firms and clients the utmost confidence in the expertise of those who hold the ADIT qualification. Students who have reached the strong standard necessary to pass the exams should therefore feel very proud of their success.
>
> 'New ADIT graduates are invited to continue their relationship with us by subscribing as International Tax Affiliates of the CIOT; we aim to support international tax professionals throughout their careers, and the Affiliate package features a wide range of benefits including free or discounted access to a growing suite of online tax events.
>
> 'Alongside those completing the ADIT qualification, we are also able to celebrate the accomplishments of 39 students who have completed the ACA CTA Joint Programme having passed one of the available ADIT options as part of their Joint Programme studies, and we look forward to welcoming them as members of the CIOT.
>
> 'The latest cohort of ADIT graduates includes 15 who have attained the top distinction grade. Those who achieved the highest marks for the various exam options have been awarded medals or prizes in recognition of their achievement, including the inaugural Tom O'Shea Prize which we have established in honour of the late Dr Tom O'Shea, who was Director of the Academy of European and International Taxation and played an enormous role in the development and success of the ADIT qualification. Tom is much missed by all at the CIOT who worked with him.'

Awards

The Heather Self Medal for the best overall performance in Module 1 Principles of International Taxation

The medal has been awarded to Mr Aaron Parks of Cambridge, United Kingdom.

The Raymond Kelly Medal for the best overall performance in Module 2.09 United Kingdom option

The medal has been awarded to Miss Rona McKee of London, United Kingdom, who is employed by Deloitte.

The Tom O'Shea Prize for the best overall performance in Module 3.01 EU Direct Tax option

The inaugural prize has been awarded to Mr Sufyan Savage of London, United Kingdom.

The Croner-i Prize for the best overall performance in Module 3.03 Transfer Pricing option

The prize has been awarded to Miss Eleftheria Rafaela Dimareli of Nicosia, Cyprus, who is employed by PwC.

The Wood Mackenzie Prize for the best overall performance in Module 3.04 Upstream Oil and Gas option

The prize has been awarded to Mr Sanket Baska of Bangalore, India.

The Worshipful Company of Tax Advisers Prize for the highest mark in Module 3 (All other options)

The prize has been awarded to Mr Ronald Bassett of London, United Kingdom, who is employed by Square Enix Ltd and sat Module 3.02 EU VAT option.

Distinctions were awarded for excellence in three examinations, or two examinations and an extended essay, to the following successful candidates:

- Mr Abdulrahman Abdulla of Muharraq, Bahrain;
- Mr Ronald Bassett of London, United Kingdom, who is employed by Square Enix Ltd;
- Mr George Cloake of London, United Kingdom, who is employed by PwC;
- Miss Philippine de Croutte of Dubai, United Arab Emirates;
- Mrs Melina Demetriou of Larnaca, Cyprus, who is employed by Noble Energy International Ltd;
- Ms Claire Hotz De Baar of London, United Kingdom, who is employed by Shell;
- Mr Kieran Hutchinson Dean of London, United Kingdom, who is employed by Dixon Wilson Chartered Accountants;
- Mr Yong Khor of Tanjung Bungah, Malaysia, who is employed by Moores Rowland;
- Ms Drosoula Manouchou of Nicosia, Cyprus;
- Mr Jugal Mundra of Mumbai, India;
- Ms Manasa Nayak of Bangalore, India, who is employed by EY;
- Ms Feng Ooi of London, United Kingdom, who is employed by PwC;
- Mr Shreshth Tayal of Palwal, India, who is employed by the Indian Revenue Service;
- Mr Onur Tekin of Belfield, Australia; and
- Miss Jolly Uhiriwe of Kampala, Uganda, who is employed by the Uganda Revenue Authority.

As a result of the June 2021 examinations, the following 119 individuals have now completed all the components to be awarded the ADIT qualification and may now apply to become International Tax Affiliates of the Chartered Institute of Taxation:

+ = Award Winner
* = Distinction for overall performance in three examinations, or two examinations and an extended essay

Abalango, D (Kampala, Uganda)
Abdulla, A (Muharraq, Bahrain) *
Aggarwal, A (Gurgaon, India)
Ahmed, F (London, United Kingdom)
Ahwera, B (Kampala, Uganda)
Aigbokhaode, A G (Lagos, Nigeria)
Akligo, M (Accra, Ghana)
Al Siyabi, L (Muscat, Oman)
Alasheeri, J (Manama, Bahrain)
Aliyev, J (Baku, Azerbaijan)
Andras, E V (Bucharest, Romania)
Aquilina, G (Gharghur, Malta)
Bassett, R E (London, United Kingdom) + *
Basu, R (Kolkata, India)
Bhatt, R D (Ahmedabad, India)
Bhave, S H (Mumbai, India)
Boden, J (Gloucester, United Kingdom)
Borza, C A (Bucharest, Romania)
Brindley, G L (Gloucester, United Kingdom)
Camilleri, L (Attard, Malta)
Chamria, M (Mumbai, India)
Chan, H T (Cheung Sha Wan, Hong Kong)
Charalambous, M (Paphos, Cyprus)
Chellew, E S (Bearsden, United Kingdom)
Chitambala, M C (Lusaka, Zambia)
Christofi, C (Limassol, Cyprus)
Cloake, G (London, United Kingdom) *
Cristescu, S (Bucharest, Romania)
Dalvi, V (Mumbai, India)
Darak, S (Mumbai, India)
de Croutte, P (Dubai, United Arab Emirates) *
Demetriou, M (Larnaca, Cyprus) *
Demetriou, M (Limassol, Cyprus)
Dumitrana, D G (Craiova, Romania)
Eastman, S (Pretoria, South Africa)
El-Begawi, M K (Giza, Egypt)
Erdenebileg, M (Glenview, IL, United States)
Fitzgerald, P (Templeogue, Ireland)
Forrest, E (Dublin, Ireland)
Gallagher, B (Dublin, Ireland)
Gamova, Z (Larnaca, Cyprus)
Garg, B (New Delhi, India)
Georgiou, A (Larnaca, Cyprus)
Hadjichristoforou, T (Nicosia, Cyprus)
Hadjirafti, G (Paphos, Cyprus)
Hamade, V M D (Doha, Qatar)
Holt, J (Bristol, United Kingdom)
Hotz De Baar, C M (London, United Kingdom) *
Housden, C L (ELY, United Kingdom)
Hutchinson Dean, K D M (London, United Kingdom) *
Ignasiak, M (Warsaw, Poland)
Iyer, R (Dubai, United Arab Emirates)
Jain, N (Gurgaon, India)
Jhaveri, A B (Muscat, Oman)
Johnston, C (Sunderland, United Kingdom)
Kabadi, A (Dubai, United Arab Emirates)
Kanaris, E (Nicosia, Cyprus)
Kariuki, G (Amsterdam, Netherlands)
Khalil Musinguzi, A (Kampala, Uganda)
Khamis, A K (Al Khobar, Saudi Arabia)
Khor, Y Y (Tanjung Bungah, Malaysia) *
Kok, W M (Kuala Lumpur, Malaysia)
Komodromou, I (Limassol, Cyprus)
Krilov, D (Limassol, Cyprus)
Ling, O Y N (London, United Kingdom)
Mabula, E E (Dar es Salaam, Tanzania)
Macken, C (London, United Kingdom)
Maliko, W H (Geneva, Switzerland)
Malos, E (Bucharest, Romania)
Malyala, S (Mahabubnagar, India)
Manouchou, D (Nicosia, Cyprus) *
Matundura, A (Nairobi, Kenya)
Matundura, A (Nairobi, Kenya)
McNamara, M (Luxembourg, Luxembourg)
Mehta, H D (Mumbai, India)
Mehta, P (Udaipur, India)
Mere, J (Chicago, IL, United States)
Mundra, J (Mumbai, India) *
Murray, F (Tuam, Ireland)
Muzychenko, V (Krakow, Poland)
Nalubanga, R (Kampala, Uganda)
Nalubowa, E (Kampala, Uganda)
Naved, M (Salwa, Kuwait)
Nayak, M V (Bangalore, India) *
Novas Perez, J L (Dubai, United Arab Emirates)
Nurkaliyeva, Y (Almaty, Kazakhstan)
Nusetor, S S (Uthiru, Kenya)
O'Loughlin, A (London, United Kingdom)
Ooi, Z F (London, United Kingdom) *
Palavila Jacob, J (Singapore)
Paul, N A (Dar es Salaam, Tanzania)
Ponda, V (Mumbai, India)
Pussick Dos Santos, D M (Luxembourg, Luxembourg)
Raikar, K (Navi Mumbai, India)
Rehman, R (Rawalpindi, Pakistan)
Reid, P R (London, United Kingdom)
Rosculet, E L (Bucharest, Romania)
Sandu, C F (Cambridge, United Kingdom)
Savage, S (London, United Kingdom) +
Sharma, S (New Delhi, India)
Solanki, V V (Pune, India)
Solayen, L (Rose Hill, Mauritius)
Someshwar, U H (Mumbai, India)
Swami, P (Thane, India)
Taga, A L (Bucharest, Romania)
Tan, K S (Singapore)
Tayal, S (Palwal, India) *
Tee, Y W (Singapore)
Tekin, O (Belfield, Australia) *
Theodorou, S (Nicosia, Cyprus)
Tran, A (Hanoi, Vietnam)
Uhiriwe, J M (Kampala, Uganda) *
Unadkat, R (Mumbai, India)
Vasant, A (New Delhi, India)
Vasileva, A (Limassol, Cyprus)
Whiteman, M J (Peterborough, United Kingdom)
Woosey, G E (Leyland, United Kingdom)
Zirimba, S (Brighton, United Kingdom)
Zysk, K (London, United Kingdom)

Candidates may present an extended essay in place of either Module 2 or Module 3. The following four candidates successfully completed an extended essay in the period between February and July 2021 and completed the required examinations prior to the June 2021 sitting. Therefore, they have now completed all the components to be awarded the ADIT qualification and may now apply to become International Tax Affiliates of the Chartered Institute of Taxation:

Isa, A A (Abuja, Nigeria)
Karakike, K (Attiki, Greece)
Sra, J (Isleworth, United Kingdom)
Williams, D D M (Sutton, United Kingdom)

The following 39 candidates have met the ACA CTA Joint Programme examination requirements of the Chartered Institute of Taxation and the Institute of Chartered Accountants in England and Wales as a result of the ADIT June 2021 examination session:

Bahia, R S (Hermitage, United Kingdom)
Bandolik, A (London, United Kingdom)
Blackmore, J (Birmingham, United Kingdom)
Budd, A G (Buxton, United Kingdom)
Burley, J (Cannock, United Kingdom)
Cameron, L (Birmingham, United Kingdom)
Cao, Z (Didcot, United Kingdom)
Corden, P (London, United Kingdom)
Garnett Sammons, E (Kimpton, United Kingdom)
Green, L (Reading, United Kingdom)
Grozdanovic, L C (Worcester Park, United Kingdom)
Hainsworth, R (Leeds, United Kingdom)
Hall, J E (Hope Valley, United Kingdom)
Lou, Q (London, United Kingdom)
Matthewson, R (London, United Kingdom)
Mattoo, R S (Barking, United Kingdom)
McKee, R (London, United Kingdom) +
Mohamed, A (London, United Kingdom)
Ng, M Y H (London, United Kingdom)
Nye, S (East Grinstead, United Kingdom)
Patey, J (Higher Denham, United Kingdom)
Pearson-Thurling, L (Birmingham, United Kingdom)
Pereira, B E (London, United Kingdom)
Perks, J (Pershore, United Kingdom)
Pinner, A M (Grantham, United Kingdom)
Quinn, T S (Leeds, United Kingdom)
Ram, S (Birmingham, United Kingdom)
Rashid, A (London, United Kingdom)
Sadiq, Z (Birmingham, United Kingdom)
Shah, T (London, United Kingdom)
Tatham, J (Reading, United Kingdom)
Venables, K R (Henley-on-Thames, United Kingdom)
Walker, D J (Esher, United Kingdom)
Ward, S L (Bedford, United Kingdom)
Welham, M (Mansfield, United Kingdom)
Willey, J (Bristol, United Kingdom)
Worthington, K L (Warwick, United Kingdom)
Wykes, J J (Birmingham, United Kingdom)
Zwetsloot, W (Baldock, United Kingdom)

Candidates who have passed individual examination papers are listed in the June 2021 Module Pass List, available at www.tax.org.uk/adit/pass-lists.

Results statistics

	Module 1: Principles of International Tax
Pass	199
Fail	107
Total number of candidates	306
Pass rate	65%

	Module 2.01 Australia	Module 2.02 China	Module 2.03 Cyprus	Module 2.04 Hong Kong	Module 2.05 India
Pass	6	1	11	0	12
Fail	1	2	8	2	7
Total number of candidates	7	3	19	2	19
Pass rate	86%	33%	58%	0%	63%

	Module 2.06 Ireland	Module 2.07 Malta	Module 2.08 Singapore	Module 2.09 United Kingdom	Module 2.10 United States
Pass	7	3	14	62	14
Fail	1	1	9	18	7
Total number of candidates	8	4	23	80	21
Pass rate	88%	75%	61%	78%	67%

	Module 3.01 EU Direct Tax	Module 3.02 EU VAT	Module 3.03 Transfer Pricing	Module 3.04 Upstream Oil and Gas	Module 3.05 Banking
Pass	13	18	215	60	1
Fail	9	3	49	7	3
Total number of candidates	22	21	264	67	4
Pass rate	59%	86%	81%	90%	25%

Module Pass List

Individual module passes are as follows (for details of awards, distinctions and overall passes, please see the separate **June 2021 Awards, Distinctions and Overall Pass List**, available at www.tax.org.uk/adit/pass-lists):

+ = Award Winner
* = Distinction for overall performance in three examinations, or two examinations and an extended essay

Module 1: Principles of International Taxation

Abarikwu, U C I (Lagos, Nigeria)
Abela, D (Mosta, Malta)
Afzal, M U (Riyadh, Saudi Arabia)
Ahuja Walia, F (Dubai, United Arab Emirates)
Ajayi, I O (Lagos, Nigeria)
Alasheeri, J (Manama, Bahrain)
Alawode, O O (Lagos, Nigeria)
Aleksandr, V (Rodgau, Germany)
Alexandrou, M (Limassol, Cyprus)
Alexopoulou, A (Nicosia, Cyprus)
Alrakhaimi, R (Jeddah, Saudi Arabia)
Aristidou, V (Limassol, Cyprus)
Ariton, L (Malahide, Ireland)
Baid, A (Kolkata, India)
Balatova, H (London, United Kingdom)
Balint, A (Bristol, United Kingdom)
Barbu, A G (Bucharest, Romania)
Barulin, V (Luxembourg, Luxembourg)
Basu, R (Kolkata, India)
Bobeva-Atanasova, B S (Sofia, Bulgaria)
Breen, N (Killarney, Ireland)
Brown, R (Edinburgh, United Kingdom)
Buli, J (Kampala, Uganda)
Chablani, V (Chennai, India)
Chairunnisa, D R (Jakarta, Indonesia)
Charalambous, M (Paphos, Cyprus)
Chen, X (Shek Tong Tsui, Hong Kong)
Chepkemoi, D (Nairobi, Kenya)
Chhabra, S (Cardiff, United Kingdom)
Chigumira, K I (Harare, Zimbabwe)
Chordia, P (London, United Kingdom)
Chrysanthou, I (Paphos, Cyprus)
Ciocarlan, T (Bucharest, Romania)
Colliva, V (Bologna, Italy)
Cortis, R (Zebbug, Malta)
Coseran, D (Bucharest, Romania)
Creus, I (Madrid, Spain)
Curra, I M (London, United Kingdom)
Dangirwa, L S (Harare, Zimbabwe)
Daniel, J S (Midrand, South Africa)
Deen, S (London, United Kingdom)
Demetriou, M (Limassol, Cyprus)
Dina, R (Dubai, United Arab Emirates)
Doyle, D (Southport, United Kingdom)
Drakopoulos, A (Aglantzia, Cyprus)
Dreghiciu, S (Bucharest, Romania)
Drousioti, I (Mesa Geitonia, Cyprus)
Dutta, P (Gurgaon, India)
Efstathiou, S (Limassol, Cyprus)
Emmanouil, A (Nicosia, Cyprus)
Frances, P (Guildford, United Kingdom)
Gainham, L (Kingswinford, United Kingdom)
Gala, V K (Mumbai, India)
Georgopoulou, P (Agia Paraskevi, Greece)
Gichuru, D G (Nairobi, Kenya)
Gilliam, A (Newton Abbot, United Kingdom)
Goel, M (Mohali, India)
Graham, S J (St. Helier, Jersey)
Gupta, A (Chandigarh, India)
Habaasa, A (Kampala, Uganda)
Hadjirafti, G (Paphos, Cyprus)
Hargreaves, K (Dartford, United Kingdom)
Hogge, D (Twickenham, United Kingdom)
Hu, Y X (Kaiping, China)
Hutchings, R L (Ringwood, United Kingdom)
Hutchinson Dean, K D M (London, United Kingdom) *
Ibrahim, D N Y (Minya, Egypt)
Imran, M (London, United Kingdom)
Isibor, O R (Torquay, United Kingdom)
Iyika, P (Lagos, Nigeria)
Jain, J M (Mumbai, India)
Jain, N (Chennai, India)
Jain, P (Delhi, India)
Jarrar, L (Amman, Jordan)
Jawabreh, S A (Manama, Bahrain)

