Spotlight on the CIOT’s Private Client Committees

Briefings

24 June 2022

John Stockdale and Chris Thorpe take a look at the work of the CIOT’s Private Client UK and International Committees.

The broad scope of the Committees’ interests reflects that of private client practice. The UK Committee covers all aspects of capital gains, the income tax aspects of trusts and investment income generally, pre-owned assets tax and inheritance tax. The International Committee addresses all aspects of domicile and residence affecting those taxes for individuals and trusts.

The two technical officers operate closely. (Chris Thorpe has recently taken over the international element from Kate Willis.) These committees meet jointly as there is considerable overlap in their activities. The breadth of their work is shown by the variety of topics addressed over the past year.

The UK Committee provided evidence to the All Party Parliamentary Group on Rural Productivity, showing that capital tax considerations may act as a disincentive to the elderly farmer handing the business to a more entrepreneurial younger generation. We also worked with other representatives on the Capital Taxes Liaison Group to assist HMRC in the formulation of workable regulations to relax the reporting requirements for estates below the inheritance tax threshold which took effect from 1 January 2022. We are also responding to the consultation on extending the limited concession for small amounts of trust or estate income.

A huge amount of time and effort continues to be dedicated by Committee volunteers and staff on engaging with HMRC to ensure that the guidance in the Trust Registration Service manual is both accurate and practical, prior to the implementation of the Fifth Anti-Money Laundering Directive on 1 September 2022. Much of this is done through the Trusts and Estates Agents Advisory Group which

meets regularly with HMRC.

The Committee engaged with the Office of Tax Simplification's review of capital gains tax in 2021 through written submissions and informal consultation and are in discussion with HMRC on implementing aspects of the review, including the CGT treatment of divorce.

The Finance Bill 2022 reflected our suggestions for a technical change to the legislation governing the CGT returns for disposals of UK land, the extended timescale for reporting such disposals and for related payments on account to 60 days (from 30 days) and the CGT treatment of assets applied to the expanded Dormant Assets Scheme. We also contributed to HMRC's consultation on full manual guidance for the 60-day CGT on UK property reporting regime.

The International Committee published a detailed technical note on the tax treatment of loan collateral for remittance basis users and compliance issues, following HMRC's change in approach in this area. We have also identified areas of uncertainty in the application of business investment relief with the aim of seeking clarification of HMRC's views in published guidance.

The Committee contributed to the CIOT's response and engagement with HMRC on two discussion documents: 'Helping taxpayers get offshore tax right' and 'Preventing and collecting international tax debt'.

Our engagement with HMRC over difficulties that became apparent over the Finance Act 2020 changes to IHT excluded property trusts resulted in our analysis being agreed in respect of the spouse exemption being applicable to gifts with a reservation of benefit, and the IHT manual guidance being revised accordingly. Efforts on other areas of difficulty continue.

Our volunteers contributed to the CIOT's representations on the Economic Crime (Transparency & Enforcement) Act 2022, highlighting the Act's shortcomings with respect to offshore entities owning UK property. We also fed into the CIOT's 2021 Budget representation 'Exchequer implications for the UK of a sustained behavioural shift to remote working abroad', a cross-committee initiative.

John Stockdale (UK) and Chris Thorpe (International) Technical Officers, CIOT:
jstockdale@ciot.org.uk
cthorpe@ciot.org.uk