CIOT Technical Team successes

General Features



24 April 2024

An outline of the changes influenced by the CIOT's technical team, alongside the recognition of efforts made by the CIOT to deliver on our charitable objectives for a better, more efficient tax system for all affected by it.

Each quarter, we will publish a list of changes in which the CIOT was instrumental and occasions where the CIOT's contribution was singled out for recognition by revenue authorities, the government, the devolved Parliaments in Scotland and Wales, the national Assembly in Northern Ireland and more generally in the UK.

Here are our successes for the quarter ending 31 March 2024.

Changes to guidance, interpretation and procedures

- HMRC will now accept voluntary VAT registrations concerning financial services that are ordinarily exempt, but which contain certain services that may treated as taxable. HMRC had been rejecting applications that include a SIC code relating to supplies of these services. Thanks to the matter being raised by the

CIOT, HMRC have said that applications will now be accepted if the applicant enters the words ‘SPECIFIED SUPPLIES’ in the box marked ‘business descriptions’.
- Several changes are being made to the VAT online calculator as a direct result of the CIOT’s feedback. This remains in development.
- HMRC’s guidance has been updated on relief for remediation costs regarding residential property development tax following concerns raised by the CIOT.
- HMRC have amended their Capital Allowances Manual (CA11145 and CA23163) with regards to full expensing and super deductions for companies in a mixed partnership because of discussions with the CIOT.
- HMRC have changed the statutory reference for the definition of research and development (R&D) in letters issued under Finance Act 1998 Sch 18 para 16 to amend R&D tax relief claims following discussions with the CIOT. Reference to Corporation Tax Act 2010 s 1138 will be substituted for Income Tax Act 2007 s 1006.
- Following discussions with the CIOT regarding electric vehicle home charging and Income Tax (Earnings and Pensions) Act 2003 s 239(2), HMRC concluded that the benefit exemption does apply to electric company vehicles charged within a domestic property if it can be demonstrated that the electricity was solely used to charge the company car.

Changes to tax legislation

- Following the CIOT’s 2018 proactive submission to HMRC on an anomaly in the tax treatment of alternative finance, HM Treasury’s recent consultation on Tax Simplification for Alternative Finance proposes legislative change to address the issue.
- New regulations for the Construction Industry Scheme came into force on 6 April 2024 to simplify the criteria for payments from landlords to tenants being excepted from the scheme. The CIOT made detailed representations on the issues in practice over a long period and worked with HMRC through its representation on HMRC’s Construction Forum to effect this change.
- Finance (No 2) Bill 2024 Clause 8 (First-time buyers’ relief from stamp duty land tax: acquisition of a new lease on bare trust) corrects a defect in the legislation for first-time buyers’ relief. This removes a pitfall for buyers and is therefore to be welcomed. The amendments in clause 8 follow the representations made by

the CIOT and the Stamp Taxes Practitioners Group in January.

Parliamentary mentions

- During the passage of Finance Act 2024:
- The CIOT was cited by the Shadow Financial Secretary to the Treasury (FST) in debates with respect to representations made.
- The CIOT was also cited in committee with respect to the pension lifetime allowance, cash basis and off-payroll PAYE ‘deemed employer’ offset.
- The CIOT (along with LITRG, ATT and ICAEW) were singled out for thanks in committee by the Shadow FST.
- Evidence was given by the CIOT and ATT before the House of Lord Economic Affairs Finance Bill sub-committee, and 60 references were made to the CIOT and ATT during committee proceedings.
- The Scottish Parliament’s Finance and Public Administration Committee cited several points made by the CIOT as part of an evidence-gathering session on the Aggregates Bill in March 2024, including the new wider administrative changes contained within Part 2 of the Bill. Eric Brown represented the CIOT, alongside representatives from ICAS and the Law Society of Scotland.
- Three committees of the Welsh Senedd published reports calling on the Welsh government to amend legislation currently going through the Senedd on business rates and council tax. Two of the committees drew on the CIOT’s evidence to criticise the wide powers being granted to ministers to make future changes through subordinate legislation.
- The CIOT’s submission on changes to the land and buildings transaction tax additional dwelling supplement was quoted on several occasions in an evidence session of the Finance and Public Administration Committee of the Scottish Parliament before Tom Arthur MSP (Minister for Community Wealth and Public Finance). Michelle Thomson MSP raised specific points made by the CIOT concerning executive discretion and inherited property from completion of the missives. The CIOT’s calls for a separate Scottish Finance Bill were also taken up by Liz Smith MSP.

Other recognition of the CIOT’s contribution

- HMRC thanked the CIOT and the Stamp Taxes Practitioners Group for highlighting issues concerning first time buyers' relief.
- The CIOT's influence on improvements to guidance, through our participation in HMRC's Guidance Strategy Forum, was acknowledged in Kevin Newton's *Tax Adviser* article 'HMRC Guidance: providing information to individuals, businesses and agents' (see tinyurl.com/ydy89z98).

To find out more about the CIOT Technical Team's work, please visit the CIOT website at tinyurl.com/3xd4jmpz, and follow our progress in the weekly member emails.

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