Kanaris, E (Nicosia, Cyprus)
Kaplan, R (Bicester, United Kingdom)
Kara, J (Woodford Green, United Kingdom)
Karantonis, G (Nicosia, Cyprus)
Keogh, A (London, United Kingdom)
Khandelwal, P (Howrah, India)
Khandelwal, S (Noida, India)
Kogkottis, Y (Limassol, Cyprus)
Kok, W M (Kuala Lumpur, Malaysia)
Komodromou, I (Limassol, Cyprus)
Korir, E (Nairobi, Kenya)
Koukounides, C (Nicosia, Cyprus)
Krilov, D (Limassol, Cyprus)
Kucenko, D (London, United Kingdom)
Kupriienko, V (Kyiv, Ukraine)
Kurka, R (Bratislava, Slovakia)
Ky, A (Wembley, United Kingdom)
Kyriakou, M (Limassol, Cyprus)
Lam, C H W (Marke, Belgium)
Lam, K W (Lama Island, Hong Kong)
Lambrou, A (Nicosia, Cyprus)
Lampathakis, I (Athens, Greece)
Lee, J W D (Singapore)
Li, Y (London, United Kingdom)
Lu, M (North York, Canada)
Lu, Y (Kennedy Town, Hong Kong)
Lympouras, S (Lakatameia, Cyprus)
Lyon, A (Eastleigh, United Kingdom)
Mabula, E E (Dar es Salaam, Tanzania)
Machiri, N N (Lusaka, Zambia)
Magu, J P N (Reading, United Kingdom)
Maheshwari, P (Bangalore, India)
Makunde, T L (Greenhithe, United Kingdom)
Malyala, S (Mahabubnagar, India)
Marhani, A R (Jakarta, Indonesia)
Mashford, F (London, United Kingdom)
Matei, U S (Accra, Ghana)
Mathrani, M (London, United Kingdom)
Matoushaya, T L (Toronto, Canada)
Mehta, P (Udaipur, India)
Micallef, J (Qormi, Malta)
Mkhwanazi, N H (Waterbury, CT, United States)
Mohamedali, Z A (Dar es Salaam, Tanzania)
Monastirioti, A M (Peiraias, Greece)
Montebello, J A (Marsascala, Malta)
Morrow-McDade, R (Manchester, United Kingdom)
Mottram, I (Sheffield, United Kingdom)
Moura Schaukoski, F (Krakow, Poland)
Moyo, T R B (Lusaka, Zambia)
Mubiru, F (Kampala, Uganda)
Mundra, J (Mumbai, India) *
Murray, W (Granard, Ireland)
Musonda, L (Lusaka, Zambia)
Muzychenko, V (Krakow, Poland)
Mwatha, M (Nairobi, Kenya)
Nahar, V J (Chennai, India)
Namunyak, E M (Nairobi, Kenya)
Nayak, M V (Bangalore, India) *
Ndemera, K (Harare, Zimbabwe)
Ndunda, V M (Nairobi, Kenya)
Ngetich, C C (Nairobi, Kenya)
Novriansa, A (Jakarta, Indonesia)
Nyemba, T (Warrington, United Kingdom)
O, K W (New Territories, Hong Kong)
Oni, O O (Lagos, Nigeria)
Otoo, E (Johannesburg, South Africa)
Oyerinde, S T (Lagos, Nigeria)
Padmani, M B (Surat, India)
Palma, D (Oxford, United Kingdom)
Palomar Garcia, E (Oxford, United Kingdom)
Panayi, C A (Limassol, Cyprus)
Panteli, D (Nicosia, Cyprus)
Papadopoulos, A (Madrid, Spain)
Papaefthymiou, M (Aradippou, Cyprus)
Parks, A (Cambridge, United Kingdom) +
Patani, P (Mumbai, India)
Permandarani, N A (Jakarta, Indonesia)
Phan, N H (Ho Chi Minh City, Vietnam)
Polydorou, G (Aglantzia, Cyprus)
Prendeville, C (London, United Kingdom)
Rak, T (London, United Kingdom)
Rath, S (London, United Kingdom)
Rocha, M (Lausanne, Switzerland)
Rousos, K (Nicosia, Cyprus)
Rugumisa, L T (Mbeya, Tanzania)
Ruitururi, T W (Nairobi, Kenya)
Ruparelia, N K (Mumbai, India)
Sang, E K (Nairobi, Kenya)
Saparova, D (Tashkent, Uzbekistan)
Sarbu, R E (Buzau, Romania)
Saribekian, L (Warsaw, Poland)
Sciberras, A (Pieta, Malta)
Seetoh, W (Singapore)
Shah, P K (Ahmedabad, India)
Shayler, J C R (Southampton, United Kingdom)
Shekarrizi, S (Ruschlikon, Switzerland)
Shved, Y (Minsk, Belarus)
Simons, M S (Cambridge, United Kingdom)
Singh, A (Bangalore, India)
Sitorus, M G Y (Jakarta, Indonesia)
Smith, M (Waterford, Ireland)
Solyali, P (London, United Kingdom)
Soneji, D (Ruislip, United Kingdom)
Sookur, M (Quatre Bornes, Mauritius)
Sotiropoulou, E S (Kifisia, Greece)
Stavrou, C (Larnaca, Cyprus)
Steer, H C (London, United Kingdom)
Stirbu, V (Chisinau, Moldavia)
Sutariya, P A (Mumbai, India)
Tan, K S (Singapore)
Tataru, M (Bucharest, Romania)
Tayal, S (Palwal, India) *
Theofilou, G (Paphos, Cyprus)
Thiranant, N (Bangkok, Thailand)
Toh, D L S (London, United Kingdom)
Tsielepi, M (Larnaca, Cyprus)
Varath Nalamkandathil, G (Vyttila, India)
Venkatramanan, V N (Bangalore, India)
Verma, N (Pune, India)
Vernon, J (Edinburgh, United Kingdom)
Wittmann, J M (Schwanenstadt, Austria)
Yuan, R (London, United Kingdom)
Zirimba, S (Brighton, United Kingdom)
Zmuda-Trzebiatowska, J I (Warsaw, Poland)

Module 2.01 Australia option

Aguilar, J (Cossonay, Switzerland)
Dalvi, V (Mumbai, India)
Darak, S (Mumbai, India)
Lam, K W (Lama Island, Hong Kong)
Tekin, O (Belfield, Australia) *
Tran, A (Hanoi, Vietnam)

Module 2.02 China option

Zysk, K (London, United Kingdom)

Module 2.03 Cyprus option

Aznaouridou, O (Nicosia, Cyprus)
Christofi, C (Limassol, Cyprus)
Demetriou, M (Limassol, Cyprus)
Gamova, Z (Larnaca, Cyprus)
Kogkottis, Y (Limassol, Cyprus)
Lampidoniti, F (Limassol, Cyprus)
Manouchou, D (Nicosia, Cyprus) *
Mourtzi, K A (Limassol, Cyprus)
Polykarpou, M (Kakopetria, Cyprus)
Theologou, C A (Limassol, Cyprus)
Zavrou, S (Paphos, Cyprus)

Module 2.05 India option

Basu, R (Kolkata, India)
Bhatt, R D (Ahmedabad, India)
Jhaveri, A B (Muscat, Oman)
Kotak, H (Bangalore, India)
Malyala, S (Mahabubnagar, India)
Mehta, P (Udaipur, India)
Mundra, J (Mumbai, India) *
Nayak, M V (Bangalore, India) *
Ponda, V (Mumbai, India)
Sharma, S (New Delhi, India)
Tayal, S (Palwal, India) *
Unadkat, R (Mumbai, India)

Module 2.06 Ireland option

Crowe, C N (Dublin, Ireland)
Fitzgerald, P (Templeogue, Ireland)
Forrest, E (Dublin, Ireland)
Gallagher, B (Dublin, Ireland)
Kinsella, D (Navan, Ireland)
Murray, F (Tuam, Ireland)
Palavila Jacob, J (Singapore)

Module 2.07 Malta option

Abela, A (Zebbug, Malta)
Aquilina, L (Tarxien, Malta)
Cassar, W (Xewkija, Malta)

Module 2.08 Singapore option

Chamria, M (Mumbai, India)
Chan, H T (Cheung Sha Wan, Hong Kong)
Chew, S (Kuala Lumpur, Malaysia)
Edara, S R (Hyderabad, India)
Jain, N (Gurgaon, India)
Kavoya, J M (Nairobi, Kenya)
Khor, Y Y (Tanjung Bungah, Malaysia) *
Kottamasu, P B V N S L (Bangalore, India)
Manjrekar, U R (Mumbai, India)
Mehta, H D (Mumbai, India)
Rehman, R (Rawalpindi, Pakistan)
Sitorus, M G Y (Jakarta, Indonesia)
Solanki, V V (Pune, India)
Someshwar, U H (Mumbai, India)

Module 2.09 United Kingdom option

Ahmed, F (London, United Kingdom)
Bahia, R S (Hermitage, United Kingdom)
Bandolik, A (London, United Kingdom)

Blackmore, J (Birmingham, United Kingdom)
Boden, J (Gloucester, United Kingdom)
Bravin, J (Reading, United Kingdom)
Brindley, G L (Gloucester, United Kingdom)
Budd, A G (Buxton, United Kingdom)
Burley, J (Cannock, United Kingdom)
Cameron, L (Birmingham, United Kingdom)
Cao, Z (Didcot, United Kingdom)
Chellew, E S (Bearsden, United Kingdom)
Chitambala, M C (Lusaka, Zambia)
Clifford, O (Gloucester, United Kingdom)
Cloake, G (London, United Kingdom) *
Corden, P (London, United Kingdom)
Everson, K (Plymouth, United Kingdom)
Garnett Sammons, E (Kimpton, United Kingdom)
Green, L (Reading, United Kingdom)
Grozdanovic, L C (Worcester Park, United Kingdom)
Hainsworth, R (Leeds, United Kingdom)
Hall, J E (Hope Valley, United Kingdom)
Holt, J (Bristol, United Kingdom)
Johnston, C (Sunderland, United Kingdom)
Johnstone, W M (London, United Kingdom)
Lou, Q (London, United Kingdom)
Ly, S (London, United Kingdom)
Macken, C (London, United Kingdom)
Mannu, A (Bilston, United Kingdom)
Matthewson, R (London, United Kingdom)
Mattoo, R S (Barking, United Kingdom)
McKee, R (London, United Kingdom) +
Mohamed, A (London, United Kingdom)
Muhaimin, M A (London, United Kingdom)
Ng, M Y H (London, United Kingdom)
Nye, S (East Grinstead, United Kingdom)
Patey, J (Higher Denham, United Kingdom)
Pearson-Thurling, L (Birmingham, United Kingdom)
Pereira, B E (London, United Kingdom)
Perks, J (Pershore, United Kingdom)
Pinner, A M (Grantham, United Kingdom)
Quinn, T S (Leeds, United Kingdom)
Ram, S (Birmingham, United Kingdom)
Rashid, A (London, United Kingdom)
Reid, P R (London, United Kingdom)
Sadiq, Z (Birmingham, United Kingdom)
Sandu, C F (Cambridge, United Kingdom)
Scriven, J A (London, United Kingdom)
Shah, T (London, United Kingdom)
Sloane, E (Littleborough, United Kingdom)
Tatham, J (Reading, United Kingdom)
Thai, T (Petersfield, United Kingdom)
Venables, K R (Henley-on-Thames, United Kingdom)
Walker, D J (Esher, United Kingdom)
Ward, S L (Bedford, United Kingdom)
Welham, M (Mansfield, United Kingdom)
Whiteman, M J (Peterborough, United Kingdom)
Willey, J (Bristol, United Kingdom)
Woosey, G E (Leyland, United Kingdom)
Worthington, K L (Warwick, United Kingdom)
Wykes, J J (Birmingham, United Kingdom)
Zwetsloot, W (Baldock, United Kingdom)

Module 2.10 United States option

Bhave, S H (Mumbai, India)
Fuegemann, C H (Lidingö, Sweden)
Gatonye, T B (Kigali, Rwanda)
Housden, C L (ELY, United Kingdom)
Hutchinson Dean, K D M (London, United Kingdom) *
McNamara, M (Luxembourg, Luxembourg)
Mere, J (Chicago, IL, United States)
Nguyen, T H (London, United Kingdom)
Olivier, W (Stellenbosch, South Africa)
O'Loughlin, A (London, United Kingdom)
Scott, J B (Thame, United Kingdom)
Singh, P A (Crawley, United Kingdom)
Swami, P (Thane, India)
Zienau, C (Stockholm, Sweden)

Module 3.01 EU Direct Tax option

Cristescu, S (Bucharest, Romania)
Curra, I M (London, United Kingdom)
Dobrucka, J (Warsaw, Poland)
Gioabă, A R (Bucharest, Romania)
Gupta, A (Thane, India)
Hilliard, C (Broxbourne, United Kingdom)
Jaiswal, A (Birmingham, United Kingdom)
McCarthy, J (Wilmette, IL, United States)
Rocha, M (Lausanne, Switzerland)
Savage, S (London, United Kingdom) +
Taga, A L (Bucharest, Romania)
Tietjen, M K (Hamburg, Germany)
Yuan, R (London, United Kingdom)

Module 3.02 EU VAT option

Ahuja Walia, F (Dubai, United Arab Emirates)
Atanasov, I (Sofia, Bulgaria)
Atassi, H (Sharjah, United Arab Emirates)
Bassett, R E (London, United Kingdom) + *
Bobeva-Atanasova, B S (Sofia, Bulgaria)
Bonci, J (Dublin, Ireland)
Borza, C A (Bucharest, Romania)
Campbell, D (Leighton Buzzard, United Kingdom)
Cordoba Ruiz, L (Barcelona, Spain)
García Yárnoz, P L (Pamplona, Spain)
Gupta, P (Dubai, United Arab Emirates)
Marzano, G (Castel Gandolfo, Italy)
Miller, I L (London, United Kingdom)
Naved, M (Salwa, Kuwait)
Saleem, I (Riyadh, Saudi Arabia)
Schmitz, T (Luxembourg, Luxembourg)
Zarnoch, R (Schaffhausen, Switzerland)
Zirimba, S (Brighton, United Kingdom)

Module 3.03 Transfer Pricing option

Abdulla, A (Muharraq, Bahrain) *
Abdullayev, E (Baku, Azerbaijan)
Aggarwal, A (Gurgaon, India)
Aghahuseynov, H (Abu Dhabi, United Arab Emirates)
Agrawal, N N (Pune, India)
Agusta, L A (Depok, Indonesia)
Ahuja, M (Dubai, United Arab Emirates)
Ahwera, B (Kampala, Uganda)
Al Hoqani, A S (Muscat, Oman)
Ali, A K (Cairo, Egypt)
Ali, A S (New York City, NY, United States)
Ali, S (Harare, Zimbabwe)
Alkedhaibi, H I (Riyadh, Saudi Arabia)
Andras, E V (Bucharest, Romania)
Antil, D (New Delhi, India)
Antoniou, E (Nicosia, Cyprus)
Aquilina, G (Gharghur, Malta)
Aranibar Barreda, J C (Limassol, Cyprus)
Ashcroft, P (Liverpool, United Kingdom)
Baid, A (Kolkata, India)
Bainvel, S (Baku, Azerbaijan)
Baird-Parker, H E (London, United Kingdom)
Balan, V S (Chennai, India)
Balint, A (Bristol, United Kingdom)
Barbetti, D (London, United Kingdom)
Barbuzzi, P (London, United Kingdom)
Barratt, D M (Gibraltar)
Basu, R (Kolkata, India)
Bell, M D (Reading, United Kingdom)
Bereny, D (Luxembourg, Luxembourg)
Bhargava, P (Dubai, United Arab Emirates)
Bhargava, S (Shivpuri, India)
Bhatia, R (Dublin, CA, United States)
Bocai, R D (Bucharest, Romania)
Borovina Papadimitriou, I (Nicosia, Cyprus)
Brown, A (Mriehel, Malta)
Budreala, R F (Mogosoaia, Romania)
Callow, D (Sheffield, United Kingdom)
Camilleri, L (Attard, Malta)
Carter, R (Uxbridge, United Kingdom)
Ceyhan, K (Lozorno, Slovakia)
Charlton, T D (Belper, United Kingdom)
Chavaliuk, Y (Amsterdam, Netherlands)
Chereches-But, L (Bucharest, Romania)
Chirulli, A (Dartford, United Kingdom)
Chizhova, E (Limassol, Cyprus)
Choi, J (New York City, NY, United States)
Christie, S (Belfast, United Kingdom)
Christodoulou, A (Nicosia, Cyprus)
Christodoulou, I (Limassol, Cyprus)
Clarke, A (Newbridge, Ireland)
Davies, E M (Brierley Hill, United Kingdom)
Demetriou, M (Larnaca, Cyprus) *
Dimareli, E R (Nicosia, Cyprus) +
Dumitrana, D G (Craiova, Romania)
Eastman, S (Pretoria, South Africa)
Efstathiou, S (Limassol, Cyprus)
El Mahrouky, M M N (Cairo, Egypt)
El-Begawi, M K (Giza, Egypt)
Elmarassy, M Y (Giza, Egypt)
Elsaied, Y A A G (Giza, Egypt)
Farquhar, M (Cannock, United Kingdom)
Fouchier, G (Luxembourg, Luxembourg)
Frances, P (Guildford, United Kingdom)
Ganie, Z (Durban, South Africa)
Garg, B (New Delhi, India)
Georgiou, A (Larnaca, Cyprus)
Giusca, D (Bucharest, Romania)
Gould, F E (Altrincham, United Kingdom)
Grivas, G (Nicosia, Cyprus)
Hadjichristoforou, T (Nicosia, Cyprus)
Hadjirafti, G (Paphos, Cyprus)
Harrison, S (Bath, United Kingdom)
Hartanti, N (Jakarta, Indonesia)
Hopkin, D (Nottingham, United Kingdom)
Hopkins, J (Bristol, United Kingdom)
Hull, D S (Craigavon, United Kingdom)
Hussein, G N (Dubai, United Arab Emirates)
Ieronymides, P P (Nicosia, Cyprus)
Ignasiak, M (Warsaw, Poland)
Isibor, O R (Torquay, United Kingdom)
Ismayilov, J (Baku, Azerbaijan)
Ivkova, O (Limassol, Cyprus)
Jain, J M (Mumbai, India)

