November 2025

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Chartered Institute of Taxation.

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Wealth taxation remains the fiercest political dividing line

+

Inheritance tax reform

From April 2027, pensions will become subject to inheritance tax

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Employer of Record model

Understanding and managing UK employment tax obligations

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HELEN WHITEMAN
JANE ASHTON

Welcome
Reaching out to members

Last month, CIOT President Nichola Ross Martin and ATT President Graham Batty were delighted to host the Joint Presidents' Reception at the Buffini Chao Deck at the National Theatre on the South Bank in London. The evening was a celebration of our Council, Branch and committee representatives and all our other volunteers who devote time and expertise to the CIOT and ATT. We truly appreciate all their knowledge and support, and we hope they enjoyed the evening as much as we did.

The CIOT Presidential team and Helen were delighted to welcome 160 members to our Cambridge autumn conference (see page 50). Next year's conference will be held on 18-20 September.

Nichola Ross Martin, Vice President John Barnett and Head of External Relations George Crozier hosted debates at the Labour and Conservative party conferences. Focused on whether we can design a tax system that taxes wealth and capital fairly and is pro-growth, both events proved popular and were standing room only! See page 32 for highlights.

On Thursday 26 November, Rachel Reeves will deliver her second Budget statement. Proposed changes to capital taxes, pensions and the taxation of private residences have all attracted attention, but we'll have to wait and see exactly what she announces. Both the CIOT and ATT have made pre-Budget representations, and our technical teams will closely monitor how many of our recommendations are taken forward.

We value the chance to celebrate the incredible contributions of our volunteers, and it's encouraging that even our external partners recognise and support our mission. As part of this effort, the ATT's Step into Tax campaign was nominated by our marketing agency, DTW, at this year's Memcom Excellence Awards in the category of 'Best Use of Video'. Whist we didn't take home the top prize, we were proud to be 'Highly Commended', a testament to the creativity and hard work that went into our campaign.

Many ATT members are now making use of a valuable new benefit: one year's free digital access to Claritax's Essential Tax Library, starting in September. This includes five key titles, ranging from *Income tax* to *Capital allowances*. Other ATT member benefits include an annotated copy of the Finance Act, *Tolley's Annual Tax Guide*, *Whillans's Tax Tables*, our Weekly Newsletter – and our handy mouse mat! ATT members and students can also join our Mentoring Programme.

CIOT members can join the ATT without sitting any exams and will enjoy all the above benefits at a reduced subscription rate. You can find out more at tinyurl.com/msbd3n6e.

For those seeking to increase their CPD, on 3 and 9 December the ATT, in collaboration with the AAT, will present two Sharpen Your Tax Skills events. ATT Deputy President Barry Jefferd and the ATT technical team will provide a topical tax update, plus sessions on sole traders, employee benefits, and an update on penalties and getting help from HMRC. As always, the sessions will include plenty of practical and interactive examples. Register at tinyurl.com/53anhhsb.

For those members who specialise in indirect taxes, the CIOT Indirect Taxes Annual Conference 2025 is a must to attend. This year's full day conference takes place on Wednesday 12 November 2025 at One Great George Street, London. It will include sessions on International VAT and Land, property and construction, as well as a Case law update. Find out and register at tinyurl.com/yxk3vsvz.

Finally, to the thousands of students sitting our CIOT and ATT examination papers this month, we wish you all the very best, and look forward to welcoming you into membership at some stage in the future.

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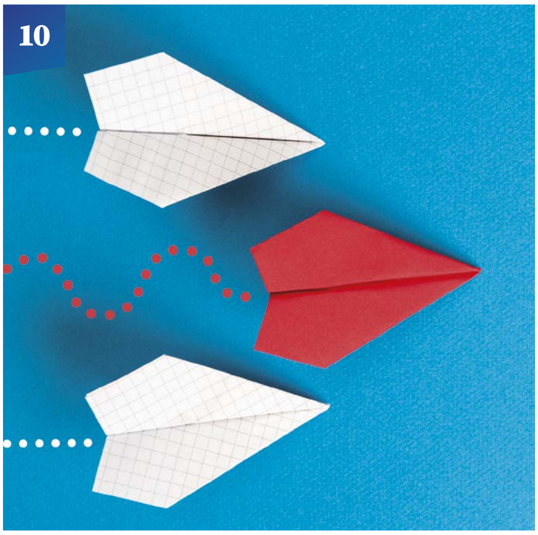

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NICHOLA ROSS MARTIN
PRESIDENT

Autumn reflections

> The talk these days is all about 'guard rails', rather than 'safeguards'. There is a material difference between the two.

I am now in the Autumn 'term' of my presidency. September and October have both been busy months – not just for me but for the Institute as a whole.

The CIOT Technical Teams have worked incredibly hard to prepare detailed submissions in response to the draft Finance Bill. Some of the measures have the potential to significantly affect tax agents: the proposals to introduce mandatory tax adviser registration with HMRC; and new provisions targeting promoters of marketed tax avoidance schemes and tax adviser-facilitated non-compliance. We are concerned that parts of the draft legislation may not achieve their intended effect, and that by introducing tax adviser registration HMRC risks becoming a regulator – which is perhaps a step too far.

I note that the talk these days is all about 'guard rails', rather than 'safeguards'. In my view, there is a material difference between the two: in a physical journey, guard rails support and direct you, guiding and channelling you as you progress. However, safeguards will protect you by placing wider controls and limits on HMRC's powers. As the target of legislation, you may well prefer the protection of safeguards.

HMRC held its annual Stakeholder Conference in September with workshops covering tax technology, digitalisation and their impacts. Engagement was high, with stakeholders actively making suggestions to HMRC, particularly on Making Tax Digital (MTD) for Income Tax. A big issue for HMRC is how to engage with taxpayers who do not have agents – many struggle to choose the right software and to use it effectively. Turning to a tax adviser is an obvious solution – but many filing DIY tax returns under Self Assessment will be very cost conscious.

The full CIOT Presidential team attended the Autumn Residential Conference, where it was my privilege to introduce our celebrity speaker, Simon Weston, whose talk received a standing ovation. We had a great range of technical talks, and delegates were clearly concerned about the government's changes to inheritance tax (IHT) – both the restrictions to APR and BPR, and bringing unspent pensions into IHT (which is difficult to plan for their older clients).

It was fascinating to be able to chair debates at two recent party conferences on the question: 'Is it possible to design a tax system which taxes the wealthy and is pro-growth?' The debates are available in full on our website (and there is a summary on page 32), but I want to share my highlights of these fruitful discussions. Most importantly, given our charitable and non-political status and our objective of promoting education in taxation, we had a mass of engagement from the public. Both debates were standing room only.

My take on the panel's conclusions is that if there is to be a wealth tax, it would probably have to be a one-off – however, valuation would be problematic on a cost versus benefits basis. Everyone would like to see wider reform to the tax system but it may be more fruitful to look at UK property taxation. There was little appetite for a wealth tax. To raise a lot of tax, you need to pick the tax with the biggest base and so increasing income tax would be a greater revenue raiser.

Feedback from audience members suggests that no one would object if the government broke its manifesto pledges on income tax – especially as the freezing of allowances is no different to a rise in any of the headline rates once you consider the effects of inflation.

I have also had the pleasure in presenting awards at the recent admission ceremonies for the Advanced Diploma in International Taxation (ADIT) and the Diploma in Tax Technology (DITT). I visited the CIOT's Jersey branch for a talk on MTD, and the CIOT held a Small Business roundtable in London discussing the administrative burdens on small business with speakers from the FSB and HMRC.

Finally, it was a joy to share the hosting of a wonderful evening at the joint CIOT/ATT Presidents' Reception at the National Theatre. It is an amazing venue and we certainly enjoyed some 'NT sparkle', with a display of lovely costumes and intriguing props. I had the opportunity to do a shout out for the creative industries, as well as presenting awards to a selection of our volunteers, including past president Charlotte Barbour and retiring Council members Iain Hayes and Dr Penelope Tuck. We will shortly be recruiting for new Council members. Why don't you apply?

Nichola Ross Martin
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Chartered Institute of Taxation.

BARRY JEFFERD
DEPUTY PRESIDENT

Raising public awareness

> Emma Rawson recently summed up our overarching goal – we want to be the go-to organisation for 'Practical Tax Matters'.

Barry Jefferd
ATT Deputy President
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I am extremely proud of being a member of ATT – which is one of the reasons I volunteered to become involved with the Association. One of the big advantages of volunteering is seeing at first hand the work that ATT carries out both for its members and to meet its charitable objectives. A members' organisation and a charity are interesting bedfellows, yet it works. At all times, we must remain aware of our charitable objectives: one of our key objectives is to 'advance public education in and promote the study of the administration and practice of taxation'.

One way we achieve this is by the incredible work carried out by our technical team. Under the guidance of our Director of Public Policy Emma Rawson, we now have six technical officers – Helen Thornley, David Wright, Steven Pinhey, Autumn Murphy, Chris Campbell and Senga Prior – working tirelessly on behalf of the Association. Senga's name will, of course, be familiar to you as a former President of the ATT, and I know she shares my pride in what we achieve.

What makes the ATT stand out from other organisations is its engagement where it matters, including in the public domain. Emma recently summed up our overarching goal – we want to be the go-to organisation for 'Practical Tax Matters".

As you are all aware, MTD for Income Tax is being introduced from next April. This will be hugely significant for our members, as well as for the business community and landlords affected by this change. Senga is currently on secondment to HMRC, working with the civil servants to share her considerable practical knowledge in the theoretical world of the department. This can only be to the benefit of members and the public.

Our officers regularly appear in the media talking about tax. This is not easy, as we know tax is challenging (as well as being fun!) and it is difficult to convey simple, clear messages. Recently, I listened to Emma on BBC Radio 4's Today programme. The interviewer clearly had a list of questions she was going to ask and stuck rigidly to her script! Yet Emma delivered her points clearly and professionally.

Helen seems to be a favourite of Money Box, and on many a Saturday lunchtime I have heard her explaining the latest new tax ideas with clarity. When asked if it was fair that dividends are taxed at a lower rate then other income, she explained that this was because dividends are paid out of profits after corporation tax. The presenter Paul Lewis replied: 'Yes, I have heard some people use that argument before.' A good argument, I'd say! Not all of our engagement is with Radio 4 – we also feature on other radio stations, television and various newspapers and magazines. You'll find the highlights in the Briefings section in every issue of Tax Adviser!

Another way we engage is though our schools programme. We regularly attend schools, universities and careers fairs to promote a career in tax or to explain to young people how taxation affects their daily lives – this engagement is vital to increasing public awareness. We have a good selection of resources available, so if you are interested in helping with this project then please contact us.

If you want to see some of the technical team in action, then why not sign up for the joint ATT/AAT Sharpen your Tax Skills Virtual Tax Conference. There is a choice of Wednesday 3 or Tuesday 9 December. The afternoon presentations are by the technical team, who will provide a practical insight into diverse matters such as sole trader updates, employee benefits and the dreaded penalties. I will be presenting the morning session, focusing on recent changes including the Budget the week before. My talk will not be a re-run of the Budget but will look at its impact from a practical perspective. Discounts on the course fees are available for ATT members so head to our website and book now.

The technical team welcome engagement from members. They cannot answer technical questions but if there are recurring compliance issues then do let the team know. We have good access to those people in HMRC who can make a difference and whilst we do not have a magic wand, armed with those pivotal problems we can try and get practical solutions.

I started by saying how proud I am to be an ATT member. Thinking about the work our technical team do, just makes me even prouder.

Early preparation
Suitable accounting software

How can the self-employed and landlords prepare to keep and submit records digitally under Making Tax Digital for Income Tax?

by Bill Dodwell

Making Tax Digital for Income Tax Self Assessment – to give it the formal name – arrives on 6 April 2026. Tax agents are working hard to get themselves and their clients ready. However, this article isn't for tax agents. Instead, it's for anyone without an agent or other adviser, who might be affected by its introduction.

MTD has three main requirements:

- Digital records of revenues and expenses must be kept.
- The amounts in each quarter must be sent to HMRC using software.
- Finally, software must be used to make any year-end adjustments, submit the initial year-end tax return, including other income and expense, receive the calculation of tax due from HMRC and then submit the final return.

MTD applies to self-employed people and landlords with sales or gross rents above £20,000, and is being introduced in three phases. Those with sales or gross rents above £50,000 have the privilege of joining first – on 6 April 2026. Gross revenues are measured in the year before commencement (so the 2024-25 tax year).

Those with revenues above £30,000 in 2025-26 start on 6 April 2027 and those with revenues above £20,000 start from 6 April 2028. The Chancellor said in 2024 that MTD could be introduced at some future date for those with revenues below £20,000, but we don't know whether or when this could happen.

Record keeping

The first thing to do is to submit the Self Assessment tax return for 2024-25, to confirm whether MTD will apply. There are exemptions from MTD, based on digital exclusion (prevented by health or active religious participation, or lack of internet availability in the location).

Keeping digital records will be straightforward in most cases. It simply means keeping a record of each sale (or rent received) and each expense. Someone with very simple affairs could keep these details as entries on a spreadsheet. There is no need for the actual sales or purchase invoices to be kept digitally, although it would almost certainly be easier to do so. Copying and pasting between digital sources won't meet the requirements, but importing a CSV file with bank data would be acceptable.

Accounting software

Most people will find it productive to use accounting software – and it's worth thinking how software could help the business. Could software send out invoices, for example? HMRC has produced a guide to available software, with about 30 packages ready now, and a further 16 packages in development (see tinyurl.com/2754d3w5).

There are two main types of software: 'all in one' packages, which keep digital records, do the quarterly data uploads and complete the year end return; and filing or bridging software, which links to a spreadsheet or specialist business accounting software. Filing software will submit the quarterly updates and complete the year-end return. Some software will be free, including from some well-known accounting software providers, but expect limitations on what free software will cover. Some banks are offering free software with a business bank account.

HMRC's interactive software choices tool shows which supports specific income and expense sources as part of the year-end return. The interactive tool continues to be developed, so it's worth checking on the developer's website that their software will meet your needs.

It's almost certainly worth having a separate bank account for your activity and linking accounting software to it to download transactions. Do watch out for possible double counting. Bank account entries should link to purchase and sales invoices, so don't enter them twice! It may also be helpful to sign up for a bookkeeping course.

Taxpayers need to sign up for MTD, which is done at tinyurl.com/56n88es5. You should sign up in advance and you may be offered the opportunity to join the MTD pilot operating now. Unless you are very keen, it's probably best simply to register for 2026 (or later for those with lower revenues). It's different for agents, who would benefit from joining the pilot.

Two other areas to watch for in choosing software: accounting method and year-end. Will you use cash accounting, which means entering revenues and expenses when the money is received or spent? Or will the activity use so-called traditional accounting? Some packages only work on the cash basis. HMRC define the standard year end as 5 April, but many people will prefer to use a month end. 31 March is straightforward, but anyone using something different, such as 30 September or 31 December, should probably take advice.

It's time to prepare – and to consider how to make the most of an accounting package in running a business.

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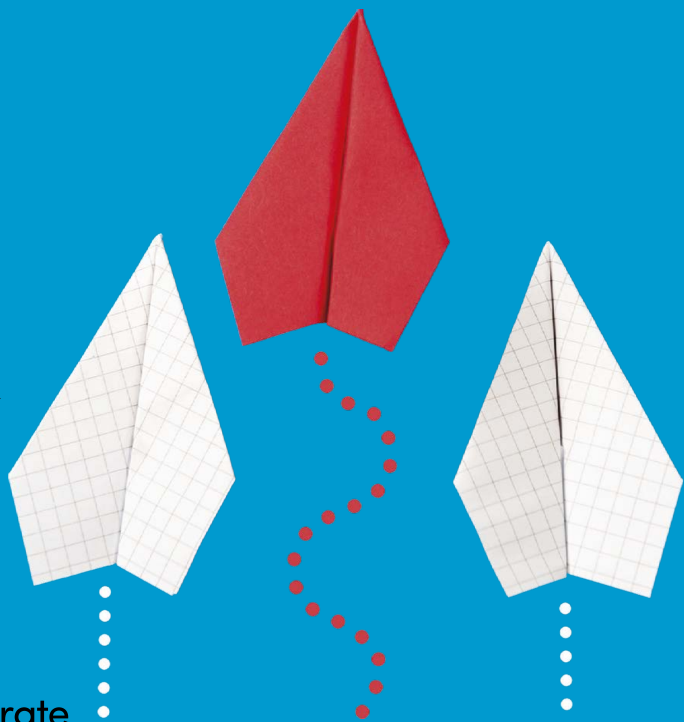
Pensions and inheritance tax

Revisiting assumptions



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From April 2027, major reforms will integrate pension funds into the inheritance tax net, altering longstanding planning assumptions and raising new administrative challenges.

by Harriet Betteridge

The government's draft legislation on the inheritance tax treatment of pensions represents one of the most far-reaching changes to estate and pensions taxation in recent memory. Initially announced in the Autumn Budget in 2024, the new rules which were published in August, following consultation earlier this year, are expected to raise £1.46 billion by 2029/30.

