June 2025

TAXADVISER

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Chartered Institute of Taxation.

Self-billing

We consider the benefits of self-billing invoice systems and whether they should be considered by more business owners.

Coping with cuts

The proposed changes to business property relief from April 2026

The cost of leaving the UK

The consequences of losing access to valuable tax reliefs and exemptions

Buying another practice

How to conduct due diligence and safely manage the transition and merger

HELEN WHITEMAN
JANE ASHTON

Welcome
Consultation responses

Well done to all those students who sat exams in May. Whilst we won't know how well our students have done at this stage, for some their exam days will be behind them, and we are looking forward to receiving them into the ATT and CIOT as full members. For ATT qualified students who have already applied for membership, the wait isn't very long – the next admissions ceremony takes place on 26 June. The CIOT held its annual admission event earlier this year, so mark 16 April 2026 in your diaries! We thoroughly enjoy attending these admission events and are looking forward to welcoming our new members into the Institute and Association.

May was another busy month for our technical teams, following a number of consultations being issued on the Government's Tax Update Simplification Administration and Reform (TUSAR) day. Our teams have been reviewing the consultations and giving initial consideration of our planned responses. Consultations ranged from the VAT treatment of business donations of goods to charity through to the scope and documentation around transfer pricing. A full list of the announcements can be found at tinyurl.com/2tkw5p2x.

We want to thanks all those members who provide comments on consultations. Your comments help to shape and inform our consultation responses and ensure that they properly reflect your views. There are still a number of consultations that need to be filed later this month, please do share your comments with our technical teams via the usual technical email accounts.

One consultation we responded to last month was on enhancing HMRC's powers to tackle tax advisers who facilitate non-compliance. It was disappointing that we only had six weeks to collate our thoughts and your comments. The consultation proposed measures to more effectively review and sanction tax advisers who, by helping to facilitate non-compliance for their client, contribute to the tax gap or otherwise harm the tax system. While we normally support actions to address tax advisers who facilitate non-compliance, both organisations felt that the consultation tried to reconcile and address (in one set of sanctions) the behaviours of two very different types of tax advisers: those who are getting things wrong due to not taking reasonable care; and those whose behaviour is either dishonest or fraudulent.

The behavioural traits of the two groups are very distinct and separate, and require different forms of intervention. We were not in support of giving HMRC easier powers to obtain information from tax advisers who facilitate non-compliance, but HMRC could work more closely with professional bodies to address poor standards. HMRC should also publish more information that could help taxpayers to be better informed about which advisers are subject to sanctions or have had limitations imposed on them.

More consultation responses will be filed during June. Lists can be found online for the current ATT consultation responses (www.att.org.uk/technical/submissions), CIOT consultation responses (www.tax.org.uk/submissions/1) and LITRG consultation responses (www.litrg.org.uk/submissions).

There is still time to register for one of the ATT Annual Conference sessions this month. We are running three sessions to give people a choice of dates – two virtual sessions on Tuesday 10 and Thursday 19 June, and a face-to-face session on Wednesday 25 June at our London office in Monck Street. We will cover topical tax issues with an emphasis on the practical challenges faced daily by tax practitioners. Sessions will include a tax update by Barry Jefferd, a tax partner of nearly 35 years, plus sessions from the ATT Technical Team on Making Tax Digital and an update on penalties. Find out more and register at www.att.org.uk/attconf2025.

Finally, we were delighted to welcome guests to our Joint Presidents' reception in Edinburgh on 8 May, hosted by both Presidents, at which Derek Francis, Eric Brown and Isobel d'Inverno received Certificates of Merit.

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CONTENTS

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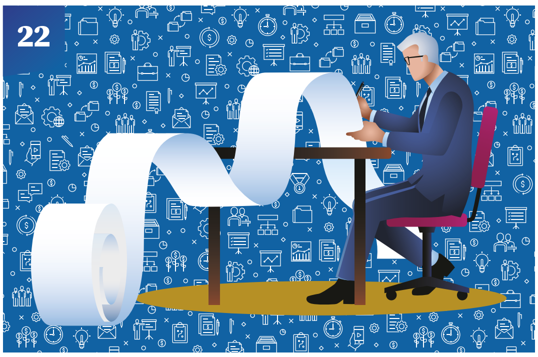
Regulars

Welcomes

Technical
From the Technical team

Briefings
From 30 Monck Street

Recruitment

22


28


ONLINE PICKS OF THE MONTH

Discounts and credits: tips for VAT
Some practical advice on output tax reductions
tinyurl.com/3kebceps

Options for company liquidation
Removing a company from the register
tinyurl.com/45zm2czx

Restructuring the CTA qualification
We seek your input!
tinyurl.com/4nwhmtx6

NICHOLA ROSS MARTIN
PRESIDENT

A busy year ahead!

> I am looking forward to seeing how AI will evolve to be able to assist us in the simplification of all human systems, including the tax one.

Nichola Ross Martin
President
president@ciot.org.uk

It's an absolute pleasure to be appointed as President of the Chartered Institute of Taxation. I have served on the CIOT's Council of Trustees since 2017 and spent my life in tax, advising other professional firms and SMEs.

One of the aims shared across CIOT is to achieve a diverse and inclusive membership. I think we are travelling in the right direction on that front but it's a slow process. I am only the CIOT's sixth female president in the Institute's 95 year history.

My journey in tax includes 20 years as a tax writer, CPD maker and 'Virtual Tax Partner' to professional firms. During that period, I have developed tax websites and experimented online in ways to make tax know-how understandable and accessible to wider audiences. I am enthusiastic about being part of the CIOT, which has a primary purpose to promote education in taxation. We share a key aim to achieve a more efficient and less complex tax system for all. This is a challenge, not least due to the way that we make new tax legislation.

Since the advent of computing, technological change has been ongoing. We might perceive that we are in 'the age of AI', but at the end of the day it's all just an age of evolving advancement in computer sciences. I am looking forward to seeing how AI will evolve to be able to assist us in the simplification of all human systems, including the tax one. I personally cannot wait until AI rewrites all our employment tax legislation; that would be a game changer!

This year, advisers must prepare their practices for the April 2026 commencement of Making Tax Digital (MTD) for income tax. There is a push-back against MTD on many sides. Some believe that it does not seem like value for money for the smallest businesses and that it poses more complexity for the already complex ones. My feeling is that once set up, digital bookkeeping saves a lot of time, especially having automatic bank reconciliations. If it is too difficult to set up, then delegate the problem. That frees your time to run your business.

HMRC's Making Tax Digital team are pulling out all the stops to support those who want to get into the MTD Public Pilot test. Talking to visitors at the recent Accountex show, I found that most firms are using five to eight different types of software; the question is which software to use for MTD submissions. My most overused phrase is 'one size does not fit all' and that is unfortunately the case here. I urge everyone to join the MTD pilot and work through their MTD process ahead of next April.

Tax simplification starts at the top. HMRC is undergoing a massive transformation as the new government focuses on increasing tax revenue in order to achieve its electoral mandate. Where possible, when I meet with the ministers I will continue to urge government to consult widely on any proposed tax changes in order to avoid unintended consequences.

For example, we had expected some changes to inheritance tax with a new chancellor at the helm. However, the changes currently proposed to business property relief (BPR) and agricultural property relief (APR) – to restrict the full relief to a £1 million combined limit with the balance at 50% relief, from April 2026 – look as if they are going to have some unforeseen side-effects.

Here are just three. Firstly, a generation of entrepreneurs will be pushed into early retirement at a time when we need to grow and not decrease the workforce. Secondly, the non-transferrable BPR/APR limit looks to add vast complexities for families who will no doubt now be offered complex trusts (when are trusts not complex?) and will rewrites as part of normal planning. Thirdly, there is the valuation issue. The government is looking for land to build more houses and most farms have a significant development value apart from their agricultural value. Do we value for inheritance tax on 'hope value'? This all needs thinking through.

Perhaps there is scope for the equivalent of a deferred inheritance tax overage charge? It's a thought, but without having the wider debate on this we will see the demise of many businesses and with that the loss of potentially valuable resources.

I am all set for a busy presidential year in supporting the CIOT, its members, the branches and, of course, the staff. Do say 'hello' if you see me, connect on LinkedIn and I would be delighted to come and give a talk at your branch too!

Chartered Institute of Taxation.

GRAHAM BATTY
DEPUTY PRESIDENT

Edinburgh fun – and *Tax Adviser*!

> If you are looking at this welcome page you are obviously an avid reader of *Tax Adviser* but we'd love to know how well we are meeting your needs.

As I write this month's column, I am just back from Edinburgh and the Joint Presidents' Reception on board the Royal Yacht Britannia. What a magnificent event this was! A sunny evening and a short stroll down the wonderfully named Whisky Quay, past a brand-new super yacht, to where Britannia is berthed – an interesting contrast of 1954 and 2025 styles. Britannia is a magnificent, elegant and refined old lady who wears her more than 70 years lightly. The super yacht had sleek lines, an eye catching blue and white colour scheme and oozed opulence. We were piped on board Britannia and taken up in the Queen Mother's lift (due to Jan's current wheelchair use) to the State Drawing Room where the formal part of the reception was being held.

Speeches from Senga Prior and Charlotte Barbour followed, along with the presentation of certificates of appreciation and merit, before the chance to tour Britannia and catch up with friends old and new. The evening ended with a ceilidh on the Royal Deck where we tried to guess who had done Scottish country dancing at school and who clearly had not. My lips are sealed on who fell into which category, but rumour has it that there is video evidence out there!

One topic of conversation among the people I spoke with was *Tax Adviser*. Now I know if you are looking at this welcome page you are obviously an avid reader of *Tax Adviser*, but the question we were discussing was how well we are meeting your needs. Not necessarily in the coverage of topics but more its frequency and format. The people I spoke with clearly had a view but we were all towards the older end of the population so probably not entirely representative of the ATT and CIOT membership. So, I will pose you the three key questions we were discussing:

- There are currently ten issues of *Tax Adviser* each year, as it is not published in January (tax return season) or August (holiday time). Is this what you want or would you prefer a less frequent (say, every other month), bigger magazine with more in-depth articles and a wider spread of topics?
- If there were fewer issues of *Tax Adviser*, what additional topics would you want to see – for example, practice management, personal development, news from the branches? Also, would you want more online content than the weekly ATT/CIOT news in between issues?
- *Tax Adviser* is currently published in hard copy and online. Do you want to move to online only or stay with the current option to opt out of hard copy if you wish?

Please let me know what you think using the email address at the foot of the page. Based on my conversations, I suspect that the third question could be the most difficult to deal with without your input. I am sure many of you will remember the furore surrounding the decision a few years ago to stop sending members their ATT mousemat because with the advent of track pads and optical mice the prevailing view was that no one used them anymore. How wrong could we have been, so please do get in touch.

On the same evening in London, members of our magnificent technical team and supporters were attending the Taxation Awards at the London Hilton on Park Lane, where they were shortlisted for the award for outstanding contribution to taxation in 2024-25 by a not-for-profit organisation. Sadly, they did not win, although they are clearly winners in our eyes, but congratulations to the winners on the night, The Tax Academy CIC.

Finally, I am drawn back to the story of another vessel moored near to Britannia. The Spirit of Tasmania IV is a very big, brand-new roll-on roll-off ferry built to operate across the Bass Strait between Australia and Tasmania but she is currently laid up in Leith Docks. The reason? She is too big to use the dock in Devonport, Tasmania! I should emphasise that this is not because they misread the plans but, in a lesson to project managers everywhere, because the new dock in Devonport is about 18 months behind schedule. To make matters worse, her sister ship Spirit of Tasmania V is under construction in Finland. Does anyone want to hire a couple of 700 foot-long ferries?

Until next month.

Graham Batty
ATT Deputy President
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The statistics
Getting to grips with data

What do the wealth of statistics actually tell us about UK businesses?

by Bill Dodwell

Just like HMRC, Companies House publish a wealth of statistics to help us understood the UK corporate landscape (see tinyurl.com/jy4rdkdm; the 2025 update is expected in June). There were about 4.872 million UK companies as at 31 March 2025 – a drop of about 4,000 from 2024 (see tinyurl.com/3ffzfhmv). However, it's 1.67 million more than a decade earlier. The total number of companies is over 550,000 higher but the difference is made up of those in dissolution or liquidation and so not effectively in business. The average age of a company is 8.7 years but the average age of dissolved or liquidated companies is 4.5 years. However, 1.28 million active companies date back to Victorian times! This rather suggests that the median age of a company is probably around five years.

There are about 5,400 public limited companies and 49,000 LLPs. As at 31 March 2024 (the latest figures available), 14,299 overseas companies had registered a branch in the UK. Just under 19% are US corporations, with 13% from the Channel Islands and 9% from Ireland.

Interestingly, the most popular accounting date for companies is 31 March, with over 1 million, compared to 670,000 with 31 December and about 300,000 in each of the other ten months.

The Department for Business and Trade estimated that there were 5.5 million businesses in 2024 (see tinyurl.com/3r84s8c3). Nearly 4.1 million did not employ anyone other than the owner, leaving about 1.427 million employers.

8,000 large businesses employed 11 million people; 38,000 medium sized about 3.7 million and small businesses employed 4.3 million (10 to 49 employees) and 4.2 million (1 to 9 employees).

Separate data estimates that there are 2.179 million VAT registrations.

The business data can be broadly reconciled to the numbers expected to join Making Tax Digital for Income Tax – which total 2.65 million, leaving about 4 million landlords and self-employed people outside the new arrangements. There are some 2.8 million individual landlords, with several hundred thousand being both self-employed and landlords.

Large businesses

HMRC's Large Business Directorate handles the tax affairs of the 2,000 largest businesses in the UK, most of which are companies/groups with a few large partnerships. It is estimated that these taxpayers contributed about 40% of total UK taxation (see tinyurl.com/2dw7fu7v).

The directorate reported compliance yield of £11.447 billion for 2023-24 (see tinyurl.com/jvs34d2j), which is a mixture of additional receipts and prevention of future losses (called 'upstream' yield). Even though this is a huge figure, it represents some 3.5% of the total tax paid over by these very large businesses. More than half the gains were in VAT – not corporation tax – which is no doubt a surprise to many.

Tax under consideration, which is an estimate of the scale of possible areas for investigation, amounted to £45 billion, with international coming out at over £11 billion and VAT at just under £10 billion. There were 169 customer compliance managers as at 31 March 2024 – on average each handled about 12 taxpayer groups.

HMRC's Wealthy and Mid-sized Business Compliance Directorate shows similar figures (see tinyurl.com/3xkvu2dy). In 2023-24, the directorate's compliance activities raised over £9 billion, with VAT exceeding corporation tax (although both were outweighed by £4.2 billion from income tax). HMRC does not say how many businesses are covered by this directorate, although the recent NAO report suggested that about 850,000 individuals meet the definition of 'wealthy' (see tinyurl.com/3e9pxseb).

Reaching out

HMRC notes that the average life of a new business is about three years, which imposes a big compliance burden on taxpayers and on HMRC, as businesses need to join the system. Tax agents told the Office of Tax Simplification in 2019 that all too often their first contact with a newly formed company or business was after about 18 months, when overdue filing notices had started to arrive.

This justifies HMRC's recent investment in greatly improved guidance for small businesses but, of course, a key challenge is finding guidance in the first place. Covering taxation on vocational courses would be helpful, as would encouraging engagers of self-employed businesses to pass on links to the HMRC guidance. Companies House could also give out more information.

66,000 companies claimed R&D credits in 2022-23, amounting to some £7.5 billion. 55,000 were SME claims with 11,000 claiming under the large R&D expenditure credit scheme, including 6,700 SMEs claiming under that scheme, mainly as subcontractors. Perhaps we should be surprised at the relatively low percentage of large and medium-sized companies investing in qualifying research and development.

Getting to grips with the data highlights the challenges (and opportunities!) for HMRC and for advisers in the UK economy.

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Profile: Bill is the former Tax Director of the Office of Tax Simplification and Editor in Chief of Tax Adviser magazine. He is a past president of the CIOT and was formerly head of tax policy at Deloitte. He joined the Administrative Burdens Advisory Board in 2019. Bill won the Lifetime Achievement Award at the Tolley's Taxation Awards in 2024 and writes in a personal capacity.

London Tax Network

LTN Tax Conference 2025

10 September 2025
08:30 – 17:30

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Self-billing
Risk or opportunity?

We consider the benefits of self-billing invoicing systems and whether the modern digital world means they should be considered by more business owners.

by Neil Warren

There are many situations when a business supplies goods or services but relies on the customer to confirm the amount that can be charged at a particular time. As a practical example, think of a builder who invoices on a monthly basis for a regular contract and relies on their client's surveyor to confirm the value of measured work carried out by a particular date. Alternatively, think of an author who is paid on a word-count basis and is not sure how the publisher counts the words; e.g. are headlines, bylines and quotes included?

In some cases, it makes sense for the customer to issue the sales invoice on behalf of the supplier and – in VAT speak – this outcome is referred to as self-billing. The customer will include VAT on the self-billed invoice if appropriate and claim input tax; the supplier must declare output tax on the return that includes the tax point.

In this article, I will consider some practical issues of self-billing and also if more businesses should consider its adoption.

Key features

If a customer issues a self-billed invoice to a supplier, the supplier must not issue a tax invoice for the same supply. This is logical and a self-billing contract agreed between both parties – a condition of operating any self-billing system – must make this clear. If a supplier and customer agree to adopt self-billing, it will apply to all supplies; they cannot pick and choose.

A self-billing agreement must be signed before any invoices are issued and it must meet the following conditions:

- The supplier and customer both agree to adopt it, either signing an agreement on paper or electronically.
- HMRC has provided an example in its public notice which can be used or adapted (see HMRC Notice 700/62 s 8).
- The self-billed invoice issued by a customer is the only acceptable document for VAT purposes. It must always show the 'tax point'; i.e. the date when the supplier must declare output tax to HMRC on their return. It must also include a clear reference to self-billing.
- All agreements must include a start and finish date, which might be for the duration of a particular contract or, more likely, be based on a 12-month or two-year fixed period. Both parties can agree to an extension but there must be written evidence of this in case of a query by HMRC.

  See VAT Regulations 1995 Reg 13(3).

Note: Self-billing does not require HMRC's permission. However, an officer has the right to ask to see the agreement and, in a worst case scenario, could seek to disallow input tax claimed by the customer if the agreement is flawed.

Key Points

What is the issue?
Self-billing systems are effective when the customer rather than the supplier knows the value of a supply of goods or services; e.g. for many supplies in the scrap metal trade. A self-billed document can save time and administration costs and hopefully lead to quicker payment for the supplier.

What does it mean to me?
A self-billing arrangement is a diversion from the usual system of a supplier issuing a tax invoice. Agreements must always be treated with full diligence because customers are issuing documents which give them an input tax entitlement, which is a high-risk outcome as far as HMRC is concerned.

What can I take away?
Suppliers and customers must regularly review self-billing agreements – and renew them if deadlines have passed – and customers should also check that suppliers have not deregistered.

VAT status of supplier

A customer must always know which of its suppliers are VAT registered so that 20% VAT can be added to the invoice value if the work carried out is standard rated, or 5% VAT if it is subject to the reduced rate. As explained above, the supplier will account for output tax on the return that includes the 'tax point,' unless it uses the cash accounting scheme (CAS) when the payment date is relevant.

I can imagine that many readers are shouting out: 'How will the customer know if a supplier suddenly deregisters, perhaps because their annual taxable sales are less than the deregistration threshold of £88,000?'

The answer is that the customer should adopt a standard audit procedure to regularly confirm that suppliers are still registered. For example, a labour-only subcontractor is more likely to deregister than a large building business that employs ten workers and also supplies materials, so a risk-based approach should be adopted. If there is any doubt, then HMRC's VAT number checker-service can be used (see tinyurl.com/bdz2avdd).

A supplier can refuse to accept a self-billing arrangement proposed by their customer but this might be unwise:

- If the customer knows the value of a supply rather than the supplier, it makes sense for the customer to drive the invoicing process (see ***Author Alice: paid by the word***).
- A self-billing system can speed up the payment process because the supplier does not need to contact the customer and ask: 'How much should we invoice you for?'
- There is a commercial risk that a customer will refuse to do business with a supplier that has rejected a self-billing proposal.
- Some industries adopt self-billing as the default position; e.g. scrap metal, clothing and waste recycling traders. It is often sensible to comply with industry norms.

Note: Many supplies made by subcontractors to contractors in the construction industry could be subject to the reverse charge; i.e. the customer accounts for output tax and the supplier is not paid VAT. The principle of reverse charge accounting extends to self-billed documents in the same way as VAT invoices issued by a supplier.

AUTHOR ALICE: PAID BY THE WORD

Alice writes lifestyle articles for Bovian Publisher Ltd and is paid 15p per word plus VAT. It is likely that only the editor will know the exact word count, so a self-billing arrangement should be more efficient and save time. Alice also receives a royalty payment based on the number of times her articles are read online; again, the amount payable will be known by the publisher and not herself.

Note: The accounting staff at Bovian should regularly check that Alice is VAT registered, at least annually.

TOP TIP: USE HMRC'S SELF-BILLING AGREEMENT

A tip for customers is to use HMRC's recommended self-billing agreement, which includes the following clause:

'The self-billee agrees … to notify the customer immediately if they change their VAT registration number; cease to be VAT registered; or sell their business or part of their business.'