Jain, P (Delhi, India)
James, R (Glasgow, United Kingdom)
Jarrar, L (Amman, Jordan)
Jeetun, H (Port Louis, Mauritius)
Jeevarajasingham, J (Croydon, United Kingdom)
Jhoollun, P (Curepipe, Mauritius)
Kabra, P N (Ichalkaranji, India)
Kampala Theckummuri, S M (Abu Dhabi, United Arab Emirates)
Kapoor, S (Birmingham, United Kingdom)
Kariuki, G (Amsterdam, Netherlands)
Kasalwe, A (Lusaka, Zambia)
Khalil Musinguzi, A (Kampala, Uganda)
Khamis, A K (Al Khobar, Saudi Arabia)
Khanare, P M (Maseru, Lesotho)
Kinsella, D (Navan, Ireland)
Kolikoli, M W (Dar es Salaam, Tanzania)
Koni, A M (Nairobi, Kenya)
Kothari, N M (Chennai, India)
Krcmarikova, D (Kloten, Switzerland)
Krefft, M (Wroclaw, Poland)
Kumar, B (Bangalore, India)
Kumar, D (Karachi, Pakistan)
Lazaros, A (Athens, Greece)
Lee, J W D (Singapore)
Lemaire, T (Levallois-Perret, France)
Li, Y (London, United Kingdom)
Lloyd, E (Southampton, United Kingdom)
Lowe, R L (Leeds, United Kingdom)
Lozano Abrego, A E (Monterrey, Mexico)
Macharova, M (Trencin, Slovakia)
Maciel, I S (london, United Kingdom)
Magwaza, N N (Midrand, South Africa)
Majid, I (Manchester, United Kingdom)
Malyala, S (Mahabubnagar, India)
Mambwe, K (Lusaka, Zambia)
Matandaware, T J (Harare, Zimbabwe)
Matundura, A (Nairobi, Kenya)
Matundura, A (Nairobi, Kenya)
McCabe, E (Bishopton, United Kingdom)
McFarland, A (Luxembourg, Luxembourg)
McKenna, P (Sutton Coldfield, United Kingdom)
Meagher, P (Newcastle upon Tyne, United Kingdom)
Medeiros, M (Georgetown, Cayman Islands)
Mehta, P (Udaipur, India)
Meiliana, M (Depok, Indonesia)
Miron, C (Bucharest, Romania)
Mite, D (Edinburgh, United Kingdom)
Mohamedali, Z A (Dar es Salaam, Tanzania)
Morozov, I (Stockholm, Sweden)
Mosbah, G A (Giza, Egypt)
Mukarromah, A (Jakarta, Indonesia)
Mundra, J (Mumbai, India) *
Murali, B (Chennai, India)
Murray, J (Flushing, NY, United States)
Musayev, O (Baku, Azerbaijan)
Nalubanga, R (Kampala, Uganda)
Narula, G (Faridabad, India)
Nayak, M V (Bangalore, India) *
Niamut, M J (Arsenal, Mauritius)
Niftaliyev, B (Sabirabad, Azerbaijan)
Nurkaliyeva, Y (Almaty, Kazakhstan)
Nyumutsu, B A (Accra, Ghana)
Obajimi, O (Lagos, Nigeria)
Ogu-Jude, M (Port Harcourt, Nigeria)
Okazaki, K (New York City, NY, United States)
Oprea, R (Bucharest, Romania)
Otoo, E (Johannesburg, South Africa)
Pasternack, K (Espoo, Finland)
Paul, N A (Dar es Salaam, Tanzania)
Petrova, M (Krakow, Poland)
Phelan, C (Dublin, Ireland)
Pournos, A (Athens, Greece)
Prendeville, C (London, United Kingdom)
Pussick Dos Santos, D M (Luxembourg, Luxembourg)
Raikar, K (Navi Mumbai, India)
Raj, M (Telford, United Kingdom)
Rajput, B B (Dubai, United Arab Emirates)
Rasco, E (Coral Gables, FL, United States)
Rashid, A (Newton-le-Willows, United Kingdom)
Risandy Febriansyah, R (Jakarta, Indonesia)
Rizwan, M (Sharjah, United Arab Emirates)
Rosculet, E L (Bucharest, Romania)
Roy, S (Dublin, Ireland)
Rozali, D M (Jakarta, Indonesia)
Rusli, R (Jakarta, Indonesia)
Rustagi, A (Gurgaon, India)
Rustamova, G (Baku, Azerbaijan)
Ryan, E L (Leeds, United Kingdom)
Salman, S (Dubai, United Arab Emirates)
Sandu, A (Basildon, United Kingdom)
Sanghavi, D (Mumbai, India)
Sanghvi, F N (Mumbai, India)
Saribekian, L (Warsaw, Poland)
Savencu, A E (Tulcea, Romania)
Seric, C (Bucharest, Romania)
Shah, J K (Dubai, United Arab Emirates)
Shakya, A (Bangkok, Thailand)
Sheth, S (Mumbai, India)
Siddique, M A T (South Shields, United Kingdom)
Siziba, V T (Harare, Zimbabwe)
Smith, H (Edinburgh, United Kingdom)
Solanki, V V (Pune, India)
Solyali, P (London, United Kingdom)
Sookral, K (Port Louis, Mauritius)
Soteriades, P (Nicosia, Cyprus)
Staicu, A (Bucharest, Romania)
Sumeler, D K (Jakarta, Indonesia)
Sustiyono, O D (Dubai, United Arab Emirates)
Swami, P (Thane, India)
Swinton, R M (Aberdeen, United Kingdom)
Tan, K S (Singapore)
Tayal, S (Palwal, India) *
Theodorou, S (Nicosia, Cyprus)
Tijani, L (Dubai, United Arab Emirates)
Tijo, L (Bogota, Colombia)
Toh, D L S (London, United Kingdom)
Urse, I (Buzau, Romania)
Vasant, A (New Delhi, India)
Vasile, S A (Bucharest, Romania)
Vasileva, A (Limassol, Cyprus)
Verma, N (Pune, India)
Volin, I (Riyadh, Saudi Arabia)
Walsh, C (Ringwood, United Kingdom)
Wanjau, E K (Nairobi, Kenya)
Werykowski, C (Warsaw, Poland)
Wilson, D (Belfast, United Kingdom)
Yennaris, S (Nicosia, Cyprus)
Yogasurya, H (Jakarta, Indonesia)
Zhou, X (Singapore)
Zvemhere, I (Harare, Zimbabwe)
Zvingowanisei, I M (Harare, Zimbabwe)

Module 3.04 Upstream Oil and Gas option

Abalango, D (Kampala, Uganda)
Abedi, M A R K (Doha, Qatar)
Aigbokhaode, A G (Lagos, Nigeria)
Akligo, M (Accra, Ghana)
Akullo, F (Kampala, Uganda)
Al Siyabi, L (Muscat, Oman)
Aliyev, J (Baku, Azerbaijan)
Aljouder, A (Al Jabriyah, Kuwait)
Anwer, Z (Dubai, United Arab Emirates)
Balogun, T (Lagos, Nigeria)
Baska, S (Bangalore, India) +
Bhagwat, S R (Dubai, United Arab Emirates)
Britton, G (Edinburgh, United Kingdom)
de Croutte, P (Dubai, United Arab Emirates) *
Erdenebileg, M (Glenview, IL, United States)
Fol, M M (Giza, Egypt)
Fouad, L (Cairo, Egypt)
Fruto, L A A (Doha, Qatar)
German, G (Dubai, United Arab Emirates)
Habaasa, A (Kampala, Uganda)
Hamade, V M D (Doha, Qatar)
Hotz De Baar, C M (London, United Kingdom) *
Ilyine, D (Aberdeen, United Kingdom)
Iyer, R (Dubai, United Arab Emirates)
Jamil, M (Dammam, Saudi Arabia)
Kabadi, A (Dubai, United Arab Emirates)
Kalungi, T (Kampala, Uganda)
Khalilova, S (Baku, Azerbaijan)
Korolkov, N (Moscow, Russian Federation)
Korotkova, Y (Kyiv, Ukraine)
Kudyarov, A (Nur-Sultan, Kazakhstan)
Lee, J W (Dubai, United Arab Emirates)
Ling, O Y N (London, United Kingdom)
Mabula, E E (Dar es Salaam, Tanzania)
Maliko, W H (Geneva, Switzerland)
Malos, E (Bucharest, Romania)
Matoushaya, T L (Toronto, Canada)
Mbaye, J A (Dar es Salaam, Tanzania)
Merkulova, M V (Dubai, United Arab Emirates)
Muzychenko, V (Krakow, Poland)
Nakanwagi, M (Kampala, Uganda)
Nalubowa, E (Kampala, Uganda)
Newton, L T (Glasgow, United Kingdom)
Novas Perez, J L (Dubai, United Arab Emirates)
Nusetor, S S (Uthiru, Kenya)
Ooi, Z F (London, United Kingdom) *
Oparaji, C M (Dubai, United Arab Emirates)
Parra, C (Bristol, United Kingdom)
Ramsaib, A B (Curepipe, Mauritius)
Sakuth, K (Düsseldorf, Germany)
Sanni, A (Lagos, Nigeria)
Sayed, L R (Cairo, Egypt)
Sinnamon, G (Craigavon, United Kingdom)
Solayen, L (Rose Hill, Mauritius)
Tee, Y W (Singapore)
Tenkorang, N A A (Accra, Ghana)
Tobar, D E (Cairo, Egypt)
Uhiriwe, J M (Kampala, Uganda) *
Vitsa, E (Chalandri, Greece)
Yassin, A A (Abu Dhabi, United Arab Emirates)

Module 3.05 Banking option

Mohamed, L (Muharraq, Bahrain)

Murphy's Law

Keith Gordon reviews the Upper Tribunal's decision in a case that considers the taxation of payments made to resolve an employment dispute

KEY POINTS

- **What is the issue?**
Following the settlement of a claim made by Mr Murphy against the Metropolitan Police, HMRC considered that he was liable to pay income tax in respect of the full amount received, including those elements relating to the success fee and the insurance premium.
- **What does it mean for me?**
The taxation of these payments was a concern of the parties to the original litigation with the Met. There are similar concerns in the context of the new IR35 rules and in VAT cases, where a disputed tax treatment often has to be resolved by the parties to a contract themselves and not involving HMRC.
- **What can I take away?**
Anyone advising an employee in a future case should follow the approach taken by Mr Murphy and ensure that any settlement agreement separately quantifies the additional litigation costs being paid for.

It is well known that the rules for obtaining a tax-allowable deduction from employment income are particularly restrictive. The underlying policy reason for this can be explained on the basis that employers can usually be expected to cover costs incurred by their staff.

Therefore, subject to the relatively common exceptions such as reimbursed travel expenditure and fees for professional memberships, it will usually be the case that what an employer pays will be taxed as a receipt of the employee. As with all 'general rules', however, this short cut cannot be relied upon as a hard and fast rule. A potential exception was the subject matter of the recent Upper Tribunal decision in *Murphy v HMRC* [2021] UKUT 152 (TCC).

The facts of the case

Mr Murphy was a police officer serving with the Metropolitan Police ('the Met'). He and a number of colleagues made claims against the Met in relation to the alleged underpayment of overtime and other allowances. Shortly before a three day trial was due to commence, those claims were settled by the Met. Part of the amounts received from the Met were discharged in the payment of a conditional fee to the officers' lawyers (a success fee) and an insurance premium paid to cover any adverse costs that the officers might have been required to pay to the Met (had the matter proceeded to trial). (There were also additional legal costs reimbursed by the Met, but those were agreed to be non-taxable.)

So far as the payments made to Mr Murphy and his former colleagues are concerned, HMRC considered that the individuals were liable to pay income tax in respect of the full amount received, including those elements relating to the success fee and the insurance premium. On the other hand, Mr Murphy considered that the portion attributable to the success fee and the insurance premium was not taxable. The First-tier Tribunal agreed with HMRC. Mr Murphy took the case to the Upper Tribunal.

The Upper Tribunal's decision

The case came before Mr Justice Michael Green and Judge Ashley Greenbank.

The Upper Tribunal considered that the starting point of the discussion was Income Tax (Earnings and Pensions) Act 2003 s 62(2). That breaks the definition of 'earnings' into three categories:

a) any salary, wages or fee;
b) any gratuity or other profit or incidental benefit of any kind obtained by the employee if it is money or money's worth; or
c) anything else that constitutes an emolument of the employment.

It was common ground that para (a) was not engaged in the present case. In addition, HMRC accepted that, within para (b), the success fee and insurance premium did not fall within the scope of 'any gratuity' or 'incidental benefit'. Furthermore, HMRC accepted that para (c) was merely a sweep-up provision so as to preserve the effect of the pre-2003 case law. Thus, as the Upper Tribunal concluded, the case turned on the meaning of 'other profit' within para (b).

The Upper Tribunal then turned to the case law, which shows the need for a payment to derive 'from' the employment. In particular, the Upper Tribunal focused on a summary of the principles as set out in the Court of Appeal's decision in *Kuehne & Nagel Drinks Logistics Ltd v HMRC* [2012] EWCA Civ 34, including the rule that there must be a sufficient causal link between the employment and the payment. The mere fact that the payment would not have been made had the recipient not been an employee was necessary but not sufficient to bring the payment into the charge to tax.

Although the question as to whether a payment is 'from' an employment is ultimately a value judgment for a tribunal to make on a case by case basis, the Upper Tribunal considered that the more pertinent issue in the present case was the application of the word 'profit'.

The closest equivalent case was that of *Eagles (HM Inspector of Taxes) v Levy* (1934) 19 TC 23, where a former director received a sum from a company and was not entitled to any deduction for his costs. The First-tier Tribunal relied upon that decision in the present case. However, as the Upper Tribunal pointed out, in *Levy* the settlement reached between the company and Mr Levy expressly excluded any reference to costs. In the present case, however, the settlement with the Met expressly provided for part of

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the sum paid to refer to the legal and insurance costs now in issue.

In the Upper Tribunal's view, that was a fundamental distinction between the two cases. Furthermore, the Upper Tribunal interpreted the *Levy* judgment as saying that, if costs had been expressly provided for in the settlement, that element would not have been subject to income tax.

The Upper Tribunal also relied on the case of *Hochstrasser v Mayes* [1959] 38 TC 673, in which an employer reimbursed an employee £350 for the loss incurred on the sale of his house when he was transferred by the employer to another part of the country. Although this case is usually cited as a leading authority in respect of the meaning of the word 'from', Mr Murphy's counsel referred the Upper Tribunal to a concurring judgment by Lord Denning, which took issue with the concept of £350 being any form of profit at all, and instead said that it was no more than a payment indemnifying the employee for a loss.

Those two cases made it clear why it was common ground that some of the legal costs could not be subject to tax – they were not payments for Mr Murphy having been, being or becoming an employee; nor did they constitute any element of profit. However, the Upper Tribunal considered that the same logic applied to the elements of the settlement payment that related to the success fee and the insurance premium. Even if the payments were 'from' the employment, the Upper Tribunal felt more confident that they still fell outside the scope of the meaning of the word profit.

The Upper Tribunal therefore allowed Mr Murphy's appeal.

PROFILE

Name: **Keith Gordon**
Position: Barrister, chartered accountant and tax adviser
Company: Temple Tax Chambers
Tel: 020 7353 7884
Email: clerks@templetax.com
Profile: Keith M Gordon MA (Oxon), FCA CTA (Fellow) is a barrister, chartered accountant and tax adviser and was the winner in the Chartered Tax Adviser of the Year category at the 2009 Tolley Taxation awards. He was also awarded Tax Writer of the Year at the 2013 awards, and Tolley's Outstanding Contribution to Taxation at the 2019 awards. From September 2021, he is offering a new series of monthly lectures on recent tax cases via Zoom with a Q&A session following. Email admin@keithtaxlectures.com for further information.

Commentary

This was a case where the Upper Tribunal overturned a decision from an experienced First-tier Tribunal judge. Furthermore, one of the questions at the heart of the decision (whether or not a payment is 'from' an employment) has been variously described as one where it is 'often difficult to draw the line', 'not an easy question to answer' and where 'there is an element of value judgment'. Indeed, on this very point, the Upper Tribunal felt the need to consider that it might have been wrong and reinforced its decision by turning to the question of 'profit', which is something that has had very little attention over the years and indeed was the subject only of a minority judgment, albeit by Lord Denning in the House of Lords.

In addition, the closest case to the present (*Levy*) was decided the other way, but there was one subtle but fundamental factual distinction between the two cases.

It is clear, therefore, that this was a finely balanced case, but I consider that the right result has been reached. At the very least, it is a sensible outcome.

The background facts also reveal that the taxation of these payments was a concern of the parties to the original litigation with the Met. In most cases where X pays money to Y, X has no interest in whether the payment is taxable. However, where for example X is (or was or will be) Y's employer, X will have a direct interest in the potential tax treatment because X might well be liable to HMRC for any shortfall if the tax treatment applied proves to be incorrect. There are similar concerns in the context of the new IR35 rules and in VAT cases, where a disputed tax treatment often has to be resolved by the parties to a contract themselves and not involving HMRC.

Given the finely balanced nature of this case, it is hard to criticise the Met for taking a cautious approach, even though it had been shown specialist tax counsel's advice to the effect that the success fee and insurance premium were not taxable. It therefore applied PAYE and National Insurance to the whole of the payment, leaving it for the individual employees to self-assess the payments in a different fashion and to recoup any additional tax back from HMRC.

In this case, no harm was done, particularly because the Self Assessment system allowed the taxpayers to assert their own view of the law. However, it does demonstrate that there will be many commercial situations where a particular tax position is adopted so as to favour the party with the greater bargaining power, rather than to reflect the actual legal position. In my view, that is unfortunate.

What to do next

What has clearly distinguished the present case from that of *Levy* is the fact that the disputed costs were clearly quantifiable and represented the true commercially agreed amounts payable in respect of the success fee and insurance premium. The *Levy* case demonstrates that a different outcome would be reached in a case where the payment made to an employee does not get broken down into its respective components.

Accordingly, subject to any possible appeal by HMRC to the Court of Appeal, anyone advising an employee in a future case should follow the approach taken by Mr Murphy and ensure that any settlement agreement separately quantifies the additional litigation costs being paid for.

What the present case does not address, however, is the situation where the parties to the litigation quantify those additional litigation costs, but that quantification process reflects only an estimate of those costs rather than the actual figures. Will a court or tribunal adopt the *Murphy* approach in such a case (provided that the quantification is not unreasonable) or will that bring the case back into the *Levy* category? Given *Murphy's Law* – often abbreviated as if anything could go wrong, it will go wrong – it is probably best not to risk it.