However, their implications go far beyond fiscal yield for tax professionals and financial advisers. They raise intricate compliance and administrative questions. Perhaps even more significantly, they will change longstanding assumptions about how pensions fit into intergenerational wealth planning.

A new chapter for pensions and inheritance tax

From April 2027, pension funds will fall within the scope of inheritance tax, even where scheme trustees or administrators retain discretion over the payment of death benefits. In policy terms, this is a clear departure from the framework established under the 2015 pension freedoms, which cemented the idea that undrawn pension funds should generally remain outside the estate for inheritance tax purposes.

This change is not merely technical. For decades, pensions have been viewed as one of the most effective vehicles for intergenerational wealth transfer, a tax-efficient 'safe harbour' where assets could accumulate without falling into the inheritance tax net. That treatment has encouraged both advisers and clients to leave pensions untouched for as long as possible, drawing instead on taxable assets first.

Under the new regime, that logic no longer holds. Pensions will be treated like other assets for inheritance tax purposes, and advisers must now revisit the assumptions underpinning retirement and estate planning strategies.

Personal representatives take centre stage

One of the most striking elements of the draft legislation is the shift in responsibility for inheritance tax reporting and payment. Initially, pension scheme administrators were expected to bear this obligation.

However, after significant industry lobbying, the government confirmed that personal representatives, executors or administrators of the deceased's estate will instead be responsible for reporting and paying any inheritance tax due on unused pension funds and death benefits.

> **Key Points**
>
> **What is the issue?**
> From April 2027, pensions will become subject to inheritance tax, ending their longstanding exemption and changing how they fit into estate planning. This shift means executors, not pension administrators, will be responsible for reporting and paying the tax, creating new administrative and financial challenges.
>
> **What does it mean to me?**
> If you hold significant pension wealth, it may now face inheritance tax when you die, reducing what passes to your beneficiaries. You and your executors will need to plan carefully for liquidity, administration and potential double-taxation risks.
>
> **What can I take away?**
> Review your estate plans, pension nominations, and executor choices well before the 2027 implementation date. Early, proactive planning with advisers can help to minimise tax exposure and ensure your estate is administered smoothly under the new rules.

This outcome will be welcomed by pension scheme administrators, who are now relieved of an administrative and legal burden. For personal representatives, however, the consequences are far more challenging. They will be liable for tax on assets they do not control, may not even know exist at the outset, and cannot directly access.

In some cases, personal representatives may need to pursue beneficiaries or scheme administrators to recover inheritance tax they have paid from the estate's free assets. This could create serious cash flow and timing pressures. Executors may struggle to fund liabilities before probate is granted, risking high interest charges on unpaid tax. Even relatively straightforward estates could face longer administration periods, particularly where multiple pension arrangements are involved.

There is also a behavioural dimension to this. Given the increased risk and complexity, some individuals may be less willing to act as executors in future, especially for large or intricate estates that include substantial pension wealth.

Reliefs, exemptions and structural challenges

Certain longstanding reliefs remain intact. Transfers of pensions to a spouse, civil partner or charity will continue to be exempt from inheritance tax, and death-in-service benefits paid from registered schemes will stay outside the tax's scope.

However, pensions will not benefit from business property relief or agricultural property relief, even if the underlying assets within the pension would qualify for relief if held directly. For clients with trading businesses or agricultural holdings within their pension portfolios, this will significantly reduce flexibility and could have unintended consequences for diversification and liquidity planning.

A new statutory mechanism will allow beneficiaries to request that the pension scheme administrator pays inheritance tax directly from the pension fund, but only where the tax exceeds £4,000. This could provide some practical relief, yet the right is limited. Personal representatives cannot make such a request on behalf of minors or beneficiaries lacking mental capacity, a restriction which is likely to create real difficulties in practice. Many pension nominations include young children or dependants, and advisers will need to plan carefully around this.

If personal representatives instead settle the liability from the free estate, they retain a statutory right to reimbursement from the beneficiary or pension fund. However, in practice this means funding the payment upfront and seeking recovery later, not an attractive prospect in large or contested estates.

Finally, while pension scheme administrators have avoided direct tax responsibilities, they are not entirely off the hook. If a pension scheme administrator fails to comply with a valid beneficiary request to pay inheritance tax, they may become personally liable for the tax due. Trustees, however, are protected unless they also act as administrators.

Administrative and technical complexities

The draft legislation introduces several new operational challenges. For example, the nil-rate band will need to be apportioned across the free estate, settled property and pension funds. This could complicate calculations and lead to disputes, particularly if additional pensions come to light after initial returns have been filed. Personal representatives may be reluctant to finalise distributions until all pensions have been confirmed, further delaying estate completion.

There are also unanswered questions about valuation methodology, the treatment of defined benefit schemes, and the interaction between inheritance tax and income tax when pension assets are used to pay the tax itself. The government has confirmed that where inheritance tax is settled from a pension, the corresponding income will be reduced for income tax purposes.

Whilst this is helpful, it applies only to inheritance tax on the pension in question, not to liabilities on other assets paid using pension withdrawals. In those cases, beneficiaries could face a double tax drag: income tax on withdrawals plus inheritance tax on the estate.

Strategic responses: what advisers should consider now

For years, advisers have worked from a straightforward assumption: draw on taxable assets first and leave pensions intact. That assumption will now need to evolve. The shift in policy demands a rethink of how and when pensions are accessed, and how they fit into wider succession planning.

1. Review estate plans comprehensively
Clients whose pensions make up a significant proportion of their total wealth should undergo a full estate planning review. This includes modelling inheritance tax liabilities under the new framework, assessing liquidity shortfalls and stress-testing cash flow for executors.

2. Examine pension nomination forms
Many nomination forms will need to be revisited. In some cases, leaving pensions directly to executors rather than individual beneficiaries may simplify administration and payment of inheritance tax, though this may not always align with personal or family wishes.

3. Address liquidity and funding risk
Executors will need access to cash or liquid assets to fund inheritance tax before probate. Advisers should explore liquidity planning tools, such as life policies written in trust, designated cash reserves or partial drawdowns timed to coincide with probate milestones.

4. Reconsider investment structure
There may be renewed interest in transferring assets out of pensions into vehicles qualifying for business property relief or agricultural property relief, though valuation, liquidity and market considerations will limit this strategy's appeal. Others may explore lifetime trusts or family investment companies to achieve flexibility while managing exposure.

5. Monitor lifetime gifting and drawdowns
HMRC has signalled growing concern about individuals withdrawing large sums from pensions to make lifetime gifts. Currently, such gifts can fall under exemptions for regular gifts out of income or as potentially exempt transfers. However, there is increasing speculation that new restrictions could be introduced, especially if HMRC perceives abuse of these rules. Practitioners should watch this space closely, particularly in the lead-up to the Autumn Budget 2025, which may clarify the government's approach.

6. Strengthen executor selection and guidance
With personal representatives now on the front line, advisers should ensure that clients choose executors capable of handling complex estates, ideally with professional support. It may also be worth revising letters of wishes or appointment documents to make explicit reference to pension-related inheritance tax liabilities.

Behavioural and market impacts

The Treasury's forecast assumes minimal behavioural change, and that individuals will continue to hold pension wealth as before, simply paying more tax on death. In practice, behavioural change is inevitable. The inclusion of pensions within inheritance tax fundamentally alters incentives.

Some clients may accelerate withdrawals to reduce taxable pension balances before death, particularly if their marginal income tax rate is lower than the effective inheritance tax rate. Others may use pension funds for lifetime gifting or reinvestment into relievable assets, such as trading companies or farmland, although this carries its own risks and complexities.

At the institutional level, pension providers and administrators will need to update systems, documentation and communications to reflect the new regime, particularly around nomination forms and death benefit processes.

The administrative burden on trustees and personal representatives alike will increase.

There could also be an indirect impact on pension saving behaviour. Some individuals, especially those with larger estates, may see pensions as less attractive once they lose their relative inheritance tax advantage, potentially shifting capital into ISAs, investment portfolios or trusts. Advisers will need to balance these considerations carefully against income tax, capital gains and contribution limits.

Key technical questions that remain

Several areas of the legislation are still open to clarification or amendment. Among them are the timing of liability and the valuation basis of defined benefit schemes and illiquid assets.

Finally, questions remain around double taxation and transitional rules, whether any further relief will be provided to prevent overlapping income and inheritance tax charges on the same funds, and how pensions drawn down or partially crystallised before April 2027 will be treated.

Until HMRC issues detailed guidance, advisers will need to make pragmatic assumptions based on existing inheritance tax principles and prior case law.

Practical steps before 2027

Although April 2027 may seem distant, advisers will need to start preparing clients for these changes now. Steps to consider include early engagement with executors and trustees to clarify responsibilities, data gathering to identify all pension schemes and death benefit arrangements within client portfolios and scenario modelling to estimate potential inheritance tax exposure and liquidity needs.

Client communication to explain the upcoming changes and manage expectations and coordination with legal advisers to ensure wills, trusts and nominations align with the new framework will also be required.

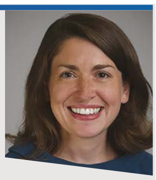
The introduction of inheritance tax on pensions represents both a compliance challenge and a strategic opportunity. Advisers who act early will be best placed to guide clients through a complex transition.

Looking ahead

The government's reforms mark a decisive shift in the UK's approach to pension taxation, one that will blur the longstanding boundary between retirement planning and estate planning. What was once a protected asset class will now demand the same level of attention and precision as other components of a client's estate.

As the policy landscape evolves, the most effective advisers will be those who can interpret complexity into actionable guidance: helping clients to structure estates efficiently, maintain liquidity and preserve family wealth despite a tightening fiscal environment.

Pensions are no longer immune from inheritance tax. Tax professionals will need to demonstrate technical expertise, foresight and proactive planning in order to prepare their clients for these changes.



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Lease extensions The tax implications

© Getty images

Lease extensions within shared freehold arrangements can create complex tax consequences for both companies and individual leaseholders.

by Ray Magill

In his article 'Leasehold Interests: controversial tax implications' (*Tax Adviser*, October 2025), Leigh Sayliss questions HMRC's position on the taxation of lease extensions. While his article raises some interesting concerns, on this occasion I must side with HMRC.

In England and Wales, there is no such thing as the freehold reversion to an individual flat within a block. The freehold interest encompasses the land beneath the building and the common parts, subject to the leases of the individual flats. When a leaseholder of one of the flats wants to extend their lease, they pay the freeholder, who then makes a part disposal for capital gains tax purposes.

If the freehold is jointly owned by some or all the lessees – perhaps through a company as nominee – that is a part disposal of each lessee's interest in the freehold.

For example, suppose Jack owns one flat in a block of ten flats where the freehold is owned collectively by the lessees. Jack pays a £4,000 premium to extend his lease, so each of the other nine lessees will receive £400 from Jack. This amount is too small to trigger a capital gains tax liability unless the lessees have already used their annual exemption and allowable losses. The main residence exemption will not apply as it is not a gain on an interest in the lessees' flats.

If the freehold is owned beneficially by a company whose shares are owned by some or all the lessees, those lessees might think that they effectively own the freehold, so that Jack needs to pay nothing for an extension. Unfortunately, of course, for tax purposes the disposal consideration will be deemed to be equal to the open market value. Unless the company receives ground rents, it is likely to have no liquid assets to meet the corporation tax liability on its part disposal. The individual lessees will therefore have to finance the company through loans.

Furthermore, the lessees – as shareholders and possibly directors – would have personal income tax liabilities on distributions under Corporation Tax Action 2010 s1064 CTA, and the company will face a liability for Class 1A NIC. (These liabilities will also be financed by loans.)

Strictly, a lease 'extension' involves the surrender of the current lease (i.e. a disposal) and the grant of a new one. If the lease extension is granted on arm's length terms, ESC D39 will apply; otherwise, the transaction will be taxed on the basis that there is a disposal of the lessee's current lease and the grant of a new lease. Thus, if the lessee does not pay the full market price for a lease extension, they might face a chargeable gain on disposal of their lease – though a main residence exemption is often available.

If actual consideration is given, the lessees might expect the company to distribute the post-tax profit by way of dividend.

Practical considerations

Suppose that Jack's £4,000 payment is equal to market value, and the chargeable gain is £3,500. The company's corporation tax liability at 19% would be £693, leaving £3,307 to be distributed. The shareholders would receive about £331 each. Thus, when a company owns the freehold beneficially, Jack faces two choices.

Jack could choose to pay the market price of £4,000 to the company and receive a dividend of £331, plus lending the company £693 to meet its corporation tax liability – a total outlay £4,362. Jack's nine fellow lessees would also each receive a dividend of £331, totalling £2,979.

Alternatively, Jack could pay no consideration and instead:

- incur income tax on a £4,000 benefit in kind as a director at 20%, 40% or 45%; or incur income tax on a distribution of £4,000 as a shareholder at 8.75%, 33.75% or 39.35% (the worst case scenario would be to pay £1,800 – a rate of 45% on £4,000);
- lend the company £693 to meet its corporation tax liability; and
- lend the company £600 to meet the 15% Class 1A NIC liability on the benefit in kind if Jack is a director.
- This would amount to a total outlay up to £3,093.

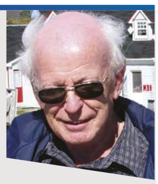
For stamp duty land tax purposes, neither the surrender of the existing lease nor the grant of a new lease applies as chargeable consideration under Finance Act 2003 Sch 17A para16. Only the actual cash payment is chargeable consideration.

Key Points

What is the issue?
When leaseholders extend leases in blocks where they collectively own the freehold, complex tax consequences arise for both the company and the individual lessees, as the company is deemed to receive market value consideration.

What does it mean to me?
HMRC's view is that such transactions involve part disposals, generating potential corporation tax, income tax, Class 1A NIC liabilities and shareholder income tax liabilities.

What can I take away?
Extending a lease through a shared freehold company should be carefully structured and priced at arm's length to avoid additional tax exposure.



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The Employer of Record model

Employment tax considerations

We consider the increasing use of the Employer of Record model, and the importance of understanding and managing UK employment tax obligations.

by Clare Fazal

Key Points

What is the issue?
There is concern that organisations are failing to consider the potential continued UK employment tax consequences for business travellers to the UK who are engaged via an Employer of Record (EOR) model.

What does it mean to me?
Even when using an EOR model, the organisation retains crucial employment tax responsibilities for business travellers. Failure to understand and meet these obligations can result in PAYE failure with associated consequences of being charged interest and potentially penalties.

What can I take away?
Organisations must ensure that there are robust monitoring processes in place with regards to identifying continuing UK employment tax obligations for EOR engaged business travellers.

We are operating in a world where attracting and retaining talent is a challenge that all organisations are facing, with workers seeking roles that give them the flexibility to work when and where they choose, while organisations also seek the candidate with the right skills to fill their role from the global talent market.

This is driving the need for organisations to consider a suite of engagement models when hiring individuals, including the Employer of Record (EOR) model.

In this article, we'll explain what the EOR model is and then focus on the continuing UK employment tax compliance obligations for organisations utilising an EOR – which many are at risk of failing to consider.

What is an Employer of Record?

An EOR is a third-party service provider that acts as the legal employer of an individual and discharges 'employer functions' in the work location; for example, income tax and social security payroll withholding, and provision of other mandatory benefits. The EOR then assigns the individual exclusively back to the end-user organisation, via a service agreement, which provides control over the day-to-day activities, job duties and responsibilities of the worker. See the ***Employer of Record model*** opposite.

