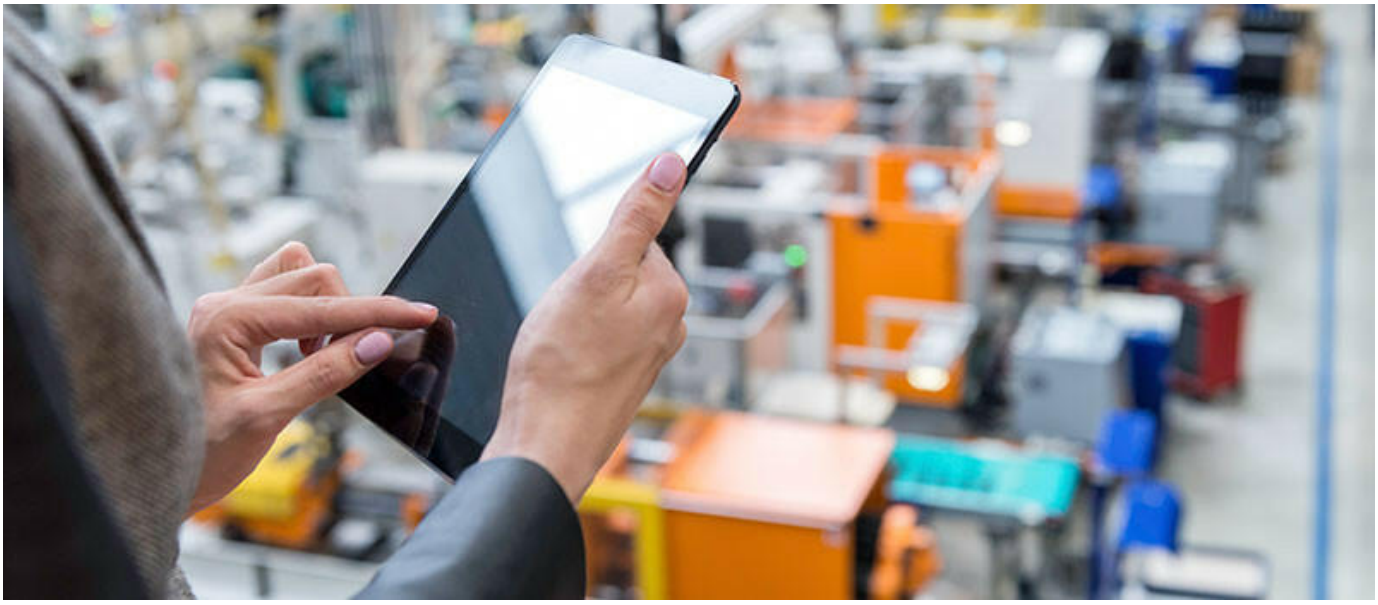
Agent letters: VAT penalties or penalty points for late submission of a VAT return

Indirect Tax



18 September 2023

When a VAT registered person incurs a penalty or penalty points for the late submission of a VAT return, HMRC also notifies their authorised VAT agent, if one is appointed, by letter. Currently, the only client identification details provided to the agent is the client's VAT number. If several of the agent's clients have received penalties in a period, they are provided with a collated list of client VAT numbers.

HMRC contacted the CIOT and other stakeholders to request feedback on how the letters with limited client identification details were working in practice. Below is a summary of the main points that we fed back to HMRC.

Tracing the VAT number

The letter may be received by administrative support staff before reaching the agent. This can cause some initial confusion about who the letters were for. This is particularly the case if there is a lack of awareness of the VAT number checker database on the 'Check a UK VAT number' page on gov.uk (tinyurl.com/5barzkf4), which provides the name and address of the business that the VAT number is registered to.

Agent address

Where the agent is from a firm with multiple offices, the letter will be sent to the firm's main postal address, meaning that additional steps must be taken before the letter is copied to agents in different offices. These additional administrative steps have caused delays and confusion.

A small number of agents raised that they had received letters to their home address, as well as/rather than work addresses. HMRC are aware of a system issue with a small number of Agent Services Accounts, which may be the cause of this problem.

Letter format

As the client VAT number is placed on the upper right-hand side of the letter in the usual position where the agent's personal VAT number (or tax reference) might be placed, some agents had thought that the penalty letter was for their own VAT account, causing confusion and incurring time to clarify the position with HMRC. We suggested in our feedback to HMRC that the information stating that you may be receiving the letter as an agent is given a paragraph title to make it stand out and also include it earlier in the letter. We said that it may also be better if the VAT numbers are placed in the body of the letter.

Administrative time

Where VAT agents receive the letters for only one or two client VAT numbers, it was not too onerous to trace the client. However, letters that included lists of ten, twenty or more VAT numbers take considerable time to resolve, and in some cases it is difficult for agents to charge for the time this takes.

Next steps

The current format of an agent letter is under review with HMRC, who are considering all of the stakeholder feedback. We anticipate an update at a future Penalty Reform Forum meeting.

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