If a supplier fails to meet this condition, they should accept that they have caused a problem and repay VAT incorrectly paid by a customer; i.e. to contra the input tax wrongly claimed by the customer. (See VAT Notice 700/62, para 3.1.)

Case law

Many VAT enthusiasts will remember the long-running case of *GB Housley Ltd* [2016] EWCA Civ 1299 about whether the absence of a valid self-billing agreement for a scrap metal business gave HMRC the power to disallow input tax claimed by the company. If so, should HMRC have accepted alternative evidence to support the claim, as allowed by the Value Added Tax Regulations 1995 Reg 29? See HMRC's VAT Input Tax manual VIT31200.

The First-Tier Tribunal supported the taxpayer. The Upper Tribunal agreed with HMRC but the Court of Appeal discharged HMRC's assessment because the department did not use its discretion to consider alternative documents. Overall, the taxpayer was probably fortunate to win the case but the clear message is that all self-billing conditions should be met to avoid a possible challenge from HMRC.

The risk of issuing self-billed invoices to a supplier that has deregistered was highlighted in the case of *Taygroup Ltd* [2013] UKFTT 336. The company claimed input tax on some supplies made by unregistered suppliers, and the tribunal agreed with HMRC that the company had not acted diligently to ensure that all self-billing conditions were met and that the agreements were renewed after 12 months.

To share another tale, a business issued self-billed invoices for services supplied by a sole trader and was then told by HMRC on a compliance visit that the supplier had deregistered two years earlier and that input tax could not be claimed on these supplies. A bit of Hercules Poirot investigating revealed that the sole trader had incorporated his business and the limited company had registered for VAT with a new number. See ***Top tip: use HMRC's self-billing agreement.***

What are the risks?

The tribunal cases highlight the main risk of self-billing for a customer; i.e. not being aware that a supplier has deregistered and is no longer a taxable person.

The main risk for a supplier is to wrongly think that customers decide the rate of VAT to charge on a job and that this should be accepted. It shouldn't; it is always the responsibility of the supplier to charge the correct rate.

To share a tale, I used to act for a flooring business and the company had a big job with a building contractor to fit wood flooring to a new building. The contractor issued self-billed invoices to my client and zero-rated them on the basis that the owner of the building was a care home and it qualified as a new building to be used for a 'relevant residential purpose' and the building supplies were therefore zero-rated. The contractor provided a copy of the VAT certificate issued by the care home to support the zero-rating. The correct outcome is that only services supplied by the contractor to the care home operator are zero-rated; all supplies made by subcontractors to a contractor are standard rated. It took about six months for the contractor to accept this argument!

The risks to a supplier are less if all sales are subject to the same rate of VAT – such as a scrap metal business – rather than an industry where the liability can get complicated.

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Position: Independent VAT consultant
Company: Warren Tax Services
Profile: Neil Warren is an independent VAT author and consultant, and is a past winner of the Taxation Awards Tax Writer of the Year. Neil worked at HMRC for 13 years until 1997.

Coping with cuts

Changes to business property relief

What do the proposed changes to business property relief mean for investors and entrepreneurs, and for their businesses?

by Mary Perham and Mike Barrington

Key Points

What is the issue?
We consider the proposed changes to business property relief and their implications for investors, entrepreneurs and their businesses. From April 2026, the relief will be significantly reduced, necessitating a re-evaluation of business protection and long-term stability strategies.

What does it mean to me?
Currently, business property relief provides 100% relief on qualifying business interests, but under the new rules, only the first £1 million of assets will qualify for full relief, with any excess receiving 50% relief. This poses a substantial inheritance tax liability for business owners.

What can I take away?
The changes will require a proactive approach to estate and succession planning. Professional advice will be essential in modelling the effects of the changes and exploring mitigation strategies to minimise the impact of the new regime.

The proposed changes to business property relief have so far sent only ripples through the business world. But for years, business property relief has been a vital tool for entrepreneurs, investors and their families, allowing valuable business assets to pass between generations without the burden of inheritance tax.

From April 2026, however, that advantage will be significantly reduced, forcing many to rethink how they protect their businesses and ensure long-term stability.

What is changing for business owners?

At present, business property relief can provide 100% relief on qualifying business interests, meaning that they can be passed on without attracting inheritance tax. Under the new rules, only the first £1 million of assets will qualify for full relief with any excess receiving only 50% relief.

For many business owners, this represents a major shift. A stake in a trading company worth £5 million, for example, is currently fully exempt from inheritance tax. Under the proposed regime, £4 million of that sum would receive just 50% relief, leaving £2 million exposed to inheritance tax at 40% on the shareholders' death. This creates a substantial liability of £800,000, requiring careful planning to ensure sufficient liquidity within the estate.

There is also an impact on qualifying shares held within trusts. At present, trusts holding only business property relief-qualifying assets are relieved from paying a periodic charge of up to 6% every ten years or when assets leave the trust. Under the new rules, the trustees will now face these periodic charges at effectively 3% on the value above £1 million.

Further, the £1 million business property relief allowance will apply across all trusts created by an individual, meaning that multiple trusts do not automatically benefit. This requires a more strategic, joined-up approach to estate planning.

If the only available funds come from the business itself, directors and shareholders will need to consider the impact on the company's financial health and future growth. While inheritance tax can be paid in instalments over ten years, that still demands a reliable funding plan whether through dividends, asset sales or alternative financing.

Should business owners gift their interests now?

The initial response from many is to act before the rules take effect. Gifting shares to the next generation now while 100% relief is still available seems like a logical step and in many cases is appropriate. However, this raises other considerations in tax and practical terms for both the recipients and the business that need to be carefully worked through.

If the donor dies within seven years of the transfer, the new owner could be left with an unexpected tax bill. For family businesses, handing over shares too soon also risks unsettling governance structures. In particular, businesses should consider how the company currently functions at board level and among shareholders, and how the company should function going forward.

If there is likely to be a shift in the governance of the company, careful thought is needed on how to achieve that and what should happen to the company's constitutional documents. Additionally, restrictions on transfers or specific consent rights could complicate the process if attempted without shareholders' consensus. Without proper planning, a rushed handover might undermine the company's long-term success.

Finally, the recipient's personal circumstances may not make it appropriate for them to own valuable shares in their own name. Trusts offer another possible solution, providing asset protection and a structured approach to succession. However, as noted, trustees will now face periodic charges of up to 3% on the value above £1 million every ten years; and careful consideration will need to be given (for new and existing trusts) as to how these will be funded.

Practical considerations for business owners and directors

Business owners should start reviewing their options now. Stress-testing succession plans, obtaining preliminary valuations and modelling the impact of the proposed changes will be crucial in preparing for the new landscape.

HMRC is expected to scrutinise surplus cash and investments held within trading companies, assessing whether they are needed for operations. Excess cash and investments not demonstrably earmarked for business use may cause the company to cease to qualify for business property relief, further increasing the potential inheritance tax liability. Keeping clear records to justify investments and cash balances will be essential. Reviewing the structure of the business is especially important where there are multiple activities.

Liquidity planning will be key. If dividends or share buybacks are required to fund inheritance tax liabilities, businesses must ensure that they have sufficient reserves, and the tax implications of these strategies must be carefully managed (where the shareholder may pay income tax on any dividend before then paying the inheritance tax).

Directors have a duty to balance the needs of shareholders, making it essential to address these issues well in advance. External directors, in particular, will be conscious of the need to ensure that decisions are made with due diligence and proper corporate governance The board as a whole will be conscious of the need to ensure that decisions are made with due diligence and proper corporate governance.

There is also an important role for directors in managing these changes at the corporate level. In many cases, a business' ability to support its shareholders in meeting these inheritance tax liabilities will be crucial, but it must be done in a way that does not undermine the company's own financial position. Directors will need to be particularly mindful of their fiduciary duties, ensuring that any actions taken are in the best interests of the company as a whole, rather than just the tax position of individual shareholders.

The proposed changes will also have an impact on how businesses approach investment decisions. If trusts and individuals holding business property relief-qualifying assets face (periodic) inheritance tax charges, investment strategies may need to be adjusted to ensure that enough liquidity is available to meet these liabilities when they arise. This could mean a shift in how businesses balance reinvestment in growth with the need to retain sufficient cash reserves without prejudicing the business property relief.

Professional advice

For entrepreneurs and investors, the impact of these changes will depend largely on the structure of their holdings.

Those with direct interests in trading companies will need to consider their personal inheritance tax exposure, while those who hold interests through trusts must assess the broader impact on trust taxation. In either case, the new rules will require a more proactive approach to estate and succession planning.

For some existing trusts, these changes will make trust structures less attractive, leading to discussions about winding them up or restructuring their holdings. Closing a trust requires careful planning to avoid unnecessary tax consequences and to preserve the asset protection benefits that trusts provide. For others, trusts will remain an important and valuable succession planning vehicle, but strategic planning will be key.

Families will need to review not just their trust arrangements but also shareholder agreements, company articles and personal succession planning tools, including wills, lasting powers of attorney and nuptial agreements.

In the lead-up to April 2026, professional advice will be critical. Business owners, trustees and investors should work with professionals to model the effects of the changes and explore potential mitigation strategies. Whether through gifting, restructuring or revising investment approaches, planning ahead will be essential to minimising the impact of the new business property relief regime.

These reforms will fundamentally change how business owners approach inheritance tax planning, succession and corporate strategy. While the rules will not come into force until April 2026, acting now will be critical in mitigating risks and ensuring businesses remain financially secure for the next generation.

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UK tax exit charges
The hidden costs of leaving the UK

We consider the tax implications for individuals who cease their UK tax residency, including the loss of access to valuable tax reliefs and exemptions.

by Adela Cebotari

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Key Points

What is the issue?
Individuals and business owners leaving the UK face significant tax consequences through the loss of various tax reliefs and exemptions. Ceasing to be a UK tax resident can lead to unexpected liabilities on future income and gains, making early and effective tax planning crucial.

What does it mean for me?
Ceasing tax residency can result in forfeiting key tax benefits such as the tax-free personal allowance, business asset disposal relief, private residence relief, and the reliefs under the Enterprise Investment Scheme and Seed Enterprise Investment Scheme.

What can I take away?
Although the UK does not levy an explicit exit tax, those leaving must account for the loss of multiple valuable tax reliefs and the potential for retroactive or double taxation. Forward-looking tax planning and professional advice is essential to mitigate these risks before departure.

Whilst the UK does not impose a direct exit tax on individuals departing its shores (unlike the United States with its expatriation tax under IRC 877A), leaving the UK does come with its own set of tax consequences.

Individuals who cease their UK tax residency often lose their entitlement to various valuable tax reliefs and exemptions, which can result in significant tax liabilities on future income and gains. Therefore, careful tax planning is advisable before considering a permanent departure from the UK, particularly following the change in the rules from 6 April 2025.

Tax reliefs lost upon departure

Since the Autumn Statement announcement, the focus has been on advising the non-UK domiciled how to plan their affairs while they continue to live in the UK.

However, whether driven by the country's economic, political or social affairs, or simply the weather, discussions are being held by many British citizens who are considering whether the UK should continue to be their main residence.

For many of those considering the move to sunnier climes, tax considerations remain an essential but not singular priority within a comprehensive planning approach. Therefore, when advising taxpayers on international relocation, thorough assessments must be conducted to balance quality of life factors with financial implications, ensuring that decisions align with both personal preferences and long-term financial goals.

While there is no direct tax charge on leaving the UK, we will consider the loss of certain tax reliefs and tax benefits that cease to be available when an individual stops being a UK tax resident under the statutory residence test, as defined in Finance Act 2013 Sch 45.

Personal allowance: The tax-free personal allowance (£12,570 for 2025/26) is typically lost for non-residents unless they qualify under the Income Tax Act 2007 s 56, which preserves the allowance for those with specific UK ties or through a double tax treaty provision.

Business asset disposal relief: Formerly known as entrepreneurs' relief, this relief reduces the capital gains tax on qualifying business disposals to 14% (10% before 30 October 2024) under the Taxation of Chargeable Gains Act (TCGA) 1992 s 169I, but is only available to UK residents. This valuable relief, much like an unreliable umbrella that folds precisely when the downpour begins, disappears the moment you decide to leave the UK shores.

Private residence relief: This relief, provided under TCGA 1992 s 222, exempts capital gains on a primary residence from tax, but is restricted for non-residents unless they meet the 90 day occupancy rule introduced in Finance Act 2015.

Enterprise investment scheme (EIS) and seed enterprise investment scheme (SEIS) reliefs: Non-residents cannot claim income tax relief or capital gains tax deferrals on EIS/SEIS investments under Income Tax Act 2007 ss 157-257. Additionally, if an individual who has benefited from these reliefs ceases their UK residency within the three-year qualifying period, they may be subject to a clawback of the relief under Income Tax Act 2007 s 209. Gains previously deferred under EIS may also crystallise immediately upon residency status changes – transforming what was once a comfortable tax deferral into an unexpected and immediate liability, precisely when financial planning becomes most critical.

Implications for a business if the sole director relocates

If the sole director of a UK business relocates abroad, significant tax and operational consequences may arise:

Corporate residency status: If the director continues to manage and control the company from overseas, the company may become tax-resident in the new country under Corporation Tax Act (CTA) 2009 s 14, subjecting it to local corporate taxes and potential double taxation. Local advice should be taken before relocating.

Permanent establishment risks: Operating the UK company from abroad could create a taxable presence (permanent establishment) in the new country, as defined in OECD Model Tax Convention Article 5, leading to foreign tax liabilities.

Loss of UK tax reliefs: The company may lose access to UK-specific reliefs, such as R&D tax credits under CTA 2009 Part 13, the patent box regime under CTA 2010 Part 8A, and certain investment reliefs.

Challenges in banking and compliance: Many UK banks and regulatory bodies require a UK-resident director under the Companies Act 2006, which could lead to operational difficulties or compliance risks.

Dividend taxation: If the departing director remains a shareholder, dividends received from the UK company may be taxed differently in their new country of residence under the relevant double tax treaty.

> **Individuals who cease their UK tax residency often lose their entitlement to various valuable reliefs.**

Temporary non-residents

A significant consideration for those contemplating a temporary sojourn abroad is the infamous 'temporary non-residence' rule found in TCGA 1992 s 1M. This provision creates what might be described as HMRC's sophisticated 'boomerang trap' for tax planning. Under these rules, individuals who have been UK resident for at least four of the seven tax years preceding their departure, and who subsequently return to the UK within five years, may find that gains realised during their absence are unexpectedly caught in the UK tax net.

These disposals, made while apparently non-resident in the UK, are treated as occurring in the year of return to the UK. The provision effectively suspends the tax advantage of non-residence rather than eliminating it, catching many returning expatriates unawares. This retroactive taxation applies to a wide spectrum of assets, including shares in close companies and certain offshore assets with UK connections.

So, for entrepreneurs hoping to dispose of business assets during a brief overseas residency before returning to the British shores, these rules serve as a harsh reminder that it takes more than five years for HMRC to 'forget' a resident and their arising tax liabilities.

The 60 days rule for capital gains tax

Beyond the temporary non-residence rules, individuals must also be mindful of the 60 day reporting and payment window for capital gains tax arising on the disposal of their UK property interests. This obligation extends beyond simply selling a personal residence; it also includes disposals of commercial properties and, crucially, shares in property-rich companies where a significant portion of the company's value is derived from UK land.

Therefore, regardless of residency status, anyone disposing of such UK property interests has an obligation to register with HMRC, report the gain and pay any capital gains tax due within 60 days of completion. Failure to comply can result in penalties and interest charges, adding insult to injury for those venturing beyond the British tax jurisdiction. These rules extend to trustees of offshore trusts that have interests in UK properties or land.

The tax cost of an unplanned departure from the UK: in practice

Consider John, an entrepreneur who decides to leave the UK and move to Dubai. Before his departure, he owns a UK company and holds significant assets, including a UK rental properties portfolio, and makes SEIS/EIS investments and gift aid donations each year. He maximises his personal pension contributions.

After his departure, it is assumed that John continues to provide services to the business's UK based clients. He carries out his UK duties during his planned travel to the UK in the permitted amount of days that allow him to qualify as a non-UK resident for tax purposes.

Before his departure, however, there are a number of issues which John should consider.

Pensions contributions: John had been making pensions contributions of £48,000 while in the UK. Income tax relief on pension contributions are only available to UK residents. The (limited) exception is that up to £3,600 gross per year can continue to be paid personally to an existing UK pension plan for up to five tax years after leaving the UK with basic rate (20%) tax relief given via 'relief at source', if that is how the existing plan works and subject to the pension plan provider's approval. However, there is no rule preventing non-UK residents from contributing to a UK pension plan. Retirement benefits remain firmly within the scope of UK tax.

Business asset disposal relief (BADR): BADR is not available to non-UK residents. Shares sold after departure are generally not taxable in UK but may be taxable in the country of residence. Watch out for temporary non-residence rules, which may bring the gains into taxation at the higher rate for capital gains tax of 24%.

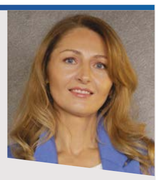
Enterprise investment scheme (EIS): There will be an EIS clawback risk. If John had claimed income tax relief on annual EIS investments of, say, £100,000 before he left the UK, this relief is clawed back under Income Tax Act 2007 s 209 for the three-year period before his departure, resulting in an additional £30,000 tax liability for each of those years. Also, if John had previously deferred gains under EIS, these become chargeable immediately upon losing his UK residency status, under the Taxation of Capital Gains Act 1992 Sch 5B.

Company residency risk: If John manages his UK business remotely, the company might risk becoming tax-resident in Dubai under Corporation Tax Act 2009 s 14, leading to double taxation issues.

While John may benefit from lower personal tax rates in Dubai, his exit from the UK has immediate tax costs due to lost reliefs, EIS clawbacks and potential business double taxation issues. This could lead to a significantly increased tax liability than if he had remained in the UK, plus potential additional company tax reporting obligations and potential local tax liabilities. The tax tail, it seems, can indeed wag the dog.

In conclusion

Although the UK does not impose a direct exit tax (unlike the increasingly fashionable approach in the US and some EU countries), individuals leaving the country must carefully consider the tax reliefs before they forfeit their right to them. The impact can be substantial, particularly for entrepreneurs, investors and high-net-worth individuals. Effective tax planning, including asset disposals and restructuring before departure, can mitigate these tax consequences. For business owners, additional planning is essential to ensure that corporate residency remains aligned with tax-efficient strategies. Seeking professional advice is crucial to ensure an optimised tax position before leaving the UK.



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Tackling tax evasion How can HMRC do better?

We consider what more HMRC could do to tackle tax evasion following recent parliamentary and NAO reports.

by Helen Adams and Jack Sloggett

Key Points

What is the issue?
While HMRC's estimates show the criminal attacks tax gap is reducing, the other tax evasion and hidden economy parts of the tax gap remained stubbornly high (estimated at £7.7 billion for 2022/23). HMRC is under pressure to set a strategy and tackle these parts effectively.

What does it mean for me?
Taxpayers suspected of evasion need to understand how HMRC uses its powers to sanction and penalise evaders and how to best navigate investigations and disclosure processes.

What can I take away?
HMRC should open more compliance checks into suspected tax evasion, but it remains essential for advisers to encourage voluntary disclosures where clients need to admit deliberate wrongdoing.

In February 2025, the House of Commons' Public Accounts Committee (PAC) published its report on tax evasion in the retail sector (see tinyurl.com/3fcn8mju), highlighting ongoing challenges in HMRC's efforts to combat non-compliance. The National Audit Office (NAO) analysed the administrative cost of the tax system, offering recommendations for enhancing compliance yield (see tinyurl.com/269pds7f). These publications emerge at a critical juncture as, in the 2024 Budget, the Chancellor emphasised the importance of closing the tax gap to the government's fiscal strategy.

In HMRC parlance, tax evasion is equivalent to deliberate wrongdoing. Deliberate behaviour includes intentionally making a statement which, at that time, the person knew was inaccurate; i.e. they intended to mislead HMRC (see the cases of *HMRC v Tooth* [2021] UKSC 17 at [42] – [47] and *C F Booth Ltd v HMRC* [2022] UKUT 217 (TCC)). Deliberate behaviour also occurs where a taxpayer suspects that a document contains a mistake 'but deliberately and without good reason chooses not to confirm the true position before submitting' it to HMRC (see *CPR Commercials Ltd v HMRC* [2023] UKUT 61 (TCC)).