The Employer of Record model

There are a number of names and acronyms used in the market – such as Global Employment Outsourcing (GEO) and Professional Employer Organisation (PEO) – to describe an EOR (or similar, but nuanced structures).

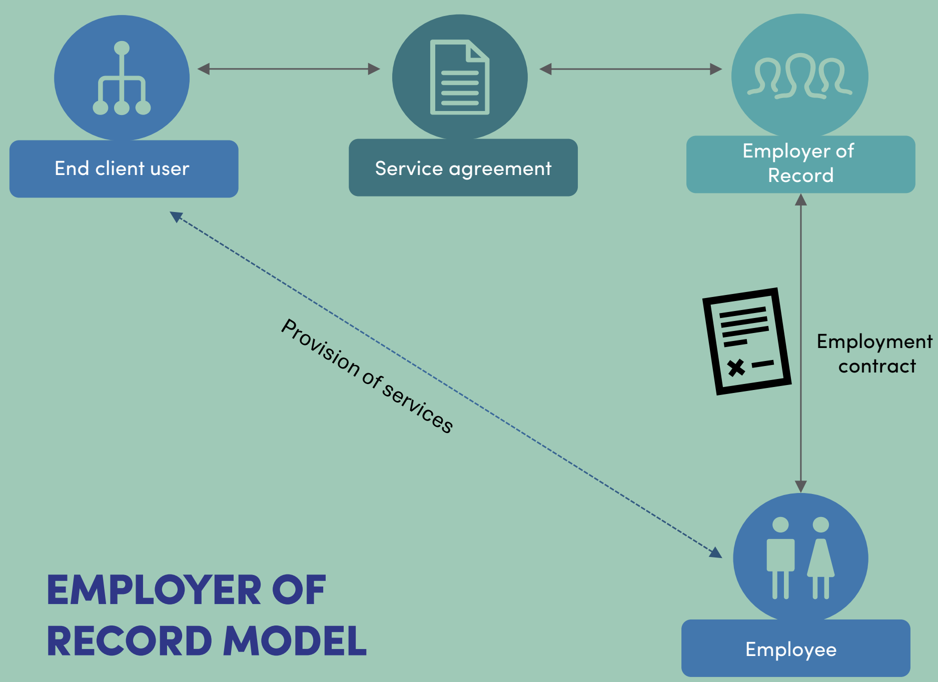
Whilst it may seem like EORs are a recent phenomenon, they are not new to the market. They are often utilised as an option in the M&A space to aid the transition of employees between organisations where the acquiring party has no current corporate presence in a location where newly acquired employees are working. There has been a period of sustained growth and innovation in the EOR market, fuelled by factors such as the expansion of cross-border business activities, advancements in technology and the rise in remote work.

Are EORs a suitable option to engage talent?

This is a key question, and it is imperative that organisations carry out an appropriate feasibility exercise, as well as ongoing reviews at appropriate regular intervals. The EOR model must fit sufficiently with the strategic objectives of the organisation, alongside other considerations such as meeting the business's key challenges and managing risk appropriately.

This feasibility exercise should cover multi-disciplinary functions including but not limited to employment tax and social security, corporate tax and permanent establishment risk, indirect tax, employment law, culture, cost, reward and the impact of the draft 'umbrella company' legislation.

As always, the benefits of this type of engagement model should be balanced against some potential limitations that



EMPLOYER OF RECORD MODEL

organisations will want to be conscious of and manage wherever possible.

Spotlight on UK employment tax considerations

We have seen significant growth in utilisation of the EOR model over the past four to five years and are concerned that organisations are failing to consider the continued employment tax consequences for the organisation as the end user.

A key benefit for many organisations of the EOR model is that the EOR discharges income tax and social security withholding and other mandatory employer obligations in the country of work. For example, if the individual was employed by an EOR in the UK, the EOR would withhold appropriate Pay As You Earn (PAYE) for tax and social security.

However, there are potential UK employment tax considerations regarding individuals who are employed by EORs outside of the UK, where the individuals mainly perform their duties in the overseas location but come to the UK as short-term business visitors to perform work duties for the UK organisation. This is best demonstrated in an example of how UK employment tax obligations could be triggered in this scenario.

EORs in practice: Nazreet and XYZ Ltd

XYZ Ltd, a UK entity with a PAYE presence, have identified a need to engage the services of an individual, Nazreet, based in India. They have conducted a full feasibility study and determined that they are comfortable with using the EOR model to do this. They have engaged a global EOR, and the EOR's local India entity employs and pays Nazreet.

Under a service agreement with the EOR, all of Nazreet's work is performed for XYZ Ltd, and he travels to the UK for around 30 workdays each year as part of his role.

XYZ Ltd will need to assess whether there are any UK employment tax obligations resulting from these UK workdays as follows.

Step 1: Assess whether there is a PAYE obligation

Whilst Nazreet is paid by and employed by the EOR in India, XYZ Ltd exercises management and control (or has a right to do so) over Nazreet. A PAYE obligation will therefore exist as Nazreet is 'working for' XYZ Ltd, an entity with a UK PAYE presence.

Step 2: Assess the UK income tax reporting obligations

The dependent services article of the double tax agreement between the UK and India should then be assessed to determine whether there is any relief from taxation in the UK under the agreement, also considering the OECD model convention guidance.

Nazreet will be considered economically employed in the UK by XYZ Ltd as the EOR is unlikely to be able to function as the economic employer, with XYZ Ltd bearing all economic risk and responsibility for the individual's work. Nazreet's remuneration is also being paid by the EOR on behalf of the UK resident entity of XYZ Ltd. In the first instance, no relief is available under the treaty.

However, HMRC's 'less than 60-day rule' practice should next be assessed. This enables treaty relief to still be claimed even where an individual is considered economically employed in the UK, and where remuneration is borne on behalf of a UK entity (as above), if the individual is in the UK for such a short period that he can never be integrated into the UK business.

The practice can only apply where the individual is present in the UK for a period of less than 60 days which also doesn't form more of a substantial period of presence in the UK (considering past and future excepted visits to the UK). The number of tax years to be considered here is open-ended, though many organisations will consider a three to four tax year period to make an initial assessment.

As Nazreet will be coming to the UK for 30 workdays each year as part of his role, it is clear he cannot fall within the 'less than 60-day' practice and the double tax agreement cannot be used to relieve the income tax obligation for Nazreet.

Step 3: Assess how the PAYE obligation should be discharged

In the first instance, as there is a PAYE obligation and no relief is available under the double tax agreement, Nazreet should be added to the end client user's UK payroll and PAYE should be operated on Nazreet's full remuneration subject to PAYE from day 1.

Further consideration can be taken to determine whether withholding PAYE on 100% of his remuneration PAYE can be relieved, for example, via the Globally Mobile Employees PAYE notification (see tinyurl.com/msunvdfh) or the use of an Appendix 8 agreement (see tinyurl.com/43dz24sm).

Other areas to consider

Some examples of other areas to consider are set out below:

Social security obligations: In the scenario of Nazreet and XYZ Ltd, we note that there is currently no India/UK social security agreement. However, both countries have agreed to negotiate a reciprocal agreement for social security purposes as part of the wider Comprehensive Economic and Trade Agreement. At present, UK domestic law would apply to Nazreet's social security position. As he is employed outside the UK, he would likely be eligible for an exemption from UK NIC, provided that he is not working in the UK for a continuous period of 52 weeks.

Residence: Nazreet's residence position should be considered. In the example above, we have assumed that Nazreet is domestically non-resident under the UK's Statutory Residence Test. Other facts and circumstances may be in play which mean this is not the case and would impact the assessment above. Approaches taken will also impact Nazreet's personal income tax obligations in the UK; for example, the obligation to file a tax return in the UK if the Globally Mobile Employee PAYE notification agreement is in place.

Tax liability: Who will be liable to pay the UK taxes? If the organisation will cover these taxes, there are additional considerations with regards to the operation of UK payroll, including gross-up taxes. Other questions arise too. How are the taxes paid by the UK entity treated for tax and social security purposes in Nazreet's home country? If Nazreet is responsible for the taxes in the UK, can and will the EOR agree to deduct those from Nazreet via their Indian payroll?

Length of stay in the UK: What if Nazreet only spent a handful of days in the UK each year? In this scenario, the '60-day' rule could potentially apply if Nazreet is not expected to be present in the UK for more than 59 days across all tax years and these days do not form more of a substantial period of presence in the UK. The company would need to consider Nazreet's UK days within their organisations' annual Appendix 4 Short Term Business Visitor reporting to HMRC.

What is the risk of taking no action?

Notwithstanding reputational risk, and the cost of resource and/or specialist advisor fees to resolve non-compliance and support with HMRC enquiries, failure to address ongoing UK employment tax responsibilities could lead to PAYE failure or incorrect reporting under the Appendix 4 Short Term Business Visitor agreement.

This could result in interest being charged and potentially penalties for PAYE failure. HMRC could also cancel the Appendix 4 agreement if dissatisfied with employer controls generally, which would mean an organisation has a day 1 PAYE requirement for any business visitors to the UK where a PAYE obligation arises.

What should companies be doing?

As demonstrated by our example, organisations need to ensure that in their business traveller tracking, they are appropriately including the tracking and assessment of compliance for individuals who are providing services to their company via the EOR model. This should also be assessed as part of the annual process to determine reporting under any Appendix 4 Short Term Business Visitor agreement in place with HMRC. What additional policies, processes and education programmes need to be in place to ensure this monitoring and compliance?

Whilst we have focused on a UK employment tax implication for the EOR model, assessment should be made as to whether there are any similar obligations in any other jurisdictions which the EOR individuals are working in.

There are currently limited published views from country tax authorities on the use of EORs in their geographies. However, as their use becomes more commonplace, we anticipate views and regulations will be forthcoming which will need to be factored into the feasibility and ongoing management of EOR models.

In conclusion

Organisations must ensure that there are appropriate processes in place with regards to assessing continuing employment tax obligations when utilising EORs, and ensure that compliance is handled appropriately once identified. EOR business travellers to the UK cannot safely be ignored.

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Private hire operators VAT obligations clarified

A Supreme Court victory for taxi firm Delta has confirmed a key VAT precedent – but uncertainty still looms.

by Layla Barke-Jones

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A landmark ruling by the UK Supreme Court has provided long-awaited clarity on VAT obligations for private hire operators outside of London – and in doing so, may have prevented one of the most significant compliance upheavals in years.

However, while the court ultimately confirmed that a range of business models remain valid under the Local Government (Miscellaneous Provisions) Act 1976 Part II (the '1976 legislation'), this was far from a fringe decision. The ruling has direct consequences for VAT policy, contractual structuring and the practical tax advice that professionals need to give to clients who are agents or intermediaries for service providers.

In this article, we explain the case, what it means for tax advisers, and why even a favourable decision leaves the door wide open to further reform.

What was the case about?

DELTA Merseyside Ltd and another v Uber Britannia Ltd [2025] UKSC 31 centred around how private hire operators across England and Wales contract with passengers – and whether they are required to do so directly in all cases.

Uber argued that all operators should be legally compelled to follow the same model it uses; where it contracts directly with passengers, therefore triggering VAT liability on all fares. This model had already been mandated in London following previous court rulings, and Uber sought to replicate that outcome across the rest of the UK.

In 2023, Uber succeeded with this argument at the High Court. However, that was overturned a year later in the Court of Appeal following a successful challenge brought by two private hire operators, Delta and Veezu. The Supreme Court judgment, handed down in July 2025, upheld that reversal.

Before the Supreme Court's ruling, VAT obligations for private hire operators had already diverged between London and the rest of the UK, due to a previous case involving Transport for London. The Supreme Court's intervention was therefore crucial to establish whether a consistent approach would be imposed nationwide.

What did the court decide?

The court ruled that private hire taxi operators could continue to utilise business models which saw them operate as an intermediary or agent for the private hire drivers and that such models were consistent with the licensing regime. The judgment confirmed that:

- Operators are not required to contract directly with passengers.
- If a private hire vehicle is hired, the legislation imposes contractual responsibility without the need for there to be an actual contract between the operator and passenger.
- The 1976 legislation was deliberately broad enough to allow flexibility in business models.

Key Points

What is the issue?
The Supreme Court in *DELTA Merseyside Ltd v Uber Britannia Ltd* found that private hire operators outside London do not have to contract directly with passengers. This means they can still use agency or intermediary models and aren't automatically liable for VAT on all fares.

What does it mean to me?
Operators and advisers gain short-term relief from new VAT obligations but must ensure that contracts and operations genuinely reflect agency arrangements. VAT treatment now differs between London and the rest of the UK, so careful compliance and documentation are essential.

What can I take away?
The ruling brings clarity but not finality. HMRC policy and future cases could change the rules again. Keep contracts watertight, monitor VAT developments and prepare clients for possible reform.

- As such, operators are not compelled to adopt Uber's structure – and by extension, are not automatically liable to charge VAT on all fares.

The justices rejected Uber's interpretation that the licensing regime should be read as imposing a universal requirement to contract directly. Instead, they found that different models can be compatible with the law, provided the operator maintains responsibility for fulfilling the booking in line with its obligations.

This means the VAT liability will depend on the specifics of how each operator contracts, collects fares, and interacts with passengers and drivers. It also means that firms operating on the agency or intermediary models – where the driver contracts with the passenger, and the operator acts as agent/intermediary – may not have to charge VAT, especially if the driver remains under the VAT registration threshold.

That being said, advisers should note that this is far from a settled area of law, and the courts could change the interpretation of the licensing regime in future – especially if policymakers revisit the 2024 VAT consultation, or HMRC shifts its guidance. Indeed, recent press reports suggest that the chancellor is considering imposing VAT on private hire taxi journeys outside of London.

What are the implications for tax advisers?

While this ruling avoids the most disruptive VAT consequences, it has surfaced several important challenges and considerations for tax advisers and their clients.

1. Contractual clarity is critical

The judgment reinforces the importance of precise, well-drafted contracts. If an operator wants to rely on the agency model, the language of the operator's contract with its drivers and passengers – and the reality of how bookings and payments are handled – need to reflect that.

There have been several cases involving private hire taxi firms looking at the status of drivers as workers, the most high profile of which involved Uber. In that case, again before the Supreme Court, the court was critical of the lack of contractual clarity between Uber and its drivers. The court looked not only at the contract but at the reality of the relationship between the operator and driver.

Advisers should review client contracts thoroughly and ensure that they reflect the intended VAT treatment – particularly as HMRC may now scrutinise contractual structures more closely following this case.

2. VAT treatment may still vary

Despite the court's decision, VAT treatment in the sector remains fragmented. For example:

- In London, following the case of *Uber v TfL* [2021] EWHC 3290 (Admin), private hire operators must contract directly and charge VAT on all fares.
- Outside of London, operators can continue to use agency and intermediary models – but only if their contracts and operations are structured accordingly. That model may result in not requiring VAT to be charged if the services are supplied by a driver who is under the VAT threshold.
- Advisers with multi-regional clients – or those who operate across licensing authorities – need to be acutely aware of these distinctions. Failing to adapt VAT systems and processes to suit could create compliance risk or missed obligations.

3. TOMS adds complexity

The judgment also leaves unresolved questions around the Tour Operators Margin Scheme (TOMS) – which some large operators, including Bolt, have used to reduce their VAT exposure.

The court made no direct comment on TOMS, which is being separately litigated between HMRC and Bolt. The existence of multiple VAT models – direct contracting, agency and margin-based – means the system is increasingly difficult for advisers to navigate.

Tax professionals should be alert to the potential for clients to rely on schemes like TOMS and be confident they meet the eligibility criteria. It is, however, important to follow the litigation carefully as the landscape remains uncertain.

It is a complex scheme, originally designed for tour operators providing services such as travel and accommodation. Applying it to taxi fares remains contentious with HMRC. Advisers will need to assess whether a margin scheme is appropriate, and whether adopting it would restrict the client's ability to reclaim input VAT.

4. Employment status risk is increasing

The VAT implications of this case cannot be separated from broader trends in worker status classification, particularly if operators are forced to restructure in a way that brings them closer to controlling drivers.

