CIOT technical team successes

General Features



24 October 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.

Here are our successes for the quarter ending 30 September 2024 in which the CIOT was instrumental in effecting change and occasions where the CIOT's contribution was singled out.

Changes to guidance, interpretation and procedure

HMRC have launched a VAT calculator, which incorporates several of the recommendations made by CIOT during testing. Despite this, we feel there are still some shortcomings and will continue to press HMRC for further improvements and refinements.

After extensive consultation with CIOT and STEP, HMRC will soon be releasing new guidance on their treatment of the remittance of foreign income and gains which are

used as collateral for loan monies remitted to the UK.

Following consultation between CIOT and HMRC over several years, HMRC have confirmed that remittances to the UK after a divorce will not be chargeable. This is in line with advice they had given back in 2012, but doubt had been cast as to whether this was still valid following the decision in *Sehgal and Meehan* [2024] UKUT 74; however, they have since confirmed that the 2012 advice is still valid.

Following correspondence between CIOT and HMRC on the definition of ordinary share capital with respect to fixed-rate shares, HMRC confirmed that certain entries within their manuals were incorrect, and changes will be made accordingly.

The efforts of CIOT and the other professional bodies have encouraged HMRC to make form P1000 available online. This should be used to obtain authority to act for the personal representatives for the period up to the date of death and during the administration period, rather than a 64-8.

Following sustained pressure from CIOT and the other professional bodies, HMRC have revised and updated the IHT100 suite of forms and associated guidance used for reporting lifetime and trust transfers.

HMRC have asked the professional bodies, including CIOT, to publicise the following Helpcards on aspects of the Trust Registration Service; they have been updated from the first versions:

- Closing a Trust;
- Updating a Trust from Non-Taxpaying to Tax-Paying; and
- Obtaining Proof of Registration.

Following a suggestion from CIOT, as reported in June 2024 successes, HMRC amended their guidance to make it clearer that a UK establishment that must be registered at Companies House is different to a permanent establishment and to clarify that in some circumstances a permanent establishment does not have to be registered at Companies House (see INTM 261020).

In addition, HMRC incorporated the registration process for non-resident companies into the wider review of guidance and forms (focused on small business) that was announced at the Spring Budget. The bespoke guidance and registration forms for the different types of non-resident companies that are chargeable to corporation tax

in the UK was published in September, including the particular circumstance raised. See HMRC: Register for Corporation Tax through a dependent agent permanent establishment (tinyurl.com/46hzm24w).

Parliamentary mentions

In a note concerning their September pre-Budget evidence-gathering session, the Clerk of the Scottish Parliament's Public Finance and Administration Committee cited some of CIOT and LITRG's feedback to the recent consultation 'Budget Scrutiny 2025-26 – Managing Scotland's Public Finances: A Strategic Approach'.

In a stage 3 debate of the Scottish Parliament on the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill, the CIOT was cited alongside ICAS for our input on Part 2 of the Bill. Part 2 contains several (unrelated) administrative amendments to Revenue Scotland Tax Powers Act 2014. Our criticism concerned the lack of consultation about these changes, but we also highlighted again the need for an annual Finance Bill in which these amendments could have been made.

Other recognition of the CIOT's contribution

CIOT Technical Officer Margaret Curran recently spoke to 800 compliance staff working in HMRC's Individual and Small Business Directorate about the tax agent's experience of helping clients through a HMRC compliance check. This was part of an online HMRC conference 'Customers, not numbers', which also showcased the work of HMRC's Enhanced Support team. The session was recorded and so could potentially be viewed by up to 3,000 staff.

Margaret described the agent's role, talking about what can help to make a check run smoothly – and conversely, what can cause it not to go well. She highlighted, amongst other things, the importance of good, accurate, relevant and timely communication on HMRC's part and the value of progress updates.

The session provided a good opportunity to share our members' insights from recent practice directly with HMRC staff. Feedback from HMRC attendees was extremely positive.

Chris Thorpe *cthorpe@ciot.org.uk*