Understanding tax evasion statistics

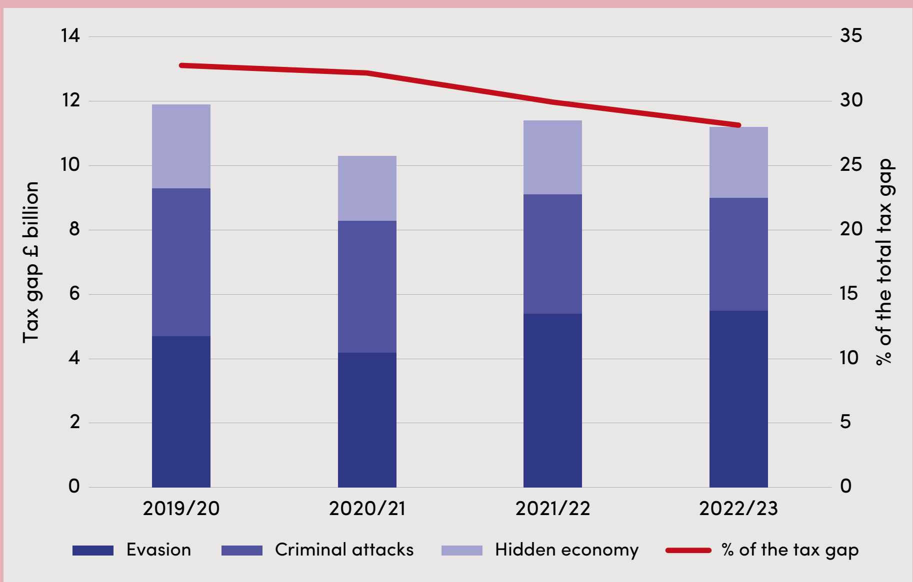
As the graph shows, the 'tax evasion gap', which we calculated by combining HMRC's figures for evasion and the hidden economy, stayed stubbornly high over the last four years. In contrast, the amount HMRC estimates is lost to 'criminal attacks' reduced from £4.6 billion in 2019/20 to £3.5 billion in 2022/23. Criminal attacks are tackled separately by its Fraud Investigation Service (FIS) and, whilst they are also within the legal definition of evasion, they are not the focus of this article.

However, these statistics require careful interpretation. HMRC's research reveals that rather than being entirely caused by deliberate behaviour, some hidden economy non-compliance may arise from a lack of awareness, misunderstanding of obligations or perception of low risk of detection – particularly among smaller businesses and self-employed individuals (see our *Tax Adviser* article 'The hidden economy: behavioural challenges in September 2023). Furthermore, the current statistics have notable limitations:

1. Behavioural segmentation gaps: The tax gap attributable to evasive behaviours is not broken down by taxpayer types or industry sectors, making devising and evaluating targeted interventions challenging. However, the PAC report said that 81% of tax lost to evasion in 2022/23 arose from small businesses.

2. Yield attribution: While HMRC reports compliance yield figures for different operational areas, these are not categorised by behaviour type. It remains unclear what proportion of yield stems from tackling deliberate non-compliance. Similarly, no statistics are published on penalties levied (such as a split of the number and value of Finance Act 2007 Sch 24 error penalties between deliberate and careless behaviour). Without knowing yield and penalties, how does HMRC know whether its interventions are effective in tackling the tax evasion gap?

3. Intervention effectiveness: Limited data exists on the comparative effectiveness of different compliance approaches. For instance, we lack comprehensive information on actual vs expected yield generated from nudge letter campaigns compared to enquiries or investigations.



4. Detection limitations: By its very nature, evasion involves non-disclosure, often through cash transactions or offshore arrangements. It sometimes involves concealment, for example using false invoices. This makes reliable estimation and detection inherently difficult despite the large volume of data held by HMRC. HMRC may be assisted by the NAO's new guidance on helping public bodies improve fraud and error estimation.

HMRC's compliance activities provide additional context (see tinyurl.com/y4wpbmmj). In 2023/24, HMRC only started 268 (417 in 2022/23) tax fraud investigations under the Contractual Disclosure Facility (COP9), some of which probably opened because of voluntary disclosures requesting COP9 via CDF1 forms. Overall numbers of open COP9s fell as HMRC closed more cases than it opened; 2,077 cases were ongoing at 31 March 2024. Criminal investigations resulted in 501 charging decisions, with 302 successful prosecutions.

However, COP9 yield figures cannot be compared to the tax gap to judge the effectiveness of HMRC's work in tackling evasion, as these cases relate to multiple tax periods whereas the tax gap is an estimate for one year. While these figures demonstrate HMRC's commitment to pursuing serious cases of tax fraud, they only represent a proportion of overall activity to tackle tax evasion as that work is also undertaken elsewhere in HMRC.

HMRC's current approaches to tackling evasion

HMRC employs multiple strategies to address the tax evasion gap, combining data analysis, compliance checks and preventative work. Some frauds are prevented by its systems. It analyses multiple disparate data sources (including third-party and offshore data) to identify potential cases for investigation, applying a risk-based approach to decide whether to open compliance checks.

Depending on the nature of the risk, suspected tax at risk and its policy (see tinyurl.com/594393v3), HMRC can open criminal investigations with a view to prosecution. Other suspected serious frauds are dealt with under COP9 or using general compliance check processes involving information notices, discovery assessments and substantial tax-geared penalties. It also launches targeted campaigns for specific sectors showing high non-compliance; e.g. the Electronic Sales Suppression disclosure process (see tinyurl.com/3wakb74n) and nudge letters on online marketplace sales (see tinyurl.com/2ueuv32p).

However, deterring evasion and encouraging compliance should be more cost-effective than investigations. In addition to general education via YouTube, social media and gov.uk, HMRC issues proactive educational nudge letters. It adopts processes to restrict businesses' ability to trade without filing returns; e.g. hidden economy conditionality (Finance Act 2021 Sch 33 and Finance (No2) Act 2023 s 342).

It hopes that its powers to issue substantial tax-geared penalties (particularly for offshore non-compliance) and to publish deliberate defaulters' details (Finance Act 2009 s 94) will deter too. Enablers of tax evaders may be deterred by corporate criminal offences for failure to prevent tax evasion, dishonest tax agents and enablers of offshore non-compliance, as well as the forthcoming informants reward scheme.

PAC and NAO recommendations

The PAC report noted that HMRC intends to increase the staff in FIS and the number of prosecutions. PAC recommended that HMRC improve its approach to tackling tax evasion by taking steps including:

- creating a strategy for tackling tax evasion and setting SMART objectives;
- working with Companies House and the Insolvency Service to develop a plan for working jointly to tackle frauds and phoenixism and measure the deterrent effect of their work, as subsequently confirmed by the Spring Statement; and
- undertaking further data analysis to check if the tax evasion gap is bigger than estimated.

The NAO report's recommendations focused on cost-effectiveness. The most relevant to tackling non-compliance are:

- Compliance yield per case worker (productivity) should increase annually.
- HMRC should better evaluate its 'upstream' compliance activities (i.e. those trying to prevent non-compliance) so it knows which are most effective at reducing the need for future compliance work.
- HMRC could consider the risk associated with different agents and how that may affect the level of compliance work.

Other opportunities for HMRC

While these reports provide valuable insights, we believe that additional measures could further enhance HMRC's ability to address tax evasion.

Enhanced data collection and sharing

Recent and forthcoming initiatives present opportunities for improved compliance monitoring:

- The Digital Platform Reporting regime (effective from 2025) provides HMRC with additional data on income earned through digital platforms.
- Crypto-asset reporting requirements from 2027 may illuminate previously opaque transactions and ownership of cryptoassets.
- The proposed landlord database (Renters' Rights Bill Part 2 Chapter 3) could significantly enhance the visibility of rental income, although the Bill's text (particularly clause 87) does not clearly establish HMRC's access rights.

However, these data sources will only help HMRC to tackle tax evasion if it allocates resources to analyse the data and investigate identified risks. The government expects that compliance checks will be better targeted in future due to investment in AI and advanced analytics.

Tax Administration Framework reforms

HMRC's ongoing review of the Tax Administration Framework presents opportunities to build compliance considerations into system design. The outcome to HMRC's 'New ways to tackle non-compliance' consultation confirmed that HMRC will be empowered to require taxpayers to correct mistakes, effectively making it impossible to ignore nudge letters. However, its current narrow scope does not encourage disclosure of other mistakes or the same mistake for other years. It may be better to enact a general 'requirement to correct' obliging taxpayers to tell HMRC about mistakes (for example, by registering to disclose) within (say) 90 days of becoming aware of them. Whilst not doing so is already a criminal offence, HMRC's prosecution policy means that few taxpayers are prosecuted or feel at threat of prosecution – hardly an incentive to stop evading tax and put things right.

While tax advisers are required by Professional Conduct in Relation to Taxation (PCRT) to encourage clients to disclose fully and cease acting if a client refuses to disclose mistakes (as well as submitting Suspicious Activity Reports), a civil requirement to disclose may incentivise compliance if its implementation is effectively publicised by HMRC. HMRC's research on improving communications may help it to encourage compliance more effectively and bust the myth that it will not catch up with tax evaders (see tinyurl.com/3kavpf9z).

HMRC is consulting on strengthened behavioural penalties and tougher non-financial sanctions. HMRC's research found that there was no evidence that publishing details of deliberate defaulters effectively deters tax evasion and that the public are generally unaware of it (see tinyurl.com/mrx764bs).

Instead, the experience of being investigated by HMRC and the subsequent financial penalties made the biggest impact on taxpayers. Of course, if taxpayers are unaware of potentially substantial tax-geared penalties when they start evading taxes, where is the deterrent?

A balanced approach might include the following:

- Make it simpler to make disclosures: HMRC really only needs two routes (COP9 and one other that covers all disclosures of non-deliberate behaviour).
- Put information on error penalty bands on notices to file returns and as on-screen prompts immediately before a taxpayer starts completing their tax return.
- Expand hidden economy conditionality activity (if it is effective at improving compliance), possibly extending it to other sectors (including those envisaged in HMRC's 2024 consultation), coupled with requiring third parties such as letting agents or banks to notify clients (e.g. those opening bank accounts for a new business) to register to file tax returns.
- Tackle the expectation gap: raise public awareness of HMRC's work and the data it holds so taxpayers perceive that there is a higher risk of being caught and appreciate the downsides of evasion. Equally, help taxpayers to understand the benefits of voluntarily rectifying mistakes and that proactively complying with their tax obligations can only help. To support this, HMRC should publish data on annual case numbers and yield to encompass all cases where deliberate behaviour penalties are imposed (not just COP9s).
- Open more compliance checks into suspected deliberate behaviour.

Supporting voluntary disclosures

Tax advisers play a vital role in promoting compliance. When clients want to disclose historic tax evasion, practitioners should refer to CIOT's Guidance for Members (see tinyurl.com/5n98d222) and:

1. Listen to the client, using open questions to establish what went wrong and why.

2. Before registering for a voluntary COP9 via Form CDF1 or completing outline disclosure forms, check that the cause was 'deliberate' behaviour. *McColgan v HMRC* [2019] UKFTT 369 (TC) indicates that it can be difficult to later reclassify behaviour as merely careless without contemporaneous evidence.
3. Help the client to understand the pros and cons of their different options for voluntary disclosures, seeking specialist advice if this is not your normal area of work. Don't forget, only COP9 provides protection from prosecution in exchange for a complete disclosure.
4. Remember professional obligations under the Money Laundering Regulations: a Suspicious Activity Report may be required.
5. Warn clients about late payment interest continuing to accrue, ask them to identify funds to pay their liabilities, and advise on appropriate payments on account when amounts are known.
6. Ensure that clients stop their deliberate behaviour immediately and starts fully complying with their UK tax obligations. If they decline to do so or to make a full disclosure then you may need to cease acting (see PCRT Helpsheet C at tinyurl.com/3d5wfnak).
7. Explain the process so the client knows what to expect, including warning them about tax-geared penalties, that their details may be published and the managing serious defaulters regime (see tinyurl.com/3scme3nu). The Public Procurement Act 2023 came into effect on 24 February 2025 so government suppliers and connected persons may need legal advice as they can be excluded from public contracts based on 'mandatory exclusion grounds', such as being involved in tax evasion.

In conclusion

The recent PAC and NAO reports highlight progress and persistent challenges in tackling tax evasion. While HMRC tries to prevent non-compliance and tackle tax evasion, it must do much more to raise awareness of its work to create an effective deterrent. Tax advisers should expect increased HMRC compliance activity too.

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Professional services firms

How to buy another practice

If you decide to purchase another tax practice, we consider how to conduct due diligence and safely manage the transition and merger.

by Karen Eckstein

Following on from our article 'How to sell your practice' in March 2025, we take a look at the processes involved if you decide that you would like to buy another practice. This article considers professional risk management; there are of course many other issues to consider on an acquisition.

Why would you buy?

There can be many reasons why a tax practice wants to buy another business. They may want a presence in a specific geographic location or a particular practice area. They may be lacking expertise in a certain area of tax or a partner with a particular expertise may be retiring, leaving no obvious successor.

Building up the reputation of a replacement specialist in time for that retirement can be a demanding process. It could be more economical to simply purchase another tax firm which already has that expertise than to try and train staff in-house. The purchaser will be able to immediately leverage the firm's reputation and acquire its existing client base to expand its business. And if there are particular individuals that the purchasing firm is interested in, it may be that the easiest way of 'recruiting' them is to simply purchase the firm, with the additional benefit of buying out the competition in that practice area.

Purchasing a firm can also ease compliance with regulatory obligations, and provide immediate membership of certain networks that the target is a member of. There may be all sorts of reasons why Firm A wishes to purchase Firm B in full. In all situations, the necessary due diligence must be undertaken, as I will return to below.

What exactly to buy?

If Firm A does purchase Firm B in full, unless certain elements are carved out, it takes on the firm's assets, liabilities, people, potential claims and processes, and has to merge the two cultures into one. This can be done successfully but it takes time and preparation.

Instead of taking purchasing the firm in full, a purchaser may only buy the assets, trade or goodwill, or it may decide just to take on the people, depending on why it is interested in purchasing the business in question. Different considerations apply depending on what is actually going to happen in the transaction.

For example, if Firm A is interested in Firm B's clients and just takes on certain partners, those partners will in all probability be under restrictive covenants, and there may be difficulties in the clients following the partners for a considerable period of time.

If Firm A wants to open in a new location and Firm B has a ready-made business that it wishes to take over, it is more likely that Firm A will purchase the business in its entirety. It will need to consider the detail of that business and undertake the appropriate due diligence before completing the sale agreement and purchase agreement.

Conducting due diligence

Buyers of any business will undertake legal and financial due diligence, looking at issues such as the ownership of any buildings, assets, contracts entered into by the target, and the financials relating to the target. However, what is often overlooked is how a professional services firm 'makes its widgets'.

What do I mean by that? As part of the due diligence, the target firm will be asked to provide its claims history. But does that truly give a full insight into the risk management profile of the target business or of its risk culture? While the claims history will provide information about claims that have actually been made against the firm, it will not reveal any problems lurking in the business that are yet to come to light.

One of the key issues to consider is the firm's processes with regards to the issue of engagement letters. You should establish if the firm is carrying out any work for clients where there is no valid or current engagement letter in place, as this could leave the purchasing firm exposed to significant risk.

Key Points

What is the issue?
A full acquisition means taking on everything from assets and liabilities to staff and established processes, which requires merging different cultures and operational systems. Alternatively, a practice may choose to purchase only certain elements, such as key personnel, depending on its strategic objectives.

What does it mean for me?
A careful review of the practice's risk culture, past claims data and operational practices is critical in identifying hidden issues that might not be apparent from traditional due diligence methods.

What can I take away?
When purchasing a tax practice, it is vital to conduct comprehensive due diligence, consider the exact nature of the acquisition, and plan carefully for a smooth transition. You should also proactively review client files to spot any problems that could emerge after the merger.

Where engagement letters are in place, you should review how good they are at identifying the scope of the engagement and the identity of the client. If a firm has opened a file in the name of client A but has ended up acting for client B, this could also leave the firm exposed to risk; for example, if the file is opened in the name of a company but advice is given to the directors and/or shareholders in their capacity as such.

Some other questions to consider as part of the due diligence process include:

- How well does the firm manage its workload? If significant deadlines are missed, this can give rise to potential claims. Staff who are under too much pressure in terms of capacity, workloads and targets are more likely to make unforced errors. Staff should have the time to reflect and respond appropriately.
- Does the firm manage its liability caps properly? These must be brought to the client's attention in order to mitigate the firm's potential exposure to unlimited liability.
- What is the firm's culture in relation to the management and reporting of issues, circumstances, complaints and claims? You should determine whether these are reported, investigated and dealt with properly or are simply 'brushed under the carpet'.
- How is the billing process managed and what is the true value of historic claims?
- How good is the firm at identifying when it is acting for a taxpayer and complying with the relevant regulations?

These issues can all be reviewed in advance, and any problems identified and, in many cases, quantified. This will allow the purchaser to put any necessary caveats into the sale and purchase agreement, particularly relating to warranties and indemnities, reduce the sale price where appropriate or put money in escrow to be only released on certain conditions.

If the seller has had a Risk Insight report, a D2Risk Report or other risk review undertaken and is happy to disclose this, that can assist as part of the review. However, an independent review of the firm's processes is recommended to identify any risk areas that need early transition or change management to ensure a smoother and more productive transition and integration.

MISSING THE TARGET...

Target Tax is a small tax firm which specialises in inheritance tax. It was purchased by a larger tax practice, Buyer Tax. Buyer Tax thought that it had got a really good deal on the price it paid for the acquisition. Three months after the deal was completed, however, a review was undertaken of the files in Target Tax.

It transpired that in the period between the completion of the deal and the review, the deadlines for filing a number of tax returns had been missed. This led to claims against Buyer Tax, because the deadlines were missed during the period that Buyer Tax owed a duty of care to the taxpayer.

Because the deadlines had not been missed at the time of completion of the deal, Buyer Tax could not bring a claim against Target Tax under the sales and purchase agreement. However, if it had undertaken a review of the firm's processes as part of its due diligence, Buyer Tax would have known that Target Tax's diary systems were poor, and that many deadlines were likely to be missed.

Buyer Tax could have protected itself contractually in the sales and purchase agreement in relation to those cases and could have taken urgent action following the transaction. Buyer Tax could also have required Target Tax to undertake a review of all its files prior to the transaction to prevent deadlines being missed in the first place.

A very costly mistake...

Transition and change management

Before the transaction, it is advisable for the purchaser to conduct a number of reviews to ensure a smooth transition.

Managing the induction: Consider whether your firm's induction process is fit for purpose when a larger number of people join at the same time.

Processes and systems: Review the purchaser's processes and systems to see if there are any areas for improvement or areas of uncertainty. Too often, things are done in a certain way because everyone knows that is what to do. Processes and systems should be easily accessible and understandable, so that those joining from the target firm can easily follow them to avoid any confusion.

Transitioning clients: You will need to have the correct processes in place to manage the transitioning of clients from your target firm. Clients will be on the target firm's engagement letters and terms of conditions for a period of time, while the transition to the purchaser's terms and conditions is carried out. Have processes been put in place to recognise and manage that?

Differing terms and conditions: There can be very significant differences in the terms and conditions between the two businesses. Staff from the purchaser will need to be aware of exactly how these differ when they work on the target firm's clients, and vice versa – and no one must assume that it is 'business as usual'. You must have the processes in place so that everyone is aware of and familiar with the terms and conditions for any work they undertake.

Conflicts of interest: Consider whether there are any conflicts of interest, particularly if the target firm has clients whose interests conflict with those of clients of the buyer. If so, you must identify how these are going to be managed and if any ethical walls should be put in place.

A review of client files: Significantly, consider whether a review should be undertaken of some or all of the target firm's files as soon as possible following purchase. This will allow you to ascertain whether there are any hidden issues that have not been identified prior to purchase.

See ***Missing the target***, as an example of what could go wrong…

In conclusion

As I have hopefully demonstrated, considering risk management issues on both sides of the equation can be extremely valuable when thinking about buying or selling a professional services firm, and a risk management expert could be a useful addition to in advance of any potential purchase or sale.

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The loan trader
Claiming capital loss relief

We look at case which examines the timing of a claim for a capital loss following a loan to a trader becoming irrecoverable.

by Keith Gordon

Although debts are generally disregarded assets for the purposes of the capital gains tax legislation, this is subject to some exceptions. In particular, the Taxation of Chargeable Gains Act 1992 s 253 provides that a loss suffered on a loan to a trader can be treated as an allowable loss for capital gains tax purposes, thereby providing some limited relief if the taxpayer has any gains against which to offset that loss.

The application of those rules was the subject of a recent decision of the Upper Tribunal, *HMRC v Bunting* [2025] UKUT 96 (TCC).

The facts of the case

The taxpayer, Mr Bunting, set up a company in the early 2000s to trade in sports history books and memorabilia. The company issued a single £1 share at par. In order to fund the company's initial activities, Mr Bunting advanced a loan to the company in excess of £3 million.

Although the company was initially successful, the stock it had acquired was depreciating in value (contrary to Mr Bunting's hopes and expectations) and the business was becoming unsustainable. As a result, various steps were taken in early 2013 which then led to the company being put into liquidation.

In particular, Mr Bunting and the company entered into an agreement on 31 January 2013. In relation to £2.2 million of the loan, it was agreed that the company would issue a further 2.2 million ordinary £1 shares in exchange for Mr Bunting giving the company a full discharge for that part of the loan. The apparent purpose of that transaction was to create a capital loss on the shares, which would then be allowed as an income tax loss under s 131 of the Income Tax Act 2007.

What appears to be the balance of the loan was satisfied by the transfer of certain assets by the company to Mr Bunting.

Key Points

What is the issue?
Mr Bunting advanced a substantial loan (over £3 million) to fund his business. As the business began to fail due to depreciating stock values, the company took steps toward liquidation, and £2.2 million of the loan was exchanged for additional ordinary shares (with the intent of realising a capital loss).