For example, if an operator shifts away from the agency model and begins directing or managing driver activity more closely, this could inadvertently tip the balance toward 'worker' or even 'employee' status – bringing PAYE, NICs and pension liabilities into scope. As a result, advisers may need to assess whether employment law liabilities are being created by the business model and practices which the operator has adopted.

5. A warning shot for the platform economy

This ruling may have focused on taxis, but the principles at play – especially around control and contractual relationships – will likely be of interest to HMRC and advisers in other sectors.

Any business model reliant on freelancers, agents or third-party service providers may face similar questions in future, particularly if platforms act as intermediaries between customers and workers. Advisers should be proactive in reviewing clients' structures and anticipating future changes in case law or HMRC guidance.

6. Case law is doing the heavy lifting

The Supreme Court ruling is a stark reminder that tax law is increasingly shaped by litigation, rather than legislation.

The Treasury's 2024 consultation on VAT in the taxi and private hire sector hinted at possible reform, but there's been little development since. In the meantime, decisions like this one continue to define the boundaries.

Tax advisers should keep an active watch on future decisions, and where possible, contribute to industry consultations to ensure that real-world complexity is recognised by policymakers.

Next steps for advisers and clients

The good news is that advisers and their clients now have greater certainty. But this is not the time to be complacent. Those advising operators, platforms or digital service providers should take the following immediate steps:

- Review operations and contracts with both service providers and users to confirm the VAT treatment is reflected clearly and accurately.
- Check compliance with regional licensing rules, especially where business models differ between locations.

> **The VAT implications of this case cannot be separated from broader trends in worker status classification.**

- Model potential scenarios for VAT registration, employment classification and system upgrades, in case future reform forces a change.
- Monitor developments in HMRC policy, TOMS use and further litigation in adjacent sectors.
- Identify whether restructuring or VAT registration could become mandatory under future case law, and proactively model scenarios around cashflow and administrative costs.

The road ahead

This judgment brings welcome relief for operators and their advisers – but it also raises fresh questions. The challenge now is not just to understand the decision, but to prepare for what might come next.

For some, this may be the prompt they need to bring documentation, pricing and compliance into line. For others, particularly in the digital economy, this case may mark the start of more scrutiny from HMRC.

Either way, advisers who act early – and who understand the shifting boundaries between control, agency and liability – will be best placed to support their clients in the years ahead.

Beyond compliance, advisers should also consider their own reputational risk. Missteps in VAT treatment can lead not only to penalties, but to disputes with drivers, clients or local authorities. In a space increasingly defined by litigation, advisers must be both gatekeepers of compliance and strategic partners in navigating uncertainty.

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Lifetime gifting
An era of change

Significant inheritance tax reforms expected in the 2025 Autumn Budget could impact lifetime gifting, estate planning and pension assets.

by James Cook

With the Autumn Budget due on 26 November 2025, tax advisers across the UK are preparing for what could be (in combination with the 30 October 2024 Budget) the most significant overhaul of the inheritance tax regime in a generation. While the government's priority of increasing tax receipts and revenue is well understood, the scope and direction of the proposed changes raise substantial concerns – not just for taxpayers, but also for the stability and fairness of our tax system.

As we welcome the introduction of the upcoming reforms to reduce agricultural and business property reliefs (APR and BPR) from April 2026 and the inclusion of pensions within the inheritance tax net from April 2027, it appears that further reforms are on the cards, most notably the abolishment or overhaul of the seven-year gifting rule. The inheritance tax reform is certainly a direct challenge to many of the longstanding tools on which tax advisers and their clients rely.

This article provides a comprehensive overview of the current rules and the potential direction of travel for the government, their implications for private client and business succession planning, and the steps that advisers should consider now to protect client interests.

Anticipated changes

The following measures have already been announced or signalled as being under serious consideration.

Reduction in business and agricultural reliefs: Agricultural and business reliefs currently allow qualifying assets to be transferred with up to 100% inheritance tax relief. The government has confirmed that it will scale back the scope of these reliefs, duly capping the relief applied at 100% to the first £1 million of qualifying assets. Qualifying assets of a value in excess of this cap will attract relief at 50%. Qualifying AIM shares will attract relief at 50%.

Inclusion of pension assets in the inheritance tax net: At present, uncrystallised defined contribution pensions and certain death benefits may be passed on free of inheritance tax, particularly where the pension holder dies before age 75. This preferential treatment is to be withdrawn, with pensions to be treated as part of the deceased's estate for inheritance tax purposes.

Reform or abolition of the seven-year gifting rule – the potentially exempt transfer (PET) regime: Allowing gifts made more than seven years before death to escape inheritance tax has underpinned estate planning for decades. Proposals include:

- extending the applicable period from seven to ten or more years;
- abolishing PETs altogether and applying a lifetime inheritance tax allowance;
- introducing a flat-rate lifetime gift tax akin to the US or continental European models;
- removing taper relief; and
- reducing or eliminating existing annual exemptions (£3,000 annual exemption, small gift exemption, marriage gift exemptions, etc.).

These would significantly impact how, when and why clients make gifts.

Implications and considerations for tax advisers

The potential loss of PETs represents a material departure from the UK's longstanding reliance on lifetime giving as a legitimate means of succession planning and tax mitigation.

> ### Key Points
> **What is the issue?**
> The UK government is preparing sweeping inheritance tax reforms that could reshape how wealth is transferred between generations.
>
> **What does it mean to me?**
> These reforms could significantly limit traditional estate planning strategies and increase clients' future tax exposure. Advisers and families will need to reassess gifting, business succession and pension planning.
>
> **What can I take away?**
> Early action and close monitoring of the upcoming Budgets will help clients stay prepared and protect long-term wealth.

Tax advisers must now re-examine all lifetime gifting strategies in progress. Questions to consider include:

- Should gifts be accelerated before potential changes come into force?
- Will gifts made under current rules be grandfathered or subject to retrospective taxation?
- Should existing plans be adapted to include alternative structures (e.g. discretionary trusts, family investment companies)?

The possible erosion of both PETs and agricultural and business relief in combination presents timing and liquidity risks that advisers must now stress-test with clients.

Agricultural and business relief have historically enabled family-owned businesses and farms to transition across generations without triggering liquidity crises. The planned reduction in these reliefs, especially if coupled with more aggressive taxation of lifetime transfers, raises the likelihood of forced sales of land or business interests to cover inheritance tax liabilities. This may result in the loss of control to third-party investors, as well as the disruption of generational succession planning.

Advisers must now engage in early scenario planning, particularly around liquidity forecasting at death and the use of insurance or debt strategies to manage cash flow during estate administration.

Successive governments have encouraged retirement savings through tax incentives, particularly via pensions. Advisers have often recommended retaining pension wealth as a tax-efficient tool for intergenerational transfer, particularly given the inheritance tax exemptions on certain pensions.

The proposed changes from April 2027 mark a distinct reversal in the government's approach, and advisers should now revisit:

- whether to prioritise pension drawdown vs. preservation;
- death benefit nominations;
- pension contributions made late in life with an inheritance tax motive; and
- the suitability of pensions as a wealth transfer vehicle.

This development further illustrates a broader concern – the increasing unpredictability of long-term tax policy.

Alternative strategies

Given the scope of reforms, tax advisers should consider a broad toolkit of alternative strategies, as set out below.

Discretionary trusts: Trusts of this nature are subject to the relevant property tax regime. That being said, they may offer a more predictable tax profile in the face of alterations to the rules around PETs. While the 20% lifetime charge and ten-year anniversary charges create some drag, they provide flexibility around the timing of benefits; asset protection, for example, where there are vulnerable beneficiaries; and separation from the estate of both settlor and beneficiaries (in most cases).

Family investment companies: Family investment companies continue to be useful where clients are open to corporate structures. Benefits include the segregation of voting and economic rights; the retention of control while passing value; access to corporate tax rates; and flexibility in succession via share transfers.

While HMRC's scrutiny of family investment companies has increased, they remain a valuable option for larger estates and families with longer-term investment goals.

Alphabet shares and freezer/growth shares: For clients looking to phase the succession of a family business, advisers should consider share structuring, including:

- alphabet shares to allow dividend flexibility between family members and the controlled distribution of voting rights;
- growth shares to pass future value only, avoiding immediate capital gains tax or inheritance tax exposure; and
- freezer shares to cap the value retained by the senior generation.

These strategies can be effective when paired with shareholder agreements and robust governance.

Life insurance for inheritance tax cover: For clients facing future liquidity issues, especially those with illiquid estates or diminished reliefs, life policies held in trust can fund inheritance tax liabilities without inflating the estate. Advisers should review policies to ensure alignment with changing inheritance tax projections, verify trust documentation and trusteeship, and factor in ongoing premiums, which may become burdensome with age.

With increased focus on lifetime transfers, tax advisers should emphasise detailed documentation of the nature and value of gifts, details of the donor and donee, the purpose of the gift and the available exemptions and reliefs. Accurate record keeping will assist to support defensible positions if historic gifts are queried under new rules.

It may also be that we see a more aggressive stance taken by HMRC on lifetime planning and thus a greater reliance on their powers under the general anti-abuse rule and targeted anti-avoidance rules. Advisers must be alert to the line between commercial arrangements and contrived avoidance, the risk of 'phoenix' gifting schemes that could be retroactively challenged, and any transitional or backdated elements of the new rules. A cautious, principles-based approach to planning is essential to avoid future disputes.

Contradiction with government growth objectives

Chancellor Rachel Reeves has repeatedly underscored business investment, entrepreneurship and intergenerational prosperity as pillars of the UK's economic strategy. However, many of the proposed inheritance tax changes appear to penalise long-term planning and increase uncertainty. This is particularly relevant for family businesses, farms and the moderately wealthy households engaging in responsible financial planning.

If the government proceeds without transitional protections or strategic coherence, the reforms could create a hostile environment for succession, undermining confidence in tax policy.

The tax and legal professions, through bodies such as STEP, CIOT and the Law Society, should continue to advocate for clarity and transitional guidance on any gifting rule changes, recognition of the unique liquidity pressures facing certain sectors and preservation of legitimate and longstanding planning strategies.

Preparing for the Budget

With the Autumn 2025 Budget approaching, and potential changes coming into force from April 2026 and April 2027, tax advisers should:

- initiate reviews of estate plans currently in place, especially those involving PETs or pension planning;
- assess client exposure to reduced agricultural and business reliefs and model liquidity shortfalls at death;
- consider whether to accelerate any gifts or share transfers before rule changes;
- document all lifetime gifts and their rationale with robust record-keeping; and
- educate clients on the increased risks and uncertainties in long-term planning.

The landscape of inheritance tax in the UK could be on the brink of a profound shift. Tax advisers must now assist clients to navigate a technically complex and evolving set of rules and generally help their clients to make informed, resilient decisions in an environment where certainty is in short supply.

Ultimately, effective tax policy should encourage responsible planning, not punish it. As the debate over inheritance tax reform continues, tax professionals have a vital role to play, not just in adapting to change, but in shaping it.

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Catch 45 Admitting late appeals

The case of *Medpro* re-examines the criteria that tribunals use to decide on the admission of appeals filed after statutory deadlines.

by Keith Gordon

Key Points

What is the issue?
The article discusses the legal framework and recent case law regarding the admission of late appeals in tax tribunals. Appeals against tax assessments must be made within 30 days, but tribunals have discretion to admit late appeals if there is a reasonable excuse or other considerations justify it.

What does it mean to me?
The Upper Tribunal in *Martland v HMRC* established a three-stage test for admitting late appeals: assess delay length, reason for delay, and balance all circumstances including prejudice to parties. This has been widely applied to various tribunal deadlines, not just initial appeal filings, including costs regime opt-out deadlines.

What can I take away?
Tribunals have broader discretion than HMRC to admit late appeals. How they apply the *Martland* criteria, especially para 45, may be grounds for further appeals if not properly considered.

One of the first practical rules I learnt in tax was that appeals against assessments should be made within 30 days. Strictly speaking, if an appeal is not made within that 30-day period then the assessment becomes final. However, the legislation does provide for an element of flexibility in cases where that 30-day time limit is missed.

First, HMRC can admit the appeal late if it is satisfied that the appellant has a reasonable excuse for missing the 30-day time limit. However, even if HMRC is not so satisfied, the tribunal has the power to admit the late appeal. As was confirmed by the High Court in *R (on the application of Cook) v General Commissioners* [2007] EWHC 167 (Admin), the tribunal's approach to such applications is not limited to considering whether the appellant has a reasonable excuse for missing the time limit (see my article in the April 2007 issue of *Tax Adviser*).

The question that has since been asked is how applications for the late admission of an appeal should be addressed. At the simplest (as noted in *Cook*), this looks at the competing considerations of injustice to the taxpayer and prejudice to HMRC. However, further guidance has since evolved.

The most significant development came with the Upper Tribunal's decision in *Martland v HMRC* [2018] UKUT 178 (TCC). In that case, the Upper Tribunal had the advantage of looking at evolving case law in the civil courts and considering how the High Court and the higher courts had dealt with cases where litigants had missed

THE *MARTLAND* CRITERIA

'44. When the FTT is considering applications for permission to appeal out of time, therefore, it must be remembered that the starting point is that permission should not be granted unless the FTT is satisfied on balance that it should be. In considering that question, we consider the FTT can usefully follow the three-stage process set out in *Denton*:

1. Establish the length of the delay. If it was very short (which would, in the absence of unusual circumstances, equate to the breach being "neither serious nor significant"), then the FTT "is unlikely to need to spend much time on the second and third stages" – though this should not be taken to mean that applications can be granted for very short delays without even moving on to a consideration of those stages.
2. The reason (or reasons) why the default occurred should be established.
3. The FTT can then move onto its evaluation of "all the circumstances of the case". This will involve a balancing exercise which will essentially assess the merits of the reason(s) given for the delay and the prejudice which would be caused to both parties by granting or refusing permission.

'45. That balancing exercise should take into account the particular importance of the need for litigation to be conducted efficiently and at proportionate cost, and for statutory time limits to be respected. By approaching matters in this way, it can readily be seen that, to the extent they are relevant in the circumstances of the particular case, all the factors raised in *Aberdeen* and *Data Select* will be covered, without the need to refer back explicitly to those cases and attempt to structure the FTT's deliberations artificially by reference to those factors. The FTT's role is to exercise judicial discretion taking account of all relevant factors, not to follow a checklist.'

Martland v HMRC [2018] UKUT 178 (TCC)

deadlines and then sought from the courts relief from sanctions (i.e. a reversal of the ordinary consequences for missing a deadline).

With that in mind, the Upper Tribunal in *Martland* then gave the guidance set out in the box above.

These *Martland* criteria, often referred to as a three-stage analysis, have been repeatedly applied, not only to situations where a taxpayer has failed to appeal in time but also in those cases where an existing appeal is underway in the tribunal and where one of the tribunal's own deadlines has been missed. For example, they have been applied to the 28-day time limit for taxpayers to opt out of the costs regime which (by default) applies in cases allocated to the complex case category (see *Betindex Ltd (in liquidation) v HMRC* [2022] UKFTT 372 (TC)).

However, the applicability of the *Martland* guidance has come into question in the recent case of *Medpro Healthcare Ltd v HMRC* [2025] UKUT 255 (TCC).

The facts of the case

Three applications for a late appeal came before the First-tier Tribunal in October 2023. Two applications were made by a Mr Ruprai and the third by a company, Medpro Healthcare Ltd ('Medpro'). Medpro and a further company had both been assessed for penalties. Medpro's penalty was in excess of £1 million and the other company's penalty was for over £40,000. In relation to both penalties, Mr Ruprai had been issued with a personal liability notice requiring him to pay 100% of the penalties assessed on the two companies. Mr Ruprai was 70 days late in appealing against the £40,000 penalty. In respect of the £1 million penalty, both he and the company (Medpro) were five-and-a-half months late in appealing.

The First-tier Tribunal refused to admit the appeals. The taxpayers appealed against that refusal to the Upper Tribunal.

The Upper Tribunal's decision

The case came before Mr Justice Marcus Smith and Judge Jonathan Cannan.

They agreed that the appeal should be allowed and the case remitted to the First-tier Tribunal for fresh consideration. In short, they accepted that the First-tier Tribunal's decision was flawed for not sufficiently clearly setting out its reasons for reaching its decision. Allied to that, but representing a further reason for allowing the appeal, the Upper Tribunal was not sufficiently sure that the First-tier Tribunal had properly applied the third stage of the *Martland* analysis.