The future of finance

Richard McCall considers how Open Banking platforms are revolutionising the ways in which businesses access, manage and control finances, and what this means for taxation

KEY POINTS

- **What is the issue?**
Approximately 2.5 million businesses and consumers in the UK actively use Open Banking services, which are sharply growing by around one million every six months.
- **What does it mean for me?**
Open Banking enables businesses to access and share financial information across various bank accounts, over specific periods of time, assisting businesses to manage and monitor cashflow to make the best financial decisions.
- **What can I take away?**
As the UK's financial services industry evolves further, the opportunities for business and consumers will continue to expand, helping them to improve their financial planning with faster and more accurate access to their financial data.

In a world where time is precious, fast and secure, digital financial solutions are being welcomed with open arms. It is therefore unsurprising that Open Banking has quickly become an indispensable asset, shaping how consumers and businesses manage their finances.

Approximately 2.5 million businesses and consumers in the UK actively use Open Banking services, which is sharply growing by around one million every six months (see bit.ly/2U7EX4G). With more than 300 fintech companies assembling to form the Open Banking ecosystem, the programme has been commended for its encouragement of competition among financial corporations. With its expansion, the initiative has been endorsed by the banking industry and received support from government entities, such as HMRC.

The birth of Open Banking

Open Banking was initiated in 2013 when the European Commission proposed that banks should allow third parties to access bank account information of customers. It came into force in the UK in 2018 and has helped to positively transform the world of banking.

The prime objective of Open Banking was to allow consumers to have greater access and flexibility to financial planning, so people could have a better understanding of their financial situations and make healthier money choices. This was achieved through authorising apps and services to access specific banking data so they can have a better insight into financial behaviours, like spending and cash flow. For example, an app powered by Open Banking could request access to a consumer's spending habits and, once authorised, would be able to better advise on which bank account would most suit the consumer's needs.

As the Open Banking ecosystem has expanded and evolved, so has its application. Now Open Banking is just as – if not more – important for businesses. This is especially the case when companies need specific data to prove ownership of accounts or verify funds, or to access financial and business support.

Open Banking as a business tool

Open Banking enables businesses to access and share financial information across various bank accounts, over specific periods of time. This is essential for managing and monitoring cashflow to make the best financial decisions – which is the lifeblood of a successful business. The benefits of Open Banking are its speed, accuracy and security; a business's finances will always be ready to look at and analyse.

For small businesses in particular, time saving solutions are invaluable; time saved usually means money saved, and more time and money to spend on growing the business. For SME company directors (who are unlikely to be equipped with the skills of managing funds and tracking cash flow), services which allow for fast and simple monitoring and management of money could be the difference between a business thriving or failing. After all, business decisions should be made on the basis of financial wellbeing.

However, there are some 5.7 million SMEs in the UK with less than 10 employees (see bit.ly/2VPumMu). Many will be relying on the support of third-party accountants to help them make informed business decisions based on the company's financial state. Fast access to accurate bank statements will ensure that accountants can give advice and support sooner and more effectively.

This can be taken a step further when considering taxation. Paying the right amount of tax is a legal requirement for businesses; however, getting tax right first time is an arduous task for owners and relies on fast access to accurate financial information. If a company director struggles to compile financial data, which is a laborious task in itself, how are they able to ensure they are paying the right amount of taxes?

Open Banking ensures that accountants and tax advisors can more quickly and simply access relevant financial information – enabling company directors to ensure they are paying the right levels of taxation and therefore complying with their legal requirements.

How can something be both 'open' and secure?

Contrary to its name, Open Banking offers complete privacy and security. This does not mean it has always been widely accepted as a haven for funds – as with any new system operating with sensitive information, questions were raised surrounding the level of Open Banking's security. If *open* is considered the reverse of *private*, and *privacy* is almost synonymous with *security*, then how can Open Banking be secure?

However, Open Banking has been built with security at its core using rigorously tested encrypted systems to protect data and ensure that no third-party entity can access login credentials, codes or passwords.

Only apps and websites that are FCA regulated (or equivalent) can enrol in Open Banking. This means that the data owner must give permission for the data to be accessed and they can limit how much data is shared, such as limiting the timespan of the data or authorising access for a single use only. For re-access of information, requests must be reauthorised.

Consumers and businesses who authorise their data to be accessed via Open Banking are covered by data protection laws and the Financial Ombudsman Service. Open Banking provides a much safer alternative to conventional methods of data sharing, which posed risks with both client data protection and fraudulent activity.

A prime example of this is data collection for accountants. When business owners share bank statement information with their accountants, this is usually in the form of photocopies, scans or csv files. Digitising the information – i.e. inputting the data into Microsoft Excel or another software – is open to manipulation, so it can be very difficult to trust that the data is both genuine and accurate. Furthermore, the sharing of private financial information via email can also expose security issues.

The more secure option of the conventional methods would be paper bank statements. This is more verifiable (though it is still hard to confirm if the statements are originals or not) but is much less practical and a lot more time consuming.

Despite its complicated and sophisticated structure, supported by rigorous levels of security, Open Banking could not be simpler to use. In fact, it is so simple to use, and has been so widely adopted, that the government will soon be applying Open Banking software to taxation.

The rise of Making Tax Digital

The decision to introduce Open Banking technology into the sphere of taxation was made based on the sheer number of errors made with self-assessment among business owners, the self-employed and landlords. According to HMRC, avoidable issues with self-taxation have cost the Exchequer more than £8.5 billion in the last three years (see bit.ly/3lZ7VPX).

With the help of Open Banking, the government is adopting a digital solution – Making Tax Digital – designed to simplify and speed up how businesses manage their taxes. Under the programme, VAT-registered businesses turning over more than £85,000 are required to keep digital records of business transactions underlying their VAT returns. HMRC states that: 'The improved accuracy that digital records provide, along with the help built into many software products and the fact that information is sent directly to HMRC from the digital records, avoiding transposition errors, will reduce the amount of tax lost to these avoidable errors.' MTD is planned to move to income tax, starting in April 2023.

The journey to Open Finance

With momentum building in Open Banking and the ecosystem of fintechs expanding, we are shifting towards the next stage of the UK's digital financial journey: Open Finance. The goal of Open Finance is to further encourage competition and innovation in the market. We could see, for example, users compiling the entirety of their financial information into a single digital dashboard so they can view all their balances, savings and investments in one go. This would be especially helpful for business directors who will be able to see an overview of their entire financial position, across personal and business incomings and outgoings.

The FCA has announced that its plans to dive into Open Finance were supported by financial professionals and corporations who outlined some further benefits relating to competition, financial advice and greater access to products and services.

Just as Open Banking had to overcome challenges and speculation, Open Finance will be faced with the same: how will the new initiative protect data and ensure security with increased open access?

The FCA is planning to adopt Open Finance alongside an appropriate regulatory framework with common standards. Whether this is implemented quickly, or the initiation takes longer than expected, it is crucial to ensure that the security and ease of use associated with Open Banking is applied to that of Open Finance. The speed and simplicity of Open Banking is arguably what has made the programme so successful.

Embracing a more open financial world

As the UK's financial services industry evolves, the opportunities for business and consumers will continue to expand. Whether the aim is to save money and time or simply to gain a better understanding of your personal or corporation's finances, we are certainly becoming more comfortable with implementing digital solutions and giving access to financial data.

Looking ahead, Open Banking and Open Finance will eventually be referred to as *banking* and *finance*, and the open approaches to financial issues will be grounded as the new norm for how we manage and experience money – as funds, debt, tax and more. Not only will this give businesses and innovation a greater chance of thriving in the competitive market, but it will also help them to improve their financial planning with faster and more accurate access to their financial data.

PROFILE

Author: **Richard McCall**
Position: CEO
Company: Armalytix
Email: sales@armalytix.com
Tel: 0800 023 4567
Profile: A qualified accountant, Aerospace Engineer and former senior executive in the banking industry, with roles at Sun Technologies and Citi, Richard is now CEO of Armalytix, a business that uses Open Banking to help businesses share relevant financial information to accountants and lawyers.

Working better together

Peter Jelfs believes that tax practitioners can work with academics to make a vital contribution in tax policy development

Tax practitioners have a very important role to play in the development of UK tax policy. Their hands-on experience of the tax system and regular interactions with their taxpayer clients give them a depth of tax technical knowledge that tax policymakers in government simply do not have. Given the vast amount of accumulated knowledge and experience within the profession, they are well placed to offer valuable opinions on what would make good (or bad) tax policy. Many already do so, either directly through their firm, or indirectly through bodies such as the CIOT.

However, from a personal viewpoint, the flow of ideas and contributions could be much more effective. While there are many possible reasons behind this observation, one example appears to be where practitioners seem reluctant to get involved too deeply in tax policy which appears to be unfavourable to their clients. This may be the case in a recent report issued covering the UK's R&D tax credit scheme, an area of tax in which many practitioners advise. In this article, I discuss the particular case, and then suggest some areas where practitioners and academics could combine to improve the wider policy development process.

Case study: R&D tax credits

R&D tax credits are a topical issue at the moment in the tax profession. HM Treasury (HMT) recently published a wide-ranging consultation on the scheme, which has been picked up and commented on in the professional tax press. Numerous professional services firms, including accountancy practices and R&D tax credit boutique firms, are likely to have responded. This is good to see, and such contributions will play a role in informing HMT's innovation policy advisers and determining the future of the scheme.

In May 2021, however, the Centre for Business Research, part of the Judge Business School at the University of Cambridge published a report entitled 'Is the UK's flagship industrial policy a costly failure?' In this context, 'flagship industrial policy' is defined as R&D tax credits and the Patent Box, so the report's content could hardly be less relevant for tax practitioners who interact in some way with these innovation tax incentives. The report contained a foreword by Greg Clark MP, Chair of the Parliamentary Committee for Science and Technology, demonstrating that its findings will be considered and discussed by people in government who have significant input into tax policy formulation.

While an analysis of the report's contents and conclusions is not the purpose of this article, it does make some extremely important claims and should certainly be read by anyone with an interest in the field:

- R&D tax credits cost £7.3 billion per annum, 14 times more than annual Innovate UK grants, and are the UK's de facto 'flagship industrial policy'.
- Office for National Statistics (ONS) data on aggregate business expenditure on R&D in the UK (BERD) show that the cost of R&D tax credits is about a quarter of all UK business R&D.
- However, as a percentage of national income, self-funded BERD (net of government subsidy) is 10% to 15% lower than before R&D tax credits were introduced.
- £1 billion to £2 billion of R&D tax credits now fund R&D performed outside the UK and other non-BERD compliant expenditure.
- The level of business R&D needed to enable the UK government's target of 2.4% of national income to be spent on R&D by 2027 to be met will never be achieved (based on the above).
- Most of the best role models for UK policy, such as Germany, make little or no use of R&D tax credits.
- By 2017/18, only France spent more than the UK on R&D tax incentives as a percentage of GDP, and with subsequent changes the UK is probably now ahead.

The tax profession's response

By any yardstick, these are severe criticisms of the UK's R&D tax credit scheme, and some opposing viewpoints would be welcome. On first principles, one would expect a number of responses from R&D tax incentive practitioners and a good debate to be had. Yet precisely the opposite is true; only a tiny number of articles have been written, none of which make any significant contribution to the topic.

What could some of the reasons be for this apparent lack of interest? A few options are suggested below:


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PROFILE

Name: **Peter Jelfs**
Position: Professor of Accounting (Professional Practice), Brunel Business School
Employer: Brunel University London
Tel: +44(0)1895 265559
Email: peter.jelfs@brunel.ac.uk
Profile: Peter Jelfs is Professor of Accounting at Brunel University, London. He has previously worked both as a tax adviser in professional practice and tax policy within government. This article is written in a personal capacity.

1. Practitioners are too busy to write articles about R&D tax credits: This is unlikely as there are plenty of firms working in this field who are keen for anything newsworthy to put on their websites. When HMRC publishes its annual R&D tax credit statistics, the results are discussed in detail. The recent R&D tax credit consultation is likely to generate a wide range of responses from practitioners based on previous experience.
2. The report is purely academic/too difficult to understand: The report is not an academic journal paper, the author is not a traditional university academic and his writing style is easy to read.
3. The report is not relevant to tax practitioners' clients: As stated above, the report could hardly be more relevant to current policy debates in this field, which will ultimately directly impact claimant companies.
4. The report concludes unfavourably on R&D tax credits and contains debatable assumptions: Even if true, perhaps this would make a great topic for an article rebutting the conclusion and demonstrating the practitioner's expertise?
5. The report concludes unfavourably on R&D tax credits and is therefore an indirect attack on companies (and their advisers) who claim them.

The answer is likely to vary between individual cases, but if answer 5 is the closest to the truth, then that should give pause for thought. It may be possible to justify on the basis that a tax practitioner is simply advising on policy that someone else in government sets, but if contributions to policy are only made where they will benefit a practitioner's clients, they are not likely to be given priority by the actual policymakers.

This is not the first critical report on UK R&D tax credits in recent times. The Institute for Public Policy Research (IPPR) published a report in 2017 claiming that up to 80% of R&D tax credits are 'deadweight', subsidising expenditure that would have happened anyway. As recently as the 2019 General Election, the Labour Party's manifesto policy was to phase out tax credits under the RDEC scheme. Both reports met with a similar response as that just published.

An ethical dimension?

It may be necessary to consider whether there is any ethical dimension in the above scenario for practitioners. If there is clear evidence from a study such as the above that R&D tax credits are an ineffective policy measure and are not increasing the amount or quality of R&D undertaken in the UK, does that matter for the practitioner? No, because they are just implementing the policy and aren't responsible for its creation? Or yes, because they should have the wider picture at stake and want the best for the UK?

Ethics have formed part of the recent discussions over R&D tax credits. In recent times, there have been plenty of articles about unregulated advisers and suggestions of fraudulent claims of increasing number and size. The CIOT has recently issued guidance concerning the application of professional standards to the provision of R&D tax credit services.

Final discussions

The above discussion may appear rather pessimistic, but is simply intended to encourage a response. My firm belief is that tax practitioners have an absolutely vital contribution to make in tax policy development. Some thought just needs to be given as to how this can be done more effectively.

One suggestion is for the tax profession and academia to work more closely to develop evidence-based tax policy research and present it jointly to government. This could benefit both parties: academics are being increasingly assessed on the 'impact' their research has, rather than simply publishing in academic journals, and have plenty of experience in putting together the kind of research reports that go down well in government.

The tax profession has access to the companies impacted by tax policy and budgets to support research that would turn academics green with envy, while the presence of the academic in the team helps to remove any hint of perceived problems such as the R&D case noted above.

While a recent CIOT president called for closer relationships between the profession and academia, progress to date on this front is rather modest. In reality, most tax practitioners probably couldn't name a UK tax academic, for example. And while many professionals may never wish to undertake further study after obtaining their professional qualifications, think what benefit could be reaped if it became commonplace for them to sign up for a Masters programme with a significant dissertation on an area of current government tax policy interest, funded by their firm? Wishful thinking maybe, but even a small number would be a step in the right direction. I will gladly supervise any recent CTA qualified who is interested in such a programme!

VOLUNTEERING WITH CIOT – EDUCATION COMMITTEE

We are looking for volunteers to contribute to the work of our Education Committee. Education is our most important charitable objective and we are refocussing the remit of this Committee to support our efforts to encourage as wide a cross section of people as possible to enter the tax profession, and to work more closely with tax academics in the UK. Volunteering is a great way to enhance and develop new skills, gain valuable experience and make a contribution to the wider profession, government and the public as a whole. Whether you are newly qualified or a long-standing member, if you have existing knowledge in this area or a great interest in it, it's never too early or late in your career to volunteer.

It's only with the support of our volunteers that we can make a real impact. Please briefly summarise your experience or interest in an email to Rosalind Baxter: rbaxter@ciot.org.uk If you would like to know more before putting yourself forward please contact Andy Brodrick: abrodrick@ciot.org.uk

SAVE THE DATE

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.

The major topics covered will be:

- **The global agreement on reforming the taxation of multinationals: the Pillar 1 proposals for reallocating profits between jurisdictions and Pillar 2 – a minimum global corporation tax rate**
- **The impact of a 25% UK corporate tax rate**
- **Requirements to disclose uncertain tax positions**
- **The challenge of the post covid tax environment**
- **The future of the tax profession**

Book online at: www.tax.org.uk/14thyoung

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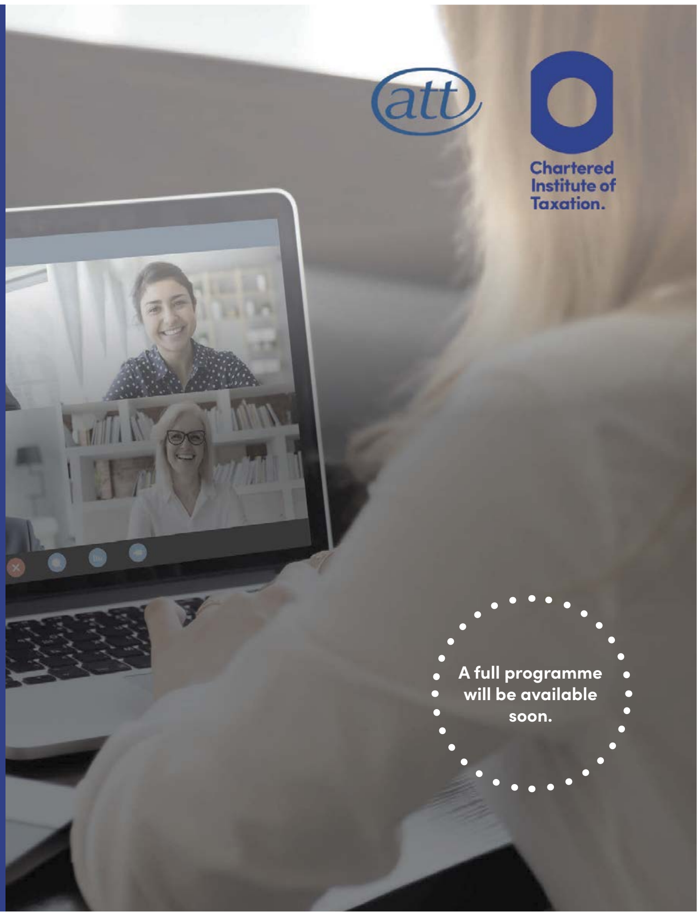

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To contact the technical team about these pages, please email:
Sacha Dalton,
Technical Newsdesk editor
sdalton@ciot.org.uk

Welcome to the September Technical Newsdesk

The CIOT, ATT and LITRG recently (11 August) joined other professional bodies at the Representative Bodies Steering Group meeting with senior HMRC personnel. At these meetings, we discuss topics of particular interest to the agent community. HMRC performance levels are a standing agenda item and I have discussed this in previous introductions. (Needless to say, we welcome continued feedback from members in this area as it informs our discussions with HMRC.)

