Budget 2021 activity

General Features

31 March 2021

A roundup of the CIOT, ATT and LITRG's Budget Day activity, and relevant updates on our work in relation to some of the Budget announcements.

The Budget on 3 March was a bigger event as far as tax is concerned than many of us perhaps expected – especially considering the inaugural 'Tax Day' scheduled for 23 March (see below). On Budget Day, the CIOT, ATT and LITRG each issued a number of press releases, commenting on a variety of announcements. These can be found on our websites.

Interest harmonisation and penalties for late submission and late payment of tax

You will have seen that, following consultation between 2016 and 2018, HMRC will now be implementing the proposals to harmonise interest and penalties for late submission and late payment of tax incrementally, commencing with VAT from 1 April 2022 (see tinyurl.com/2fe8zc3k). We responded to the original consultations, and we recently resumed our engagement with HMRC to help increase awareness and ensure that the measures work as intended. Look out for a feature article in a future edition of Tax Adviser.

Making Tax Digital (MTD)

The Budget reaffirmed the timetable announced on 21 July (see tinyurl.com/svmv2k3e). We have been engaging with HMRC on the draft regulations in relation to MTD for income tax self-assessment (ITSA), which will be laid before Parliament shortly. We have encouraged HMRC to provide detailed guidance, particularly in relation to the digital start date rules and how they interact with the £10,000 income threshold, as they are complex. CIOT is also engaging with HMRC about how the MTD for ITSA rules will interact with those for residence and domicile.

Self Employment Income Support Scheme (SEISS)

Not entirely unexpectedly, the Chancellor announced an extension to the SEISS, not only to include a fifth grant, but also to bring into scope those who commenced self-employment in 2019-20 (see tinyurl.com/ nm4kzhh3). We continue our regular engagement with HMRC on the scheme and will be working with them to explore the meaning of the new provision which 'will allow HMRC to recover payments where an individual was entitled to the grant at the time of claim but subsequently ceases to be entitled to all or part of the grant', as well as the mechanics of the fourth and fifth grants. We are running another free webinar in April, and keep an eye on the COVID pages of the CIOT, ATT and LITRG websites for more information. See also the article by Rachel McEleney and Natalie Backes on page 9 of this issue.

Budget consultations

On Budget day, HM Treasury published a call for evidence (see tinyurl.com/y3n9dcjf) seeking views and evidence on whether and how the Enterprise Management Incentives scheme should be expanded to include more companies. HM Treasury also launched a review of R&D tax reliefs (see tinyurl.com/nzffd4mz). If you have any comments on these consultations, please send them to technical@ciot.org.uk or atttechnical@att.org.uk.

More to come…

At the time of writing, the government has just published a lengthy Finance Bill containing some 132 clauses and 33 schedules. Many of these legislate for the announcements made in the Budget and therefore represent the first time that any sort of detail has been published in relation to them. We will be engaging with HMRC and HMT on a number of these changes, and providing our briefings to MPs on the Finance Bill in the usual way.

By the time you read this, we will have also had 'Tax Day' on 23 March. We will provide commentary on our work on Tax Day in next month's Technical Newsdesk.