What does it mean to me?
When HMRC challenged the income tax loss claim, Mr Bunting made a protective claim under the Taxation of Chargeable Gains Act 1992 s 253 regarding a capital loss on the irrecoverable loan. As there was no outstanding loan meeting the criteria for being irrecoverable at the time the claim was made, the Upper Tribunal allowed HMRC's appeal, denying the capital loss relief.

What can I take away?
Tax advisers should ensure that claims under s 253(3) are made in a timely manner, especially when exchanging an irrecoverable loan for other assets of little or no value, as a delay in claiming could jeopardise the availability of capital loss relief.

When HMRC initially challenged the income tax claim in respect of the £2.2 million loss, Mr Bunting then made a protective claim under s 253 on 29 February 2016. That too was the subject of an HMRC enquiry and subsequently refused by HMRC. That refusal was then appealed against and the appeal was duly notified to the First-tier Tribunal.

In the meantime, Mr Bunting conceded that he was not entitled to the income tax loss relief he had sought. This is because the new shares, whilst of negligible value, had never 'become' of negligible value. This meant that there was no capital loss available for set off against income. Therefore, the only issue for the First-tier Tribunal was whether capital loss relief was available in relation to the loss Mr Bunting had incurred on his failed loan to the company.

The First-tier Tribunal allowed Mr Bunting's appeal. HMRC then appealed against the First-tier Tribunal's decision to the Upper Tribunal.

The Upper Tribunal's decision

The case came before Mrs Justice Joanna Smith and Judge Nicholas Aleksander.

They noted that Mr Bunting's loan to the company satisfied the conditions in s 253(1) to be a qualifying loan for the purposes of the loans to traders rules. In particular, the loan was for money to be used wholly for the borrower's trade (not being a trade which consists of or includes the lending of money), the borrower was UK-resident and the debt was not a debt on a security.

The Upper Tribunal also noted that, immediately before 31 January 2013, the loan had become irrecoverable and therefore the full amount of the loan was 'outstanding'. It was also agreed by the parties that the balance of the loan that was satisfied with the transfer of other assets did not qualify for any loss relief.

The focus on the Upper Tribunal's analysis was on the procedural mechanics of making a claim. Section 253(3) provides that a taxpayer may proceed to treat an allowable loss as having arisen in the following circumstances:

> 'Where a person who has made a qualifying loan makes a claim and at that time:
> a) any outstanding amount of the principal of the loan has become irrecoverable…'

The dispute was centred on the words 'at that time' which was 29 February 2016, the date on which the claim was made.

It was accepted that the claim would have been valid had it been made just before 31 January 2013. The question was whether the events on that date precluded a later claim from being made.

The Upper Tribunal decided that the words 'outstanding' and 'irrecoverable' had to be given their ordinary meaning. In particular, they considered that, following the conversion of some of the loan on 31 January 2013, that part of the loan could no longer be considered to be outstanding. The Upper Tribunal said that there was no outstanding loan at the date of the claim and therefore no part of the loan qualified for relief.

Accordingly, HMRC's appeal was allowed.

> **There was no outstanding loan at the date of the claim and therefore no part of the loan qualified for relief.**

Commentary

This is a case where I have found the legal arguments to be finely balanced. Indeed, my view as to the correct outcome has alternated several times during the writing of this article. However, on balance, I do think that the Upper Tribunal has reached the wrong decision.

As the Upper Tribunal acknowledged, the purpose of s 253 is to encourage non-banks to make loans to traders and this was a case where the £2.2 million would have qualified for relief had the claim been made before 31 January 2013.

The Upper Tribunal reached its decision, however, by concluding that the purpose of the legislation should not override the plain meaning of the statutory words. I agree entirely with that sentiment. However, I am not sure that the First-tier Tribunal's decision actually contradicted the plain meaning of the legislation.

For me, the critical point is that paragraph (a) in s 253(3) uses the perfect tense ('has become irrecoverable'). If it were important to focus on the status of the loan at the time of the claim, then Parliament could simply say 'is irrecoverable'. If the wording were such, then I would more readily accept that the phrase 'any outstanding amount of the principal of the loan [is] irrecoverable' would require the relevant part of the loan to be outstanding as at the time of the claim. However, as it stands, I see that the condition merely requires that, looking back from the date of the claim, there is a point in time when that part of the loan had become irrecoverable.

The use of the perfect tense also, in my mind, implies that that part of loan remains irrecoverable, rather than covering a case where the loan was once irrecoverable but subsequently became recoverable again. Indeed, I read the word 'irrecoverable' as being a state that, once it exists, is likely to remain the case and so there is little risk of a claim being made on a loan which was (but later ceased to be) irrecoverable. In any event, s 253(6) ensures that in any exceptional case where a later recovery is made (fully or partially), a corresponding capital gain is treated as having arisen.

What seems to have scuppered Mr Bunting's case (if the Upper Tribunal were right) is the fact that he was able to exchange the loan for something else, being the additional shares in the company. However, had the shares been worth anything, then that would militate against the loan being irrecoverable. What happened is that Mr Bunting exchanged one worthless asset for another. (And, indeed, it was the fact that the shares were worthless that prevented them from giving rise to an allowable loss in their own right and, thereby, preventing Mr Bunting from qualifying for relief against his income tax.)

Had Mr Bunting made his claim on 30 January 2013 and then carried on with the exchange on the following day, he would have been entitled to the capital loss relief. (The income tax relief claim would still have failed for the same reason; this being that the shares did not 'become' of negligible value – they were always of negligible value.) Did Parliament really intend the availability of the loss relief to depend on the precise timing of the claim in this way?

What reinforces my view is comparison with the wording of s 253(3) as it stood before the changes made by the Finance Act 1996. Those changes, which coincided with the introduction of Self Assessment, were one of several that year which were intended to codify some extra-statutory concessions.

In this instance, Parliament wanted to confirm that taxpayers could backdate the crystallisation of the capital loss by up to two years and this is provided for by the insertion of s 253(3A).

It did so by the use of the words 'at that time' in sub-s (3) and 'an earlier time' in sub-s (3A). Indeed, reading sub-ss (3) and (3A) together suggests that Parliament was doing no more than ensuring that the loan had become irrecoverable by the time that the claim was made; and that the loss can be treated as arising at any time in the

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previous two years, provided also that the loan had become irrecoverable by that earlier time. Most importantly, the pre-1996 wording did not include the words 'at that time', which lies at the heart of the Upper Tribunal's decision.

Given the fact that the statutory changes were intended to codify a concession, it is considered unlikely that Parliament would have also wanted to restrict the availability of the relief.

A further clue as to the limited effect intended to be given to the words 'at that time' can be found in s 253(3)(c).

When this is read alongside the opening words of the sub-section, we see that one condition for the relief to be given is:

> 'Where a person who has made a qualifying loan makes a claim and at that time:
>
> c) the claimant and the borrower were not each other's spouses or civil partners … when the loan was made or at any subsequent time…'

That phraseology is distinctly odd and suggests to me that the words 'at that time' were not intended to introduce a requirement that the loan continues to be extant at the time of the claim but were merely a device to separate those claims which were to be given effect immediately (sub-s (3)) from those which were to be given retrospective effect (sub-s (3A)).

The Upper Tribunal took some comfort from the wording of s 253(3)(b). I do not wish to disagree with anything that the Upper Tribunal said about that paragraph because I do not see it contradicting my own preferred analysis.

What to do next

It will be interesting to see if an application is made to take this case to the Court of Appeal. If so, I will certainly follow the outcome closely.

In the meantime, tax advisers should endeavour to ensure that timely claims are made under s 253(3) in any case where it is proposed to convert the irrecoverable loan into another worthless asset.

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The evolving BEPS landscape

The impact on multinationals

BEPS 2.0 is reshaping the business environment, with significant implications for multinational corporations as regulatory changes take effect in 2025.

by Mark Taylor

Key Points

What is the issue?
Both the OECD and individual governments are imposing stricter compliance and reporting obligations. Multinational companies face significant adjustments to their tax structures, including the need to modify transfer pricing policies and increased documentation for country-by-country profit and tax allocation.

What does it mean for me?
As traditional low-tax jurisdictions become less attractive due to the limitations imposed by BEPS rules, many companies are exploring nearshoring and onshoring strategies. Relocating operations closer to key markets simplifies compliance and enhances operational resilience.

What can I take away?
To navigate the new global tax framework, multinational corporations are advised to adjust their transfer pricing policies, strengthen economic substance documentation and enhance internal tax governance frameworks.

As the international tax landscape continues to evolve, the base erosion and profit shifting (BEPS) initiative remains at the forefront of global tax policy. In 2025, this will have a significant impact on multinational corporations.

We examine the latest regulatory changes, their implications for multinational corporations, the move to near-shoring and on-shoring, and strategic considerations for tax planning.

Key developments

Progress on BEPS 2.0

One of the most significant global tax policy changes in recent years has been the BEPS 2.0 project managed by the Organisation for Economic Co-operation and Development (OECD). The initiative, divided into Pillar One and Pillar Two, aims to modernise international tax rules in response to digitalisation and profit-shifting concerns.

Pillar One aims to reallocate taxing rights to jurisdictions where multinational corporations generate revenue, even without a physical presence. However, it seems unlikely that it will enter into force in the foreseeable future. The United States has suspended its participation in the Pillar One/Two project, which means that progress on the necessary multilateral convention has stalled. However, some countries are considering going ahead with Amount B (simplified transfer pricing rules for certain transactions).

Pillar Two introduced a global minimum tax of 15% on large multinational corporations. As more countries align their tax laws with the OECD framework, the enforcement of the global minimum tax is tightening, reducing tax incentives for shifting profits to low-tax jurisdictions.

Increased compliance and reporting requirements

In response to growing concerns over tax transparency, the OECD and national governments are strengthening compliance requirements.

- More jurisdictions are adopting public disclosure of country-by-country reporting, increasing scrutiny on multinational corporations' tax structures.
- New reporting obligations require digital platforms to provide transaction data to tax authorities, ensuring proper taxation of cross-border activities.
- Stricter regulations require businesses to proactively report aggressive tax planning strategies.

The role of the European Union and unilateral measures

The European Union remains at the forefront of BEPS implementation, pushing for stricter tax rules. Under the Public Country-by-Country Reporting Directive, large companies operating in the EU must disclose their tax payments by jurisdiction, fostering transparency. The directive applies to multinational groups with consolidated revenues exceeding €750 million, which must publicly disclose specific tax-related information for each EU member state and certain non-cooperative jurisdictions.

The EU blacklist of tax havens (officially known as the EU list of non-cooperative jurisdictions for tax purposes) was expanded in October 2024, and now includes 11 jurisdictions that do not align with Pillar Two, discouraging profit shifting. Countries on the blacklist face increased scrutiny of financial transactions and limitations on EU funding and investment.

While Pillar One aims to replace unilateral digital services taxes, which can lead to double taxation and trade disputes, some EU nations continue to enforce them until a global consensus is operational.

KEY TAKEAWAYS FOR MULTINATIONAL CORPORATIONS

Tax strategy adjustments:

- Multinational corporations may need to rethink transfer pricing policies and profit allocation models.
- Maintaining offshore structures purely for tax benefits is no longer viable under BEPS 2.0 and Pillar Two.

Operational strategy adjustments:

- Companies should evaluate nearshoring and onshoring to optimise tax efficiency, supply chain resilience and regulatory compliance.
- Relocating to jurisdictions with strong commercial and tax incentives (rather than purely tax-driven decisions) will be the new norm.

Regulatory and compliance preparation:

- Multinational corporations should enhance economic substance documentation, ensuring that entities in low-tax jurisdictions have real employees, offices and business operations.
- Tax and finance teams must collaborate closely to align BEPS compliance with broader business strategy.

The impact on multinational corporations

Transfer pricing adjustments and compliance costs: Multinational corporations may need to adapt their transfer pricing policies to align with Amount B's simplified rules and new country-by-country reporting disclosures, which can apply to tax years beginning on or after 1 January 2025. Under the new disclosures, multinational corporations must provide detailed information on the allocation of profits and the corresponding tax paid in each jurisdiction. Increased documentation requirements translate into higher compliance costs, necessitating robust internal tax governance structures.

Reshaping of tax structures and supply chains: Under the global minimum tax, which is set at 15%, if a multinational corporation's effective tax rate in a jurisdiction is below this threshold, a top-up tax will be applied to bring it up to 15%. This diminishes the attractiveness of tax havens, prompting multinational corporations to reevaluate their corporate structures. Key trends include:

- reshoring and nearshoring: companies are shifting operations closer to key markets to mitigate tax risks; and
- revised IP holding structures: holding intellectual property in tax-favourable jurisdictions is becoming less viable due to stricter substance requirements.

Increased tax liabilities and dispute risks: As tax authorities tighten enforcement, multinational corporations face higher tax burdens and increased audit risks. Countries are aggressively challenging tax planning strategies through mutual agreement procedures and dispute resolution mechanisms, creating uncertainty in tax outcomes.

Interaction of tax and accounting functions

The implementation of Pillar Two will significantly affect the interaction between tax and accounting functions within multinational corporations, primarily because the global minimum tax calculations rely on financial accounting data from consolidated financial statements rather than traditional tax returns. This shift will impact the tax-accounting relationship.

Tax and accounting data alignment

- **Generally accepted accounting principles (GAAP) vs tax accounting differences:** Pillar Two calculations use the global anti-base erosion (GloBE) rules, which require tax computations based on financial accounting standards (e.g. IFRS, US GAAP) rather than local tax rules. This creates challenges where accounting profit and taxable income diverge due to temporary and permanent timing differences.
- **Deferred tax adjustments:** The use of deferred tax assets and deferred tax liabilities in calculating effective tax rates under Pillar Two adds complexity. Finance teams will need to track, adjust and reconcile deferred tax positions more closely with tax teams to ensure compliance with GloBE rules.

Increased coordination between tax and finance functions

The need for consistent country-by-country financial data to comply with the new reporting requirements means that tax teams will rely more heavily on accounting teams to provide real-time, accurate consolidated reports.

In order to reconcile book and tax treatment of income, tax and accounting teams must align on income recognition, provisions and tax credit treatments.

Compliance and increased workload

Since Pillar Two requires tax adjustments based on financial statements, tax teams may need to work closely with accounting departments every quarter rather than just at year-end for compliance filings. There are also implications for audit processes and internal control. External auditors will scrutinise how multinational corporations calculate their effective tax rates under Pillar Two, requiring closer collaboration between financial reporting and tax teams.

Given that different countries may interpret Pillar Two rules slightly differently, multinational corporations need a centralised approach to ensure consistency across jurisdictions, and so that tax provisions align with local and global reporting standards.

Impact on tax planning and strategy

Because low-tax jurisdictions are less attractive under Pillar Two, tax and accounting teams will need to model scenarios where entity restructuring or profit reallocation might be necessary.

Some jurisdictions will introduce qualified domestic minimum top-up taxes or other incentives to offset the Pillar Two impact. Tax teams must collaborate with accounting teams to model the impact of tax credits and incentives on financials.

Strategic considerations for businesses

To navigate BEPS-related changes, multinational corporations should enhance their tax governance frameworks, ensuring compliance while mitigating risks. Key steps include:

- conduct regular reviews to align transfer pricing policies with OECD and local requirements;
- ensure that compliance processes are streamlined to allow efficient tax reporting and documentation;
- ensure that data can be collected quickly and efficiently from the various sources needed in all countries where the multinational corporation operates;
- consider participation in the OECD's International Compliance Assurance Programme ('ICAP Risk assessment'); and
- build a Tax Control Framework to set out the activity's tools, techniques and organisation arrangements to ensure that all tax risks are identified, assessed and understood, and that appropriate responses are in place to mitigate the impact of all risks.

With the incentive to operate in traditional low-tax jurisdictions waning, multinational corporations need to explore new investment destinations based on commercial, regulatory and geopolitical factors rather than tax benefits.

The effect of new BEPS rules

The evolving BEPS 2.0 framework, particularly under Pillar Two, is driving multinational corporations to reevaluate their tax and operational structures. The tightening of economic substance rules, combined with the global minimum tax of 15%, is making traditional strategies less viable. As a result, companies are increasingly considering nearshoring and onshoring as alternatives to tax-driven offshore structures.

The BEPS framework has long targeted the artificial shifting of profits to low-tax jurisdictions without significant business operations. Many tax-favourable jurisdictions have responded by tightening economic substance rules, requiring businesses to demonstrate that their presence involves real activities, employees and decision-making functions rather than mere paper profits.

Under Pillar Two, companies operating in low-tax jurisdictions must prove that they are conducting real business activities to avoid additional taxation in their parent or operating jurisdictions.

Since the global minimum tax ensures that profits in low-tax jurisdictions are taxed at the 15% minimum, there is less incentive to maintain operations in jurisdictions that offer low or zero corporate tax rates. If a company lacks real economic substance in these jurisdictions, it risks triggering top-up taxes under the GloBE rules, making offshore tax structures less attractive.

> **The BEPS-driven crackdown on artificial profit shifting is making nearshoring and onshoring more attractive.**

A shift towards nearshoring and onshoring

As a response to BEPS rules, companies are shifting toward nearshoring (moving operations closer to key markets) and onshoring (relocating operations to the company's home country) for both tax and operational benefits.

Compliance simplicity: With BEPS reducing the benefits of tax havens, companies are finding less benefit in maintaining complex offshore structures. Moving operations closer to key markets reduces compliance risks associated with economic substance tests and avoids Pillar Two top-up taxes.

Lower reputational risks: Governments and regulators are scrutinising tax structures more closely, and companies operating in tax havens without sufficient substance face higher reputational risks. Nearshoring and onshoring improve corporate transparency, which can be beneficial in regulatory, investor and consumer relations.

Operational and supply chain resilience: Supply chain disruptions, geopolitical tensions and rising labour costs in traditional outsourcing destinations are prompting multinational corporations to look at moving production closer to home markets. Nearshoring provides greater control over logistics, intellectual property protection and regulatory compliance, while ensuring cost efficiencies.

Use of tax incentives in high-tax jurisdictions: Many high-tax jurisdictions are introducing incentives (such as R&D credits, investment tax breaks and domestic tax holidays) to attract businesses back to their home countries. With BEPS neutralising the tax advantages of some offshore jurisdictions, it is becoming more financially viable for companies to operate in jurisdictions where they already have a strong commercial presence.

In conclusion

The global development of the BEPS project and its gradual implementation by countries around the world presents significant complications for multinational corporations and potentially creates the need to consider restructuring activities and operations.

The BEPS-driven crackdown on artificial profit shifting is making nearshoring and onshoring more attractive. Companies that proactively adjust their tax structures, supply chains and operational strategies to align with the new rules will benefit from reduced compliance risks, improved transparency and long-term stability.

Pillar Two is requiring enhanced interaction between tax and accounting functions. Seamless integration and cross-functional collaboration will be critical for compliance. Multinational corporations are likely to need to invest in technology, internal processes and training to ensure that financial and tax reporting are fully aligned under the new global minimum tax regime. The BEPS initiative is reshaping international taxation, increasing compliance burdens and altering business strategies.

As 2025 unfolds, businesses must stay agile, embrace transparency and proactively manage tax risks to thrive in an era of heightened regulation. By aligning their tax strategies with the evolving global framework, multinational corporations can ensure sustainable growth, while maintaining compliance in a rapidly changing environment.

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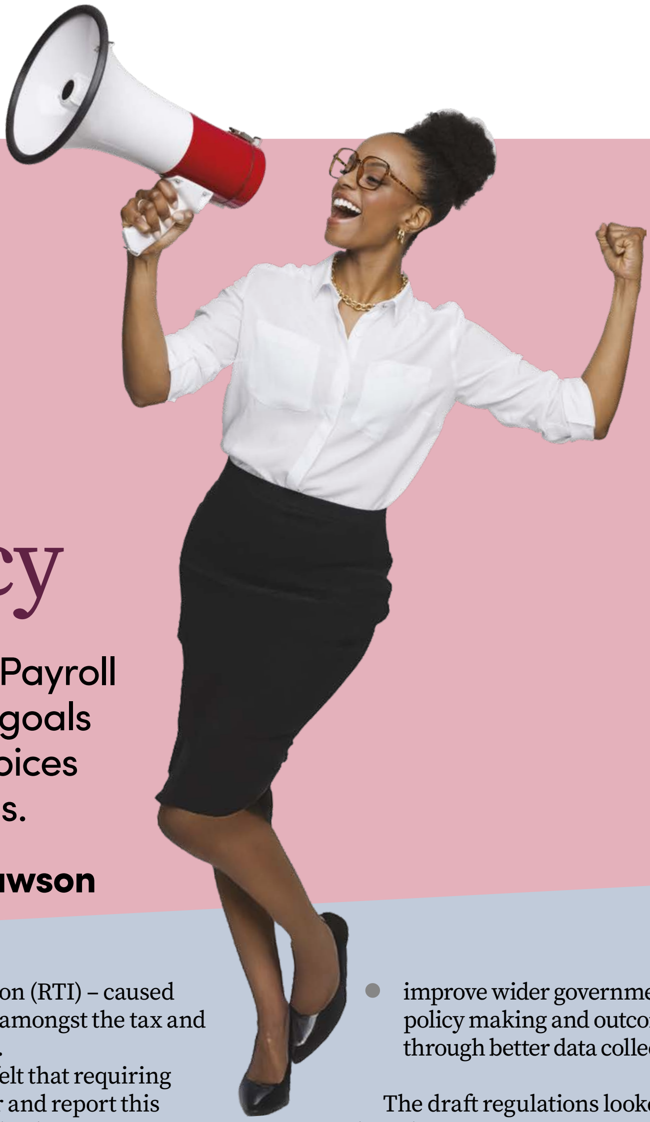
Two industry voices: louder than one

Influencing policy



The ATT and the Chartered Institute of Payroll Professionals (CIPP) share very similar goals around ensuring that their members' voices and concerns are heard in consultations.

by Samantha O'Sullivan and Emma Rawson

Payroll and tax are sometimes seen as being quite different disciplines. However, when you scratch below the surface, there are many similarities. The ATT and the Chartered Institute of Payroll Professionals (CIPP) share very similar goals around increasing education and supporting their members. They also seek to ensure that their members' voices and concerns are heard in consultations.