We also have a regular topic of 'horizon scanning', where we look at pressures on the agent community and consider what is ahead. It is this area that I would like to discuss this month – not least because it was led by me and Caroline Miskin from ICAEW.

My concerns in this area were heightened after reading the recently published research report Impact of Making Tax Digital (MTD) for VAT (see tinyurl.com/twcfep9x). Two of the findings particularly caught my attention:

1. 65% of businesses discussed the changes with an accountant or bookkeeper. Considering that around a million businesses would have joined MTD for VAT by the time of the research (late 2020), that's around 650,000 conversations with agents.
2. 41% of self-employed (that is those within the scope of MTD for Income Tax Self-Assessment (ITSA)) increased their use of agents since the introduction of MTD.

Reflecting on this, and focusing solely on the future roll-out of MTD, the horizon looks challenging:

- Voluntarily VAT registered businesses will have to comply with the MTD requirements from April 2022 – this could be up to another 700,000 businesses. Will a similar proportion need to discuss the changes with an accountant or bookkeeper?
- MTD for ITSA is scheduled to commence from April 2023 – potentially bringing in over 4 million unincorporated businesses. Everyone (including HMRC) recognises that MTD for ITSA will be more difficult to 'land' than MTD for VAT.

Over the same timescales, we also have the proposed changes to basis periods, and there are other 'bigger picture' issues likely to come, such as renewing 64-8 authorisations, changes to accessing HMRC's digital services, and so on. We query whether agents will have the capacity to cope with the extent and pace of change. We also worry whether HMRC will be able to cope – call volumes and waiting times significantly increased when MTD for VAT was introduced. Will HMRC be adequately prepared to deal with an even greater quantity of contact in respect of MTD for ITSA?

So, what can we do about this? Well, slightly pre-empting what we might say in our response to the basis periods consultation, something must give. This might be a deferral of the transition to the new tax year basis, or the introduction of MTD for ITSA, or both. We are also looking to work with HMRC and other professional bodies to develop a 'roadmap of change' so that we can all have an awareness of the 'bigger picture' – the tax policy and operational changes that are coming down the road – to try and ensure that everyone has sufficient capacity to deal with them.

Of course, our input and that of other professional bodies is only influential. However, the more closely we work with HMRC on these issues, the more chance we have of making the road ahead slightly less bumpy.

Capital gains tax on UK property: 30 day property reporting service: an update

PERSONAL TAX

HMRC have issued a Frequently Asked Questions (and answers) document for users of the UK capital gains tax property reporting service and further more detailed guidance is in progress.

In August's edition of Technical Newsdesk, we reported on the progress to date with resolving some of the large number of issues with the property reporting service used for '30 day' reporting of UK property disposals. Our engagement with HMRC is ongoing and, further to the workaround concerning repayment of capital gains tax (CGT) via self-assessment, HMRC have issued a 'Frequently Asked Questions' (FAQ) document which addresses, in part, some of our queries about the service.

The FAQ covers matters including:

- agent authorisation, including for estates;
- repayments and offsetting of in-year payments; and
- paper returns.

The FAQ also picks up some of the issues around estimates and amendments, but it does not cover in detail what the relevant legislation actually permits taxpayers to do. We have fed back our comments and HMRC have told us that they are in the process of looking at this area in more detail. Further guidance from HMRC is expected shortly.

HMRC are also working towards developing much fuller guidance on the service. ATT, CIOT and other professional bodies will be meeting with HMRC monthly between August and October to comment on the draft guidance as it evolves.

We are also continuing to raise issues as they arise with HMRC and we are grateful to members for reporting the problems that are being encountered in practice when attempting to file on behalf of clients. Please keep your comments and concerns coming, either sending them directly to us or posting them on the Agent Forum. On the Agent Forum, you can also see issues posted by other agents and any solutions which have been found. We hope that, in due course, the answers shared on the forum will be consolidated into the new guidance.

For more details regarding accessing the Agent Forum, please see www.att.org.uk/agent-forum.

Since the FAQ was published in July, a number of other issues have come to light including:

- Concerns that the 14 day payment window from receipt of a demand following submission of a paper return is too short. HMRC are considering this point, as we were previously advised that those reporting on paper would have 30 days from the issue of a demand to pay.
- How to report the income figure on the service when the individual has made chargeable event gains to which top-slicing applies.
- Further problems registering non-residents for the service.

The FAQ is not available on GOV.UK but can be found on the ATT website (see tinyurl.com/37eb9evp) and CIOT website (see tinyurl.com/maw3jv6k).

Helen Thornley
hthornley@att.org.uk

Kate Willis
kwillis@ciot.org.uk

Recent work with/regarding the Office of Tax Simplification

GENERAL FEATURE

The CIOT has responded to HM Treasury's review of the Office of Tax Simplification and held discussions with the Office of Tax Simplification regarding their scoping document on moving the tax year end date.

HM Treasury's review of the Office of Tax Simplification

On 23 March, the Financial Secretary to the Treasury announced HM Treasury's first five-year review of the Office of Tax Simplification (OTS) – the Chancellor's independent adviser on making the tax system simpler and easier to interact with for taxpayers. The OTS was established on 20 July 2010, made a permanent independent office of HM Treasury on 21 July 2015, and placed on a statutory basis in Finance Act 2016. Finance Act 2016 requires HM Treasury to conduct a review of the effectiveness of the OTS in performing its functions every five years, and the first five-year review period will end on 28 November 2021.

In our written submission (see www.tax.org.uk/ref808), we agreed that the remit and function of the OTS should be 'the simplification of the tax system', both in relation to its technical and practical aspects, and encompassing all taxes for which HMRC are responsible (including the devolved taxes they administer). We stated that the OTS should not be directly involved in government policy making decisions. Instead, it should sit separate from government to play a wider role in engaging with non-governmental stakeholders on the simplification agenda, but sufficiently integrated within government to be able to influence the tax policy making process and access HM Treasury's and HMRC's knowledge base. The OTS should continue its wide-ranging approach to obtaining opinion and input from tax professionals, professional bodies and taxpayers alike, and we commended the OTS for the efforts it goes to in order to gather evidence.

Unfortunately, we had to note that whilst the OTS has had some 'successes', since it was formed the complexity of the tax system has continued to get progressively and significantly worse. Even if all the OTS's recommendations had been implemented, its effect would have been dwarfed by the torrent of new legislation and processes.

Looking ahead, we recommended the introduction of a formal framework for tax simplification, against which the OTS can score its recommendations and the government can assess potential policies. Indeed, an evaluation of the relative complexity of new proposals should be integrated into the Tax Consultation Framework, and the OTS should be sufficiently resourced to undertake an assessment of them. Adequate resourcing to undertake post-enactment reviews of new legislation was also suggested.

We also suggested that the government should be required to formally and fully respond to all OTS's reviews and recommendations (not just those reviews requested by the Chancellor) within a prescribed period.

The ATT and LITRG provided verbal feedback to HM Treasury's review.

Moving the UK's tax year end date

The OTS recently published a scoping document (see tinyurl.com/pv2nrecs) focusing on the implications of moving the UK's tax year end date from 5 April to 31 March. It also considered the broader issues, costs and benefits that would need to be considered if the end of the tax year was moved to 31 December.

We invited the OTS to the CIOT's Management of Taxes, Owner Managed Business and Employment Taxes July technical committee meetings to discuss its document with our volunteers and we incorporated what was discussed during those meetings into our response (see www.tax.org.uk/ref772) to HMRC's Call for Evidence on the Tax Administration Framework (written up elsewhere in this month's Technical Newsdesk).

It is our recommendation that the government reflect on the OTS's report when it is published and launch a formal consultation on moving the tax year either to 31 March or 31 December. Retaining a 5 April tax year end makes little sense in today's global world, where a significant number of overseas' jurisdictions use 31 December as their tax year end. 31 December is also likely to be more easily understood by taxpayers as it coincides with the calendar year. Whilst we note that changing the tax year to 31 March would probably be more straightforward than changing it to 31 December, it would not deal with the issues caused by using a different year end to much of the rest of the world. However, changing the UK's tax year should be a longer term plan – perhaps over four or five years – as there will be transitional rules to address, and taxpayers, businesses and HMRC will need time to prepare. In short, we think it would be a missed opportunity for the government not to seriously look at moving the UK's tax year either to 31 December or 31 March as part of the ten year Tax Administration Framework review.

Margaret Curran *mcurran@ciot.org.uk*
Matthew Brown *matthewbrown@ciot.org.uk*
Richard Wild *rwild@ciot.org.uk*

Treasury Committee inquiry 'An Equal Recovery': CIOT and LITRG response

GENERAL FEATURE

The CIOT and LITRG jointly responded to the Treasury Committee's inquiry 'An Equal Recovery'.

On 29 April, the House of Commons Treasury Committee launched a new inquiry called 'An Equal Recovery' (see tinyurl.com/2bzxm2a2). The inquiry is examining the different forms of inequality that have emerged, or that may have been exacerbated, by the coronavirus pandemic, and what HM Treasury can do to mitigate them. The areas of inequality that the inquiry is focusing on are disability, gender, race, regional and levelling up, and intergenerational, including housing.

This was the first piece of technical work which has drawn significant input from the joint Equality, Diversity and Inclusion (EDI) committee, which we set up in October 2020 with the ATT. The committee assists us in ensuring we have clear EDI values that can be demonstrated through our behaviours, actions and operations. Its remit includes not only EDI within our own organisations and the tax profession, but is also starting to consider EDI issues around tax and related policy.

We noted that, as a tax professional body, we do not have the expertise to comment upon all aspects covered by the inquiry. However, our members as tax advisers in professional practices, commercial enterprises, public sector and charities have extensive anecdotal evidence of the impact of the pandemic on their clients and other people they deal with. LITRG also receives feedback from members of the public via its website contact facility, which often includes information on EDI related matters (with older people, disabled people, carers and those with English as a second language sharing their experiences). Our comments were made on this basis and we therefore only answered the questions where we had relevant points to make. We also noted that the Women and Equalities Committee also has an open inquiry 'Unequal impact: Coronavirus (COVID-19) and the impact on people with protected characteristics'. We have not contributed to that inquiry but indicated that there may be some overlap.

We explained that the pandemic has again highlighted the need to address some fundamental aspects of the tax system, such as the 'three person problem' (that is the difference between the tax burdens on employment, self-employment and those operating through a company). These imbalances prompt behaviours which have not only affected entitlement to the government's COVID-19 support, but also the impacts on certain classes of individual, including those on low incomes and with protected characteristics.

The practical operation of the tax system can also be a source of potential discrimination, such as the ability to access and understand guidance on GOV.UK and obtain support or reassurances from HMRC. Some work is currently being undertaken in this area, but a greater focus should be placed on ensuring that HMRC can provide the necessary support to everyone who needs it.

We think that the government could do more to consider the equality, diversity and inclusion impact of its policies, both during their development and following their implementation. There may also be scope for more systematic reviews by the Treasury Committee or the Women and Equalities Committee.

At the time of writing, the Treasury Committee has not published its full response and so in the meantime it is not available on our website. Once it has been published, we will include it on the submissions pages of the CIOT and LITRG websites (www.tax.org.uk/technical/technical-submissions and www.litrg.org.uk/latest-news/submissions).

Richard Wild
rwild@ciot.org.uk

The tax administration framework: Supporting a 21st century tax system: CIOT, ATT and LITRG responses

MANAGEMENT OF TAXES GENERAL FEATURE

CIOT, LITRG and ATT have responded to HMRC's Call for Evidence, which was seeking views on how the tax administration framework could be reformed as part of the government's commitment to creating a trusted, modern tax administration system.

In July, the CIOT, ATT and LITRG all responded to HMRC's Call for Evidence in respect of the tax administration framework. The Call defined the tax administration framework as all the legislation relating to the collection and payment of tax over the complete duration of engagement for both direct and indirect taxes, comprising initial registration, compliance, payment, review and enquiry, safeguards and finally deregistration. As a result, the Call had a substantial scope and was somewhat challenging to respond to.

A common theme through all three responses is that problems with the existing tax administration framework concern not just the legislation underpinning the framework, but also HMRC's operations and digital systems. People do not engage with the legislation directly, but with HMRC's systems, processes, communications and guidance. All three bodies think that significant progress can be achieved by making improvements in these areas, including to HMRC's service standards, to help reduce burdens on taxpayers. Poor customer service, such as long telephone delays, poorly drafted letters and a lack of support, all erode trust in the tax system.

All three bodies also highlighted that systems cannot be developed in isolation from policy, with both ATT and LITRG noting how COVID-19 support schemes were implemented successfully by bringing together policy operations and communications teams from the start. The ATT considers that any policy changes in the administration framework should be developed jointly with operations teams, while the CIOT highlights that when there is inadequate consideration as to how a policy is implemented digitally, this creates administrative and cost burdens for taxpayers.

The CIOT's response

The CIOT, in its response, said that we support this broad review of the UK's tax administration framework, which we believe is long overdue. We are pleased that it is going to be a ten year project. However, we would have liked the review to have focused more on the end goal. In other words, what sort of tax system do we want to have in place by 2031 and how do we get there? Once there is a clearer picture of the end goal, a roadmap should be drawn up setting out the stages of the journey to reach that goal over the next ten years.

A new tax administration framework should not be designed around a flawed and complex existing tax system. We think that simplifying the tax system needs to go hand in hand with reviewing the tax administration framework. Some of the key underlying problems with the UK tax system should also be addressed first, such as removing the differences in taxation of income from employment and self-employment so as to eliminate the tax incentives to move from employment to self-employment. Once fundamental issues like these are addressed, a clearer picture will emerge of how the tax administration framework can support a reformed tax system.

We would like to see the government commit to sticking to their objectives for the tax administration framework, as set out in the call for evidence, during the review, including when introducing legislation on any new tax measures that have an impact on the tax administration framework. If they do not stick to these principles, this will undermine the commitments and purpose of the framework review. Given that the review will outlast the current Parliament (and probably the one after), we would encourage HMRC to build consensus and cross-party support for proposals for reform that emerge from the review.

We are conscious, however, that any suggestions we make are dependent on the investment being available to reform and improve HMRC's systems and to increase HMRC's resources. This is why a ten year roadmap is needed, as big system changes need long lead times and the costs and benefits need to be carefully analysed in advance. But we would not want to see improvements to systems being made without also addressing the complexity, where it exists, of the underlying legislation.

We note that significant changes to the current tax system are due to be introduced very soon, such as Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA) in April 2023 and a new late filing and late payment penalty regime starting with VAT in April 2022. These are both significant changes, and it is hard to see how they will be successfully and smoothly integrated into the existing self-assessment and penalties frameworks. Ideally, we would have liked the ten-year review of the tax administration framework to be done first, not overlapping with the introduction of MTD and a new penalty regime. We note that there is a risk that any changes to the framework will just end up tweaking what is already in place rather than making any big structural changes; this would be a missed opportunity.

The existing tax administration legislation is spread over several Finance Acts and other Acts, including the Taxes Management Act (TMA) 1970. The eventual outcome should result in the replacement of all existing legislation by a new Taxes Management Act, which should also contain the legislation underpinning the new tax administration framework that results from the process which this call for evidence is beginning. Future legislative changes can then be made to the new Act, ensuring that all administration legislation is kept together and is easier to find and follow for HMRC, taxpayers and professional tax advisers.

Chapter 3: Ensuring consistent obligations for people to enter and exit the tax system

We broadly agree with HMRC's aims here. Registration requirements and processes should be as consistent and simple as possible. The main difficulties with the current systems of registration and deregistration lie mainly with how HMRC process applications, how their systems support applications for different taxes and how taxpayers interact with HMRC's systems. There should be a single system for taxpayers to use to register and deregister for different taxes, to track the progress of applications and appoint an agent.

We also think the government should explore the wider use of a single taxpayer identifier number which a person would use for all interactions with government, not just HMRC.

In our view, improvements to processing and HMRC's systems in the area of registration and deregistration should be looked at in the first instance before considering any legislative changes to the timing of registration.

Chapter 4: Improving the way tax liabilities are calculated and assessed

Most issues here stem from the legislation and case law for each type of tax. The government should take the opportunity to simplify the legislation in this area where possible; for example, by reviewing the adjustments that are required to establish a tax liability, reforming basis periods and changing the UK's tax year. This is a golden opportunity to 'think big' about modernising the UK's tax system and for the government to consult on moving the tax year from 5 April – either to 31 March or 31 December.

Better and more timely use of taxpayer and third party data should be explored, as this will help with the calculation of tax liabilities and drive compliance.

A single customer account should be developed where taxpayers can see their tax liabilities in one place, and which could reduce the need for taxpayers with simple affairs to have to complete an annual self-assessment tax return. Authorised agents must have access to the same information that their clients have in their digital accounts, and at the same time.

Chapter 5: Using data and information to make tax compliance effortless for the majority

HMRC should develop a rigorous and secure system for collecting and using data from third parties to pre-populate a taxpayer's digital record, tax return, etc., with full consultation and a roadmap and timeline setting out each stage of the journey.

More timely use of real time data and information should be explored, which could help to build a picture of a taxpayer's tax position, but this needs a cautious approach since much of the UK's tax system works in arrears, not in real time.

There should be rigorous safeguards introduced so that taxpayers know what data and information about them is being collected by HMRC and have the right to challenge and correct it.

Chapter 6: Tax payments and repayments

Most of our comments on payments and repayments are connected with HMRC's processes and systems not currently working efficiently, rather than issues with the underlying legislation. It would be helpful, for example, if HMRC could introduce a better payment system for taxpayers to use to make payments to HMRC in order to avoid the problems often encountered at the moment, such as using the wrong reference number or bank details which means that payments end up in the wrong place and cannot be matched with the correct liability.

