ATT Welcome, November 2018

Welcomes

01 November 2018

Running on MTD

The eagle eyed among you will have spotted that our tireless President, Tracy Easman, took time out of her hectic schedule to write this page last month. Many thanks to her.

I do not know about you but I cannot move for Making Tax Digital (MTD) at the moment. It remains at the forefront of many practitioners' minds – and rightly so.

Our technical team has been working very hard to get the news out there. At the recent CIOT Indirect Taxes conference, the clear message from HMRC was that it will happen. Please do not bury your head in the sand and hope it will go away. HMRC have published VAT Notice 700/22: Making Tax Digital for VAT and even if it is all that you do, please read it. There are a number of examples and illustrations of case studies that should help you determine how it will affect you and your clients.

Quite worryingly, not many businesses seem to be aware of how MTD will impact on them and it may be that the first that your clients hear of this will be from you. Very simply, MTD will involve using MTD compatible software to capture business transactions, prepare VAT returns and send and receive information via Application Programming Interface (API) enabled software. Exactly. Your clients will appreciate your help.

There are still a number of unknowns and the scheduling of pilots means we may not necessarily get enough feedback before things 'go live' but the least we can do is try to be as ready as we can.

By the way, HMRC is simultaneously working on 'points based' penalties for MTD; enough said.

In the quest to find ‘functional compatible software’ what should not be forgotten is the requirement for agents to have an Agent Services Account (ASA). The ASA will be the portal through which agents will file VAT returns for those required to keep digital records under MTD for VAT. Our excellent technical officers have, yet again, written an article on this which can be found on the ATT website.

In other non-MTD related news, tax continues to feature in the mainstream media as a number of cases have either caught the public’s imagination or involved celebrities. The less said about the case on why it may be okay to claim a deduction for clothes that you would not normally wear, the better.

The challenges being made by HMRC to BBC presenters have been widely reported. Discussions on this subject can get quite emotional but they do not appear to be going away soon. Despite a certain Manchester United supporting ITV presenter allegedly claiming ‘there is nobody more freelance than me’, it has been reported that HMRC are challenging his tax position.

The way the IR35 rules have ‘worked’ resulted in the government reforming these rules for engagements in the public sector. Based on their initial interpretation of the outcome of this change (an increase in public sector compliance…) HMRC are consulting on how to tackle non-compliance with the off-payroll working rules in the private sector. We have responded to this consultation on the ATT website.

I have unashamedly reproduced our call that we feel that the changes should not be introduced for the private sector before April 2020 as businesses are already being challenged to deal with Britain’s exit from the EU and MTD for VAT in 2019. Extending the public sector off-payroll reforms to the private sector will simply add further administrative burdens at a time when business is already dealing with great uncertainty.
On a brighter note, I attended the ATT/AAT Sharpen Your Tax Skills conference in London. These practical conferences involve delegates being piloted through various scenarios that they may come across in practice. Led by our ex-President and Co-Chair of our Technical committee Michael Steed, ably supported by our technical officers, I can do no more than quote the feedback from a delegate who said: ‘I like that we get answers to real problems’. The roadshow continues across the country and I would suggest you try and attend one of them.

I was pleased to attend the Admissions ceremony for newly qualified members at the House of Lords recently. It is always a joy to meet newly qualified members but we were particularly thrilled to welcome a number of them from Bangalore. It is great that the popularity of the qualification continues to grow. A number of firms have embraced outsourcing and see this as the way forward. The knowledge that our qualification can be obtained at local centres where their outsourced operations are based should be welcome news to them.

Talking of exams, as a former chairman of the Student Steering Group I have seen first-hand the commendable work that the Education Team at Head Office do. We recently said goodbye to our Chief Examiner Sue Short and I want to place on record our thanks to her for running the team of ‘faceless’ examiners who work so hard to keep things ticking over. I would also like to welcome Helen Stainton, our new Chief Examiner, and wish her every success in a truly valuable, demanding but exceptionally rewarding role.

Has anyone mentioned that next month is Christmas?