This article uses the example of a recent government U-turn on increasing the data collected from employers to illustrate how, by working together, the tax and payroll industry can bring about positive change.

Background

Improving the data that HMRC collects has been an ongoing discussion since 2022, when a consultation was launched (see tinyurl.com/36cukt6v) proposing the collection of additional data from a range of taxpayers. In its consultation response, HMRC indicated that it would take forward proposals to collect the following additional data:

- start and end dates for the self-employed;
- information on shareholdings held in, and dividends received from, owner-managed businesses; and
- employee hours worked.

The last of these proposals – collecting data on employee hours worked through real-time information (RTI) – caused particular concern amongst the tax and payroll community.

Overall, it was felt that requiring employers to gather and report this information would lead to excessive administrative burdens for apparently little benefit. These concerns were echoed in the 'Administrative Burdens Advisory Board (ABAB) 2024 annual report: Better tax for better business' (see tinyurl.com/3dv7stm9), which stated that: 'The Board does not yet understand the rationale for the proposal and we are very concerned about the additional administrative burden the proposals would impose on businesses of all sizes.'

Our members shared the same concerns, so it was fantastic to see this being heard at that higher level. However, despite these concerns, HMRC continued to press ahead. The Finance Act 2024 introduced new powers to enable HMRC to collect data from taxpayers through RTI returns. Draft secondary legislation setting out the detailed requirements was also published for consultation in March 2024 (see tinyurl.com/dmej8n37).

In this consultation, HMRC stated that the aim of the additional hours being reported was to:

- improve tax administration and compliance, helping customers to get their tax right first time;
- improve the resilience and responsiveness of the tax system to future economic shocks; and
- improve wider government policy making and outcomes through better data collection.

The draft regulations looked to replace the current requirement to report normal hours worked per week in bands, including the 'other' band for irregular patterns of employment or payment which didn't relate to hours worked; i.e. a bonus. Instead, the regulations were seeking for **hours paid** to employees to be reported in a numerical format; e.g. 158 hours paid in that period. The employees for whom this information would have needed to be reported via RTI included salaried or contracted employees, and employees paid by the hour. Essentially, this would have impacted every employee on an employer's payroll!

What happened?

The ATT and CIPP were involved in the consultation on this measure from the start, expressing their concern over the burdens it would place on their members. This included formal responses to the initial consultation, comments on the Finance Act 2024 legislation and the draft secondary legislation. The CIPP joined forces with the Business Application Software Developers Association (BASDA) to ensure that not only payroll professionals had a voice, but also that software providers who would be ultimately responsible in ensuring this data could be reported to HMRC had their say too. Roundtable events and thinktanks were also held to gather input.

We were pleased to contribute to the House of Lords Finance Bill Sub-Committee enquiry into Finance Bill 2023-24, where we both gave oral evidence. The transcripts of the Finance Bill Sub-Committee meetings are at tinyurl.com/2wzt56w4. We reiterated our concerns around the workability of the proposals and the burdens they would place on employers and agents.

The main concerns

It was presumed that employers and agents already held the required data, because it forms the basis of other legislative calculations; i.e. holiday pay and National Minimum Wage calculations. However, from research conducted by the CIPP, we know this data is not held or is not readily accessible.

It had not been made clear how the data would be used. Transparency was needed to get buy-in from employers and tax/payroll professionals, which is a must have when making a large change such as this. The onerous task would have been gathering the data, rather than sharing the data via RTI submissions. Software wouldn't be the issue here; the concern was rather that change doesn't come easily, and sufficient time would have been required in order to make these changes, iron out any issues and implement them successfully, prior to it being a legislative requirement.

Agents and small employers were a major concern, as they may not have the resources to invest in making key changes in a short amount of time (these changes were due to take place from April 2025). Agents would have needed to amend data gathering requirements from their clients. Chasing this data would also have come at a cost to the agent, and one which many agents wouldn't feel comfortable passing onto their clients, as this would have been a mandatory filing requirement.

The CIPP also held ongoing conversations with HMRC around ways to support the industry and employers to prepare for these changes. For example, ahead of the U-turn, the policy team had offered to send joint branded communications to all UK registered employers, advising them on how to prepare for this additional information being required through RTI submissions.

HMRC was very forthcoming in hearing members and industry views, and following on from the March 2024 technical consultation, did say that it recognised the requirement to provide employee hours has gone further than intended. HMRC planned to modify the approach to simplify the requirement by reducing the number of reportable descriptions where employee hours are not directly linked to the payment made (this included benefits in kind, bonuses and payments to directors). HMRC also explored soft landing and transition options after industry representatives advised that the timescales may be challenging.

The new year brought good news!

In January 2025 HMRC announced a U-turn. In an email to software developers and members of the Employment and Payroll Group (which includes both ATT and CIPP), HMRC confirmed that:

> 'Employers will no longer be required to provide more detailed employee hours data through Pay As You Earn (PAYE) Real Time Information (RTI) returns from April 2026 as previously proposed. The government has listened to feedback and acknowledges the potential administrative burden highlighted by businesses. Therefore, the draft Income Tax (Pay As You Earn) (Amendment) Regulations 2024 intended to bring in these new requirements will not be progressed further. The current requirement for employers to report normal hours worked will continue.'

But the story doesn't end there…

January's announcement was widely welcomed across both the tax and accounting community. However, it is important to note that only the proposal around reporting employee hours worked has been dropped. The other elements of the package consulted on in 2022 are still going ahead.

Under these proposals, from 2025/26 the following will need to be included in the self-assessment return:

- For self-employed individuals starting or ceasing to trade during the year: the exact date they start or cease.
- For shareholders in owner-managed businesses: additional information on shareholdings and dividends received.

The first of these changes should not be overly controversial. In fact, many readers may be surprised to hear that completing the relevant boxes on the tax return is not already compulsory. The main practical issues are likely to arise where the exact start or end date is not clear; for example, if a taxpayer has been trading for some time but remained under the £1,000 trading allowance limit.

The second change is expected to impact around 900,000 shareholders across the UK and will require additional information to be gathered as part of the compliance process. This includes identifying any close company that the individual holds shares in, as well as identifying the highest percentage shareholding in that company during the year and the amount of dividends received from it.

At present, HMRC has limited insight into how much dividend income reported by taxpayers originates from their own companies versus external investments. This increased visibility could inform not only their compliance activities but also future policy directions.

Lessons learned

The government's U-turn on employee hours reporting is a good example of how, when the tax and payroll industry speak with one voice, we are more likely to be heard by those in power.

A more recent example of this would be the announcement in April this year that plans to mandate payrolling of benefits in kind would be deferred for one year until April 2027. This is something both the CIPP and ATT have pushed for in the past, and which we welcomed as a sensible move (see tinyurl.com/49awpa2e and tinyurl.com/5n7en4c3). There are still plenty of practical issues to be worked through in the additional time this delay gives us, and we will be busy working with HMRC over the coming years and months to address these.

Although the different professional bodies may not always entirely agree on policy matters, we want the tax system to work well for all involved – whether that is agents, employers, individuals or HMRC. The ATT and CIPP see the value in working together where our views align and look forward to more opportunities to do so in the future.

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Technical newsdesk

WELCOME

Richard Wild

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June Technical newsdesk

HMRC recently announced the closure of their online community forums, which can currently be found at https://community-origin.hmrc.gov.uk. These currently consist of a customer forum, which HMRC describes as a place to help find answers to common queries, and an agent forum, where agents can report issues about HMRC systems that are affecting taxpayers and their clients. Both forums will close on 30 June 2025 and, in preparation for the closure, they will stop accepting new queries from early June.

HMRC say that the closure aligns with their Digital Channel Strategy, which prioritises services that are quick and easy to use, allows customers to self-serve and provides automated solutions with real-time support. They signpost their digital assistant, webchat and social media channels as offering a range of tailored support for customers, designed to address queries quickly and efficiently with online guidance, and often remove the need to get in touch at all for many enquiries.

We have longstanding concerns about the operation of HMRC's online forums. Occasional 'dipping into' the customer forum reveals the dangers of answering questions without seeing the full picture. Some answers (where the customer hasn't simply been referred to guidance) are ambiguous or simply wrong. As a former VAT adviser, I wonder how many times I have used the words 'it depends' before answering a technical question.

The agent forum was set up around five and a half years ago, and my ATT colleague Helen Thornley and I wrote about it in the December 2019 edition of *Tax Adviser* (tinyurl.com/mu8wsywm).

It's fair to say that we had high hopes for the agent forum, which replaced the traditional 'Working Together' activities – and which had themselves transitioned from face-to-face meetings into virtual ones. Unfortunately, the agent forum also had its problems. Despite everyone's best intentions, it was difficult to gather evidence to demonstrate the widespread nature of problems with HMRC's systems (particularly as only a tiny proportion of agents actually used the forum) and over time enthusiasm waned to the point where it became almost redundant.

Does this leave a gaping hole in HMRC engagement and support? From an agent's perspective, I would like to think they can take some reassurance in the level of engagement that professional bodies have with HMRC and other policymakers. The CIOT has recently published a schedule of the engagement groups that it participates in (tinyurl.com/wd47e85a). It is a member of around 80 forums – mainly with HMRC but also with other policymakers in the UK and EU. ATT and LITRG also have significant levels of engagement. So if there is a problem with (for example) HMRC's systems, the chances are that there is a forum at which this can be raised and progressed. Please do send examples of such issues to technical@ciot.org.uk or atttechnical@att.org.uk.

Perhaps the greatest impact will be on the unrepresented and whether they can obtain the guidance and answers they need through the alternative channels signposted by HMRC. I think we can only 'watch this space' and monitor the impact on, among other things, call volumes to HMRC, the tax charities, the resources and guidance produced by LITRG, and ultimately on the level of tax compliance.

NEWSDESK ARTICLES

Contact

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GENERAL FEATURE

Tax update spring 2025: simplification, administration and reform

The CIOT, ATT and LITRG technical teams are focusing their attention on the announcements in the first 'TUSAR' day.

On 28 April, the Exchequer Secretary to the Treasury, James Murray MP, issued a written statement (tinyurl.com/2sddbaym) announcing a package of 26 measures aimed at simplifying the tax and customs system. The government also set out two further administrative measures designed to strengthen the integrity of the tax and customs system, as well as a package of 11 measures to reform the tax system. More details regarding the announcements can be found via a new Collection page (tinyurl.com/4ffjpvta) and policy paper (tinyurl.com/mpcezks) on GOV.UK.

This was the inaugural Tax Update, Simplification, Administration and Reform (TUSAR) day. We have in recent years become accustomed to Tax Administration and Maintenance Day – but what's in a name?

New consultations

TUSAR day saw the launch of eight new consultations as follows:

- Reform of transfer pricing, permanent establishment and diverted profits tax;
- Transfer pricing: scope and documentation;
- The Tax Administration Framework Review: improving HMRC's approach to dispute resolution;
- Strengthening the soft drinks industry levy;
- Tax treatment of remote gambling;
- Consultation on the VAT treatment of business donations of goods to charity;
- Consultation on reform of landfill tax; and
- Modernisation of the stamp taxes on shares framework: 1.5% charge.

Details of these consultations can be found on GOV.UK (Policy papers and consultations at tinyurl.com/4ktbaefb). Our technical teams will be reviewing them and responding as appropriate. If you have any comments on the consultations, please send them to technical@ciot.org.uk, atttechnical@att.org.uk or litrg@ciot.org.uk.

Consultation responses/outcomes

TUSAR day also saw the publication of the government's response to several earlier consultations. These are:

- The Tax Administration Framework Review: new ways to tackle non-compliance;
- Stamp taxes on shares modernisation;
- Vaping products duty consultation;
- Legislative reform of the Terminal Markets Order;
- Customs treatment of post and parcel exports; and
- Bringing goods into the UK temporarily.

Again, details of the outcome and next steps can be found on GOV.UK (Policy papers and consultations at tinyurl.com/35x4ww4c) and the technical teams are considering the next steps.

Other announcements

While we would recommend reviewing the policy paper for an overview of all the announcements, we would particularly highlight the following:

- Income tax self-assessment criteria review: The income tax self-assessment reporting thresholds for trading, property and 'other taxable' income will be aligned and changed to £3,000 (gross) each. This will remove the requirement for up to an estimated 300,000 taxpayers to submit a self-assessment return. Implementation will take place 'within this Parliament'. HMRC will also work with external stakeholders to ensure that associated guidance is clear.
- Mandating the payrolling of benefits in kind will now be introduced on 6 April 2027 instead of 6 April 2026.
- Check employment status for tax digital tool revisions: HMRC are revising the 'CEST' tool with effect from 30 April 2025 to make it easier to use and will publish revised guidance that offers help on how to answer the revised questions.
- Capital Goods Scheme simplification: Computers will be removed from the assets covered by the scheme; and the capital expenditure value of land, buildings and civil engineering work has been increased to £600,000 (exclusive of VAT).
- Reducing outbound post: HMRC will reduce paper post sent, saving £50 million per year by 2028-29, whilst maintaining paper post provision for critical correspondence and for the digitally excluded. This will require investment in digital services to send and receive taxpayer information, and legislation to support this 'digital first' approach.

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INHERITANCE TAX AND TRUSTS

Agricultural property relief and business property relief from inheritance tax: a consultation

The CIOT and ATT have both raised concerns about uncertainties and complexities in the proposals to impose a £1 million cap on agricultural and business property that attracts 100% relief from inheritance tax.

The CIOT and ATT have responded to the HMRC technical consultation on 'Reforms to inheritance tax reliefs: property settled into trust' (see tinyurl.com/y4p5f5u7).

The consultation was issued on 27 February, following the announcement at October's Budget that, from 6 April 2026, a new £1 million allowance will apply to the combined value of property that qualifies for 100% business property relief and/or 100% agricultural property relief. After the £1 million allowance has been exhausted, relief will apply at a lower rate of 50% to the combined value of qualifying agricultural and business property.

Although the consultation was focused on how the £1 million allowance would apply to trusts, both organisations took the opportunity to comment on the wider aspects of the proposals. It is disappointing that the government did not provide any opportunity to discuss or consult on the wider approach to amending or restricting the current reliefs on agricultural and business assets, which will have a significant impact on those affected.

By capping the allowances for individuals and trusts at £1 million, it will become imperative that on every occasion of charge a comprehensive valuation is performed to ascertain how much of the 100% relief allowance has been utilised and how much of the transfer may be subject to 50% relief. This will increase administration costs and time for settlors, estates and trusts. It will also increase costs and time for HMRC in checking those values once submitted.

The decision not to permit the £1 million personal allowance to be transferable between spouses is inconsistent with the operation of both the nil-rate band and the residential nil-rate band. This is particularly unfair when one spouse has died before 30 October 2024.

CIOT response

The ambiguity over how the £1 million trusts allowance operates needs clarification to create a coherent framework. The fundamental questions are: does the allowance refresh every ten years? If it has been allocated to one trust, and that trust ceases to hold relievable property or is terminated entirely, is the allowance re-allocated to other trusts created by the same settlor? Our response explores these aspects in considerable detail.

Although we recognised the need for an anti-fragmentation rule, the difficulty for one set of trustees sharing or obtaining information from another set of trustees should not be underestimated.

There may well be separate trusts established for different branches of the family, particularly in the ever more common context of blended families. It would be sensible to include statutory rights to information, and obligations for its supply.

The proposals add additional complexity to an already complex system. We questioned whether the greater compliance and detailed valuations required from taxpayers and HMRC are justified by the amount of revenue expected to be raised.

We also pointed out that the proposals fail on four out of the five objectives the CIOT has for an effective tax system.

ATT response

Our response focused on the complexity that will arise from the anti-fragmentation rules, which are intended to apply to all trusts from 30 October 2024.

The government has proposed that where a settlor has transferred qualifying agricultural or business property into multiple settlements since the Budget, there will be a **single** £1 million allowance for 100% relief against ongoing relevant property trust charges. While no doubt intended to minimise a loss of tax, the rules will introduce another difference between the operation of the nil-rate band and the £1 million allowance and a significant number of challenges with future planning.

The full CIOT response is available here: www.tax.org.uk/ref1481.

The full ATT response is available here: www.att.org.uk/ref477.

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PERSONAL TAX INTERNATIONAL TAX

Non-domicile tax reforms: double remittances

The CIOT has been in discussion with HMRC about re-remittances of foreign income and gains as part of the non-domicile reforms. The CIOT has raised strong concerns about the positions held by the government and HMRC.

On 26 March 2025, in a published paper the CIOT set out concerns about the potentially unforeseen tax implications for non-UK domiciliaries who make remittances on or after 6 April 2025, having made earlier remittances of the same foreign income or gains. The paper can be found at: www.tax.org.uk/ref1502.

The issue arose during the passage of the Finance Act 2025. Non-UK domiciliaries may previously have been advised that a past remittance was non-taxable (for example, because they were non-UK resident at the time it was made) and therefore thought that those funds were 'cleansed'; that is, they could be used freely by the individual without any charge to tax. However, in discussions with the CIOT HMRC appeared to take the view that funds are only 'cleansed' once they have been **taxably** remitted. Therefore, individuals in this position may now find that they have a tax charge when they remit again. That re-remittance might include the ongoing use of an asset in the UK.

HMRC responded in writing to the CIOT paper on 2 April 2025. The response confirmed that: 'Our longstanding interpretation of section 809P(12) ITA 2007 is that second and subsequent remittances are only relieved from tax if the first occasion of remittance has been charged to tax. The wording of section 809P(12) was amended in FA 2025 to clarify how this subsection operates; it has not changed how section 809P(12) functions.' HMRC's full response can be read at: www.tax.org.uk/ref1502a.

The CIOT responded to HMRC on 17 April 2025 reiterating our disagreement with HMRC's technical analysis and setting out the potentially adverse consequences, both in terms of the technical position and for the wider perception that goalposts have been moved in a way that undermines trust. The broader concern is that it may reduce the take up of the temporary repatriation facility and the new four-year foreign income and gains regime. The CIOT's response can be found at: www.tax.org.uk/ref1503.

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GENERAL FEATURE PROPERTY TAX ENVIRONMENTAL TAX

Property taxation and land use policy

The CIOT has responded recently to government consultations on land use and energy performance in the private rented sector to underline the need to consider taxation as part of wider policymaking.

The CIOT recently responded to two government consultations: the Department for Environment, Food and Rural Affairs' (DEFRA) consultation on a land use framework; and the Department for Energy Security and Net Zero's (DESNZ) consultation on improving the energy performance of privately rented homes. Although taxation was not the focus of either consultation, we responded with the aim of ensuring that tax is considered as part of the policy review overall to ensure that government proposals work as intended.

Land use consultation

The consultation by DEFRA on land use sets out an analysis of the scale of long-term land use change required to deliver the government's missions for growth and clean energy, to boost food security and to meet statutory climate and nature targets. It is intended to support the government's commitment to building 1.5 million homes.

The key messages in the CIOT response were:

- A clear strategy for the taxation of land, property and construction is needed to underpin effective cross-governmental engagement.
- Taxation should form part of that cross-governmental working at an early stage, to ensure that the tax position as it affects land use coheres with wider government policy.

Without a clear taxation strategy, the tax system tends to become becomes divorced from, and may conflict with, wider strategic content. There are several areas in which the policy rationale for certain reliefs is unclear;

for example, the recent changes to agricultural property relief for inheritance tax. This in turn makes it difficult to anticipate the intended interaction between such reliefs and other land-related policy objectives. such as environmental schemes or food security.

If consideration of taxation is absent from cross-government policy design, or tax is included at too late a stage, the successful implementation of the policy is likely to be undermined or delayed by uncertainty in relation to arising tax issues, sometimes with unintended consequences. A current example of where tax appears to have been considered at a stage when the policy was already in place is the development of biodiversity net gain and other private investment mechanisms for improving natural capital. This has caused uncertainty for the VAT treatment and the VAT recovery position on costs.

In terms of housing supply, we said that it is important to recognise that the tax treatment of land is a key driver in property decision-making by landowners whose land may be suitable for housing development. Aspects of the current tax system provide tax barriers to housing supply; for example, the tax system includes features that give rise to potential dry tax charges, loss of reliefs and potential double charges where multiple owners of different plots are involved in land assembly for housing development. Identifying tax barriers to housing supply that do not reflect government policy is, we suggest, essential to the development of the land use principles and co-design.

