Welcome to December’s Technical Newsdesk

Welcomes

01 December 2016

Before I introduce this month’s newsdesk, I would like to say a big thank you to the technical teams of CIOT, ATT and LITRG, and the volunteers connected with those teams, for the fantastic effort over the summer (and autumn) months dealing with the mass of consultations and requests for input from HMRC and other bodies. Between July and November we submitted around 100 responses on a variety of subjects including Making Tax Digital, enablers of tax avoidance, BEPS, apprenticeship levy, entrepreneurs’ relief, salary sacrifice for BIKs, penalties for VAT fraud, non-domiciles … the list goes on. Thanks to everyone involved.

Rather than introduce every article, let me just highlight and expand upon a few of the articles. The first article is by Matthew Brown, describing the practical problems which can arise when an individual has been both employed and self-employed, and so has paid Class 1 NICs. This issue was reported to us as part of the Working Together initiative, and there will be a HMRC Talking Points session on Class 2 NICs through Self Assessment on 14 December 2016 – see GOV.UK for more information.

Margaret Curran sets out the CIOT’s response to the controversial proposals to introduce sanctions against those who enable tax avoidance arrangements that are later defeated. This has caused a great deal of concern that the measures are so widely drafted that they could penalise advisers who give perfectly reasonable and legitimate advice to clients on our increasingly complex tax system.

Matthew also sets out the CIOT, ATT and LITRG’s responses to the controversial proposals on salary sacrifice for the provision of benefits in kind, which would make the BIK chargeable to income tax and Class 1A employer NICs, even if normally exempt from tax and NICs. We have all disagreed with the proposals as they stand, as they will introduce considerable complications and increase the probability of error.

John Stockdale and Kate Willis report upon the CIOT's response to the three-part further consultation on reforms to the taxation of non-domiciles, which looked at the government's response to the original 30 September 2015 consultation on the new deemed domicile rules, a consultation on the proposals to charge inheritance tax on UK residential property held indirectly through offshore structures, and a consultation on possible changes to the Business Investment Relief rules.

Joanne Walker of LITRG summarises its response to two of the three HMRC consultations on tackling the hidden economy: 'sanctions' and 'conditionality'. The sanctions document explores the potential for new higher penalties and sanctions to tackle those operating in the hidden economy, and the conditionality proposals are that access to some business services or licences should be dependent on businesses being registered for tax. While LITRG sets out its concern regarding the proposals, we welcome the fact that these consultations are taking place at stage 1 of the consultation process, that is setting out objectives and identifying options; to a certain extent representing 'blue sky thinking', rather than set proposals.

Next month, we will include commentary on the CIOT, ATT and LITRG responses to the Making Tax Digital proposals, but in the meantime they are on all our websites, so do take a look.