Notification of uncertain tax treatment: CIOT comments

Large Corporate

22 February 2022

The requirement for large businesses to notify HMRC about uncertain tax treatments will begin in respect of returns due to be filed on or after 1 April 2022. The CIOT continues to work with HMRC in relation to the practical implementation of the new compliance burden.

HMRC published an initial draft of the technical guidance on this measure in August 2021. This sought to explain how HMRC will interpret and apply the uncertain tax treatment legislation and to help businesses comply with the new legislative requirements. Following feedback on this initial draft, HMRC published a second version (tinyurl.com/yckukxxw) of the guidance in January 2022 for consultation. The CIOT also submitted its comments on the second version of the guidance. HMRC has said that they intend to publish the final version of the uncertain tax treatment technical guidance by 28 February 2022.

In addition to this, CIOT representatives joined a roundtable stakeholder meeting with HMRC in February to discuss the notification process. The discussions focussed on the proposed data points in the g-form. It was useful to discuss the proposed g-form with HMRC to highlight potential practical difficulties and ensure, so far as possible, that the notification process is clear and straightforward.

Finally, we draw your attention to the government's response to the to the House of Lords Economic Affairs Finance Bill Sub-Committee Report on 'Basis period reform and uncertain tax treatments' (tinyurl.com/yxbjycwb). The response notes that HMRC have already taken forward several actions on uncertain tax treatment as a result of the Sub-Committee's report, such as committing to monitoring the regime and not legislating a third trigger without consultation. We are also pleased to see recognition that it is incumbent on HMRC to ensure appropriate support is provided

for all businesses affected by this measure. The government says that HMRC intends to give webinars on how HMRC proposes to interpret and apply the legislation, in addition to the technical guidance referred to above.

The government also recognises the need to ensure these businesses are not disadvantaged due to not having a customer compliance manager (CCM). HMRC will provide support for the 300 to 400 businesses that will be affected by uncertain tax treatment that do not have a CCM through HMRC’s Mid-sized Business Customer Support Team. The government believes that this should provide an equivalent level of service and support as those that do have a CCM, as both CCMs and members of the Customer Support Team have the same access to HMRC tax specialists. We continue to encourage HMRC to ensure that the Customer Support Team is sufficiently resourced to ensure that this is the case.