ATT welcome, February 2015

Welcomes

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More on the bereavement system

My recent comments on HMRC's 'improvements' to the bereavement system drew an interesting response from one tax adviser who provided a good, practical view from the streets, where theory and practice don't always tread the same path:

'As a firm, we deal with a number of deceased Estates each year, some relatively simple and others that are more complex with residuary assets being put in to Trust. Since the removal of form R27 in October 2014, far from simplifying the process, matters have now become far more difficult to deal with.

Within the last couple of years, HMRC had revamped the form R27. The form was split into simple sections. You only had to complete the sections relevant to your particular client and all the information (and agent authority) was included on one form.

From October 2014, with no warning, that all changed.

Firstly, HMRC say they have a new telephone number. Well in fact there are two. The bereavement helpline number is 0300 200 3300, but this is not actually a dedicated number, but a digitalised number where you have to explain to a digital recording what it is you are calling about. If you say "bereavement helpline" it doesn't recognise what you say. If you can eventually get through to a real person, they give very little help except to say that you should write to the Self-Assessment office in Liverpool. The second number is the Deceased Estate Helpline, 0300 123 1072, which is actually the Trust (and Estate) helpline, and they can only help if a trust results from the Estate.

Secondly, HMRC say they have made it easier for bereaved people to authorise someone else to act. I have not as yet found out how this is done. The form R27

used to have a separate section, but the only option now seems to be to send a 64-8. The problem here is that the 64-8 is only in respect of the deceased's UTR, so HMRC will only correspond with you for the period up to date of death. If a Return is required for the Administration period or for a resulting Trust, a further one or two UTRs will be issued, but the 64-8 details are not marked against those UTRs automatically, so one, or two, further 64-8s are required.

> **While I understand that for simple cases, where there may just be Income Tax to reclaim for the period to date of death, the new system might work, but for more complicated cases, the form R27 was perfect**

Finally, HMRC have supposedly replaced the form R27 with tailored letters. I've dealt with three deaths since October and have not yet seen a tailored letter. When I've spoken to HMRC Self-Assessment, they were not aware of what these letters are or when they will be issued.

After lots of phone calls, I have been advised that if a client dies and there is untaxed income or capital gains in the Administration period (such that a formal Tax Return is required) and a Trust also results then I must write three separate letters (and complete three 64-8s)
as follows:

1. Write to HMRC Self-Assessment in Liverpool providing details of income to date of death and include a 64-8.
2. Write to HMRC Estates in Edinburgh advising them that there will be untaxed income and gains during the Administration period and ask for a Self-Assessment Tax Return and include a 64-8.
3. Write to HMRC Nottingham Trusts advising them that a Trust has resulted from the death of an individual and send a 41(G) and enclose a 64-8.

To me, this doesn't seem much of a simplification. While I understand that for simple cases, where there may just be Income Tax to reclaim for the period to date of death, the new system might work, but for more complicated cases, the form R27 was perfect.'

That response caught my attention and also the attention of our technical officers who are dealing with this member's well-made comments.

So, over to HMRC and let’s see what their response is.