The 2017/18 Self-Assessment Season: how was it for you?

Personal tax

01 March 2019

A summary of the top five self-assessment issues for 2017-18 based on member feedback to HMRC's Agent Forum and the technical team.

By now, readers engaged in the annual self-assessment cycle have hopefully recovered from the January filing season. As ever, not everything went smoothly and it is useful to understand what has caused the biggest issues for agents so that we can raise concerns with HMRC via the Issues Overview Group (IOG) and/or other Forums as appropriate. As very few of the technical officers are directly engaged in preparing or submitting tax returns, we rely on reports from members either direct to us, or via HMRC's Agent Forum, to tell us what is going wrong.

We are mainly looking to identify widespread and recurring issues. The top five issues which we have identified as meeting those criteria are set out below, together with progress to date. The references in brackets are to the heading of the thread on the Agent Forum.

Missing payments on account (SA189)

A number of members reported that payments on account for 2018 /19 had not been included on taxpayers' statements. In addition to being widespread, this was also a recurring issue as payments on account were also missing from some statements in previous years.

HMRC stated on the Forum that 'anyone who is affected should contact us and we'll put it right. Nobody will be charged additional interest due to this problem'. While it is reassuring that interest will not be charged, we have asked HMRC for more details about how this will work in practice and whether any kind of 'fix' will be run to reinstate missing payments on account. It would also be good to know how to stop

this problem recurring.

Scottish taxpayers reclassified to ‘rest of UK rates’ (SA19 04)

A number of taxpayers who reported themselves as Scottish on their self-assessment returns were incorrectly reclassified by HMRC as subject to ‘rest of UK’ rates. This has been raised as a concern by a number of professional bodies with both HMRC and the Scottish government. At the time of writing it has not been possible to establish the underlying reasons why an individual would be reclassified and further evidence has been requested from members.

Incorrect late filing penalties (SA192/ SA19 05)

Concerns were raised in January about the issue of late filing penalties to trusts who filed electronically before the 31 January. Another recurring issue, HMRC subsequently acknowledged that 653 trusts processed on 2 January 2019 had received late filing penalties in error and that they would be contacting those affected to put matters right.

In year adjustments (SA135)

Many members reported that, following the introduction of ‘in-year’ coding adjustments (dynamic coding) taxpayers were finding these in-year adjustments incorrectly included in their self-assessment calculation. Since the self-assessment calculation is the final position for the year, there is no need to include any previously calculated in-year adjustments. HMRC reported via the Forum that a fix was finally put in place on 25 January 2019, and that SA302s would be issued to all those affected who had submitted returns prior to that date. In the meantime, many agents had spent time contacting the Agent Dedicated Line (ADL) to put things right for clients.

Deficiencies in SA302s (SA187)

Forum members raised a number of concerns about the (lack of) information contained on SA302s issued to taxpayers as part of the exercise to correct cases affected by exclusions in 2016-17. These concerns have also been fed back to HMRC via the Virtual Communications Group.

While the current Agent Forum has its flaws (the search facility in particular is poor) it is a good way for agents to raise concerns and supply evidence of issues directly to HMRC. The Forum will increasingly be the way that issues are first flagged up to HMRC. The good news is that we are expecting significant improvements to the Forum in the near future, at which point we will be encouraging all members to consider signing up.

Members are still welcome to raise concerns directly with the Technical team – indeed it is very helpful to know what is causing you the most problems in practice. If you think that there are other widespread or recurring issues that should be added to the list above, please let us know at atttechnical@att.org.uk or technical@ciot.org.uk.