Our response underlines the need for tax policy to remain aligned with developments in wider policy, for example, real estate investment trusts (REITs) make up a significant component of the built sector. The tax legislation identifies which classes of income are included in the regime. It does not include the business activity of generating renewable energy off-site (for example, from solar/wind farms) to directly meet the energy demands of tenants and reduce carbon emissions from the buildings in REIT portfolios.

Evaluating specific tax regimes against wider strategic policy as part of cross-governmental co-design seems a positive step. The government's consultation on energy performance in the private rental sector (see below) and the upcoming consultation on land remediation relief also provide opportunities to ensure wider policy and taxation are coherent.

The full CIOT response is available here: www.tax.org.uk/ref1467.

Improving the energy performance of privately rented homes

The DESNZ consultation considers how to improve the energy performance of privately rented homes by raising minimum energy efficiency standards.

The government's preferred approach is to require landlords to prioritise meeting a standard set against the fabric performance metric, which is likely to require similar 'improvement' measures as meeting an Energy Performance Certificate (EPC) 'C' on current EPCs, such as loft and cavity wall insulation, and double glazing. Once that standard is achieved, the landlord would need to invest to meet a secondary standard set against either a heating system metric (for example, a heat pump instead of fossil fuel heating system) or a smart readiness metric (such as solar panels and smart meters), depending potentially on the type of property and landlord choice.

It is proposed that landlords should be required to invest up to a maximum of £15,000 (inclusive of VAT) per property on 'improvements' to meet the standard (the 'cost cap'), after which they could register a ten year exemption to continue to let the property if it does not reach the standard.

Repair versus improvement

The CIOT highlighted that the measures needed to upgrade rental properties will bring the complexity around deciding whether costs are repairs (revenue) or improvements (capital) into sharper focus for many taxpayers and agents.

We noted that HMRC currently accepts that where technology has advanced so that the modern-day equivalent is the industry norm, a replacement that may formerly have been regarded as an improvement, and therefore not deductible against rental profits, is now accepted as being a repair.

While the manual guidance is helpful, it also recognises that changes in technology and the way that work is carried out will often give the impression that the work may be an improvement rather than simply a repair. Examples of areas of uncertainty might include replacing a conventional boiler with a condensing boiler, or with an air source or ground source heat pump; replacing single glazing with triple glazing; and upgrading insulation.

We suggested that tax (and non-tax) guidance for landlords on the tax treatment of repairs and improvements is expanded to include dedicated examples of the sort of measures envisaged by the government to remove these uncertainties.

From a policy perspective, consideration might need to be given to whether the tax treatment coheres with the government's wider policy in this area. The current approach can appear inconsistent; for example, where the initial fitting of insulation is treated as an improvement, while replaceing a minimal level of insulation that is already in place is treated as a repair.

VAT

In addition to the repair versus improvement point, we highlighted the impact of the differing VAT outcomes on the proposed cost cap for improvements of £15,000 (gross) per property. The consultation noted that the current zero-rate of VAT on the installation of specified energy saving materials (ESM) in residential accommodation and relevant charitable buildings ends on 31 March 2027, after which it reverts to the reduced rate of VAT of 5%.

We also highlighted that the VAT liability of ESMs can be affected by the way in which the improvements are carried out. It can be common for landlords to undertake further works of refurbishment on their rental properties at the same time as the installation of ESMs, so that all works can be completed in a period of non-occupancy by a tenant. Undertaking multiple works at the same time can cause VAT liability issues due to the VAT single and multiple supply rules. Where eligible ESMs are installed at the same time as other building works, the supply by the contractor may be either:

- a single supply subject to a single VAT rate (for example, if all ESMs are installed in a newly constructed extension, the whole supply may be standard rated at 20%); or
- a multiple supply, where the individual supplies may be subject to different VAT rates (for example, a newly constructed extension is standard rated at 20%, whereas ESMs fitted in another part of the property may be zero-rated (or reduced rated at 5% from 1 April 2027).

The supply of renting out a domestic dwelling by a landlord is exempt from VAT. Where a landlord makes only VAT exempt supplies, they are not able to recover VAT charged to them on their costs. As the cost cap of £15,000 is a VAT inclusive amount, the actual value of works that may be undertaken will differ due to the potentially different VAT rates applying to the installation of ESMs as explained above.

For example, where the costs are all reduced-rated at 5% VAT, the value of the cost cap will be £14,285.71 (i.e. 100/105 x £15,000). For others, the spend on the works of energy efficiency improvements will be all standard rated at 20%, meaning that the cost cap will be equivalent to £12,500) of works (100/120 x £15,000), so ultimately less money will be attributed to the net costs of green improvements, as part of the cost cap spend is tax.

The full CIOT response is available here: www.tax.org.uk/ref1491.

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EMPLOYMENT TAX

Employment tax: recent CIOT correspondence with HMRC

The CIOT has recently written to HMRC regarding the Construction Industry Scheme and traffic management activities, and Scottish taxpayers in self-assessment.

Construction Industry Scheme and traffic management activities

We highlighted the need to better publicise the new HMRC guidance on construction operations in traffic management (tinyurl.com/56uxwjtp), which took effect in March 2025.

We queried HMRC's approach to traffic management businesses that have not registered with HMRC as Construction Industry Scheme (CIS) sub-contractors for activities within the scope of the scheme because they are not aware of the change in HMRC's approach, and HMRC's approach to contractors if they fail to deduct CIS on payments for in-scope activities. We also asked about the impact on businesses that have previously received rulings from HMRC regarding the treatment of their activities.

We have also sought clarification of other factors, such as where a business starts to be treated as a deemed contractor, from which point they start counting to determine whether they have exceeded the £3 million VAT-exclusive threshold for expenditure on construction operations within the previous rolling 12-month period and thus should register with HMRC. We also asked for further clarity on what falls within the scope of 'traffic management'.

Scottish taxpayers in self-assessment

We continue to raise with HMRC our concerns with how, in some circumstances, HMRC determine an individual's place of residence and hence whether they are a Scottish taxpayer.

This typically arises where a taxpayer has more than one place of residence, or where HMRC hold an address that doesn't accurately reflect the taxpayer's main place of residence (such as care of the taxpayer's employer's address).

HMRC will pre-populate the taxpayer's self-assessment return using the address they hold, and the taxpayer can amend this on the return. However, in practice, this does not appear to flow through HMRC's systems, and HMRC continue to use the original address to determine that taxpayer's residence and use their powers under TMA 1970 s 9ZB to (incorrectly) amend the return.

At present, a taxpayer must write to HMRC to correct its incorrect amendment. We are hoping to work with HMRC to find a practical resolution to this issue.

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GENERAL FEATURE INDIRECT TAXES

Electronic invoicing: a consultation

In February, the government launched a consultation on 'Electronic invoicing: promoting e-invoicing across UK businesses and the public sector'. This aimed to gather views on standardising electronic invoicing and how to increase the adoption of electronic invoicing across UK businesses and the public sector.

CIOT, ATT and LITRG took part in roundtable meetings to discuss the consultation on electronic invoicing (e-invoicing) and submitted written responses. A summary of the main points in our responses are given below. The full list of consultation questions can be found at: tinyurl.com/3wxdtrrn.

CIOT response

The CIOT supports the move to e-invoicing, as part of the UK government and HMRC's commitment to a 'digital first' tax system. The response (www.tax.org.uk/ref1470) recognises that the digital landscape is going to continue to change and the UK should not get left behind digitally. The CIOT's preference is a decentralised model, with consideration given to phased implementation depending on business size.

E-invoicing is currently available to UK businesses on a voluntary basis with HMRC taking a passive role in its uptake. If the decision is taken that businesses can remain on a voluntary uptake basis, we suggest that HMRC could take an active role in encouraging uptake, such as education and training, and evidencing improved business experiences that could instill confidence to move along the digital journey. If there is to be a mandate which requires e-invoicing, there need to be:

- real benefits of mandating for HMRC and UK businesses;
- a sensible, realistic and agreed timeline for implementation;
- clear and honest communications and guidance; and
- alignment with wider UK tax policy.

The CIOT would also like to see a single UK standard for e-invoicing, which aligns with international standards and has enough flexibility to deal with the complexities of the UK tax system. The response highlights several VAT specific issues in Part III of the VAT Regulations 1995 that must be considered, including:

- the contents of a VAT invoice;
- variations of VAT invoicing documents, such as authenticated receipts or self-billing;
- the obligation to add specific legends for VAT schemes or agreements with trade associations, such as the input VAT recovery position for leased cars; and
- transactions that do not require a VAT invoice, for example, exempt or zero-rated supplies.

In addition, Regulation 13A(2) allows a customer the right to refuse electronic invoicing, so amendments to the VAT legislation may be required if mandation takes place.

ATT's response

The ATT's response (www.att.org.uk/ref478) supports the UK's continued voluntary adoption of e-invoicing, stating that this should be followed by a phased mandatory rollout. To drive voluntary adoption, the government must reduce barriers, support SMEs with low-cost solutions and collaborate with software providers and businesses. The ATT suggests that any mandation should include an exemption for businesses below the VAT registration threshold, as well as a de minimis threshold for businesses that have limited business-to-

GENERAL FEATURE OMB PROPERTY TAX ENVIRONMENTAL TAX

Land use consultation and ecosystems service markets update

The ATT has responded to a recent consultation on land use to highlight the importance of considering the tax consequences of any proposed policy changes.

The ATT has responded to the Department for Environment, Food and Rural Affairs' (DEFRA) consultation on a land use framework. Forming part of the government's Plan for Change, the consultation is looking at how the government can better understand land use in England to design a framework to support housebuilding, infrastructure and clean power, while protecting farmland and the environment.

As a tax body, the purpose of our response was to highlight the importance of considering the tax implications of any policy changes connected to land and property.
Tax is a key driver in decision making for landowners, and land use changes resulting in negative or uncertain tax consequences could discourage landowners from engaging with schemes that the government considers desirable. Our members tell us that some of their clients have been put off from engaging in natural capital projects involving biodiversity net gain (BNG) or carbon credits due to uncertainty in the tax treatment of related income and expenses.

Our response explained the importance of reliefs such as agricultural property relief (APR) to farmers and landowners, and showed how APR has been amended over the years to support government initiatives. Following issues with a lack of clarity on the VAT treatment of BNG credits, we also asked for DEFRA and HMRC to communicate with each other at an early stage and provide a consistent message on tax issues.

The full ATT response is available here: www.att.org.uk/ref479.

Taxation of Ecosystem Service Markets Working Group update

The ATT has attended several meetings of the Taxation of Ecosystem Service Markets Working Group this year, which has started work again after the election last year delayed matters. The group was set up to support HMRC in producing guidance on the tax implications for landowners involved in BNG. We hope then to move onto areas of uncertainty within woodland and peatland carbon credits. Examples of scenarios which members are seeing in these areas where the tax or accounting treatment is unclear would be welcome.

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business and business-to-government transactions.

The ATT supports the government's focus on a decentralised model. However, the ATT does not support the introduction of real-time reporting at this stage. The current priority should be on building the core e-invoicing infrastructure, drawing on the lessons from other countries and the UK's experience with Making Tax Digital (MTD) for VAT.

If real-time reporting is to be introduced in the future, it must reduce administrative burdens and be underpinned by infrastructure capable of supporting high-volume data exchange which is interoperable with the existing MTD infrastructure. Clear communication will be essential. An e-invoicing roadmap setting out a long-term vision, realistic implementation timelines and a firm commitment to delivery would help businesses to prepare and plan.

LITRG's reponse

In their response (www.litrg.org.uk/11050), LITRG recognise that many businesses could benefit from e-invoicing. However, for some smaller businesses, such as sole-traders, these benefits could be diminished by the cost of software and how easy it is to use.

LITRG acknowledges that to achieve the full benefits which the consultation document says e-invoicing can offer, mandatory standardised e-invoicing would be the preferable approach. However, they have concerns that some small and micro businesses may struggle to comply with mandatory e-invoicing due to factors including the cost of software (unless free software is made available) and in some cases limited digital and IT skills. There is also likely to be a time cost in learning new software.

There are also certain sectors where 'self-billing' is common, or invoices are generated not by the business directly (for example, via an online platform instead). These issues will need to be addressed.

If mandatory e-invoicing is the appropriate path to take, then LITRG consider it to be very important to have an entry threshold (perhaps using the VAT registration threshold as a starting point), as well as exemptions for the digitally excluded available.
If e-invoicing is to be mandated without a threshold then it is important that HMRC understand the low-income self-employment landscape with respect to IT and numerical skills, and existing compliance issues so they can help these sole traders through targeted approaches.

Next steps

After the government has considered the responses to the consultation, a decision will be made on whether mandation will be introduced and if so, what that may look like. Further consultation will follow.

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GENERAL FEATURE

Closure of tax credits

The tax credits system closed on 5 April 2025 and there are now no live tax credit awards of either working tax credit or child tax credit. The main system of support for working age people on low and middle incomes is now universal credit. Most people who were receiving tax credits have started to claim universal credit instead or, depending on their age and circumstances, pension credit.

Working tax credit and child tax credit, known as tax credits, ended on 5 April 2025 after 22 years.

Universal credit (administered by the Department for Work and Pensions (DWP) in Great Britain and the Department for Communities (DfC) in Northern Ireland) has been gradually replacing tax credits and other legacy benefits under the government's welfare reform agenda, and the change over from tax credits is now complete.

HMRC are still operating their tax credits helplines and postal services, but tax credits services are no longer available via HMRC's digital channels, including the app and the personal tax account.

Most people who were claiming tax credits in 2024/25 received a migration notice advising them when their tax credits award would end and inviting them to claim universal credit. Depending on their age and circumstances, some claimants may have received a tax credits closure notice inviting them to claim support through pension credit instead.

Universal credit and pension credit are not like-for-like replacements for tax credits with many differences in the rules. Where people made their claim for universal credit or pension credit in line with the instructions in their notice, transitional protection was available to smooth the impact of the changeover. Transitional protection attempts to protect the amount of financial support provided under tax credits, where the amount under the newly claimed benefit is lower in certain situations.

Transitional protection does not apply where existing tax credit claimants claimed universal credit outside of the managed migration exercise (apart from a specific addition in relation to legacy benefit severe disability premiums).

People who had a tax credit nil award, where household income was too high for an award, were not issued with migration notices. Any future entitlement to support relies on them making a fresh claim for universal credit (or pension credit). Some people, not entitled to claim either universal credit or pension credit, received tax credits to 5 April 2025 only.

Ongoing tax credits work

There are still some residual aspects of tax credits that remain ongoing for the time being.

- HMRC need to make final decisions about entitlement for anyone who had a live award up to 5 April 2025 and who did not receive a migration notice or tax credits closure notice. This finalisation exercise involves HMRC issuing finalisation packs, similar to renewal packs in previous years but with different deadlines. HMRC continue to deal with tax credit appeals, complaints, overpayment disputes and late reporting of certain changes.
- The longer backdating rules for tax credit disability elements still apply and HMRC will amend a closed tax credit award, if appropriate, where a former claimant notifies them within a month of the decision that they have been awarded a qualifying disability benefit backdated to a period where the person was still receiving tax credits.
- For tax credit overpayments, where the person moves over to claim universal credit or pension credit, HMRC will transfer any outstanding tax credit overpayment debt to DWP (DfC in Northern Ireland) for them to recover. Other tax credit overpayments will largely remain with HMRC for recovery.

Further information can be found on the LITRG website (www.litrg.org.uk).

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CIOT	Date sent
Double remittances: proactive submission www.tax.org.uk/ref1502	26/03/2025
Improving the energy performance of PRS in E&W www.tax.org.uk/ref1491	16/04/2025
Letter to Jon Sherman re double remittances, and technical analysis www.tax.org.uk/ref1503	17/04/2025
Reforms to inheritance tax, agricultural property relief and business property relief: application in relation to trusts www.tax.org.uk/ref1481	23/04/2025
Land use in England www.tax.org.uk/ref1647	24/04/2025
Electronic invoicing: promoting e-invoicing across UK businesses and the public sector www.tax.org.uk/ref1470	07/05/2025
LITRG	
Electronic invoicing: promoting e-invoicing across UK businesses and the public sector www.litrg.org.uk/11050	07/05/2025
Enhancing HMRC's ability to tackle tax advisers facilitating non-compliance www.litrg.org.uk/11049	07/05/2025
ATT	
IHT on pensions www.att.org.uk/ref471	20/01/2025
Reforms to inheritance tax, agricultural property relief and business property relief: application in relation to trusts www.att.org.uk/ref477	22/04/2025
Land use in England www.att.org.uk/ref479	22/04/2025
Electronic invoicing: promoting e-invoicing across UK businesses and the public sector www.att.org.uk/ref478	02/05/2025
Enhancing HMRC's ability to tackle tax advisers facilitating non-compliance www.att.org.uk/ref483	07/05/2025

Event

Nautical but nice

This year's CIOT/ATT Joint Presidents' event in Scotland took place onboard the Royal Yacht Britannia.

In a year that sees both bodies headed up by Scottish Presidents, CIOT President Charlotte Barbour and ATT President Senga Prior welcomed more than 100 guests from Scotland's tax, law and accountancy professions to Edinburgh's Leith shore for an event with a different look and feel to previous years, as guests swapped the traditional lunchtime get-together for an evening of networking and ceilidh dancing.

Certificate of merit recipients with the two presidents

CIOT Deputy President (as she then was) Nichola Ross Martin joined current presidents Charlotte Barbour and Senga Prior at the reception.

The Presidents reflected on the consultative and constructive relationships that the Institute and Association have established with Scottish tax stakeholders, including Revenue Scotland, which this year marks the tenth anniversary of its establishment.

Elaine Lorimer, who is stepping down as the Revenue Scotland Chief Executive later this year, and John Whiting, who retired from the tax authority's board on the day of the event, were both singled out for their contributions to the Scottish tax landscape.

The reception was also an opportunity to honour three members for their significant contributions to tax in Scotland.

Derek Francis, chair of the CIOT/ATT Edinburgh Branch, received a Joint Certificate of Merit and Appreciation, in part for his work spearheading the Edinburgh Tax Network, a respected and highly influential network of tax advisers, accountants and legal professionals working in Scotland.

Isobel d'Inverno, Director of Corporate Tax with Brodies, was recognised with a Joint Certificate for her leadership in the development of Scotland's devolved taxes, most notably the land and buildings transaction tax, and for her contributions to the profession as Chair of the Law Society of Scotland's Tax Law Sub-Committee.

And Eric Brown was presented with a CIOT Certificate of Merit for his contributions to CIOT's Scottish Technical Committee, which in the past year has included expert evidence on the development of the aggregates tax, Scotland's devolved replacement for landfill tax.

Public accounts committee

CIOT responds to MPs' report

CIOT has responded to a new report from Parliament's Public Accounts Committee, which highlights declining trust in HMRC, as well as the growing cost of tax administration for HMRC and taxpayers alike.

Ellen Milner, the Institute's Director of Public Policy, said that improvements to service levels are key to rebuilding trust in the tax authority. 'Until these problems are properly addressed, we will continue to see an impact on the tax system as a whole, the ability to do business and the wider economy.'

CIOT has welcomed a call in the report for HMRC to learn lessons from its implementation of Making Tax Digital so far and put the needs of taxpayers at the heart of plans to improve digital services. The Institute says the PAC's findings support its own repeated calls for investment in HMRC performance, alongside new tools to support emerging digital platforms, as well as traditional contact methods such as telephone helplines.

'The upcoming Spending Review needs to provide the resources needed for HMRC to replace its legacy IT systems, as well as continuing to support taxpayers who need to contact them through traditional routes,' said Ellen.

HMRC
New HMRC boss welcomed

ATT and CIOT have written to HMRC's new chief executive, John-Paul (JP) Marks, welcoming him to the role and looking forward to working with HMRC under his leadership. Both bodies use their letters to suggest priority areas for action by the tax authority.

ATT's letter identifies four key current areas:

- HMRC's Transformation Roadmap:
- employment expenses;
- self-assessment criteria; and
- Making Tax Digital (MTD).

On the first of these, the letter stresses the need for agents to be able to see and do whatever their clients can do online. On the second, the ATT suggests that the use of repayment agents could be reduced by asking employers to play a more active role in indicating what reliefs are available to their employees.

On self-assessment, the letter suggests that HMRC's criteria for who it will accept into self-assessment do not currently fully align with the law and calls for a wider review of the policy. On MTD, ATT expresses concern about the rapid pace of the programme, suggesting that it allows very little time for lessons to be learned before new cohorts of taxpayers are brought on board.

CIOT's letter focuses on what the Institute considers are the key issues relating to the Exchequer Secretary's three HMRC priorities:

- closing the tax gap;
- modernisation and reform; and
- improving customer service.

It includes a suggestion that HMRC should share more granular data on the tax gap and encourages HMRC 'to ensure that adequate resources and energy are devoted to meaningful tax simplification'.

The letter says that the imminent Digital Transformation Roadmap provides 'a golden opportunity to plan out how HMRC arrives at the "digital first" destination'. To be fully effective, however, the roadmap needs to be co-created with stakeholders, learning lessons from the implementation of MTD.