It should also be made easier to arrange set-offs of underpayments and overpayments between different taxes. Taxpayers may find it easier to make regular, more frequent or earlier payments (if they want to) if they have a single view of their tax liabilities and payments in one place, for example in a new single customer account, so we think HMRC should explore this further alongside a commitment for the same information to be available to agents.

Chapter 7: Building in effective methods of verification, sanctions and safeguards to promote compliance

It is essential for building and maintaining trust in the tax system that the way HMRC use their powers and operate safeguards can be effectively monitored and subjected to appropriate oversight. In Appendix One of our response, we set out the CIOT's ten principles against which HMRC's use of its powers, sanctions and safeguards and any proposed powers, sanctions and safeguards can be compared.

One area of concern is that it is difficult for a taxpayer to obtain certainty on their tax affairs by putting enough information and disclosures on their tax return to be sure that the tax year is closed after the end of the normal enquiry period. Another is that most taxpayers simply do not comprehend the different avenues HMRC have to challenge tax returns. These differ depending on the tax in question. Trust in the tax system would be enhanced by simplification and by harmonising rules for challenging tax returns across all taxes.

Then there are often delays in the enquiry process, meaning tax disputes can sometimes take many years to resolve which erodes trust in the tax system. We also note that there are several areas involving penalties that are problematic, and we highlight some specific issues with various aspects of legislation in the area of compliance and administration that we think need to be addressed.

The ATT's response

In addition to many points we had in common with CIOT's response, ATT's response highlighted how much has changed over the tax landscape since TMA 1970 was introduced. In this period, many major changes have occurred (from the introduction of VAT and self-assessment to the merger of the Inland Revenue and HM Customs & Excise). During this time many obligations have been transferred to the taxpayer at the same time as HMRC has become less accessible.

Rather than attempt to reformulate the framework across all the taxes at once, we suggest that, while there are merits in agreeing some overall principles as a starting point, the priority for forthcoming reviews should be the framework in relation to MTD for ITSA. Having established a framework for one major tax, consideration could then be given to other taxes in turn, taking the general principles as a starting point but then adapting and adjusting them for the specific purposes of the tax in question.

The Low Incomes Tax Reform Group's (LITRG) response

LITRG's submission to the call for evidence focuses on the difficulties that unrepresented taxpayers face in dealing with HMRC and their tax obligations. Under the present tax administration system, a person's own tax is largely their own responsibility. But with more pre-population of tax forms, people will potentially believe that HMRC 'already know everything' and LITRG is concerned that the taxpayer may not add to or correct this information. The present lines of responsibility therefore need to be closely considered and potentially re-drawn.

Taxpayers will also need clear guidance, on which they can rely, to understand their tax obligations. LITRG's submission therefore highlights concerns that information on GOV.UK does not cater for all circumstances. Furthermore, HMRC now use channels such as Twitter to impart guidance or advice, the brevity of which risks misleading taxpayers.

LITRG also stresses that HMRC need a clear roadmap for reform and that this should work incrementally towards the end goal.

The CIOT's response is here: www.tax.org.uk/ref772

ATT's response is here: www.att.org.uk/ref373

LITRG's response is here: www.litrg.org.uk/ref2509

Margaret Curran
mcurran@ciot.org.uk
Helen Thornley
hthornley@att.org.uk
Kelly Sizer
KSizer@litrg.org.uk

Residential property developer tax: CIOT response

LARGE CORPORATE

The CIOT has responded to the recent consultation on the design of the new tax: residential property developer tax.

The government has consulted on the design of a new tax, residential property developer tax (RPDT), ahead of its inclusion in the 2021-22 Finance Bill. The primary objective is 'to raise revenue to help fund the package of measures designed to bring an end to unsafe cladding'. The government is consulting on the design and administration of the tax to ensure it is proportionate and works as intended, minimising impact on housing supply where possible. The tax will be applied to profits from UK residential development that exceed an annual allowance of £25 million.

As with most consultations, we think Stage 1 of the government's Tax Consultation Framework (*Setting out objectives and identifying options*) is a valuable part of the process and should not be omitted. A stage 1 consultation would have allowed for a transparent consultative evaluation of different options to achieve the government's policy intent in the way that best balances the competing objectives.

A key concern for the CIOT is the very short timescale for developing and implementing a wholly new tax ready for April 2022. It is challenging for both the sector and for HMRC. The limited timescale for development underlines the practical need to align RPDT to existing legislation and systems as far as possible. An important practical aspect is that software providers will have little time to design and build a RPDT module once the design is finalised. Similarly, HMRC will obviously need to have new systems in place to administer and collect RPDT by April 2022 and to produce timely guidance.

The rate of RPDT is yet to be announced pending decisions on design. We recognise that the design and rate are linked but a reasonably firm indication of the rate range as soon as possible would provide some level of certainty as it impacts residential development projects under negotiation currently. We noted that if a quarterly payment regime is adopted for RPDT, a company or group with a 30 April year end could be due to make a quarterly payment as early as July 2021 but without knowing the rate or basis of charge.

A central theme of our response is to adopt existing statutory or accounting definitions as far as possible in designing the new tax, an approach that accords with the government's objective of simplicity and the Office of Tax Simplification's recommendations. Consistency of definitions with divergences only for clear specified policy reasons reduce complexity.

Kate Willis
kwillis@ciot.org.uk

Timely payment: CIOT, ATT and LITRG responses

MANAGEMENT OF TAXES PERSONAL TAX OMB

The ATT, CIOT and LITRG have responded to the HMRC call for evidence on more timely payment of tax (that is to say, payments of tax that are both more frequent in nature and are more closely in line with the point in time at which the income, profits or gains to which they relate arise).

Earlier this year, HM Treasury published a call for evidence (see tinyurl.com/5b2kwd38) looking at the benefits and challenges of current tax payment timings, and the potential to move to more frequent, in-year tax calculation and payment. The call for evidence focused on Income Tax Self-Assessment (ITSA) and Corporation Tax for companies outside the quarterly instalment regime, but also explored the potential for more timely payment of other taxes.

The ATT, CIOT and LITRG all responded to this consultation and, at the outset, noted that altering the frequency and/or calculation of tax payments would be a major change for affected businesses and individuals. All three bodies therefore welcomed the fact that this call for evidence takes place at an early stage in the consultation process, as well as the commitment not to introduce any changes within the present Parliament.

The responses also all suggested that as a preliminary step, and before any changes to the timing of payments of tax are mandated, the existing voluntary options should be promoted. Alongside greater education of taxpayers of their liabilities generally, promotion (for example, of the benefits of the Budget Payment Plan) could address many of the concerns or problems that the call for evidence indicates that more timely payments are seeking to address. Thus HMRC's existing Budget Payment Plan should be improved and access to it widened.

ATT response

In considering the specific proposals, the ATT response (see tinyurl.com/3srcsvej) recognises that whilst there may be benefits to the Exchequer and some taxpayers of bringing tax payments closer to real time, there are concerns that these benefits could be outweighed by the practical and cash flow problems arising from making any such change compulsory.

The ATT therefore recommends that, for ITSA and Corporation Tax:

- Any changes to the frequency of tax payments should not be compulsory, but instead optional with incentives (such as longer filing deadlines, quicker repayments, etc.) to drive participation.
- Instalment payments should be based on the tax liability of the previous year, rather than in-year data.
- If the frequency of tax payments were to be increased, payments should not be required more often than quarterly.

CIOT response

CIOT's response (see www.tax.org.uk/ref773) commented on the lack of clarity around the overall benefits to taxpayers of more timely payments. We commented that whilst some of the benefits of timely payments cited in the call for evidence could arise for some taxpayers in particular circumstances, the challenges that have been identified could adversely impact a great many taxpayers. It is not clear where the balance will lie between the potential benefits and the potential negative impacts for taxpayers in different circumstances; and it is not clear which type of taxpayer would be most advantaged overall by the introduction of timely payments.

The CIOT said that we do not agree that a more frequent tax payment regime should be based on current year liability. It is the CIOT's strong view that a move to tax liabilities based on in-year calculations could only work if the tax system was fundamentally reformed first. At the moment, calculations based on an up-to-date view of the in-year tax position seem highly aspirational. This is because the UK's tax system does not work in real time, it works in arrears. Tax is calculated on total annual income, profits or gains, which in most cases can only be worked out after the tax year has ended. In our view, if payment of tax is to be based more in real time, then there needs to be a fundamentally different basis of determining tax liabilities in real time. That said, we do not have any objections to a regime of more frequent payments based on a taxpayer's tax liability for a previous year that is known, effectively accelerating or spreading the current payments on account that are made under ITSA. More payments on account based on a previous year's liabilities seem to be the most straightforward way of increasing the frequency of tax payments and present the fewest complications.

LITRG response

In LITRG's view (see www.litrg.org.uk/ref2510), the key to any new timely payments regime is to ensure maximum flexibility around any real time advance payments. But LITRG said that the biggest challenge to this is how to ensure that any real time tax instalments are reasonably accurate – substantially overpaying in advance due to inaccurate in-year calculations could cause significant and unnecessary cash flow difficulties. The primary aim of a more frequent timely payment regime must be made clear from the outset – is it to collect the correct amount of tax in real time, or is to collect tax more quickly in the simplest way possible? There would seem to be tensions between these two principles of accuracy and simplicity.

LITRG warns that how third party data is used will need to be carefully considered when establishing real time liability as there are several issues that need to be addressed in this area, including who is responsible for the accuracy of the data and finding a way for the taxpayer to challenge inaccurate data from third parties.

LITRG have stressed that taxpayers who are digitally challenged or digitally excluded must not be forgotten in the design of any new process – new processes should be designed for all from the start. Non-digital channels must remain open to offer support to those who cannot use digital methods for managing their tax affairs.

LITRG also highlighted that interactions with other areas must be considered – for example, with student loan deductions and with universal credit; and that HMRC also need to ensure they can deal with tax repayments in a timely manner as well.

Emma Rawson *erawson@att.org.uk*
Sharron West *swest@litrg.org.uk*
Sacha Dalton *sdalton@ciot.org.uk*

BEIS consultation: Restoring trust in audit and corporate governance: CIOT and ATT response

LARGE CORPORATE

The government's response to its concern about public trust in audit and corporate governance was set out in the consultation document entitled 'Restoring trust in audit and corporate governance' (see tinyurl.com/y3xp5kj4).

It stated: '…stakeholder and wider public trust in the credibility of directors' reporting and the statutory audit has been shaken by a succession of sudden and major corporate collapses which have caused serious economic and social damage … [T]he audit regulator has in recent years found up to a third of audits carried out by the seven largest audit firms to be in need of improvement or significant improvement. There are also more longstanding concerns about a lack of competition and resilience in the statutory audit market covering the UK's largest companies, and a perceived failure of the audit product to meet the growing expectations of its users.'

Along with other measures to address these concerns, the government proposed giving the Financial Reporting Council's successor body, the Audit, Reporting and Governance Authority (ARGA), increased powers. The scope and role of ARGA was the subject of the consultation document.

Although at face value a consultation entitled 'Restoring trust in audit and corporate governance' would not appear to be of direct relevance to the tax advice market, the paragraph below prompted the CIOT and ATT to make a brief submission:

> *'There is some evidence to suggest the existing self-regulatory regime does not operate completely satisfactorily, for example the current system has been assessed as accommodating significant risks around money laundering as well as issues of tax avoidance and poor practices in the tax advice market. The government is already taking action to address these specific issues as part of the Economic Crime Plan, HMRC's work to improve standards among tax agents and ongoing efforts to tackle tax avoidance.'*

We felt it important to make clear that we do not consider that tax should come within the scope of ARGA. This is on the basis that there was no direct correlation between the problems identified in trust and corporate governance and any which exist in the tax advice market.

We made the point that the tax profession is unregulated (save for the anti-money laundering supervision requirements) and that it is largely down to the professional bodies to take the lead in setting and enforcing standards; for example, through the rules on Professional Conduct in Relation to Taxation (PCRT). Indeed, HMRC adopted three of the five PCRT standards for tax planning as part of their standards for agents. The effectiveness of the professional bodies' approach is illustrated by HMRC having identified that 70% of the problems they experience with tax advisers come from the 30% of the tax agents who are not affiliated to any professional body. The biggest quality issue in the tax market is how to address that population; and that was (and continues) to be addressed in HMRC's call for evidence and subsequent consultation, 'Raising standards in the tax advice market', to which CIOT and ATT responded.

Our response can be found at: www.tax.org.uk/ref835.

Heather Brehcist
hbrehcist@ciot.org.uk

Rural productivity: CIOT response

OMB INHERITANCE TAX

CIOT was invited by the Country Landowners' Association to give evidence to the All Party Parliamentary Group for Rural Business and the Rural Powerhouse. The inquiry was to examine different aspects of the rural economy and assess barriers to productivity growth. Our submission addressed various aspects of the question: Does the tax system provide benefits or barriers to rural productivity?

Does the tax system actively encourage or discourage investment in a farming/diversified farming business?

The vast majority of farming businesses are operated as sole trades or partnerships but R&D tax relief is only available to limited companies. Structures and buildings allowances are not currently set at a sufficient level to encourage investment in buildings. The 'default level' £200k annual investment allowance (AIA) does not buy much in a reasonably sized modern farming business; the ability to carry forward/back unused AIA from earlier/later years would smooth out the years of heavy investment. Additionally, where a trust is one of the partners there is no AIA at all.

Farmers are discouraged from significant non-trading diversification (for example, letting redundant farm buildings for offices/storage or letting land for solar or battery storage schemes) because they risk the loss of inheritance tax (IHT) agricultural property relief (APR) on the part of the farmland affected.
A non-trading element can impact on the availability of other capital taxes reliefs: capital gains tax (CGT) reliefs rely on the whole being at least 80% trading; and IHT business property relief (BPR) requires over 50%. Furthermore, the Office of Tax Simplification (OTS) suggestion that the BPR threshold might be increased to 80% would render many rural businesses ineligible for IHT relief on the entirety of their non-agricultural value.

The limitations on assets available for CGT rollover relief also stifle innovative activity. A farm business that wishes to dispose of a surplus cottage and buy further agricultural land is dissuaded from doing so by the tax arising on the disposal of the cottage. A rollover relief based solely on the type of asset invested into – akin to an Enterprise Investment Scheme investment – would encourage investment in appropriate assets.

What aspects of the way that businesses must engage with the administration of the tax system, now or as contemplated by the digitalisation project, may hinder productivity?

The number of multiple returns required for a farm business even with only minor diversification is astonishing. Under Making Tax Digital (MTD), in addition to the various returns already required, there will be separate quarterly returns (plus the catch-up) needed for, say, rental income (as that has a 5 April basis period) and farming income (that will almost certainly have a different year end). (We note that this issue is intended to be addressed, at least in part, by the proposed changes to basis periods that was announced (with a consultation) on L-day (20 July), after our submission to this enquiry had been made.)

We said that not only is it frustrating that a farmer should have to file so many returns, but also the fact that some of those returns (for example, those relating to farm performance not taking into account crop valuations/contracting balances) are meaningless additions both to the discontent and the cost.

How can tax levers boost rural productivity?

It is likely that existing capital taxes reliefs encourage elderly farmers to 'hang on until death' rather than passing on to the next generation earlier when the younger person is more likely to be willing to take risks and innovate. Furthermore, there are many instances of the younger generation working for an inadequate reward in anticipation of inheriting the farm later. Passing on interests earlier would give security and avoid the growing number of 'one day all this will be yours' proprietary estoppel claims – a real issue, judging by the number of farming cases before the courts in recent years.

Diversification exacerbates that problem: there may be situations where the diversified assets do not qualify for CGT holdover relief and will only qualify for BPR if retained in the same ownership as all of the qualifying assets. Thus the elderly farmer may be driven by capital tax considerations to retain the whole business (and preferably non-diversified) until death. A real advantage in implementing the OTS recommendation to remove the CGT uplift on death, where the estate has 100% APR and/or BPR, would be to remove the major disincentive to lifetime succession planning.

Our full submission can be found at: www.tax.org.uk/ref810.

John Stockdale
jstockdale@ciot.org.uk

Simplifying the VAT land exemption

INDIRECT TAX

The CIOT and the ATT have submitted their responses to HMRC's call for evidence on simplifying the land exemption.

Both the CIOT's and the ATT's responses to the call for evidence (see tinyurl.com/3p9frs7z) acknowledged the need for simplification in specific problem areas. However, they also said that for the majority of land and property transactions, the VAT liability is clear and is administratively straightforward under the existing rules; hence a major overhaul of the VAT rules could result in added complexity, rather than a simplification.

A right over land, the supply of facilities or something else?

The most common 'difficult' issue is establishing the correct VAT liability where it is not clear whether the supply is a right over land (VAT exempt, subject to the option to tax), the supply of facilities (taxable standard rated) or the supply of something else (VAT liability to be identified). For example, where a business trades from a vehicle or mobile unit, is the site operator supplying parking, a right over land or the supply of facilities?

Further issues were highlighted that arise from the principle established in *Sinclair Collis* (Case C-275/01): where the VAT position is not clear from the interpretation of Group 1, Schedule 9 to the Value Added Tax Act 1994 (VATA 1994), the European legislation definition of 'leasing or letting of immovable property' (Article 135(1)(l) of the Principal VAT Directive) including the 'passive provision of space' must be considered. The UK's interpretation of 'right over land' was much narrower than in some EU countries, for example Italy and Spain.

What could be improved in relation to the option?

Both responses also identified issues specifically with the option to tax that would benefit from simplification.

The CIOT and ATT supported 'Recommendation 8' made in relation to the option to tax in the Office of Tax Simplification's (OTS) 2017 VAT report (see tinyurl.com/42s2s8ne): that HMRC should review the current requirements for record keeping and the audit trail for options to tax, and the extent to which this might be handled online. Our responses agreed that simplification from increased digitalisation for the option to tax was desirable.

The OTS VAT report also looked at simplification of the anti-avoidance legislation in VATA 1994 Sch 10 paras 12 to 17 and this was also supported in our responses, particularly around disapplication and where permission to opt is required. It was also noted that HMRC's VAT guidance could be more helpful in understanding this area of legislation, though it is not ideal that the legislation itself does not always provide clarity.

Our responses also said that transfers of a going concern that include properties are also areas where errors occur and that this too is an area where simplification would be desirable.