Furthermore, in the analysis that was given by the First-tier Tribunal, it appeared that at least some of the responsibility for the delay lay with the professional adviser for both Mr Ruprai and the company. Whilst case law is clear that an adviser's faults will normally be attributed to the adviser's clients, this is not an invariable rule. The Upper Tribunal considered that the First-tier Tribunal had failed to consider whether the facts of this case merited a departure from the normal position (or, if the First-tier Tribunal had considered that issue, then whether its decision was again deficient for failing to explain adequately why the normal position was followed).

The preceding reasons were sufficient to allow the appeal. However, there was a point on which the two judges were unable to agree and that concerns the *Martland* test itself.

The judges agreed that the three-stage test set out in the *Martland* decision was appropriate. In the judges' view, that approached represented a valid expression of the wide discretion conferred by the statute on the First-tier Tribunal when it considers whether an appeal should be admitted late. What has proven to be controversial, however, was the additional commentary found at para 45 of the *Martland* decision.

It was accepted by the two judges that the terminology employed in para 45, being the need for 'litigation to be conducted efficiently and at proportionate cost', derived from the Civil Procedure Rules (CPR) which apply in the civil courts. Furthermore, the reference to 'statutory time limits [needing] to be respected' was the equivalent of the CPR's need 'to enforce compliance with rules, practice directions and orders'.

It was also agreed that, when applied in the civil courts, the CPR has the effect of bringing to the fore certain factors that have to be taken into account when a litigant is seeking relief from sanctions.

Mr Justice Marcus Smith noted that the broad statutory discretion given to the tribunal to admit late appeals does not promote any factor above any other. Accordingly, in his view, at the third stage of the *Martland* analysis, the tribunal should take the factors that it considers to be relevant and give them the weight that the tribunal considers appropriate. In other words, for a tribunal to adopt para 45 of *Martland* would be fettering the discretion granted to it by Parliament.

Mr Justice Marcus Smith noted that, as acknowledged in *Martland* itself, the admission of an appeal late is not totally akin to a case management decision being made in the course of ongoing litigation: instead, it involves the tribunal exercising a discretion specifically and directly conferred on it by statute to permit an appeal to come into existence at all.

On the other hand, Judge Cannan focused on the words 'statutory time limits [needing] to be respected' and considered that these were analogous to the CPR position because, whilst an appeal represents the beginning of the formal litigation stage, it is merely one step in a longer statutory process starting with an investigation. Unlike Mr Justice Marcus Smith, Judge Cannan was not persuaded that para 45 of *Martland* did not represent good law.

Commentary

As the two judges were agreed that the appeal should be allowed on the other grounds and the case remitted to the First-tier Tribunal for reconsideration, there was no need for the Upper Tribunal to resolve the impasse on the relevance of para 45. However, one day it might need to be resolved. (Previously, such deadlocks were resolved by the presiding judge's view prevailing. However, case law in other areas of law suggest that a more nuanced approach is appropriate. That did not need to be addressed in this case because the two judges were in any event in agreement as to how the case should proceed, notwithstanding their disagreement on this important point.)

If Mr Justice Marcus Smith is correct, then a tribunal will need to refer only to para 44 of *Martland* and be free to decide what weight it should give to the various factors when deciding whether a late appeal should be admitted. On the other hand, if Judge Cannan is correct, then a failure to give prominence to the particular importance of the need for litigation to be conducted efficiently and at proportionate cost, and for statutory time limits to be respected, could amount to a misdirection as to the correct legal principles.

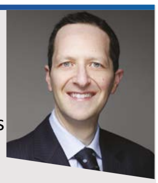
However, it should be noted that in those other circumstances when *Martland* is considered (i.e. where there have been compliance failures in the litigation process itself), the Upper Tribunal was clear that there was nothing wrong with para 45 and the particular issues mentioned therein being given additional prominence in the balancing exercise.

The case demonstrate the potential dangers that can be caused by the tribunal borrowing principles from different jurisdictions where the circumstances and procedural rules are different. Not only (as Mr Justice Marcus Smith recognised) does the particular rule in the CPR apply only once the litigation process has started but it was modified a few years ago so as to take a harsher line in cases where, in the course of that extant litigation, one of the parties fails to do something by the required time. In contrast, the statutory provisions conferring a discretion on the tribunal to admit a late appeal do not contain any presumptions and therefore (if one follows the approach taken by Mr Justice Marcus Smith) the issues identified in para 45 should not assume any particular importance.

Separately, the *Medpro* case serves as a reminder of the importance of tribunals making clear their reasoning. The judicial guidance emphasises that the reasoning in a decision does not need to be lengthy but the parties should not be in any doubt as to why one has won and the other lost. Similarly, the case also emphasises the fact that an adviser's failings should not always be attributed to the adviser's client.

What to do next

The tribunal's discretion to admit a late appeal is broader than HMRC's. That makes the exercise rather unusual because usually the purpose of taking a case to the tribunal is to obtain an outcome HMRC could have reached itself. As a result, it will not usually be possible to analyse HMRC's reasoning if it refuses to admit a late appeal to see whether HMRC has taken into account the factors highlighted in para 45 of *Martland*. However, if a tribunal has considered a late appeal, its approach to para 45 of *Martland* could merit a further appeal. (Of course, any such appeal process should ideally be commenced in time.)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Unpaid corporation tax
Third party collection

We explore the circumstances in which HMRC can recover unpaid corporation tax from parties other than the company itself, including directors, shareholders and group members.

by Pavandip Singh Dhillon

Key Points

What is the issue?
HMRC holds extensive powers to recover unpaid corporation tax not only from the defaulting company but also from directors, shareholders, group companies and related parties. These recovery provisions span areas such as capital distributions, migrations, de-grouping charges and changes in ownership.

What does it mean to me?
Individuals and businesses may face personal or group-level exposure if a company fails to meet its corporation tax obligations, even after restructuring or disposal. Transactions involving group transfers, corporate migrations or ownership changes now carry potential secondary liability risks.

What can I take away?
Understanding when HMRC can pursue third parties for unpaid tax helps manage risk and prevent unexpected exposure for directors or group members.

My article 'Unpaid employment taxes: shifting liability' in the September issue of *Tax Adviser* outlined HMRC's powers to collect unpaid PAYE and NICs from employees and persons other than the employer. This article focuses on situations where HMRC can recover unpaid corporation tax from directors, shareholders, parent companies or other group members.

Gains

Capital distributions

Distributions made by a company are broadly defined in Corporation Tax Act (CTA) 2010 Part 23 Ch 2 s 1000 (categories A-H). Chapter 3 specifies what is not a distribution – most commonly, distributions made on winding up or dissolving a company.

For tax purposes:

- Individuals are liable to income tax on distributions under Income Tax (Trading & Other Income) Act (ITTOIA) 2005 Part 4 Ch 3.
- Companies are generally exempt from capital gains tax on distributions (CTA 2010 Part 9A) and are not normally liable to income tax (CTA 2009 s 3 (1)).

Under the Taxation of Chargeable Gains Act (TCGA) 1992 s 122(5)(b), a capital distribution is any distribution in money or money's worth that is **not** liable to income tax, either because it does not constitute a distribution or because it is received by a company.

Where a capital distribution arises from the disposal of company assets generating chargeable gains, and the company fails to pay the associated corporation tax within six months of the due date, HMRC may assess the recipient shareholder (provided the shareholder is connected with the company (see TCGA 1992 s 286) within two years of that due date (TCGA 1992 s 189).

The assessment cannot exceed the value (or proportion) of the distribution received, ensuring fairness. Shareholders can recover the payment from the company, without prejudice to the deemed disposal of shares for capital gains purposes.

Gains of non-resident companies

Non-resident companies are chargeable to corporation tax on gains from specified assets. If that tax remains unpaid for six months after the due date, HMRC may recover it, by notice, under TCGA 1992 s 190(3)(b), from:

- a 'controlling director' of the non-resident company (or a company that controls it); or
- a person who was a controlling director in the 12 months before the disposal.

'Control' is determined by the rules in CTA 2010 s 450.

Recovery is restricted to tax arising on UK-situated assets connected with the company's UK permanent establishment, or to interests in UK land or assets that derive at least 75% of their value from UK land where the company has a substantial interest in that land.

Gains of UK resident group companies

A chargeable gains group (under TCGA 1992 s 170) consists of a principal company and its 75% subsidiaries, forming 51% effective subsidiaries of the principal company for tax neutral, intra-group asset transfers.

Where a UK resident company fails to pay corporation tax more than six months after the due date on a gain that accrued while it a member of such a group, HMRC may recover the unpaid tax under TCGA 1992 s 190(3)(a), by notice to:

- the principal company at the time the gain accrued; or
- any other company which, in the 12 months before the gain accrued, owned all or part of the asset (or related asset) **and** was a group member.

For this recovery provision, the 75% subsidiary requirement is reduced to 51%, allowing HMRC to collect tax from companies outside the strict chargeable gains group, where there is a sufficient economic connection.

Procedural rules

Interest is chargeable on unpaid amounts. Any party paying tax and interest under a notice has the right to recover it from the company concerned (TCGA 1992 s 190(11)).

HMRC must issue the recovery notice within three years of the date that the company's corporation tax liability is finally determined, which depends on how that liability arises. If the company did not deliver a complete return, the three-year period begins on the date that HMRC issues a determination. If the liability is included in the corporation tax return, the date begins:

- at the end of the enquiry period;
- 30 days after a notice of amendment or enquiry closure;
- 30 days after a discovery assessment becomes payable; or
- when any related appeal is finally determined.

A recovery notice is deemed an assessment to tax. It can therefore be appealed by individuals under Taxes Management Act (TMA) 1970 Part 4 or for companies under Finance Act (FA) 1998 Sch 18 Part 5.

Any tax paid by a third party under these provisions is not deductible for tax purposes.

Intangible fixed assets: de-grouping charges

Under CTA 2009 Part 8, group relief allows tax neutral transfers of intangible fixed assets between companies with the same group. These assets include intellectual property rights, such as patents, trademarks, copy rights and design rights (CTA 2009 s 712).

A de-grouping charge applies where a company (Company A), having received an asset under group relief, leaves the group within six years of transfer (s 780 (3)). The same applies if the company leaves to join another group (s 785(4)). In such cases, Company A is treated as having realised and reacquired the asset at market value at the time of transfer – effectively triggering a deemed disposal for tax purposes.

Where Company A fails to pay the de-grouping charge within six months of the due date, HMRC can serve a notice under CTA 2009 s 795(3) requiring payment of the tax within 30 days. HMRC may issue this notice to:

- the principal company of the group at the time Company A left the group (the 'relevant time'); or
- any other company which, in the period of 12 months ending with the relevant time, was a member of that group, and owned the relevant asset (or any part of it).

For these purposes, the definition of a group is extended to include 51% subsidiaries, allowing HMRC to recover tax from a wider range of connected companies.

A non-resident company leaving the group

If Company A is non-resident, further recover provisions apply under CTA 2009 s 795(4). In such cases, a controlling director at the relevant time may be personally liable for the unpaid de-grouping charge if they were a controlling director of:

- Company A;
- a company currently controlling Company A; or
- a company that had controlled Company A at any time in the 12 months ending with the relevant time (i.e. no longer has control).

Migrating companies

Many companies becoming non-resident (a 'migrating company') will be incorporated in a foreign country. UK incorporated companies are considered UK resident unless this is overridden by a double tax treaty (known as 'treaty non-resident'). Foreign company residence is determined by common law (see *De Beers Consolidated Mines Ltd v Howe* [1907] UKHL 626).

Non-resident companies are chargeable to corporation tax on profits from dealing or developing UK land, a trade carried on in the UK by a UK permanent establishment, and a UK property business or other UK property income.

A migrating company is deemed to dispose and reacquire all its assets at their market value immediately before migration (TCGA 1992 s 185), triggering a corporation tax charge on unrealised gains, excluding UK assets used in a trade carried on via a UK permanent establishment, which remain chargeable (TCGA 1992 s 2B).

A migrating company must notify HMRC of the following (TMA 1970 s 109B):

- its intention to cease UK residence (migration);
- the date of intended migration; and
- a statement of the tax liability it expects for the period before migration, and arrangements made for payment, including potential exit charge plans (outside the scope of this article).

The migrating company must then make those arrangements and obtain HMRC's approval.

A non-compliant company is liable for a penalty equal to the unpaid tax, including the exit charge (TMA 1970 s 109C). A director of the migrating company or the controlling company, or the controlling company itself, will also be liable for the penalty if they knowingly act or are party to acts involving an instruction (except under professional advice) that results in the migration of the company **before** satisfying the conditions listed above.

The penalty recipient has the burden of proof to show that every act of the company was without their consent or connivance.

Failure to pay tax

If a migrating company fails to pay a UK tax liability within six months of the due date – and the liability relates to a period beginning before the migration – HMRC can recover the tax from certain related parties. These include:

- another company in the same group as the migrating company, if it was part of that group at any time in the 12 months before the migration;
- a controlling director of the migrating company; or
- a controlling director of any company which controlled the migrating company during the 12 months before migration (TMA 1970 s 109E).

Note, for this purpose the definition of a 'group' includes companies with a 51% shareholding relationship.

HMRC must issue a recovery notice within three years of the 'relevant time'. This is the later of:

- the date when the tax is finally determined; or
- the date that is 12 months after the end of the accounting period in which

the migration occurred **and** the date the tax becomes due under any corporation tax exit charge payment plan.

If another party, such as a group company or a director, pays the tax under an HMRC notice, that payment may be recovered from the migrating company as a debt.

The meaning of tax under this rule includes, but is not limited to, various withholding taxes under s 109F, including:

- PAYE;
- Construction Industry Scheme (CIS) deductions;
- income tax deducted from interest, royalties, etc. under Income Tax Act 2007 s 964; and
- income tax deducted from non-resident sportspeople and entertainers under Income Tax Act 2007 s 966.

A change of ownership

CTA 2010 Part 14 Chapter 6 allows HMRC to recover unpaid corporation tax liabilities that remain outstanding for more than six months. This applies to accounting periods beginning before or after a change of ownership of a company (Company X).

This legislation is highly technical, so only a summary is provided here. If any of the following conditions are met – the change in ownership conditions and the trade and business conditions are met – HMRC may assess the unpaid corporation tax directly on a 'linked person' (CTA 2010 s 710(2)).

This power targets avoidance arrangements, such as where Company X has outstanding tax liabilities and is divested of its trade shortly before or after a sale under prior planned arrangements. It also targets avoidance arrangements where the buyer (often non-resident) offsets the company's tax liabilities using losses or other reliefs.

HMRC's Company Tax Manual (CTM06520) states: 'in practice the legislation is unlikely to be applied unless tax avoidance appears to be an issue'.

Periods beginning before the change of ownership

Change of ownership: A change of ownership occurs when any of Conditions A to C in CTA 2010 s 719 are met:

- **Condition A:** One person acquires more than 50% of the ordinary share capital.
- **Condition B:** Two or more persons each acquire at least 5% of the ordinary share capital, and together hold more than 50%.
- **Condition C:** Two or more persons acquire holdings that together amount to more than 50%, ignoring acquisitions of less than 5% unless they are additions to existing shareholdings that together amount to at least 5%.

Linked person: A linked person is someone who during the 'relevant period' (the three years before the change of ownership, or from on an earlier change within that period) had control of Company X; or a company that had control of Company X. 'Control' is defined in CTA 2010 s 707 and mirrors CTA 2010 s 450.

Trading and business conditions: The rules apply if the trading or business activities of Company X cease, or become small or negligible.

They also apply if there is no significant revival before the change of ownership, and this change occurs:

- during the relevant period or under arrangements made before the change but taking place afterwards; or
- where both the following factors apply:

  1. there is a major change in the nature or conduct of a trade or business within three years before or after the change of ownership (attributable to the relevant transfer); and
  2. there is a relevant transfer of Company X's assets during that period (either before the change or afterwards under prior arrangements).

A relevant transfer must be made to a linked person (or someone connected to that person) in the relevant period, or to anyone who enables the assets (or assets representing them) to be transferred to such a linked or connected person.