CIOT also expresses concern over several elements of the implementation of MTD, including a lack of clarity on outstanding policy matters, limited testing of MTD so far and issues around software choices.

Benefits
Delay in benefits payrolling

A delay in the mandatory payrolling of benefits in kind is 'welcome', says ATT, but the government must use that time to simplify the plans and help employers prepare.

In a package of tax and customs administration and simplification measures announced on 28 April, the government said that a new requirement to report and pay income tax and National Insurance on benefits via payroll software will be deferred from April 2026 to April 2027. Penalties will also not be charged for errors in the first year, while two types of benefit have been delayed indefinitely – employer provided loans and living accommodation.

Emma Rawson, ATT Director of Public Policy, said: 'This is a welcome announcement, and it is especially reassuring to see that the government has listened to the concerns of the tax and payroll profession and software providers. Mandatory payrolling of benefits will have a big impact on employers, employees and software providers. It is therefore welcome that extra time is available for all parties to prepare.'

Two types of benefit in kind – employer provided loans and living accommodation – were originally going to be brought in a year later than other benefits, but the information published by HMRC merely says that a timeline will be set out in due course. ATT is encouraging the government to use this additional time to look at how the taxation of employer provided living accommodation could be updated and simplified to better facilitate payrolling.

In the news
Coverage of CIOT and ATT in the print, broadcast and online media

'The CIOT warns that middle-earners are being squeezed because of the SNP's one-two punch income tax policy, which makes Scotland the highest-taxed part of the UK while also freezing bands, meaning more taxpayers are being dragged into a higher bracket.'

The Mail on Sunday on Scottish income tax rates, 6 April

'HMRC is making it clear that responsibility passes back to the individual to get in touch to pay tax, so we urge anyone who thinks they may owe tax on their savings interest to contact HMRC as soon as they can.'

ATT President Senga Prior, quoted in the Financial Times on tax on savings interest, 9 April

'The Low Incomes Tax Reform Group (LITRG) say the tax code K could mean you owe tax money to HMRC, which has led the taxman to cut your personal allowance down to pay for it.'

Daily Express article on using tax codes to collect unpaid tax, 16 April

'George Crozier, of the CIOT, said: "Improving service levels is central to rebuilding trust in HMRC. Taxpayers trying to comply with their obligations need to be able to get answers to their questions and registrations and refunds need to be processed quickly." Helen Thornley, of the ATT, said: "Continuing poor HMRC service standards are a significant driver in additional costs for HMRC, agents and taxpayers. For example, many of our members have reported needing to make repeated phone contact with HMRC to resolve or get updates on issues."'

Daily Telegraph article on April's Public Accounts Committee report on HMRC, 30 April

'This new interactive tool from HMRC makes compliance guidance readily accessible in one place, and easier for people to find the information that is relevant to them.'

Joanne Walker of LITRG in the Daily Record on a new online HMRC compliance tool, 5 May

CIOT President's speech

New President calls for a more strategic approach to tax policy

In her speech to CIOT's Annual General Meeting on 29 May, incoming President Nichola Ross Martin encouraged the government to consult earlier and give greater thought to the design of the tax system.

Thank you, Charlotte. You have been a really excellent president, leading CIOT through all the challenges of the last 12 months. Thanks to you, to our brilliant volunteers on Council, committees and branches, and to our wonderful staff team, our institute has continued to grow in size, in profile and in influence.

This is the first time one female CIOT president has handed over to another – an overdue landmark!

I look forward to continuing to work with you, as past president, with Paul Aplin as Deputy President and with John Barnett as Vice President over the year ahead.

My journey in tax

My background was not in tax at all, in fact quite the opposite. I graduated with a degree in the History of Art and Design and I had ambitions of moving up through the world of decorative arts. But it was not to be as, by a strange quirk of fate, my chance to do a Master of Arts degree got lost in the post and, for want of a job at short notice, I elected to train as an accountant instead. As an audit junior, I had to insert paper updates in the tax guides that lined the partners' offices. There seemed to be a never-ending stream of updates, I tended to read them as I went and that was what got me hooked on tax.

I created my first tax website in 1994. I had become fascinated by the internet throughout the 1980s and taught myself some basic coding. I was running a small practice at that time and I thought that online was the ideal place for tax know-how. Back then, business websites were just simple static pages. If you went to an accountant's website, it was usually just one page with their phone number and address. My website had lots of pages and even a spoof blog. My clients liked my online tax guides and I found that I learn best by writing. It was a win-win situation.

The rest, as they say, is history. I launched Rossmartin.co.uk, as my own practical tax database, in 2010. It now has thousands of subscribers. I cannot thank enough all those people who have worked with me to make that resource what it is today.

My involvement with CIOT started back in the noughties when HMRC was reviewing its Powers, Safeguards and Penalties. I was tax editor of Accounting Web at the time and was asked to write some guides on this area for CIOT members. I also created an App for CIOT, where you scanned a QR code to instantly Gift Aid any donation, storing the details for claiming relief on your tax return. In 2017, I joined the Institute's Council and here I am today.

A time of transformation

So what does the next 12 months hold?

This is a time of transformation. We have an ambitious new government, a volatile world order and, above all, an ongoing technological revolution that is changing our profession and our society.

As an institute, we need to ensure that we are at the forefront of managing these changes, that our systems and qualifications are fit for purpose, that we are supporting our members as they adapt to technological change, and that we are bringing the practical insights of our members to the important work of modernising tax law and administration.

Modernising our qualifications

Let's start with our qualifications. During Charlotte's term, we launched a review of the CTA to make sure it retains its relevance and meets the needs of the market. Last month, we launched a consultation, seeking views from members, students, employers and others on what the new syllabus should look like. Please let us know what **you** think. What are the skills and competencies tax advisers will need in 10 years' time? How should we test for them?

Tax technology skills are clearly central. As well as thinking about their place in the CTA, we have our new and very popular Diploma in Tax Technology and 'AI for tax' course. We are also in the process of developing an 'AI ethics in tax' course in partnership with the ATT.

> **We have an ambitious new government, a volatile world order and an ongoing technological revolution that is changing our profession and our society.**

And I am looking forward to our Tax Technology Conference in Birmingham, exploring the latest advances in this area.

We also have our Advanced Diploma in International Taxation (ADIT), continuing to hit new heights, with almost 4,000 students worldwide studying for it and another new module, this one on South African tax, set for its first exam round next month.

Delivering public benefit

Our qualifications are one way in which we fulfil our public benefit remit, promoting tax education; however, it does not end there. We also do a lot in supporting members with their professional development, through our branch events, webinars, conferences and through other initiatives. I want to thank everyone involved in delivering this vital work.

In this section of her speech, Nichola also thanked those involved in the Institute's professional standards work and paid tribute to the work of the Low Incomes Tax Reform Group. She praised the Institute's role as a convenor of tax debate and the contribution made by those involved in its technical work.

Making Tax Digital

A huge focus right now is on Making Tax Digital for income tax. In April next year, the first group of self-employed traders and landlords are mandated into digital record keeping and quarterly reporting. HMRC's MTD team are being proactive in getting out and about and publicising that fact. They are taking a truly public facing role, and talking and listening to tax agents as they go. Judging by the crowds at software events and accountancy trade shows, the tax and accountancy professions are very keen

to hear more and get properly engaged too.

Moving clients into MTD will not always be easy. The transformation required is not just about software; it's also about having the staff and other services in place to deal with demand.

Making a success of MTD will need HMRC and tax professionals to continue to work closely together. The building in of multi-agent functionality, as requested by CIOT and others, is a really welcome step in HMRC's MTD development process. We appreciate how long it takes to make this kind of transformation but are still pushing to ensure that this doesn't remain a second-tier priority in future digital changes. We will play our part, publicising, educating and providing constructive challenge where we think things can be improved.

My message to everyone in practice on MTD is to talk to your clients and your software providers and think about whether the public beta pilot might be a good option for your clients – but don't wait too long as the clock is ticking.

Service levels

The shift into digital is inevitably a slow process, due to the complexities involved. That means it is important that government ensures that online services are fit for purpose before restricting access to traditional contact methods like phone and post.

Our joint report with ICAEW on HMRC's service levels set out constructive recommendations for how services can be improved and with that pressure on HMRC's systems reduced. The minister's announcement that a dedicated mailbox will be set up for agents with unresolved PAYE and self-assessment queries delivers one of those recommendations and is welcome. I'll continue to press our other proposals with ministers and HMRC over the year ahead.

Regulation of the tax profession

Something else happening next April is the introduction of the compulsory registration of advisers who interact with HMRC. We supported this in our response to the consultation. It's a potentially useful first step in raising standards among unaffiliated agents.

We are waiting to see what will happen next, ever mindful that regulation must not impose excessive burdens.

Tax reform: some big questions

Finally, I want to make some comments on tax reform. Tax was at the centre of last year's election. The tax changes announced in the following autumn's Budget continue to be hotly debated. However, while there is plenty of argument about rates and burdens in parliament, there is very little about reform and design.

Take employment taxes. The PAYE system is the government's main bread winner. Successive governments have tweaked the rates and thresholds for national insurance but paid rather less attention to the fundamental issues as to how tax policy might adapt to cope with the changing world of work.

At the core of this is a really important problem for many employers and workers and that is defining their employment status. This is not clearly defined in legislation. But it's an area where employers and employees need certainty. I appreciate that HMRC has developed its Check Employment Status for Tax tool, but this does not always provide conclusive results, and that uncertainty can result in long and expensive disputes.

I have long thought that determining employment status for tax is far too difficult and costly, and that legislation would be desirable. We have a statutory test for residence, with a system of tie breakers, and by and large that works very well. A similar approach for employment status could clear up a lot of uncertainties and reduce administration costs for business, workers and HMRC.

And then there is the problem of the sheer complexity of a lot of our current employment legislation. Someone has got to tackle this sooner or later.

As someone advising owner managed businesses, I cannot fail to mention the proposed changes to inheritance tax. The tapering of business and agricultural property reliefs in particular have had huge amounts of media and political attention. I get the politics and appreciate the desire to redistribute wealth, but where in these changes is the wider debate? Could the government have achieved their aims in a less contentious way if they had consulted at an earlier stage, or perhaps even considered this as part of a wider review of inheritance tax or even capital taxes as a whole?

On that front, I wonder whether it is a sensible policy to promote a system that incentivises entrepreneurs to retire early when the government wants to grow and not shrink the workforce? This is the sort of issue that we are keen to explore in our party conference debates this coming autumn, with the Centre for the Analysis of Taxation, which I'm very much looking forward to.

And there is the Corporate Tax Roadmap, progressing through various consultations, but limited in its scope and missing any statement of strategic aims.

To pose these questions is not to argue for an 'everything everywhere all at once' approach to tax. But it is to point out that there is more to tax policy than rates and thresholds. Strategy is crucial. Back in 2017 CIOT, the IFS and the Institute for Government argued in the 'Better Budgets' report that chancellors should make an early statement in a new parliament spelling out their guiding principles and priorities for tax policy, to encourage them into a more strategic, less ad hoc approach. This advice still stands.

And there are other big questions. Like where international tax co-operation is going. And how we can improve how we tackle tax crime. These are too big to answer in this speech. But they are, thankfully, just the kind of topics we can explore in our debates – and they will be the topics of our June online debate with IFS, and our July CTA Address respectively.

On issues like these, this is the role CIOT can play – convenor, facilitator; bringing together tax professionals, economists, policy makers, academics and other stakeholders to chew over the knotty problems in tax and try to identify fruitful ways forward.

Concluding remarks

So to conclude, I am really looking forward to the year ahead. This position is not just about chairing our Council of Trustees; it's also an ambassadorial role and I look forward to going out and about to meet and greet new students and members, support the staff, visit the branches and 'fly the flag' for the CIOT. And I want to hear from you, so please do come and say hello if you see me out and about.

It is an enormous honour to take on this role. Thank you for entrusting me with it.

This speech has been slightly abridged. The full speech can be viewed at: www.tax.org.uk/NRM-speech

Outgoing President

There's been a lot going on

Outgoing President Charlotte Barbour highlighted the wide range of CIOT activity over the past year in her speech to the Institute's AGM on 29 May.

I pay tribute to all those who support the CIOT, including staff, branch committees and my fellow Council members. Thank you to Penny Tuck, Sarah Hewson and Jonathan Riley, who are standing down as committee chairs, and to Kriss Mikata-Pralat, who is coming to the end of his term as lay adviser.

This time last year, I spoke about how central our qualifications are to what we do. In particular, we need to ensure that the CTA remains an attractive proposition, maintains standards and meets the needs of today's students and employers. So we have begun a review and launched a consultation which I invite all of you to consider contributing to, whether you are a member, student or employer.

Associated work is also being done to ensure the relevance of the Joint Programme of CTA/ACA as both the CIOT and the ICAEW change their syllabus. Similar work will be undertaken in due course on the ADIT qualification – our Advanced Diploma in International Taxation.

As I look back over the year there have been a number of themes running though our work.

Election and AI

First, there was the general election. The Institute's external relations and technical teams pulled out all the stops to produce some excellent 'explainers'. Topical matters, such as VAT on school fees and the corporate tax roadmap, were carefully examined in our debates held with the Institute for Fiscal Studies. And we also used the election period to draw attention to key tax administration issues, such as the need for simplification and a more thoughtful approach to digitalisation. This included an article I wrote for the *Financial Times* and letters to party spokespeople, which in turn led to post-election conversations.

Second, we have maintained the focus on AI in tax with:

- a wide offering of member-facing discussions, such as the Tax Technology podcasts and at last year's Cambridge conference;
- our Diploma in Tax Technology and new short course in AI for tax;
- enhanced CPD offerings; and
- the forthcoming Tax Technology Conference on 4 June.

I'm pleased that the Institute has been able to give such strong support to members in this crucial area. AI in tax needs to be understood and the appropriate tools well utilised if we are to maximise its benefits in our practices and work.

Raising standards

Third, for a number of years there have been serious concerns about the service standards offered by HMRC to both taxpayers and advisers. We have continued to press for improvements. Last year, to establish what is causing the problems, CIOT, along with ICAEW, conducted a major research project, seeking to answer the question: why is it that we are contacting HMRC?

> **There have been serious concerns about the service standards offered by HMRC to taxpayers and advisers.**

I'm most grateful to the 31 firms that took the time and trouble to log every interaction they had with HMRC over a six week period. I can commend the output from this work – a report, 'Tackling HMRC's customer service challenge', making ten practical recommendations.

And in March, James Murray, the Exchequer Secretary to the Treasury, told us that he would be introducing an escalation route for agents for slow moving Self Assessment and PAYE queries – something that directly addressed one of our report's recommendations.

Fourth, 'Raising Standards in the tax market' continues as an important strand of our work in response to HMRC concerns about standards and the tax gap. This time last year, we responded to HMRC's consultation. We have since had the Budget announcement that agents will need to register with HMRC; and further consultation is expected imminently.

Charlotte Barbour

Professionalism

So there's been a lot going on. Being so actively involved in Institute activities over the last year reminds me not only of the range of functions and activities we carry out but also just how important our professional bodies are.

The CIOT acts in the public interest, on all our behalf, in:

- gathering our experience to inform tax policy making and to improve tax administration;
- maintaining our standards and the quality of our work, through CPD and our trusted qualifications;
- informing and educating the public about tax, including the work of LITRG; and
- in short, 'keeping our badge shiny'.

Membership of the CIOT provides a great starting point for the skills and knowledge that advisers need. Our professional bodies are an important part of our professionalism – and it has been a huge privilege to be President of the CIOT. I thank each and every one of you for supporting our Institute.

Last but not least, let me hand the President's badge to Nichola Ross Martin, who I have had the good fortune to work with on Council over the last few years. I'm delighted she is now to be our President. Nichola – over to you.

This speech has been abridged. The full speech can be read at: www.tax.org.uk/cb-outgoing

Disciplinary reports

CONSENT ORDER
Anna Brocklehurst

On 11 March 2025, with the agreement of Anna Brocklehurst of Loughborough, a member of the Chartered Institute of Taxation (CIOT), the Investigation Committee of the Taxation Disciplinary Board made an Order pursuant to Regulation 8.2 of The Taxation Disciplinary Scheme Regulations 2014 (as amended 2016 and 2024) that Anna Brocklehurst be:

- censured; and
- required to pay £1,005 by way of costs.

The Order was in respect of alleged breaches by Anna Brocklehurst of the following Rules of the Professional Rule and Practice Guidelines 2018 (as amended 1 January 2021):

1.7 A member owes a duty not to act in such a way as to bring CIOT/ATT into disrepute, or in any way which would harm the reputation or standing of CIOT/ATT. Further, a member may have duties and obligations to other regulators and professional bodies, for example, HMRC or the Financial Reporting Council, and should have regard to these as relevant.

2.6.3 A member must not:

- perform their professional work, or conduct their practice or business relationships, or perform the duties of their employment improperly, inefficiently, negligently or incompletely to such an extent or on such number of occasions as to be likely to bring discredit to themselves, to the CIOT or ATT or to the tax profession;
- breach the Laws of the CIOT or ATT; and
- conduct themselves in an unbefitting, unlawful or illegal manner, including in a personal, private capacity, which tends to bring discredit upon a member and/or may harm the standing of the profession and/or the CIOT or ATT (as the case may be). For the avoidance of doubt, conduct in this context includes (but is not limited to) conduct as part of a member's personal or private life.

CONSENT ORDER
Not to be named

On 28 January 2025, with the agreement of [not to be named], a member of the Association of Taxation Technicians (ATT), the Investigation Committee of the Taxation Disciplinary Board made an Order pursuant to Regulation 8.2 of The Taxation Disciplinary Scheme Regulations 2014 (as amended 2016 and 2024) that [not to be named] be:

- censured; and
- there be no order of costs.

The Order was in respect of alleged breaches by [not to be named] of the following Rules of the Professional Rule and Practice Guidelines 2018 (as amended 1 January 2021):

2.6 Professional behaviour
2.6.1 Professional behaviour encompasses a member's business dealing and in certain circumstances as set out below in 2.6.3, conduct in a member's personal life or private capacity.
2.6.2 A member must:

- uphold the professional standards of the CIOT and ATT as set out in the Laws of the - CIOT and ATT.

2.6.3 A member must not:

- breach the Laws of the CIOT or ATT;
- conduct themselves in an unbefitting, unlawful or illegal manner, including in a personal, private capacity, which tends to bring discredit upon a member and/or may harm the standing of the profession and/or the CIOT or ATT (as the case may be). For the avoidance of doubt, conduct in this context includes (but is not limited to) conduct as part of a member's personal or private life.

2.14 Obligation to notify the CIOT and ATT, including new requirements 1 January 2021
2.14.1 A member must inform the CIOT or ATT in writing addressed to the Head of Professional Standards CIOT or ATT as appropriate, within two months if they are:

- arrested on suspicion of; or
- charged with; or
- convicted of a criminal offence.
  A criminal offence includes an offence committed in the United Kingdom or abroad. A member must supply details of the nature of the allegation, conviction or caution and provide such relevant information in relation to it as is reasonably requested.

The consent orders can be found on the Taxation Disciplinary Board's website at: www.tax-board.org.uk

AGM

Association of Tax Technicians: Notice of Annual General Meeting

The 36th Annual General Meeting of the ATT will be held on Thursday 10 July 2025 at 14:00.

Civica have been appointed as scrutineers for the ATT AGM 2025. Access to the AGM Notice, Annual Report and Accounts, and information regarding those standing for election to Council will be provided through links in an email sent to Association members by Civica in June. The CES proxy voting site will be accessible via a link in that email.

If you prefer to receive a hard copy of the proxy form, email support@cesvotes.com or telephone 020 8889 9203 and a form will be sent to you with a reply-paid envelope. You have until 8 July 2025 to return the form. A copy of the AGM Notice and Annual Report and Accounts can be found at: www.att.org.uk.

Tax Adviser review

We all hope that you enjoy reading *Tax Adviser* but is it meeting your needs in its current format or would you like to see any changes: keep the current ten issues a year or a larger issue every other month, or would you like a wider range of content? We would love to hear your thoughts as a CTA or ATT student or member. For further details, please see the ATT Welcome on page 6, and please do share your thoughts with us at page@att.org.uk

Spotlight

Spotlight on HMRC's Compliance Reform Forum

The Compliance Reform Forum (CRF) enables representatives of the professional bodies to engage with HMRC on a variety of compliance related issues.

CIOT, LITRG and ATT are all represented on this longstanding HMRC forum, which was established to enable HMRC to consult and communicate with relevant stakeholders about changes to HMRC's compliance checking activities. It has a particular focus on the views of tax agents and their clients.

Its terms of reference and meeting minutes are published on gov.uk at tinyurl.com/bddj78ca. A list of its external members is also provided on this page. Meetings are usually held three times a year and chaired by HMRC's Director General for Customer Compliance Group, or by another senior HMRC officer.

Specifically, the purpose of the CRF is to:

- act as the main point of engagement with agent representatives on all new and changed compliance initiatives whenever possible;
- seek representative body input into the design and delivery of new compliance checking activities;
- provide early notice of compliance activities and information about these;
- help representative bodies to explain new and changed compliance checking activities to their members so that they can fulfil their obligations to clients;
- monitor and provide feedback on the effectiveness of compliance processes and consider any post-implementation issues arising as a result of compliance changes; and
- provide a greater understanding of HMRC's compliance strategy and how this contributes towards both HMRC's Vision and Charter.