The CIOT's full response can be found at tinyurl.com/yehyvtty and the ATT's at tinyurl.com/w5fxx37k. As the consultation moves to stage 2 in the coming months, both the CIOT and the ATT will continue to seek feedback from members, and a request for input will appear in the CIOT/ATT Weekly News emails in due course.

Jayne Simpson
jsimpson@ciot.org.uk

Emma Rawson
erawson@att.org.uk

CIOT		Date sent
Review of the Office of Tax Simplification	www.tax.org.uk/ref808	12/07/2021
The tax administration framework: supporting a 21st century tax system	www.tax.org.uk/ref772	15/07/2021
Restoring trust in audit and corporate governance	www.tax.org.uk/ref835	17/07/2021
Residential property developer tax	www.tax.org.uk/ref791	21/07/2021
Timely payment	www.tax.org.uk/ref773	27/07/2021
Scottish Parliament consultation on priorities for 2021-26: What matters to you?	www.tax.org.uk/ref818	27/07/2021
Simplifying the VAT land exemption	www.tax.org.uk/ref807	05/08/2021
ATT		
The tax administration framework: supporting a 21st century tax system	www.att.org.uk/ref373	12/07/2021
Timely payment	www.att.org.uk/ref372	12/07/2021
Restoring trust in audit and corporate governance	www.att.org.uk/ref383	17/07/2021
Simplifying the VAT land exemption	www.att.org.uk/ref381	02/08/2021
LITRG		
Work and Pensions Committee – Accessing pension savings	www.litrg.org.uk/ref2512	12/07/2021
Tax Administration Framework Review	www.litrg.org.uk/ref2509	13/07/2021
Timely payment	www.litrg.org.uk/ref2510	13/07/2021
Stronger nudge to pensions guidance	www.litrg.org.uk/ref2518	22/07/2021
Carer's Allowance Supplement (Scotland) Bill	www.litrg.org.uk/ref2522	02/08/2021

Journal of The Chartered Institute of Taxation and The Association of Taxation Technicians

30 Monck Street, London SW1P 2AP.
tel: 020 7340 0550
The CIOT is a registered charity – No. 1037771; The ATT is a registered charity – No. 803480

EDITORIAL
Editor-in-chief Bill Dodwell
Publisher Jonathan Scriven
Editor Angela Partington
angela.partington@lexisnexis.co.uk
tel: 020 8401 1810
Web editor Jonathan Chan
jchan@tax.org.uk

ADVERTISING & MARKETING
Advertising Sales Jimmy Jobson
advertisingsales@lexisnexis.co.uk

Commercial Marketing Director
Sanjeeta Patel

PRODUCTION
Production Assistant Nigel Hope
Design & Technology Manager
Elliott Tompkins
Senior Designer Jack Witherden

Offices LexisNexis, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.
tel: 020 8686 9141
UK print subscription rate 2021: £116.00 for 12 issues
UK print subscription rate 2021: £206.00 for 24 issues

For *Tax Adviser* magazine subscription queries contact 0330 161 1234. or email customerservice@lexisnexis.co.uk

For any queries regarding late deliveries/non-receipt please direct to Derek Waters, Magazine Distribution Administrator Derek Waters [tel] 020 7400 2898 derek.waters@lexisnexis.co.uk

Reprints: Any article or issue may be purchased. Details available from customerservice@lexisnexis.co.uk

Printed by William Gibbons & Sons Ltd. West Midlands

ISSN NO: 1472-4502

CIOT & ATT

Personal branding blog series

PERSONAL DEVELOPMENT

Joanne Herman will be speaking to Tasneem Kadiri about building a personal tax brand as part of the personal branding blog series. Don't miss it.

Tasneem Kadiri is the UK and Ireland Tax Director at L'Oréal, where she is responsible for both direct and indirect taxes.

Tasneem is winner of Tolley's Taxation Awards 2020 for best In-House Tax Leader. She has almost 20 years' experience in tax, audit and accountancy, having worked in both practice and industry.

She is on the committee for ICAEW Large Business and International Tax Committee, the Committee for Women in Tax, the joint Equality, Diversity and Inclusion Committee for CIOT and ATT and leads the BAME best practice group for the Multicultural Professional Network Forum (House of Lords).

Tasneem is also on the Gender Equality Network at L'Oréal.

CIOT & ATT

New Tax Tribunal judges sought

RECRUITMENT

The First-tier Tax Tribunal is recruiting new judges in an exercise launching on 5 October.

The Tax Tribunal is seeking to appoint 'fee-paid' judges. These are part-time roles with an expectation that the judges will spend a minimum of 15 days hearing tax appeals and a similar number of days writing their decisions each year.

Readers will be familiar with the wide and challenging range of cases which come before the tribunal, and the work is demanding but fascinating. Training is provided.

Details of the forthcoming recruitment exercise and how to register for the first stage qualifying test can be found on the Judicial Appointments Commission website at: bit.ly/3AKC2yp. Registration will close on 19 October.

Please note that this is a generic exercise to appoint fee-paid judges in a number of First-tier Tribunal Chambers and the Employment Tribunals. Rest assured that if you have experience in tax and are only interested in sitting as a tax judge, then the Tax Tribunal will have the capacity to take you if you are successful in the generic exercise and you will not find yourself appointed to a different role.

ATT

ATT: AGM Minutes

ANNUAL GENERAL MEETING

Minutes of the 32nd Annual General Meeting of the members of the Association of Taxation Technicians.

The meeting was held by Zoom on Thursday 8 July 2021 at 14.00.

1. Apologies
There was one apology.

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 the last meeting
The President reported that the minutes of the last Annual General Meeting held on 9 July 2020 had been approved and the minute book copy signed as a correct record by the President at the meeting of the Council held on 24 September 2020.

The President reminded those present that anyone who had already voted electronically must refrain from voting during the meeting. He reported that 784 members had voted in the AGM.

4. Annual report and financial statements for 2020
4.1: No questions were raised on the Annual Report of the Council and the Financial Statements for 2020.

4.2: Upon the proposition of Helen Thornley, seconded by Emma Rawson, it was **RESOLVED** that the Annual Report of the Council for 2020 be adopted. It was reported that 100% of the proxy votes were in favour.

4.3: Upon the proposition of David Bradshaw, seconded by Will Silsby, it was **RESOLVED** that the Financial Statements for the year ended 31 December 2020 be adopted. It was reported that 100% of the proxy votes were in favour.

5. Re-election to Council under Reguation 43
5.1: Upon the proposition of Emma Rawson, seconded by Helen Thornley, it was **RESOLVED** that Jacqueline Hall, having retired from the Council in accordance with Regulation 43, and having offered herself for re-election, was hereby re-elected as a member of the Council. It was reported that 99% of the proxy votes were in favour.

5.2: Upon the proposition of Will Silsby, seconded by David Bradshaw, it was **RESOLVED** that Katharine Lindley, having retired from the Council in accordance with Regulation 43, and having offered herself for re-election, was hereby re-elected as a member of the Council. It was reported that 99% of the proxy votes were in favour.

5.3: Upon the proposition of Helen Thornley, seconded by Emma Rawson, it was RESOLVED that Jonathan Stride, having retired from the Council in accordance with Regulation 43, and having offered himself for re-election, was hereby re-elected as a member of the Council. It was reported that 98% of the proxy votes were in favour.

6. Re-election to Council under Regulation 38
Upon the proposition of Will Silsby, seconded by David Bradshaw, it was **RESOLVED** that Georgiana Head, having retired from the Council in accordance with Regulation 38, and having offered herself for re-election, was hereby re-elected as a member of the Council. It was reported that 97% of the proxy votes were in favour.

7. Appointment of the auditor
Upon the proposition of Helen Thornley, seconded by Emma Rawson, it was **RESOLVED** that Buzzacott LLP be and was thereby reappointed auditor to the Association to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting. It was reported that 97% of the proxy votes were in favour.

8. President's address
The retiring President, Jeremy Coker, delivered an address which had been pre-recorded in advance of the meeting.

9. New officers
During his speech, Jeremy Coker announced Simon Groom as the Vice President, David Bradshaw as the Deputy President and Richard Todd as the President.

10. Incoming President
The incoming President, Richard Todd, delivered an address which had been pre-recorded in advance of the meeting. At the end of this speech, he thanked everyone for attending the virtual meeting.

The meeting finished at 14.35.

Branch Webinars September 2021

Keeping you up to date with your CPD

View and book online:

www.tax.org.uk/branch-webinars
www.att.org.uk/branch-webinars

Upcoming Branch Webinars include:

M = CIOT/ATT Members
S = CIOT/ATT Students

OMBs – Practical and Current tax Issues	Pat Nown	6 Sept	2 – 5:15 PM	M £60 / S £48
Risk Issues all Tax Advisers Should Be Thinking Of	Karen Eckstein	9 Sept	1 – 2 PM	Free
Transparency in the Supply Chain	Kate Baucherel	13 Sept	12 – 1 PM	Free
Basis Period Reforms and MTD for ITSA – Where Are We Now?	Emma Rawson	14 Sept	12 – 1 PM	Free
A Practical Guide to Disclosure and HMRC Compliance Work	Ros Martin	16 Sept	2 – 5:15 PM	M £60 / S £48
IHT and Trusts: The Essential Planning Checklist 2021	Katherine Bullock	20 Sept	2 – 5 PM	M £60 / S £48
Financial Wellbeing	Lorraine Ellison	21 Sept	12 – 1 PM	Free
Nuances of Taxing Sports Professionals	Sofia Thomas	22 Sept	5:30 – 7:30 PM	M £50 / S £40
Expanding into the UK – Overview of the Tax Issues to be Considered	Catriona Loughran	23 Sept	5:30 – 7:30 PM	M £50 / S £40
Capital Allowances Update – The New Super-Deduction and Other Opportunities	Martin Bell and Stephen Foster	27 Sept	1 – 2 PM	Free

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ATT

Jeremy Coker: Valedictory speech 2021

SPEECH

Good afternoon, ladies and gentlemen.

'*Timeo Danaos et dona ferentes*' is one of my late father's favourite quotes. And so it was, with a bit of trepidation, that I accepted your mandate to be ATT President for a second year.

I do have to admit that, while it has been a challenge, this 'double' has been one of the most rewarding periods of my professional career.

Although the first lockdown happened just before the end of my original tenure, it seems to provide a convenient split to look back over the period.

I attended our Branches conference in Warwick – where I got the chance to meet and share ideas with branch officers from all over the country. The network of Branches remains the beating heart of the ATT, and the sheer vibrancy of that event shows that the Association is full of immensely talented and gifted people, with a wide range of hopes and ideas, and that we are well placed to meet the challenges ahead.

Before lockdown, I got to visit the Merseyside, North East and Northern Ireland branches. I thank you for your hospitality.

Along with the CIOT President, Glyn Fullelove, we hosted Joint Presidents' Luncheons in Cardiff and Edinburgh. And it was an absolute delight to host our Admission Ceremony at the House of Lords.

None of us could, however, have been prepared for the unique challenges presented by COVID-19, and the impact it would have on the global economy and our day to day lives.

Firstly, may I express my sympathy to all who have been negatively affected by this pandemic. I pray the good Lord meets each and every one of you at your point of need.

The pandemic forced us to look very closely at the way we do many things, and it now seems highly likely that the changes that were forced upon us may well impact the way the business of the Association is run, going forward.

I would like to give my thanks to the ATT's Chief Executive, Jane Ashton, and Helen Whiteman, her CIOT counterpart, who showed insight, decisiveness and quick thinking in responding to the specific challenges that were posed.

I would also like to give my thanks to all the members of staff, who have shown great resilience and adaptability in continuing to deliver the services of the Association without any noticeable drop in the high standards that they set for themselves and despite working remotely. Their work-life balance may have changed, but apart from the first few months when everyone was restricted from doing much by the government regulations, the quality of service has not been compromised and efficiencies have actually been achieved, even in these trying times.

We were forced to cancel our exams set for May 2020. This meant that we accelerated our long-term plan to host our examinations online. We managed to do this in three months, rather than the planned three years. While we were initially only able to offer the one paper in June, by November the full complement of papers was offered, and 1,300 students sat nearly 2,600 papers online.

Kudos to the immense effort by our Education Team, examiners and especially the candidates, who have wholeheartedly embraced the changes.

We moved all our conferences online – initially presenting most sessions live and utilising the available technology to encourage delegate participation. We soon evolved to recording both live sessions and other topics of interest, so that delegates could watch in their own time.

Our conferences have remained online this year, and even as restrictions are lifted and there is a return to venues in the future, the feedback received means that we will still offer an online alternative for people who, for various reasons, are unable to travel to the venues.

This online format has proved very successful for our Branch events, and more than 20,000 members, students and the wider public accessed more than 100 online ATT and CIOT events in 2020.

Our brilliant Technical Team have never been busier. They have worked tirelessly to ensure that visitors to our website have had the latest information, on the many and varied government initiatives that have been announced. 1.8 million website page views in 2020 tells its own story. Numerous technical articles and meetings, as well as submissions to HMRC and other policy makers, mean that the ATT continues to be heard, and contributes to, the continuous improvement of the country's tax system.

This increased engagement means that we are better able to obtain direct answers to members' queries. To facilitate this, the ATT, in conjunction with CIOT, produced five free webinars which have been viewed over 5,000 times.

It would be remiss of me not to mention the efforts of the teams at HMRC, and elsewhere in government, that have worked so hard to deliver the various individual and business support schemes to alleviate some of the hardship arising from the impact of the pandemic. They have also shown how quickly they are able to respond to challenges and deserve commendation.

It is a strange fact that I was appointed President on the 4th of July 2019. It is as if it were a sign of things to come as incidents across 'the pond' in America have influenced us even more than normal over the last two years. American big tech companies have


Jeremy Coker

particularly continued to thrive during the pandemic and their taxation is constantly in the news. This impacts upon the public perception of both the tax system and tax advisers.

The recent Biden tax proposals will no doubt have influenced the G7 agreement last month. There is still much to be done before we see how this plays out, but we do seem to be *en route* to a historic global agreement on how the biggest multinationals are to be taxed.

The murder of George Floyd in Minneapolis last May brought matters of equality, diversity and inclusion to the fore.

We appreciate that we need to work harder to harness the richness and diversity of experiences and opinions that exist within the ATT. We understand the importance of embedding these values into our culture in order to better support our members, volunteers and staff.

Change does not, however, happen overnight; which is one of the reasons we established – along with the CIOT – a Joint Equality, Diversity and Inclusion committee. We hope that this committee will help both organisations to address, among other things, the **visible** and **invisible** circumstances which limit opportunities for many.

I am hoping that when you hear this speech, the England team will have qualified for the finals of the European Championships. That the team has to explain why the players continue to 'take the knee', as a symbol of their commitment to anti-racism, illustrates just how far we have to go.

We at the ATT have embraced the December 2020 recommendations of the Charity Governance Code, and set up a Nominations Committee to assist us in the recruitment of new Council members. This will hopefully help to eliminate any conscious or unconscious bias, and encourage the involvement of members who reflect the diverse face of the profession. We do understand how important visible representation can be, and are continuing to strive to create a welcoming and enabling environment that does not discriminate against anyone because of their protected characteristics.

In closing, I would like to mention one of the issues that is central to the future of our profession. This is the prospect of regulation.

The government's current proposal recommends the introduction of mandatory professional indemnity insurance for practitioners. While we at the ATT are in support of this, we believe that this should be a stepping stone towards the policy objective of improving trust in the tax advice market and not the end game. It is but one cog in the wheel that should have consumer protection as a priority. Our preference is that, over time, all providers of tax advice should belong to a recognised professional body.

The effectiveness of any recommendations will depend upon any regulating body having the:

- necessary resources to enforce them;
- powers to refuse to interact with advisers who do not comply; and
- determination to exercise those powers in appropriate situations.

Whatever the outcome of the consultations, a sustained and well-targeted public information campaign to raise awareness of the importance of consumer protection will be required. We believe it is less a question of improving trust, than of ensuring that the already existing trust is not misplaced or eroded.

Trust that comes with membership of a body such as ours that abides by PCRT – Professional Conduct in Relation to Taxation. Our Technical and Professional Standards teams continue to feed into these consultations and as Richard Todd, the current chair of Professional Standards, is to be my successor as President, I am confident that our views will continue to be made with clarity and insight.

Before I finish, I would like to say a special thank you to a number of people. I would also like to apologise to those that I will miss.

Anthony Thomas and Natalie Miller, both past ATT Presidents, who have always had my back.

Tracy Easman, the ATT immediate past President and Ray McCann the CIOT past President who both guided me carefully into the role.

CIOT past President Glyn Fullelove, who was CIOT President for most of my term, and the current CIOT President, Peter Rayney, both now hopefully lifelong friends, who have continued to give me great support.

Richard Todd, the ATT Leadership Team, and especially ATT Council, have also been sources of incredible support. I am indeed grateful to all of them. Richard will be a truly fabulous President, and I am confident that our Association remains in safe hands. I wish him all the very best.

I started my tenure with a quote from an American President. It seems fitting that I should end by borrowing one from the current American President.

'The ATT is on the move.
Turning peril into possibility.
Crisis into opportunity.
Setback into strength.'

It has been an immense honour and privilege to serve as your President for the last two years, and I thank you all from the bottom of my heart for your help, your support and the immense trust that you placed in me. My final act as President is to announce the new incoming Presidential Team and it gives me great pleasure to announce:

- Vice President: Simon Groom;
- Deputy President: David Bradshaw; and
- President: Richard Todd who will now take over the running of this meeting.

I thank you.

CTA

Feature a Fellow: Gordon Buist

PROFILE

After qualifying as a Chartered Accountant in corporate tax with the Big Four, I quickly realised that I wanted to focus on tax advisory – not in a niche of 'corporate' or 'private clients', but advising clients on all of their personal and business affairs. I grew up around the family's haulage company and that was a real influence to focus on owner-managed businesses – where you can really add value.

After qualifying as a CTA with a firm of specialist tax advisers in 2013, I became interested in tax policy – primarily because I was heavily involved in advising clients on the cap on income tax reliefs, the impact of the mixed partnerships legislation on our farming clients, and general reforms that increased the tax burden on OMBs, such as the abolition of the notional tax credit on dividends. This interest in tax policy was what led me to pursue Fellowship of the CIOT.