Periods ending after the change of ownership

HMRC can also recover unpaid tax from a linked person, providing the 'expectation condition' is met (CTA 2010 s 713(2)). This includes cases where tax is unpaid by a company associated with Company X (that is, a company which has control of Company X, is controlled by Company X, or is under common control with Company X (CTA 2010 s 718).

The expectation condition

The expectation condition is satisfied if it would be reasonable to infer, from the transactions or circumstances surrounding the change of ownership, that at least one transaction assumed that a potential tax liability of Company X (or an associated company) would not be paid in full. A potential tax liability is one that might arise after the change of ownership, in circumstances that were reasonably foreseen when the ownership changed. (CTA 2010 s 714).

Companies not a body corporate and foreign companies

Under TMA 1970 s 108(2) and (3), HMRC may recover unpaid corporation tax from a 'proper officer' of certain types of company, specifically where it is either:

- not a body corporate – most commonly an unincorporated association, which falls within the definition of a 'company' in CTA 2010 s 1121(1); or
- a foreign company – meaning that it is not incorporated under a UK enactment or charter.

HMRC's Corporate Tax Manual CTM00510 provides further guidance on what constitutes a 'body corporate'.

The 'proper officer' varies depending on the company's structure. For a body corporate, it is the company secretary, or administrator or liquidator (if one has been appointed). For other entities (including corporate bodies without such officers), it is the company treasurer.

The proper officer has a right to be reimbursed (indemnification) by the company for any amounts paid to HMRC. Where administrators are appointed to act jointly, they may notify HMRC as to which administrator is to be regarded as the proper officer for recovery purposes.

Final remarks

HMRC is under growing pressure to maximise tax collection, which may lead to greater use of its third-party recovery powers.

Transactions that could fall within the scope of these rules are often addressed in tax advice and tax-related clauses in contracts prepared by advisers. A clear understanding of these powers can help parties to manage risk and prioritise timely tax payment, reducing the likelihood of HMRC recovery action.

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Party conferences
The politics of tax

by George Crozier

Tax policy is proving both a dividing line and a test of credibility – with wealth, property and inheritance taxes all under fierce debate.

A year into the new parliament, tax is proving one of the government's biggest headaches: the tax rises that have already happened (employer national insurance (NI)), those in the pipeline (inheritance tax (IHT)) and, looming over the horizon, those yet to come but anticipated in the Budget. All were on the agenda at this year's party conferences, and creating some sizeable dividing lines between the parties.

Reform UK in Birmingham

Reform UK kicked off the conference season at Birmingham's NEC, buoyed by high-profile defections and a surge in the opinion polls.

The party's manifesto last year was ambitious, promising £90 billion a year of tax cuts, including reducing corporation tax to 15% and lifting the personal allowance to £20,000. However, in his conference speech, deputy leader Richard Tice said the party would need to cut 'wasteful government spending' and 'useless regulations' before being able to afford what he called 'performance-related tax cuts'. Party leader Nigel Farage was even clearer in a post-conference interview, saying: 'We will ensure savings are made before implementing tax cuts.' A major economic policy speech is expected from him ahead of the Budget.

During the summer, Farage announced a new tax policy for non-doms, proposing a one-off £250,000 fee to exempt overseas income and capital gains from UK taxation. As well as attacking the government's non-dom policy, Reform condemned the energy profits levy, the increase in employer NI and proposed changes to IHT reliefs at their conference.

Lib Dems in Bournemouth

The Liberal Democrats convened in Bournemouth, promising to tax banks to finance lower energy bills and support the hospitality sector with targeted tax cuts. While policy debates were plentiful, much of the conference focused on strategic positioning – how to build on recent electoral successes and capitalise on the unpopularity of Labour and the Tories.

The Lib Dems' economic agenda emphasised closer cooperation with the EU, including a new Customs Union and a path back to the Single Market, and the formation of an 'economic Coalition of the Willing to stand up to Trump's tariffs'. Leader Sir Ed Davey outlined a plan to halve energy bills by 2035, funded by a windfall tax on banks' QE-related profits.

The party reaffirmed its opposition to the government's proposed IHT changes. Treasury spokesperson Daisy Cooper is arguing for a 'family farm test' to 'differentiate between real farmers and tax-dodgers'. Policies passed at the conference included relief from employer NI increases for hospitality SMEs and hospices, and a reiteration of the commitment to abolish business rates in favour of a land value tax. A climate change paper adopted in Bournemouth proposes new tax incentives for energy efficiency and the reform of air passenger duty. The party is resisting calls for a wealth tax but continues to argue for further increases to capital gains tax (CGT).

Labour in Liverpool

Labour's conference in Liverpool was marked by a candid acknowledgment of the need for tax rises in the upcoming Budget, though specifics were left deliberately vague. Both Prime Minister Sir Keir Starmer and Chancellor Rachel Reeves emphasised economic growth as the government's defining mission, linking it to improved living standards and national renewal. Starmer's speech rallied activists with promises to fight for

the 'soul of the country', directly challenging Reform UK and positioning Labour as the bulwark against 'snake oil merchants' on both political extremes.

Reeves signalled in her speech that further tax increases may be needed, citing global economic headwinds and the lingering effects of past economic mismanagement. While pledging to keep taxes 'as low as possible', both she and the new Exchequer Secretary Dan Tomlinson hinted that the government would choose tax increases over higher borrowing or spending cuts to address any fiscal shortfall. The party reaffirmed its

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commitment not to raise employee NI, income tax rates or VAT, but left the door open to dropping that commitment if circumstances require. If possible, ministers would prefer to keep this promise and instead rely on other revenue-raising measures, such as extending the freeze on income tax thresholds and increasing CGT.

Rumours that VAT might be put on private healthcare were rebutted with unusual firmness, though other VAT increases and a reduction in the VAT registration threshold for small businesses are thought to be under consideration. The conference passed a motion calling for a wealth tax and an extension of the windfall tax on energy companies, but these are not expected to become government policy. Interest in taxing wealth was evident, but most senior figures preferred reforms to existing taxes over a new wealth tax.

Property tax reform was another topic of debate, with some MPs advocating for a proportional property tax to replace council tax and stamp duty land tax (SDLT). However, ministers gave little away, and the Housing Secretary ruled out council tax revaluation. The government appears determined to press ahead with reforms to IHT, despite protests from farmers and cross-party calls for the proposals to be rethought.

Conservatives in Manchester

The Conservative Party's conference in Manchester was policy-heavy, with leaders proposing tax breaks for young people, home buyers and high street businesses, funded by cuts to welfare and the civil service. Party leader Kemi Badenoch and Shadow Chancellor Sir Mel Stride emphasised fiscal responsibility and economic credibility as the keys to Conservative revival, citing polling that shows the party is more trusted on economic issues than Labour or Reform UK.

At the heart of the Conservative economic prospectus is the claim that they alone would have the discipline to make substantial cuts to public spending, enabling them to both pay down debt and cut taxes, ending Labour's 'borrowing and tax doom loop' and delivering economic growth. Whether they could deliver cuts on the scale promised (£47 billion) is key to the credibility of their proposed tax cuts, of which the headline announcement from the conference was the abolition of SDLT on primary residences, regardless of value, with the tax remaining for second homes and non-UK residents. SDLT is devolved, but the Scottish and Welsh Conservatives have both said they would scrap their SDLT equivalents if they were to gain power (a big if) in next year's elections.

Stride announced another two tax cut proposals in his conference speech. The first was a 'First Job Bonus', redirecting the first £5,000 of NI paid by young workers towards a home deposit or savings. On the face of it, this represents a notable switch in priorities for a party that targeted retired people with a big tax cut at last year's election. The second was a promise to exempt retail, hospitality and leisure firms in England from business rates up to an annual threshold of £110,000 per year, with local councils reimbursed for the lost revenue.

On the fringe, a candid answer from the Shadow Chancellor dismayed some of his colleagues. He said that, if taxes had to go up to fill a 'black hole', targeting income tax would be the least bad choice. Stride was also challenged about comments he made in 2021 that some interpreted as sympathetic to a wealth tax. He dismissed this suggestion, calling wealth taxes 'an extremely bad thing'.

Elsewhere at the conference, the party reaffirmed its opposition to Labour's inheritance tax changes, pledging to repeal them in its first Budget, and promised to reverse VAT on school fees. Shadow Business Secretary Andrew Griffith committed to improving HMRC service

OUR PARTY CONFERENCE DEBATES

CIOT and CenTax host debates that shine a spotlight on wealth taxation.

Wealth taxation took centre stage at this year's Labour and Conservative party conferences, where the CIOT and the Centre for the Analysis of Taxation (CenTax) hosted two high-profile fringe debates. Both drew packed audiences, underlining how far the issue has climbed the political agenda and how sharply views differ on how wealth and capital should be taxed.

At the Labour Conference in Liverpool, CIOT President Nichola Ross Martin chaired a lively panel with Lloyd Hatton MP, Gemma Tetlow of the Institute for Government, CenTax Director Arun Advani and barrister Emma Chamberlain CTA. Tetlow warned that fiscal constraints meant future governments would have little choice but to raise revenue, with wealth taxes popular among voters who assume they would not be personally affected. Advani described the current tax system as 'badly designed' and argued that reforming capital gains tax could promote growth. He cautioned, however, that recent changes to the non-dom regime risked deterring investment.

Chamberlain called those reforms 'a move to simplicity' but urged policymakers to adopt a more strategic, long-term approach instead of 'whack-a-mole' policymaking. Hatton argued that HMRC lacked the data, skills and appetite to enforce compliance among the wealthiest, calling for stronger resourcing and more consistent enforcement.

In Manchester, the Conservative Conference debate – again chaired by Ross Martin – featured CIOT Vice President John Barnett, CenTax Director Andy Summers and former Treasury Minister John Glen MP. Glen, speaking days before his party announced plans to abolish stamp duty land tax, warned that taxing 'wealth creators' could stifle investment and employment, arguing that wealth should not be taxed like income. He said aligning capital gains tax with income tax rates would penalise entrepreneurs and reflected on the practical challenges of turning policy intent into effective legislation. Summers dismissed the idea of a Labour wealth tax as 'zero chance', suggesting that government capacity for such reform simply doesn't exist.

Barnett said reforms to the tax treatment of non-doms were overdue, but cautioned that bringing them within the UK's high rates of inheritance tax was a major problem. He also highlighted challenges associated with introducing a wealth tax, including mobility and liquidity issues, and the resources required to administer the tax.

Across both conferences, the debates revealed striking contrasts in philosophy but also common concerns around simplicity, enforcement and public confidence in the tax system – themes that continue to shape the national conversation about wealth and fairness.

levels (with a new customer feedback tool) and reviewing IR35 rules. Shadow Energy Secretary Claire Coutinho pledged to 'axe the carbon tax' (referring to Carbon Price Support) and end the energy profits levy.

The other parties

The Green Party conference in Bournemouth saw new leader Zack Polanski give a high profile to the party's support for a wealth tax targeting the richest 1%, positioning it as a potential bargaining chip in the event of a hung parliament. A wealth tax was the only tax mentioned by Polanski in his leader's speech, but at last year's election the party manifesto proposed taxes adding up to an extra £172 billion a year, including an £80 billion a year carbon tax. It is unclear at this stage whether the party is rowing back on these other policies. Also at the conference, party members backed a motion to increase taxes on landlords as part of efforts 'to seek the effective abolition of private landlordism'.

The Scottish National Party (SNP) conference in Aberdeen focused on the party's strategy for achieving Scottish independence but also gave plenty of attention to tax policy. Finance Secretary Shona Robison highlighted Scotland's progressive income tax regime, with higher rates for top earners and lower rates for most taxpayers compared to the rest of the UK. However, she acknowledged that the limits of income tax increases had been reached, and future reforms would need to look beyond this. The conference endorsed a motion to explore a local wealth tax, the use of the word 'local' acknowledging that, under the current devolution settlement, the Scottish Parliament cannot legislate for new Scotland-wide taxes without the UK Parliament's approval. They also called for an end to the energy profits levy.

At time of writing, the SNP are leading in the opinion polls ahead of next year's devolved elections, and so (narrowly ahead of Reform) are the Welsh nationalists, Plaid Cymru. At their conference in Swansea, Plaid's leader Rhun ap Iorwerth called for a wealth tax. A recent motion tabled by the party in the Senedd called on the (currently Labour) Welsh government to make representations to the UK government to reverse its proposed IHT changes and the increase to employer NI, but did not argue for changes to Welsh income tax rates, which currently remain aligned with those in England.

Some concluding thoughts

So where does all this leave us? Waiting for the Budget is the succinct reply. That it will contain tax rises is a universal expectation, the only questions being of what kind and on what scale?

But looking further ahead, the question arises of what the government's tax strategy is. Is it simply to pluck the necessary number of feathers with a minimum of hissing or is there something deeper? At times, there are signs of a desire to tax work less and wealth (or at least income on wealth) more. But fiscal circumstances have meant that while the latter has happened, the former so far has not. And many seem to think that the limits of taxing the wealthy without causing counterproductive behavioural effects have now been reached.

There are relatively few signs that serious tax reforms are on the agenda. (No money to pay off the losers perhaps?) But the one area where there is at least a debate going on is property taxes. It would be a surprise not to see some developments on this front – if not at this year's Budget then at next year's.

The economy is, as ever, a political battleground – perhaps a little less than usual with the enhanced focus on issues of migration and identity, but all the parties believe that it will play a big part in people's decision-making at the next election, and in whether all of our current crop of leaders make it that far.

It has become a commonplace – but no less accurate for that – to observe that British politics is being largely conducted in two blocks at the moment. On the left, Labour is attempting to fend off the attempts of rivals to seduce its supporters away with – among other things – calls for higher taxes on the rich, and to a lesser extent big business. On the right, the Conservatives are engaged in a contest with Reform which, while broader, is partly being fought on the ground of economic credibility: who would *actually* deliver lower taxes and a smaller, less regulatory state? Between the two blocks, the argument is the old one: higher taxes for better public services, or lower taxes to keep more money in your pocket?

The outcomes of these battles on the field of public opinion will help set the shape of British politics for this parliament and beyond.

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WELCOME

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November Technical newsdesk

As mentioned by Emma Rawson last month, we are now sharing Technical Newsdesk's introduction around senior members of the ATT and CIOT technical teams, and this month the pleasure falls to me.

As Senior Manager of the CIOT's Low Incomes Tax Reform Group (LITRG), it is a privilege to work with a team that constantly strives to make a difference to the experience of unrepresented taxpayers. In the ever-changing world of tax (and with an ever-evolving HMRC), it truly feels that LITRG's mission is as important as it has ever been.

The LITRG team has been delighted to welcome two new Technical Officers in recent months: Sarah Weston and Laura Cumins, both of whom have rolled up their sleeves and hit the ground running.

Sarah had the early challenge to lead on LITRG's Budget Representation, setting out a powerful plea to the government to reconsider its stance on operating PAYE on the state pension. You can read our submission here: tinyurl.com/57af2kuy. LITRG has been raising this issue since the very early days of its existence; I believe our founder John Andrews was originally rattling cages on this matter at the turn of this century! Given the increasing number of state pensioners whose income now exceeds the personal allowance (and the near certainty that those receiving a full new state pension will receive more than their personal allowance from 2027-28), it felt essential that this matter be raised again.

I am sure some readers will have heard from perplexed state pensioners who are aghast at receiving a year-end 'simple assessment' tax demand that they were not expecting and had not budgeted for (and sometimes, do not understand). Other state pensioners may have been baffled by the PAYE tax code applied to their private pension, perhaps where they are in a 'negative' K-code position. Let us not forget there are ever-increasing items included within PAYE codes these days – such as taxable bank interest and, in some cases from 2026-27, winter fuel payment clawbacks. Adding the strain of a hefty state pension coding adjustment is simply no longer workable.

As such, it is our view that HMRC and state pensioners alike would benefit greatly if PAYE could be separately administered on state pension payments by the Department for Work and Pensions (DWP). There are some practical issues that would need to be carefully considered – not least, it would be a huge undertaking for DWP. Overall, though, we hope that the government will agree that the balance has been tipped well and truly in favour of this change.

Later this month, like many readers, the LITRG, CIOT and ATT technical teams will be waiting eagerly to see what this year's Autumn Budget brings. Given that this budget is taking place so late in November, it will feel almost (dare I say it…?) festive. I may have to treat myself to a mince pie as I watch Rachel Reeves give her speech. Hopefully, this will fuel me for the immediate aftermath where we scurry into action with technical analysis and press releases! I encourage all mince-pie loving readers to do the same.