The CRF has proved over the years to be an effective and collaborative meeting space for HMRC and professional bodies. Discussions have included HMRC's approach to income tax repayments, the operation of the Digital Disclosure Service and the development of new compliance guidance, including Guidelines for Compliance.

Importantly, it gives the CIOT, LITRG and ATT a direct channel through which

Tax Education

Inspiring students to a career in taxation

The CIOT, the ATT and the Worshipful Company of Tax Advisers (WCoTA), through its charities, all have a common objective: to promote tax education.

We have been working hand in hand with a band of volunteers to reach out to school children and university students, raising their awareness of taxation and promoting careers in taxation.

WCoTA is an active member of the Livery Schools Link. The Livery Schools Link aims to promote support for schools in the Greater London area by Livery Companies and their members, helping to prepare young people for the world of work. Its mission is to assist children from less advantaged backgrounds to receive an enhanced educational experience at school and to raise their personal aspirations, thereby increasing their employability and career options.

Every year, the London Careers Fair takes place at the Guildhall, supported by the Lord Mayor. The Livery Schools Link has organised and run the Livery Showcase during the Careers Fair for a number of years. WCoTA, partnering with the ATT and the CIOT, has taken part for three years (2023, 2024 and 2025), exhibiting at the senior school day each year.

In 2025, WCoTA also exhibited at the primary school day in February. Through this single event, incredibly we managed to reach out to 2,374 school children. We capture the interest of the children in a variety of ways, including 'Tax Facts', which they love.

It won't surprise some of you to learn that the marshmallows and Jaffa Cakes on our stand are extremely popular! Huge thanks to all our volunteers and a special thanks to David Massey, who developed material for the primary school day that had the little ones captivated by taxation.

Liz Goodwin, Chairman of the LSL recently provided us with some feedback:

> 'Can I also thank the Worshipful Company of Tax Advisers and the CIOT for the excellent stall that you had at the Showcase. Anything that helps financial literacy is really important for young people, whether or not they decide it is a possible career in the future.'

The CIOT, ATT and WCoTA also had a stall together and presented at the inaugural Financial Service Group Livery Companies Student Event in April, partnering with upReach.

Our target audience was 50 university students from across the country who went to state schools, achieved at least 3 Bs at A level and come from low socioeconomic backgrounds where the to raise compliance-related issues with HMRC that are causing practical difficulties for our members and taxpayers in general. There is also the opportunity to discuss these with relevant HMRC officers in more detail at bespoke sessions or on a one-to-one basis.

Recently, this has enabled the CIOT to establish a direct engagement with representatives from HMRC's Debt Management team to discuss current concerns raised with us by our members about HMRC's approach to collecting and tackling tax debt in practice. In the recent past, we have also discussed issues experienced by members with HMRC's use of their Schedule 36 information powers. Currently, we are seeking to discuss HMRC's approach to claims for interest mitigation, particularly in cases of HMRC delay, which we expect will be exacerbated by the government's decision to raise the rate of interest on overdue tax by 1.5% from April 2025.

Margaret Curran
mcurran@ciot.org.uk

The Livery School Link's mission is to assist children from less advantaged backgrounds.

annual household income is less than £42,620. Often, these students do not have a clear pathway into professional careers, particularly into careers in taxation, and yet they would add so much to our profession. The engagement on the day was awesome, as were our volunteers.

Particular shout outs go to Alan McLintock, who spoke for us in the 'Dragons' Den' style session, and to Flossie Skinner who described the life of a tax professional in their early years. Feedback on LinkedIn from students who attended the event was very positive.

If any of our readers are in the position of being able to offer internships in tax-related careers, we would love to hear from you. It would be wonderful if we could follow up on the student event with some tangible opportunities to gain work experience in taxation.

Lorraine Parkin
Chair, Charities Committee of WCTA

A MEMBER'S VIEW

Nikki Richmond

Coach, trainer and mentor to tax professionals

This month's CIOT member spotlight is on Nikki Richmond, Exam and Career Coach (and Trainer) for tax professionals.

How did you find out about a career in tax?
I began researching internships while I was at university. I narrowed my choices down to audit and tax but chose the latter as I wanted to be office-based. I first ventured into the world of tax when I secured a place with a Big Four firm, where I worked in a corporate tax team over the summer. The rest is history!

Why is the CIOT qualification important?
Having studied ACA, I think CTA is a great way to really get into the detail of how tax works, including case law and legislation. The awareness stage is perfect for gaining a broad view of tax, while the technical and application papers are a great way to sharpen writing skills for working with clients.

Why did you pursue a career in tax?
I really love the problem-solving aspect: finding a solution for clients through research and the application of knowledge. I also enjoy the teaching and coaching aspects, such as breaking down complicated concepts in a way that is more easily understood by both junior members of the team and clients.

How would you describe yourself in three words?
Organised, enthusiastic and supportive.

Who has influenced you in your career so far?
There have been so many people! The most influential people are those who have taken the time to really listen to my career aspirations and provide guidance to help me to achieve them.

What advice would you give to someone thinking of doing the CIOT qualification?
I would encourage them to really think about 'why' they want to pursue the qualification. It can be tough at times, so reminding yourself of your reason for becoming a CTA is really important.

What are your predictions for tax advisers and the tax industry in the future?
This is a tough one! There has been lots of discussion about whether AI will replace tax advisers. At the end of the day, an AI answer is only as good as the prompt used to generate the answer – tax advisers know which questions to ask, and then how to critically assess whether the AI's response is accurate.

I like to think that AI and technology can be great tools for tax advisers. There is an opportunity to automate some of the more repetitive aspects of our roles, enabling us to focus more on the fun stuff!

Perhaps the future holds more enquiry-type work where clients have used AI or other technology to take a tax position and haven't quite got it right.

What advice would you give to your future self?
Embrace the change and keep going!

Tell me something about yourself that others may not know about you.
I have appeared on national television twice. Once was on the Clothes Show (a BBC fashion show hosted by Jeff Banks), where I walked down a catwalk for my first and (sadly) only time. My second appearance was singing and dancing on a Channel 5 show with some of my fellow accountants who I'd met through the firm's pantomime – proving that a tax career is never dull!

Contact

If you would like to take part in A member's view, please contact: Melanie Dragu at: mdragu@ciot.org.uk

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Senior Tax Adviser

Job summary
To oversee the timely and effective completion of tax projects such as corporate reorganisations, employee share incentives and incorporations etc. Implementing agreed strategies to reduce tax liabilities, whilst identifying further tax mitigation opportunities. Developing detailed project plans with clear timelines and deliverables, whilst also reviewing detailed tax analysis of projects being completed by other members within the team, to ensure strict adherence to current tax legislation and ethical standards. Maintain strong client relationships by providing strategic tax advice and clear communication throughout each project's lifecycle.

Key roles & responsibilities
- Oversee and assist with the preparation of a detailed project plan for each restructure
- Oversee and assist with the completion of a project including, but not limited to, instructing solicitors, completion of relevant HMRC filings, and regular clear communication with the project stakeholders
- Prepare steps plan and comprehensive tax analysis for projects, clearly documenting the different tax implications of the steps involved with reference to the appropriate legislation and case law, including the filings and deadlines required by HMRC and/or other government bodies.
- Review the projects being completed by the Tax Advisers and Junior Tax Advisers, to ensure all necessary steps are followed to maintain integrity with HMRC and other associated government bodies, whilst ensuring the best outcomes are delivered for the client. This includes but is not limited to reviewing HMRC clearance applications, reviewing steps plan and completing comprehensive tax analysis.
- Contribute to a strong client relationship through positive interactions with client personnel.
- Provide accurate and comprehensive tax advice to clients.

Tax Adviser

Job summary
To assist with the timely and effective completion of tax projects such as corporate reorganisations, employee share incentives and incorporations etc. Implementing agreed strategies to reduce tax liabilities, with a view to identifying further tax mitigation opportunities. Assisting with the completion of the various phases of the project, in line with the detailed project plans, including the associated timelines and deliverables, ensuring compliance with current tax legislation and ethical standards. Maintain strong client relationships through clear communication during each project's lifecycle.

Key roles & responsibilities
- Assist with the preparation of a detailed project plan for each restructure
- Assist with the completion of a project including, but not limited to, drafting instructions to the solicitors, drafting of relevant HMRC filings and HMRC clearance applications, and regular clear communication with the project stakeholders
- Contribute to a strong client relationship through positive interactions with client personnel.
- Provide accurate financial and tax advice to clients, seeking advice from other Tax Advisors and Senior Tax Advisors as appropriate.
- Ensure compliance with legal tax and accounting standards.

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- Generous base salary – subject to experience.
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- Flexible working hours
- Profit share scheme (after qualifying period in the role)
- Fully funded study package
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Vacancy: Trust & Tax Manager

We are looking for a Trust & Tax Manager to join our award-winning Private Client department.

Working as part of a team of six, the ideal candidate will have a minimum of 3 years' experience, be confident, able to work to deadlines and manage a busy workload. We need someone who is experienced in preparing and managing trust and tax accounts for our clients, many of whom are HNW, and families. An eye for detail, solid trust accounting experience and a good knowledge of compliance matters are amongst the skills we are looking for.

Skills and competencies

- Diligent
- Excellent analytical and communication skills
- Advanced knowledge of Excel
- A good knowledge of Microsoft Word
- A good knowledge of CCH tax and accounting is strongly desired.

Preferred qualifications

- ATT or CTA a plus.

We're focused on attracting and looking **for** brilliant minds from every background. So, if you're ready to join a firm that 's looking ahead to their next 300 years, we're keen to hear from you.

Additional information

Along with a competitive salary we offer a comprehensive package of benefits that ensure you are rewarded for your hard work whilst giving you a great work-life balance.

Applying is simple: please send us your CV with a cov ering letter. Applications should be addressed t o: pat.fernandes@hunterslaw.com .

The day-to-day work will include:

- Preparation of self-assessment income tax returns and land disposal CGT returns for trusts, estates and individuals
- Preparation of annual trust accounts and associated annual compliance matters
- Preparation of inheritance tax returns in respect of exit charges, 10-year charges, and the termination of life interests
- Arranging payment of tax and corresponding with HMRC as required
- Dealing with FATCA and CRS compliance
- Registering trusts on HMRC's trust register and maintaining the register
- Liaising with trustees, beneficiaries, investment advisers and other professionals
- Attending annual trustee meetings where appropriate
- Being aware of key dates, e.g. birthdays of beneficiaries and meeting deadlines, e.g. for the submission of tax returns and payment of tax.

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Part-time In-house VAT Manager
Leeds or Sheffield
£55,000 to £65,000 FTE

Our client seeks a part time VAT Manager to join in-house team based in Sheffield and Leeds. You can be based in either office. In this role, you will have management and oversight of the group's VAT position, risks and compliance obligations including SAO, VAT audits and queries from the business. This role would suit a qualified tax professional (ACA, ACCA, CTA or equivalent) with proven UK indirect tax experience. This business offers flexible, hybrid working. Looking at a 20 to 25 hour week. **Call Georgiana Ref: 3561**

Corporate Tax Senior
Hull, Goole or Scarborough
£market rate

Our client is a large independent accountancy firm. They seek a Corporate Tax Senior for their rapidly growing team. This opportunity would suit someone who is ATT, ACA, ICAS, ACCA or CTA qualified, but those qualified by experience also considered. This is an excellent opportunity for you to develop your career within corporate tax. You will deal with a mix of compliance and advisory work. Hybrid and flexible working available and part-time also considered. Various locations in North and East Yorkshire considered. **Call Georgiana Ref: 3559**

Associate Director
Manchester
£75,000 to £90,000 + benefits

An excellent opportunity for a qualified tax professional to join the Manchester office of a group which specialises in entertainers and their businesses. You will need a mixed tax background with strong personal tax experience. As well as technical work, you will support business development strategies, including preparing proposals, actively seeking out opportunities, and assisting with marketing initiatives. Looking for strong client handling and managerial skills. This firm offers hybrid working and will consider part-time or flexible hours. Experience of international tax and non-doms an advantage, as would be Industry sector experience. **Call Georgiana Ref: 4000**

OMB Advisory Senior Manager
Leeds
£excellent

This is a great opportunity for an experienced manager or senior manager who enjoys OMB advisory work. In this role, you will report to the Head of Tax of a large independent firm based in the centre of Leeds. This practice has a rich history, is staunchly independent and has a great client base of entrepreneurial businesses. The focus of this role is advisory projects such as succession planning for businesses, profit extraction, sales and acquisitions, group reorganisations, capital allowances planning, share schemes and share valuations. The firm is happy to support hybrid working, and will consider candidates on a full-time or 4 day a week basis. There is also clear scope for progression. **Call Georgiana Ref: 3566**

OMB Advisory Senior Manager
Altrincham
£excellent

This practice specialises in tax advisory work. The team seeks a corporate or mixed tax trained individual at Senior Manager or above with a genuine interest in OMB tax work. Alongside technical work, you will be actively involved in managing and developing more junior staff and building long-term client relationships. You will also get involved with business development with the partners. Key skill requirement is a strong tax background. Hybrid, flexible working available. Would consider remote with occasional travel to the office. **Call Georgiana Ref: 3547**

Personal Tax Manager
Manchester
£excellent + free parking

Personal Tax Manager sought by long-standing independent firm. In this role, you will manage a portfolio of personal tax clients including HNW individuals, business owners, directors, and trusts. You will oversee the preparation and review of personal tax returns, trust returns and inheritance tax accounts, ensuring accuracy and compliance with relevant legislation, and provide tax planning advice on areas such as IHT, CGT, and international tax. Great salary and benefits package, hybrid and flexible working available, part time considered. **Call Georgiana Ref: 3540**

www.georgianaheadrecruitment.com

Corporate Tax AM or Manager
Leeds
£47,000 to £60,000 + benefits

Our client is a Big 4 accountancy firm. They seek corporate tax staff to deal with a mix of client compliance delivery and advisory work. It is likely that you will be ACA, ICAS or CTA qualified with proven UK corporate tax experience. You will get the opportunity to work on a wide range of clients from dynamic OMB's to large international groups. Would consider someone who has mainly worked in industry or candidates from smaller firms looking to join a larger practice. The key to these roles is the ability to build long-term client relationships. **Call Georgiana Ref: 3531**

In-house Tax Adviser
Warrington
£55,000 to £65,000

FTSE Group seeks a corporate tax professional. In this role, you will work within an established in-house tax team. You will support the corporate compliance and reporting for the group as well as a variety of ad-hoc advisory projects. This role would suit those who have already worked in-house or those in practice looking to make their first move into industry, and has great opportunities for future development. Hybrid working (3 days in the office if full-time), part-time and flexible working available. Friendly team and good quality work. **Call Georgiana Ref: 3563**

Tax Partner Roles
Nationwide

Our client is a rapidly growing, innovative, multi-office, independent firm. For the next stage of their development, they seek several experienced tax partners who can win work, manage and develop teams and produce technical tax work. This firm will consider hires throughout the country, including London, Manchester, Birmingham and Leeds. They are interested in talking to directors and partners with proven experience of OMB tax, private client, VAT or corporate tax. Full- and part-time hires considered, excellent prospects. **Call Georgiana Ref: 3541**

Mixed Tax Advisory Senior Manager
Hull
£excellent

Our client is a large independent accountancy firm. They seek an advisory tax specialist for a mixed tax role, working to partners on a wide range of work for HNW individuals, owner managers and their businesses. It is likely that you will be manager level or above and that you will have a relevant professional qualification (CTA, ACA, ICAS or former Inspector of Taxes). Hybrid and flexible working available, and part-time also considered. There is the opportunity for career progression. Excellent Local role in East Yorkshire. **Call Georgiana Ref: 3560**

Trust Manager /Senior Manager
Leeds
£excellent

Our client is a well regarded law firm which is known for its highly rated private client practice. This firm seeks a trust manager to run the everyday trust admin, trust tax and basic trust accounts for a portfolio of trusts and settlements and potentially some related HNW personal tax work for beneficiaries. Our client would consider part-time, hybrid and flexible working for the right individual. You will get to deal with some great clients and really interesting work . You will need proven UK trust experience – STEP or ATT would be advantageous. **Call Georgiana Ref:3510**

Trust Director
Poole, Salisbury, Exeter or Truro

Large independent firm seeks a Trust Tax Director to head a trust team across the South West. This is an exciting opportunity to live in a beautiful part of the world and deal with great quality client work. This role could suit an experienced Senior Manager looking for a step up to Director. In this role, you will manage and develop a team and will be actively involved in client management and technical work. It is likely that you will be ATT and CTA qualified (STEP would be advantageous too). Hybrid and flexible working available. **Call Georgiana Ref: 3546**

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Corporate Tax Director

As a Corporate Tax Director, you will play a key role in leading and managing our corporate tax advisory and compliance services. You will provide expert tax advice to clients, oversee complex tax matters, and support the development of our tax team. This position requires a strong understanding of the UK corporate tax law, significant experience in tax advisory and compliance, and a strong capability to develop and implement strategic tax solutions.

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Corporate Tax Manager

We are seeking a highly experienced and motivated Corporate Tax Manager/Senior Manager to play an integral role within our dynamic tax team. This senior role offers the opportunity to take ownership of key client relationships, drive the delivery of complex tax projects, and help to shape the future of our tax practice. You will work closely with partners and other senior leaders to develop and implement strategies that support both client and business growth, while providing guidance and mentorship to team members.

Private Tax · Northampton

Tax Trainee

This is a fantastic opportunity for an individual starting their career in tax to develop their skills and gain hands-on experience in a supportive and professional environment. Working alongside experienced accounting and audit professionals, you will assist in delivering efficient and accurate accounting services to a varied portfolio of clients across different industries.

Private Tax · Northampton / Lincoln

Private Client Tax Senior Manager

We are seeking a highly experienced and motivated Senior Manager to play an integral role in helping to shape our growing Private Client Tax practice. This senior leadership role offers the opportunity to take ownership of strategic client relationships, lead complex advisory projects, and drive the growth of the firm's private client offering. You will work directly with partners and other senior leaders to design and implement strategies that enhance client value, grow the practice, and develop the next generation of talent within the team.

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IN HOUSE TAX MANAGER

WIRRAL To £90,000

This leading global manufacturer has created a brand new in house tax role due to a recent acquisition. Initially the role will focus on CT compliance, reporting and governance with the opportunity to expand the role to cover additional international entities and projects such as future acquisitions. The role is stand alone in the UK but part of a larger global tax team. Ideally you will be ACA/ CTA qualified with solid UK tax experience and likely operating as an experienced manager or Senior Manager. Great opportunities for future development. **REF: R3666**

TAX DIRECTOR

NORTH EAST £flexible dep on exp

Our client is a leading regional firm with an established network of offices. It is now looking to grow its tax offering and bring in a qualified Tax Director. This is a great opportunity if you have prior private client tax experience or a mixed tax background and would suit either an established tax director or a senior manager looking to make a step-up. **REF: 03670**

CORP. TAX COMPLIANCE MANAGER

MANCHESTER To £60,000

This leading independent firm is looking to recruit ambitious Assistant Managers and Managers with a minimum of 3-4 years' experience in corporate tax compliance to join them in Manchester. You'll work with diverse clients on exciting projects on a no-timesheet basis! Working with a team that respects your work-life balance and is hugely supportive, you will ideally be ATT/CTA/ACA qualified, with strong compliance, accounting and client-facing experience. **REF: C3668**

CORPORATE TAX SENIOR M'GER

LEEDS To £80,000 dep on exp

A great opportunity to join our clients corporate tax team. If you are an experienced manager and frustrated with a lack of progression at your current firm then this could be the perfect career move. The position will mainly be a tax compliance and reporting role with added people management responsibilities. **REF: 03659**

ASSOCIATE TAX DIRECTOR

MANCHESTER To £90,000 plus bonus

Our client is a specialist business advisory firm, with a very strong presence and history in Manchester. Due to growth, it is now seeking a new Associate Tax Director to take the lead on advisory work for a portfolio of both private and corporate clients, including some complex compliance and planning projects. With a fantastic team to manage and a high-profile client base, this role is a fantastic opportunity for your future. **REF: C3674**

CORPORATE TAX PARTNER

MANCHESTER £generous package inc equity

This Top 10 firm is embarking on an exciting period of growth in the North (and nationally) and is looking for an experienced mid-market Corporate Tax Partner to play a pivotal role in the leadership and development of the tax practice in Manchester. You will have experience working with large OMB and PE backed clients and be market facing with strong connections in the local market. This is a rare opportunity to join a thriving global business in a career defining role. **REF: A3553**

SENIOR TAX ACCOUNTANT

MANCHESTER To £60,000

Joining this large ambitious global business you will play a crucial role within the tax team, working closely with the Senior Tax Manager. This position offers a unique opportunity to oversee international tax compliance, particularly focusing on the UK and Europe and manage the relationships with tax advisors. You will collaborate across the finance & corporate teams to identify tax-related issues, opportunities, and management of existing structures. **REF: R3675**

longman
tax recruitment

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