It was undoubtedly the highlight of my career to be welcomed as a Fellow of the CIOT. It was very humbling to follow in the path of the pre-eminent experts that I have always looked up to over the years. I joined the OMB Technical Committee in 2018, where I had the opportunity to work with many top professionals, particularly Pete Miller – unquestionably the expert in corporate restructuring – to help resolve a real issue that was affecting all of our colleagues. This was an apparent change in approach in the Clearances Team, where HMRC would not grant clearance under TCGA 1992 s 138 to introduce a holding company.

My voluntary work on HMRC clearances was interesting and relevant to my own clients, and playing a part in resolving this issue was very satisfying.

My advice to those starting out in tax would be to focus on mastering compliance – the bread and butter – and to embrace any opportunity to become involved in advisory work. As you progress in your career, if you manage your compliance work efficiently, you will have the opportunity to really focus on advisory.

There is a tendency for professionals to make a choice to focus on corporate tax or private clients. In reality, particularly in Scotland, having


Gordon Buist

the ability to advise a client on all of their tax affairs – with no 'corporate' or 'private client' label – can be hugely enjoyable and expose you to a variety of strategies.

If you are ambitious and focused, a career in tax can be hugely engaging, fascinating and rewarding. Being able to add considerable value to our clients, or assist them in solving key issues, such as succession planning, is an enormous source of pride in our work.

BTG

Interview with Sir Edward Troup

TAX CHARITIES

Alison Lovejoy invited Sir Edward Troup to give us his 'take' on the tax charities.

Sir Edward Troup spent the first part of his career as a tax lawyer at Simmons & Simmons before moving to public service, first as special adviser on tax to Chancellor of the Exchequer Ken Clarke and then to senior roles at HM Treasury and HMRC. He is a CTA and Fellow of the CIOT.

What are the tax charities and who do they help?
The tax charities (TaxAid and Tax Help for Older People) support, advise and advocate for vulnerable and low income taxpayers, who do not have the means or ability to do so themselves. These are typically individuals with mental health challenges, disabilities, language and literacy problems who cannot afford professional tax advice, or for whom life has simply become just too difficult to cope with.

In a typical year, the charities provide help to over 15,000 individuals directly and provide support through a number of web-based services to many more.

Why are they needed? Surely HMRC should help everyone get their tax right – especially the most vulnerable?
When I came across the work of the tax charities, this is one of the first questions I asked. Even in a world of a perfectly funded HMRC (dream on!), the reality is that life can be difficult. Of course, HMRC do great work through their 'Need Extra Support' service to help those taxpayers in difficult circumstances. But personal circumstances – redundancy, business failure, marriage breakup and physical and mental health issues – can create complicated tax problems at a time when an individual is likely to be stressed, preoccupied and all too inclined to ignore official correspondence. And for many individuals – even in good times – dealing with government can be intimidating. Which of us has not felt some degree of nervousness when a personally addressed HMRC envelope drops through the letterbox?

Individuals in these circumstances who do not have the means to access professional advisers will always need the personal and professional support and reassurance which HMRC can never give. The charities' workers (paid and unpaid) can sit alongside someone in difficulties, listening, helping and advocating on their behalf to untangle what can often be years of compounding problems. Very often, they provide the helping hand which really does turn round the lives of individuals at their lowest ebb.

What in your opinion are the most serious tax challenges facing vulnerable people?
The inherent complexities of the tax system provide challenges for vulnerable people – particularly those going through life events – but I'm afraid that too often problems arise from individuals unwittingly becoming involved in tax arrangements that are inappropriate or verging on the dishonest. Disguised remuneration schemes, the loan charge and umbrella companies all create tangles with which even a professional can struggle. For the older taxpayer, pension scams are an increasing source of distress and difficulty.

The digital world is also proving challenging for vulnerable individuals: many older people no longer have passports and driving licences – some vulnerable people never had them as they have never travelled or driven – so struggle to access the systems. And self-employed jobbing workers at the lower end of the income scale, often without appropriate access or skills, will soon have to wrestle with mandatory digital returns.

You worked at the Treasury, advising Kenneth Clarke, and later oversaw HMRC as First Permanent Secretary. How did these different perspectives inform your views on personal taxation?
I had the good fortune to work at the heart of government and to be part of both the Budget-making process at the Treasury and the leadership of tax administration at HMRC. Those functions – and an efficiently working tax system – are a vital part of a modern democratic state, but inevitably tax policy has to operate at the level of the aggregate and not the individual. The best economic and financial analysis cannot tell you how tax changes will impact the lives of a single person – although those individuals will tell you, the media or their MPs soon enough when things go wrong!

I learned how policy should focus on the big issues – the rates and scope of tax – and that fiddling with minor measures (don't mention Cornish pasties!) can lead to difficulties, foreseen or unforeseen. And worse, that minor changes can create more complexity, more uncertainty and more error, which HMRC often struggles to manage.

So, keeping tax simple is the best approach. But raising tax is a political act, politics is the art of the possible and the possible often requires complexity. While we should all work for a better tax system, it would be a pipe dream to think that if HMRC worked better and the tax system was simpler there would be no need for the tax charities. All charities address problems which, in a perfect world, should not exist.

Sir Edward Troup

Can you describe how you support TaxAid and Tax Help for Older People?
I work directly with the tax charities to raise money to support the great work they do. But I also work indirectly to advocate changes and improvements which will make life easier for taxpayers and their advisers in a complex and changing world, where politics can often trump good outcomes. And, of course, I make a monthly donation to the charities.

What should readers of *Tax Adviser* do to help?
I have had a career in tax for over 40 years – it has provided me with a very good living and a huge amount of enjoyment and interest. And, sad though it may sound, I have come to love tax. I hope that readers of *Tax Adviser* will also have shared some of the rewards and interest that working in tax can bring (the 'love' part is strictly optional!). But, as I hope I've explained, for many people tax can be not just difficult and unenjoyable but can actually threaten their well-being and livelihood. I hope that, if like me, you feel that you want to 'give something back' for everything that tax has done for you, you will support the charities.

You can donate at www.bridge-the-gap.org.uk/DonateByTransferBACS.html. Please put down your copy of *Tax Adviser* (real or virtual) and head over to the website now.

Disciplinary reports

Findings and orders of the Disciplinary Tribunal

TAXATION DISCIPLINARY BOARD

Mr Avish Kumar
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Avish Kumar of Puttur, India, a student member of the Association of Taxation Technicians, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Kumar:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of four years; and
3. pay £550 towards the costs of the TDB.

Mr Pradeep Murthy
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Pradeep Murthy of Karnataka, India, a student member of the ATT, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Murthy:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of 3.5 years; and
3. pay £550 towards the costs of the TDB.

Mr Sai Narendra
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Sai Narendra of Karnataka, India, a student member of the ATT, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Narendra:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of 3.5 years; and
3. pay £550 towards the costs of the TDB.

Mr Shubhransu Patel
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Shubhransu Patel of Bangalore, India, a student member of the ATT, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Patel:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of three years; and
3. pay £550 towards the costs of the TDB.

Mr Prabhuprasan Rath
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Prabhuprasan Rath of Odisha, India, a student member of the ATT, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Rath:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of three years; and
3. pay £550 towards the costs of the TDB.

Mr Uma Shankar
NOTIFICATION

At its meeting on 21 June 2021, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Uma Shankar of Bangalore, India, a student member of the ATT, was guilty of breaches of the Professional Rules and Practice Guidelines 2018 (PRPG) in that he dishonestly collaborated with others and/or copied answers from a study text when sitting a professional examination.

The Tribunal determined that Mr Shankar:

1. be suspended from the ATT student register for a period of two years;
2. be prohibited from sitting any further ATT examinations for a period of 3.5 years; and
3. pay £550 towards the costs of the TDB.

Copies of the Tribunal's decisions and reasons can be found on the TDB website: www.tax-board.org.uk

HM Revenue & Customs

Senior Case Manager

Grade: G7
Locations: Belfast, Birmingham, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle-upon-Tyne, Nottingham
Number of posts: 10

HM Revenue & Customs (HMRC) is one of the largest Government Departments and one of the country's biggest organisations. We have embarked on a major transformational Programme to redirect more of our people and resources to compliance activities, modernising systems and re-engineering processes to become more customer focused.

Part of Wealthy & Mid-sized Business Compliance (WMBC), Wealthy's job is to ensure wealthy individuals pay the right amount of tax. We are creating a targeted resource to engage with customers who have significant levels of complexity and opportunity in relation to their personal tax affairs.

Our approach is tailored to the risks that are presented by our customers. Our compliance activities extend beyond traditional enquiries as we look to move to a more cooperative compliance model.

As a Senior Case Manager you will develop a deep understanding of the tax affairs of Wealthy customers, utilising your tax professional knowledge to identify risks along with using a range of tools and techniques to promote voluntary compliance and both prevent and respond to non-compliance. We are looking for individuals who can bring their experience and insight to help us identify new and emerging areas of personal tax risk.

The tax affairs of the wealthy are often complex and involve structures and transactions that cut-across multiple jurisdictions. As such, you will need to have a proven understanding across all main areas of Capital Gains Tax and Income Tax, including anti-avoidance provisions. You will regularly be addressing customers verbally and in writing on tax technical matters, continuously putting that knowledge into practice. You will also provide clear leadership, setting the strategy for investigations and provide effective oversight of the work carried out.

Essential Requirements and Qualifications

- Chartered Tax Adviser (CTA) qualification, or
- Chartered Accountant (ICAEW, ICAS, CAI, ACCA) qualification

or

- Successfully completed the HMRC Tax Specialist Programme, or one of its predecessors (TPDP, IDP, ITS2, CPT, FT2) or
- Be a qualified solicitor with post qualification experience in income or capital gains tax

Benefits

- 25 days Annual Leave including an additional day for the Queens birthday
- Working from Home and Flexible Working
- Civil Service Pension
- Maternity/Paternity leave
- Advance of Salary (Season Ticket and Childcare Costs

For more information on our wide range of benefits please search 'Your Little Extras and Big Benefits'.
To apply please visit www.civilservicejobs.service.gov.uk – Job Reference 139696.
Closing date: 23 September 2021

Volunteer Opportunity

Independent Chair: EDI Committee

Could you be the next Chair of our EDI Committee?

The ATT and CIOT are looking for the next independent Chair of their joint Equality, Diversity and Inclusion committee. This is a volunteer role and we are seeking someone who can bring diversity of thought and experience, ideally gained at a strategic level. The committee is supported by both Chief Executives and a dedicated committee comprising ATT and CIOT Council member representation, as well as broader representation from the wider ATT and CIOT membership. There are four meetings per year, currently held virtually and the appointment is for three years.

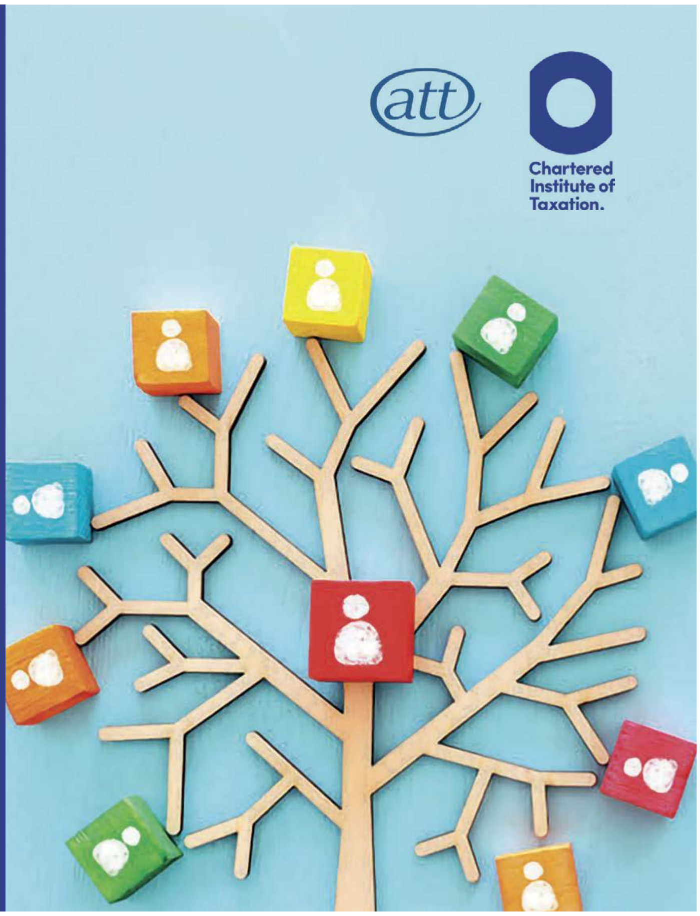
This is an exciting opportunity for you to support our aspirations and activities to ensure that both charities are as open, accessible, diverse and inclusive towards members, students, volunteers and the public.

For further information about the role and application process, please visit either:

Vacancies (tax.org.uk)

Or

Vacancies | The Association of Taxation Technicians (att.org.uk)



JOIN OUR JOURNEY
TAX MANAGER

STORK, A FLUOR COMPANY, IS A GLOBAL PROVIDER OF INTEGRATED OPERATIONS, MAINTENANCE, MODIFICATION AND ASSET INTEGRITY SOLUTIONS. WE DELIVER SERVICES ACROSS A RANGE OF INDUSTRIAL AND ENERGY SECTORS, SUPPORTING OUR CLIENTS AT EVERY STAGE IN THEIR ASSETS' LIFECYCLE. DEDICATED TO SOLVING CHALLENGES, WE AIM TO BE THE INDUSTRY REFERENCE AND SOLUTION PARTNER OF CHOICE.

We support our clients every step of the way - from planning and design through to development and construction, as well as commissioning, maintenance, modifications and decommissioning.

WOULD YOU LIKE TO BE PART OF OUR PROGRESSIVE ORGANISATION IN THE UK?

We are seeking a highly motivated and experienced individual with strong knowledge of the constantly changing tax regulations and processes jurisdiction to join our team on a permanent basis. The successful candidate will be responsible for ensuring compliance with tax regulations in all jurisdictions of the Business Line, optimising its tax position by using available tax planning opportunities and providing tax support and advice to the business.

WANT TO LEARN MORE?

If you would like further details regarding this position please visit jobs.stork.com/en and enter reference number: HR21083 into the search function. Alternatively, please feel free to submit your CV along with any other relevant information to: Careers@stork.com.

STORK
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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

Tax Advisor or Manager
Ilkley, West Yorkshire – £excellent

This is a great role for a qualified tax professional based in the lovely Victorian spa town of Ilkley in West Yorkshire. This is the gateway to the Dales, and our client is a forward thinking modern practice which can offer the perfect blend of office and home-working. They even set up a home office for you. This practice prides itself on offering superior client service, and they are looking for someone who really enjoys getting to know their clients and delivering an outstanding service. Day to day, your role will involve all round tax work for OMBs. Great role in a great location. **Call Georgiana Ref: 3141**

Corporate Tax Opportunities
Manchester – £excellent + benefits

Part Qualified to Manager
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**

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**

VAT Senior Manager
Sheffield – £excellent

Our client is a specialist firm of indirect tax advisors. This practice seeks an experienced Senior Manager to join their team and ultimately have the opportunity to rise to become Head of VAT. You will need broad ranging VAT experience – some knowledge of the public sector, partial exemption and the Capital Goods Scheme would be particularly helpful. Experience of VAT as related to property, M&A work and the healthcare sector would also be advantageous. Alongside sound technical experience, you will need proven experience of managing and developing more junior staff. **Call Georgiana Ref: 3131**

Tax Senior or Tax Manager
North Cumbria – £36,000 to £50,000

Our client is a successful local firm which offers tax advice, compliance and accounting services to an extensive client base of sole traders, partnerships and SME limited companies. The role is varied and will involve all aspects of tax compliance together with accounts preparation for SMEs. Although some office presence would be desirable, flexible working is available, and this firm will consider someone on a full time or part-time basis. This is a chance to live and work in a beautiful part of the UK. **Call Georgiana Ref: 3142**

M&A Tax Manager or Senior Manager
Leeds – £excellent + benefits

M&A tax team seeks an ACA/CTA manager or senior manager to assist the M&A Director with projects, managing juniors and winning new work. A lot of the work is advising private equity backed clients from the OMB sector. You will work on deal structuring (MBO and carve out) and due diligence (sell-side, buy-side and IPOs), and will manage these projects and act as the first point of contact. Candidates with an interest in M&A currently doing OMB and/or corporate tax advisory work are encouraged to apply. **Call Alison Ref: 3138**

www.georgianaheadrecruitment.com

Share Schemes Specialist
Manchester, Leeds, Liverpool

Our client is a large accountancy firm, 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**

Personal Tax Manager
Leeds – to £48,000 + benefits

This independent firm is looking for an ACA/CTA qualified personal tax manager to join their growing team. You will prepare self-assessment tax returns, deal with P11Ds, tax credits, tax codes and gift aid relief claims for charities, undertake tax advisory work, meet with new and existing clients and manage, supervise and train junior members of the tax team. You must have man management experience and enjoy building client relationships. With great career progression opportunities. **Call Alison Ref: 3130**

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**

Corporate Tax Assistant Manager
Newcastle – £excellent + benefits

This role offers a mix of tax compliance and advisory work for clients including large OMBs, entrepreneurial companies and listed groups. You must have strong UK corporation tax knowledge and an awareness of other tax and accounting areas. M&A tax or international tax experience would be an advantage but is not a prerequisite. A fantastic opportunity to get exposure to an interesting client base in a firm that will invest in your post qualification training and development. Home working and flexible working available. **Call Alison Ref: 3108**

International Tax Consultant
Leeds – £excellent + benefits

You will help your portfolio of clients in responding to new legislation both in the UK along with ongoing international tax reforms at the OECD level and US tax changes. You will provide a full range of services, from strategic tax advisory projects and corporate transactions to assisting clients with their evolving compliance and reporting obligations. You should be ACA/CTA qualified, with some experience on working on international tax issues from either practice or industry. A fantastic opportunity to specialise in international tax. **Call Alison Ref: 3015**

Corporate Tax Mgr 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: 3141**

YOUR TAXATION RECRUITMENT SPECIALISTS