In the meantime, I hope you enjoy reading this particularly 'Finance-Bill-heavy' edition of Technical Newsdesk. Needless to say, the technical teams across CIOT, LITRG and ATT have been very busy looking at the draft legislation published this Summer.

NEWSDESK ARTICLES

Contact

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GENERAL FEATURE

Draft Finance Bill 2025-26: Promoters of marketed tax avoidance

CIOT and ATT have commented on the draft Finance Bill legislation to tackle promoters of marketed tax avoidance with particular focus on the proposal to introduce a new strict liability criminal offence of failing to notify under the Disclosure of Tax Avoidance Scheme rules.

CIOT response

The CIOT has significant concerns about the negative impact that the breadth of this legislation could have on the tax services market, as it is drafted at the time of writing ahead of the Budget. Without refinement, the measure could result in a distortion of the market, whereby advisers will withdraw from giving certain types of advice, deeming the risk of potentially being liable to a criminal offence to be too great.

If businesses and individuals cannot continue to obtain the tax advice they need, this will in turn have damaging consequences for the UK economy and the government's growth agenda. In light of these concerns, it is critically important that our concerns – and those of other parties – about this proposal as currently drafted are urgently addressed at Ministerial level (see our letter to the Exchequer Secretary to the Treasury at tinyurl.com/tsmtwtdj).

In our view, criminalising a failure to notify under the Disclosure of Tax Avoidance Scheme regimes, rather than criminalising the creation of tax avoidance schemes which are abusive, means the incorrect behaviour is being classified as criminal behaviour. However, we recognise the government's appetite for the approach of targeting failure to notify as a tool for tackling the harmful behaviour of the promoters. We have developed some thinking on that basis to assist with improving targeting and scope, which we discuss in our response.

We suggest that the scope could be narrowed by requiring notifiable arrangements potentially subject to a criminal offence to be 'avoidance' arrangements (using wording from HMRC's Standard for Agents) so there is no risk that normal tax planning could be caught. If it is not narrowed, advisers will err on the side of caution and HMRC could receive thousands of additional protective disclosures of little value – or advisers will simply cease providing tax services in relation to some areas of tax.

We also suggest that the reasonable excuse defence could be improved by the additional defence of businesses being required to have 'reasonable procedures' in place. The legislation must also be much clearer as to which part of the adviser firm HMRC are targeting.

In summary, it is crucial that the scope of the criminal offence is narrowed, both to target the offence at the 20 to 30 promoters of marketed tax avoidance that remain in existence, whilst giving certainty to those advisers who are not the target of the offence, and who do not exhibit the behaviours of this small minority.

ATT response

In the ATT's response, we recognise that there is no place in our society for those involved in the creation, promotion and sale of tax marketed avoidance schemes that do not comply with the letter or spirit of the law. We support the government's work in deterring, disrupting and otherwise frustrating promoters of tax avoidance.

However, whilst we support the introduction of targeted information notices, the ability to frustrate the supply of goods and services to promoters via promoter action notices and universal stop notices, we have reservation around the framing of

GENERAL FEATURE PERSONAL TAX OMB

Draft Finance Bill 2025-26: Making Tax Digital for income tax

Both the CIOT and the ATT have submitted comments on the draft legislation on Making Tax Digital for income tax and penalty reform.

The draft legislation updates the scope of Making Tax Digital (MTD) for income tax, as well as making changes to the list of exemptions and HMRC's powers to cancel penalty points and late submission penalties. The ATT and CIOT responses focused on similar themes.

The ATT response noted that the draft legislation could unintentionally bring *all* non-resident sole traders and landlords within the scope of MTD, even where their sole trade or property letting activities do not give rise to any UK tax liability. This may not necessarily affect all non-resident taxpayers due to the MTD income thresholds but could still present an unnecessary and unfair administrative burden in some cases.

The ATT also highlighted how proposals could complicate MTD obligations for individuals without a National Insurance number. Under existing regulations, individuals who do not have a National Insurance number on 31 January before their expected MTD start date would be automatically exempt. The draft regulations are unclear about when the absence of a National Insurance number should be assessed, and whether any resulting exemption from MTD applies automatically or needs to be applied for.

The ATT noted the removal from the draft regulations of the current 28-day time limit for HMRC to accept or reject an application for MTD exemption on grounds of digital exclusion. The guidance accompanying the opening of the MTD exemption process at the end of September describes the 28-day limit as an aim rather than an obligation. This will cause uncertainty for taxpayers and could lead to indefinite delays for the response to an exemption application.

The CIOT response similarly highlighted the issues on the scope of MTD for non-resident taxpayers and taxpayers without a National Insurance number. The CIOT also flagged the need for adequate safeguards to be in place where statutory discretion is used to not award a point, or not to assess a penalty, to maintain fair treatment for all taxpayers.

Both the CIOT and ATT suggested that the wording on the list of exemptions should be amended to make it clear that the exemption only applies to a trustee (or executor or personal representative) in their capacity as a trustee. Both responses highlighted the need to include the legal definitions of power of attorney in Scotland and Northern Ireland, alongside the definition for England and Wales currently included.

The full CIOT response can be found here: www.tax.org.uk/ref1547

The full ATT response can be found here: www.att.org.uk/ref491

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criminal sanctions. Whilst enhanced financial penalties and a criminal sanction may serve as a deterrent for onshore promoters, we remain sceptical about their efficacy in dissuading offshore promoters from engaging in similar activities.

We have reiterated our view that imposing a criminal sanction purely on the commission of an act without consideration of the individual's intent or understanding is neither proportionate nor appropriate in the context of tax compliance. We also believe that targeting criminal liability too broadly risks capturing legitimate professional activity and could distort the tax advice market. Advisers may be deterred from offering legitimate services if they perceive an undue risk of exposure to criminal liability, even where there is no intent to promote avoidance.

The CIOT response can be found here: www.tax.org.uk/ref1549.
The ATT response can be found here: www.att.org.uk/ref494

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GENERAL FEATURE

Draft Finance Bill 2025-26: Modernising and mandating tax adviser registration with HMRC

The CIOT and ATT have responded to draft legislation on Modernising and mandating tax adviser registration with HMRC.

The proposed legislation (tinyurl.com/2zevkeke) introduces a legal requirement for tax advisers who interact with HMRC on behalf of their clients to register with HMRC and meet certain minimum standards.

CIOT response

The CIOT see a register of tax advisers as a helpful first step towards further measures to raise standards in the tax advice market. However, the legislation only applies to those who interact with HMRC and therefore a significant section of the tax advice market is completely outside the scope of the legislation. This makes it even more important that this narrower policy does not lead to excessive costs, burdens or practical difficulties which could distort the market.

We queried whether the register needs to be introduced to the current timetable envisaged. Our preferred option is for implementation to be deferred for at least a year to April 2027 to enable further consideration of the legislation and practical implementation.

The eligibility criteria for inclusion on the register give HMRC scope to impose wide-ranging and unfettered standards on tax advisers. If these are retained in the legislation, then safeguards need to be included. These safeguards need to be clearly independent and transparent.

The definition of 'tax adviser' as set out has also resulted in several queries about who the legislation aims to target and which individuals are within scope. The CIOT has suggested possible amendments to the legislation to make this clearer.

The CIOT considers that, unless refined, the proposed legislation could have unintended consequences. The combination of the eligibility criteria and draft facilitating non-compliance legislation may result in agents feeling hesitant to pursue legitimate technical disagreements with HMRC on behalf of their clients. Clients may also turn to advisory-only firms (who are not registered), which might undermine the objectives of the proposals to raise standards and could distort the market.

Finally, the CIOT commented on the fact that the transition process to the new register is unclear. The training of agents needs to start as soon as possible, particularly given the pressures on agents dealing with upcoming tax returns and the introduction of Making Tax Digital.

ATT response

The ATT acknowledged that mandatory registration marks the first step in the government's two-part strategy to raise standards in the tax advice market. This initial measure aims to improve the visibility and oversight of tax advisers operating within the system.

However, we highlighted a key concern: the proposals will not capture those who provide tax advice without directly engaging with HMRC – for example, individuals advising on claims or allowances but not involved in filing returns. As a result, a significant portion of advisers may remain outside the scope of oversight, continuing to operate with limited visibility or accountability.

We welcomed confirmation that the Agent Services Account system will be integrated into the new registration framework. However, we have asked for greater clarity on how Agent Services Account holders will demonstrate compliance with the new requirements, and what the timeline will be.

We also stressed the importance of clearly articulating the purpose and benefits of registration. Without this, advisers may perceive it simply as an additional administrative burden, rather than a meaningful step towards improving standards and protecting taxpayers.

Finally, we encouraged the government to consult on whether the provision of tax advice should become a regulated activity, and be restricted to approved and supervised individuals or organisations, as is the case for insolvency practitioners, probate providers and statutory auditors. This could provide more consistent oversight across the sector and extend protection to taxpayers, regardless of whether their adviser is required to register with HMRC.

The full CIOT response is available here: www.tax.org.uk/ref1553

The full ATT response is available here: www.att.org.uk/ref495

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GENERAL FEATURE

Draft Finance Bill 2025 -26: Proposals to enhance HMRC's powers: tackling tax adviser facilitated non-compliance

Both the CIOT and ATT have commented on the draft Finance Bill legislation which is designed to strengthen HMRC's powers to investigate and sanction tax agents whose conduct facilitates non-compliance in the tax affairs of their clients.

CIOT response

CIOT is concerned that the legislation as drafted does not achieve its intended goal of targeting the poor actors in the tax services market, while also placing numerous and potentially insurmountable burdens on those seeking to comply. We believe that it is critically important that our concerns about this proposal are urgently addressed at Ministerial level (see our letter to the Exchequer Secretary to the Treasury at tinyurl.com/tsmtwtdj).

In our view, the wording used to define 'deliberate conduct' is too broad.

It does not appear to require the tax agent to know that what they are doing is wrong – only that they have consciously chosen to do something (for example, put a number on a tax return). We consider that this could result in issues relating to legal interpretation, as well as dishonest behaviour, fraud and meritless technical arguments. We do not consider that this is in the public interest.

Consequently, firms may struggle to obtain professional indemnity insurance (PII) (or obtain it at a price that they can afford). Some advisers may consider that it is now too risky to advise on matters where the meaning or application of tax law is unclear or uncertain. This is particularly the case where the firm could be exposed them to significant penalties. As a result, some taxpayers may struggle to obtain tax services.

It is important that the legislation is unambiguous. We make some suggestions in our response as to how HMRC could modify the wording to clarify the legislation and still achieve their policy objectives.

The proposed penalties for deliberate conduct, which are to be based on the potential lost tax revenue, are disproportionate. Firms receive fees for providing tax services, which are unrelated to (and usually much lower than) the amount of tax at stake. We consider that setting penalties in relation to fees would achieve HMRC's aim of disrupting the business model of promoter firms, without driving legitimate advisers out of the market or making PII unaffordable.

The draft legislation on publishing tax agents' details does not provide an independent oversight safeguard. It also allows the agents' details to be published before the agent finishes challenging the decision that triggers publishing, and permits publishing of a firm's details even where a single 'rogue employee' is responsible for a conduct notice. We consider that if these issues are not rectified and publishing is used inappropriately, then the published decisions may damage HMRC's reputation and perceptions of fairness and trust in the tax system.

Finally, on the question of how to tackle careless behaviour by tax advisers, we do not consider that further legislation is required. Carelessness is already well defined in legislation and case law. HMRC has sufficient powers to tackle agent carelessness and poor misconduct – by continuing to enforce its Standard for Agents, and making public interest disclosures to professional bodies, such as the CIOT and ATT. In addition, by sharing knowledge of common errors with professional bodies, they can then incorporate these into their Continuous Professional Development programmes for members.

ATT response

ATT supports, in principle, actions which raise the standards in the tax market. But we have some significant concerns with these proposals (which would be introduced as amendments to FA 2012 Sch 38). In particular:

- We do not think that HMRC should have the power to obtain information from tax advisers using a file access notice based only on a 'reasonable suspicion' that they have facilitated non-compliance in their clients' tax affairs, especially as this notice will no longer require tribunal approval.
- We do not agree with the proposed penalty for tax advisers who have deliberately facilitated non-compliance being based on the amount of tax involved.

We accept that publishing the details of sanctioned tax advisers could help taxpayers to be better informed when choosing a tax adviser. However, HMRC must not publish details that could inadvertently expose individuals to significant personal risk.

We welcome the government's stated intention to 'work with professional bodies to further assist them in dealing with poor conduct from their members at the earliest opportunity,' and its commitment to 'broaden disclosure of HMRC's concerns to them'. We look forward to engaging with HMRC to help shape how these broader disclosures will be implemented in practice, ensuring they are effective and practical.

Finally, we suggest that addressing the tax gap requires more than just dealing with 'incompetence' and 'unreasonable errors' by tax agents and requires a broad and systemic approach. This should include:

- A comprehensive review and simplification of tax legislation to make it more accessible, comprehensible and easier to comply with for both taxpayers and agents.
- The provision of clearer, more consistent guidance from HMRC, reducing ambiguity in interpretation and supporting correct outcomes.
- Enhanced digital tools and calculators that help agents and taxpayers get things right first time.
- Investment in education and outreach, particularly for small businesses and new entrants to the tax system.

Tackling the behavioural drivers of the tax gap requires a joined-up strategy that supports compliance, reduces complexity and ensures that the system is fair, transparent and navigable for all stakeholders.

The full CIOT response can be found here: www.tax.org.uk/ref1554

The full ATT response can be found here: www.att.org.uk/ref490

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INHERITANCE TAX AND TRUSTS

Draft Finance Bill 2025 -26: Pensions and inheritance tax

The CIOT and ATT have both raised concerns about the impracticalities of operating the regime set out in the draft legislation on subjecting unused pension benefits to Inheritance tax.

The CIOT and ATT have both commented on the draft legislation, issued on 26 July, which implements the October 2024 Budget announcement that from 6 April 2027 any unused pension funds or death benefits will be included within the value of an individual's estate on death and be subjected to inheritance tax.

In a change from the initial proposals, the deceased's personal representatives (PRs) are to be liable for all the inheritance tax due, including that on any pensions, with the burden effectively falling on the beneficiaries of the free estate.

CIOT response

We submitted two documents: one setting out proposals to lessen the impact on PRs; and another asking 20 technical questions on the detail of the draft legislation.

The established model for liability of inheritance tax under IHTA 1984 ss 201 and 204 is for the person holding the asset (for example, trustees or donees of a failed PET) to be the person primarily liable for the tax. HMRC's proposals in relation to pensions represent a radical and very challenging change to that practical approach. Exceptionally, PRs are to be held liable for tax on the pension fund despite it never coming into their hands.

Although the PRs are given a right of recovery against the pension beneficiaries, that would be time consuming and costly to pursue, even where the pension beneficiary still retains the assets and has not used the funds to discharge debt, for example. If the beneficiary is abroad, recovery would in many cases be impossible.

The increased risks to PRs may lead to executors declining to act and professional indemnity cover becoming unaffordable or withdrawn completely. The costs of the administration of the estate (which fall on the estate beneficiaries alone) will inevitably rise.

Our key proposal was for pension scheme administrators (PSAs) to retain 50% of the pension fund until the earlier of:

- two years from the date of death (or 23 months, to avoid the income tax charge on death benefits which becomes applicable two years after death where the deceased was under 75); and
- four weeks after confirmation of the inheritance tax position (verified by HMRC) is provided by the PRs to the PSAs.

50% was chosen as the appropriate retention to cover all possible inheritance tax on the pension plus interest and costs.

If inheritance tax was found to be due on the pension, the PRs would notify the PSAs of the amount of inheritance tax (via formal notice or letter from HMRC setting out the inheritance tax and interest specifically due on the pension). The PRs could then instruct the PSAs either to reimburse the PRs (if they have already paid the inheritance tax) or to pay the inheritance tax directly to HMRC.

This approach allows the PSAs to make an early payment of some of the pension benefits to their beneficiary, whilst providing the PRs with some reassurance that there will be funds to pay inheritance tax (plus interest and costs) if any is due. We believe that this strikes a proper balance between the beneficiaries of the pension fund and those of the free estate.

ATT response

In our response, the ATT also highlighted concerns about the implications of the shift in liability for paying any inheritance tax on pension assets from the PSAs to the PRs. We appreciate that this has been done to minimise the number of pension beneficiaries affected by the policy when no extra inheritance tax is due, but we consider that too little consideration has been given to the increased risk placed on PRs by shifting liability to them.

We think that the current provisions for PRs to recover inheritance tax on pension assets from pension beneficiaries are inadequate and more needs to be done to ensure that individuals and professionals can still confidently accept the role of PR. As it stands, the policy will make it more challenging for individuals to find PRs willing to handle their estate.

We also raised some concerns about the practical operation of the scheme which allows PSAs to make direct payment of inheritance tax based on the pension beneficiaries' instructions. We do not think it is reasonable to have a lower limit of £4,000 on the amount of inheritance tax that PSAs are required to pay out. PSAs will need to build systems and processes to support the new policy regardless of the amount of tax due and we think this limit will make it hard for beneficiaries of small pension schemes and those involving amendments.

Given the administrative challenges, we still think there would be merit in exploring a separate inheritance tax regime for pensions, helping to meet the government's policy intention, without creating excessive burdens on PRs.

The full CIOT response is available here: www.tax.org.uk/ref1550

The full ATT response is available here: www.att.org.uk/ref489

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INHERITANCE TAX AND TRUSTS

Draft Finance Bill 2025-26: Changes to APR and BPR from inheritance tax

The CIOT has identified issues with the draft legislation to impose a £1 million cap on agricultural and business property qualifying for 100% inheritance tax relief.

The CIOT has commented on the draft legislation, issued on 26 July, to implement the October 2024 Budget announcement 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 (BPR) and/or 100% agricultural property relief (APR). 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.

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. It is particularly unfair when one spouse has died before 30 October 2024.

Draft new sections 124(D) to 124(G) apportion the £1 million allowance across all relievable property owned by the deceased. This means that a legacy drafted as 'I leave my property qualifying for 100% relief to...' appears to be ineffective where there is more than £1 million of relievable property: the relief is spread and therefore no specific property attracts the 100% rate.

To alleviate this, we suggested adding wording at the start of new s124D(7) along the lines of: 'Subject to contrary intention expressed in any instrument to allocate the 100% relief allowance to specific properties...'. This would be consistent with government announcements that it would give the testator the opportunity to allocate the allowance should they so wish but leaves the apportionment principle as the default provision.

The full CIOT response is available here: www.tax.org.uk/ref1551

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OMB EMPLOYMENT TAX

Draft Finance Bill 2025-26: Allowing existing Enterprise Management Incentives and Company Share Option Plan agreements to become exercisable at the sale at a PISCES trading event

The government has published draft legislation that would allow existing Enterprise Management Incentive and Company Share Option Plan agreements to be amended so they may be exercised upon a sale of shares during a Private Intermittent Securities and Capital Exchange System trading event, without losing their tax-advantaged status.

In our response, ATT welcomed the measure but expressed concerns about the proposed cut-off date, which would limit the relief to options granted on or before the date when the Finance Bill 2025-26 is passed.

This restriction may prove arbitrary and problematic, as the Private Intermittent Securities and Capital Exchange System (PISCES) remains in its early 'sandbox' phase and is not expected to become permanent until 2030. The limited awareness of PISCES at present means that few employers are able to consider it when granting new options in the immediate future.

ATT urges the government to amend the draft legislation so the exemption applies to all Enterprise Management Incentive and Company Share Option Plan options granted before PISCES becomes a permanent regime.

We also highlight the need for clearer guidance and illustrative examples of how PISCES trading events will impact share valuations and the consequences of amending option agreements, particularly where such amendments might inadvertently trigger a release and regrant of the options.

The full ATT response is available here: www.att.org.uk/ref492

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GENERAL FEATURE

Draft Finance Bill 2025-26: LITRG responses

LITRG made four submissions in response to the government consultation on draft Finance Bill 2025-26 legislation. These covered topics as diverse as third-party data, Making Tax Digital, non-compliance in the umbrella company market and tax adviser registration.

The government published its draft Finance Bill 2025-26 in July 2025 for technical consultation. The LITRG team focused on the four sets of clauses that are of most relevance to the low-income and unrepresented taxpayer population.

Three sets of clauses fall under the banner of 'administration', while the fourth is an anti-avoidance measure. We provide a summary of our responses, which can all be found on the LITRG website.

Better use of new and improved third-party data

The draft legislation contains measures aimed at improving the reporting of financial account information and card sales data. The objective of the reforms is to ensure that HMRC receive the right data, of the right quality and at the right time to deliver service improvements for taxpayers.

Our brief submission emphasised that while we think that smarter use of third-party data has the potential to improve the taxpayer experience with HMRC, we have some concerns about the draft legislation.

Under the draft provisions, HM Treasury may make regulations requiring data holders to make reasonable efforts to obtain identifying information, such as National Insurance numbers. Although most individuals aged 16 and over who are in work are expected to have a National Insurance number, some eligible individuals do not have one. We understand that they will be expected to apply for a National Insurance number and provide this to financial institutions or card acquiring service providers that they hold an account with. Some individuals are not eligible for a National Insurance number.

We suggest several safeguards, including clear guidance for individuals. We also need clarity as to the position where an individual is not eligible to apply for a National Insurance number. It is essential that this legislation does not result in financial institutions refusing to open accounts for such individuals.

Finally, we think the requirement placed on data holders to provide data that they supply to HMRC directly to the person concerned should be refined. Data holders should be obliged to share the information with taxpayers in a format that they can easily understand and that is consistent across third parties.

Requirement for tax advisers to register with HMRC and meet minimum standards

The draft legislation introduces a requirement for tax advisers who interact with HMRC on behalf of clients to register with HMRC and meet minimum standards from 1 April 2026.

LITRG has previously supported a requirement for agent registration and has also suggested that something like 'fit and proper' tests for agents. Currently, there are gaps in HMRC's knowledge of tax advisers and their behaviour, with inevitable risks for taxpayers.

We have concerns about certain aspects of the draft legislation, although it does go some way to addressing the issues.

This measure does not tackle agents who act outside of official processes, for example by utilising their clients' Government Gateway accounts to interact with HMRC, rather than having their own agent account. These agents cause LITRG serious concerns, and unfortunately this measure might encourage unscrupulous agents to adopt this approach.

Moreover, this measure as drafted does not appear to cover unscrupulous individuals or firms who submit tax refund claims without the explicit knowledge and consent of the taxpayer. We have suggested some wording that may help to ensure the measure covers such agents.

However, if HMRC can police access to their systems by non-compliant agents, taxpayers may find that their experience of dealing with HMRC is negatively affected by this policy, if their agent is suspended or cannot register. The time lag between agents being suspended and having to notify their clients of their suspension could prevent taxpayers from complying with their tax obligations without understanding why. We think HMRC should accept appeals from affected taxpayers on the basis of reasonable excuse.

We think HMRC should publish guidance for taxpayers on agent registration – in particular, that it is not an endorsement of that agent by HMRC. It must also cover what suspension means, and what taxpayers need to do if their agent is suspended.

We acknowledge HMRC concerns in relation to making their database of registered agents public. However, for the sake of transparency and accountability, we think there should be a publicly available database of registered agents that taxpayers can check.

Tackling non-compliance in the umbrella company market

Our submission responds to the government's draft reforms tackling tax non-compliance in the umbrella company market, specifically the introduction of joint and several liability provisions which make agencies accountable for umbrellas in their supply chains.

One of the aims of joint and several liability is to protect workers – particularly low-income agency workers – from practices such as disguised remuneration. Therefore, overall, we welcome the joint and several liability approach. However, we stress that success depends on effective operational delivery, visible enforcement and a holistic approach to

OMB LARGE CORPORATE PROPERTY TAX

Land Remediation Relief consultation

Land Remediation Relief aims to incentivise the regeneration of brownfield land and therefore reduce the pressure to develop on greenfield sites. Whether it is effective or not is particularly important given the government's target of building 1.5 million new homes by the end of this parliament.

The CIOT responded to the government's consultation on the efficacy of Land Remediation Relief (LRR), the objective of which is to incentivise the regeneration of brownfield land. LRR allows companies to claim an enhanced corporation tax deduction for revenue and capital expenditure incurred in the remediation of contaminated or long-term derelict sites. A maximum deduction of 150% of the qualifying expenditure is available. Where the enhanced deduction results in a loss, the loss can be surrendered in return for a cash payment. The consultation indicates that, for the latest financial year for which data is available, 1,750 claims to LRR were made for a total value of £50 million.

It is difficult to draw meaningful conclusions from the data. For example, there is no split between claims for land in a contaminated state and claims for derelict land; between claims for revenue and claims for eligible capital expenditure; and between different types of claimants (property developers, property investors, and large and SME developers of either type). We suggested that better data would help to identify whether the right projects are accessing LRR.

If the relief is **not** incentivising brownfield development, we suggested the following factors are likely to be relevant:

- **The timing of the relief**: For housebuilders and developer traders, the timing of the relief is an issue. There can be significant time lags between incurring remediation costs and final sale of the properties. Under UK GAAP, profits for such businesses are not recognised until sale, meaning that remediation costs and the benefit of LRR are only realised then. This is reflected in the corporation tax line of the profit and loss account when the properties are sold, rather than the earlier date when remediation costs are incurred.
- **Lack of visibility:** The relief often has little impact when sites are selected and viability assessed. Property businesses, housebuilders and developer traders assess projects and sites on a pre-tax basis and without detailed modelling of the benefit of LRR. We suggest evaluating whether an 'above the line' credit could help meet the policy objective.
- **Qualifying costs:** These are not sufficiently aligned to the common barriers to remediating brownfield land. For example, in areas of former heavy industrial use, mineshafts are a significant component of sites that require stabilisation to create a platform for construction. Remediation work involving mineshaft grouting does not, however, qualify for LRR.

We also reflected that as LRR includes a payable tax credit, it is particularly susceptible to abuse. It is important that there are adequate checks and processes in place to ensure only genuine claims are paid out. Consideration might be given to using something akin to the additional information form that is required for R&D claims.

The full CIOT response is available here: www.tax.org.uk/ref1548

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avoid risk-shifting and ensure genuine worker protection.

We urge HMRC to produce detailed technical guidance well ahead of implementation. This should provide clarity and worked examples on:

- the scope of liabilities (covering tax, National Insurance contributions, student loans, apprenticeship levy);
- methods for quantifying liabilities where HMRC lacks complete information;
- collection processes, including determinations, in-year collection and appeals;
- anti-avoidance rules, ensuring that genuine models are not unintentionally caught; and
- what happens after joint and several liability is applied, including the prevention of phoenixism.

Potential unintended consequences are also highlighted. These include:

- umbrellas facing weaker incentives if HMRC mainly pursues agencies;
- instability if micro-agencies fold or engage in avoidance behaviour;
- worker disruption if agencies shift staff to in-house PAYE, risking tax errors or duplicate records; and
- uncertainty around interaction with existing PAYE Regulations, especially ensuring HMRC does not pursue both workers and agencies for the same liabilities.

In summary, while supporting the principles of joint and several liability, the LITRG submission calls for clear guidance, strong enforcement and careful coordination to ensure the reforms truly protect workers without creating instability or unfairness.

Making Tax Digital for income tax

LITRG have responded to HMRC's consultation on the draft regulations for Making Tax Digital for income tax published in July. These regulations will eventually replace the regulations from 2021 and 2024.

Our short submission highlights key concerns around the proposals relating to the exemptions process. These include:

- the removal of the deadline for a response to an application for exemption on the grounds of being digitally excluded (the original regulations imposed a deadline of 28 days); and
- the reduction of the deadline for notifying that someone is no longer digitally excluded from three months to 30 days.

The full LITRG responses are available here:

- Better use of new and improved third-party data: www.litrg.org.uk/11100
- Requirement for tax advisers to register with HMRC and meet minimum standards: www.litrg.org.uk/11099
- Tackling non-compliance in the umbrella company market: www.litrg.org.uk/11095
- Making Tax Digital for income tax: www.litrg.org.uk/11104

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CIOT		Date sent
Land Remediation Relief	www.tax.org.uk/ref1548	12/09/2025
Draft Finance Bill 2025-26 Proposals to close in on promoters of marketed tax avoidance	www.tax.org.uk/ref1549	15/09/2025
Draft Finance Bill 2025-26 Enhancing HMRC's powers: tackling tax adviser facilitated non-compliance	www.tax.org.uk/ref1554	15/09/2025
Draft Finance Bill 2025-26 Making Tax Digital for Income Tax and penalty reform	www.tax.org.uk/ref1547	15/09/2025
Draft Finance Bill 2025-26 Modernising and mandating tax adviser registration with HMRC	www.tax.org.uk/ref1553	15/09/2025
Draft Finance Bill 2025-26 Reforms to agricultural property relief and business property relief	www.tax.org.uk/ref1551	15/09/2025
Draft Finance Bill 2025-26 IHT Pensions	www.tax.org.uk/ref1550	19/09/2025
Money Laundering Amendment Regulations 2025: Trust Registration Service	www.tax.org.uk/ref1564	01/10/2025
Temporary Repatriation Facility: HMRC clearance facility	www.tax.org.uk/ref1542	02/10/2025
LITRG		
Council tax disregards for apprentices and carers	www.litrg.org.uk/11093	03/09/2025
Umbrella companies: tackling non-compliance in the umbrella company market	www.litrg.org.uk/11095	15/09/2025
Making Tax Digital for Income Tax and penalty reform	www.litrg.org.uk/11104	15/09/2025
Better use of new and improved third-party data	www.litrg.org.uk/11100	15/09/2025
Modernising and mandating tax adviser registration with HMRC	www.litrg.org.uk/11099	15/09/2025
ATT		
Draft legislation: Making Tax Digital for Income Tax and penalty reform	www.att.org.uk/ref491	12/09/2025
Draft Legislation: Closing in on promoters of marketed tax avoidance	www.att.org.uk/ref494	15/09/2025
Draft Legislation: Modernising and mandating tax adviser registration with HMRC	www.att.org.uk/ref495	15/09/2025
Draft Legislation: Allowing existing EMI and CSOP agreements to become exercisable if the shares are immediately sold at a PISCES trading event	www.att.org.uk/ref492	15/09/2025

Legislation

Plans for tackling promoters miss their target

CIOT raises concerns with government and parliament over new strict liability offence.

CIOT is warning the government that new legislation aimed at tackling rogue tax agents and promoters of tax avoidance schemes won't catch all of those it is aimed at, but will make it harder for some taxpayers to get the advice they need to comply with tax laws.

CIOT has set out its concerns in a letter sent to Exchequer Secretary Dan Tomlinson and in written and oral evidence provided to the House of Lords Finance Bill Sub-Committee, who are carrying out a short inquiry into the proposals. This followed up representations made directly to HMRC on the draft Finance Bill legislation by both CIOT and ATT.

In the letter, the Institute expresses support for the objective of raising standards in the tax advice market. However, it argues that the current proposals are not well targeted, imposing potentially unworkable conditions on tax agents, whilst many of the 'bad actors' who are the real target of these measures will be out of scope and able to continue their abuse of the system.

CIOT is concerned that, without changes, the proposals will lead many reputable advisers to withdraw from giving advice where the meaning of complex tax legislation is unclear, or where the potential tax liability is high, because of the risk of even honestly given advice leaving them liable to a very large penalty or even a criminal offence.

CIOT has asked the minister to delay the measures to allow HMRC to work with CIOT and others to make the necessary improvements to deliver the government's policy objectives.

Giving evidence to the House of Lords on 13 October, CIOT Technical Officer Margaret Curran told the committee that the creation of a strict liability offence was problematic. Normally, a strict liability offence is more appropriate where there is a clear line to cross to trigger the offence, she explained, rather than something like this where the hallmarks of avoidance are uncertain.

Margaret suggested the government could look at something more targeted at the types of business models used by promoters and features of their schemes such as generic counsel's opinions, or at whether legislation could be targeted at avoidance schemes using wording from HMRC's Standard for Agents.

Margaret Curran giving evidence to the House of Lords Committee

In its response to the draft legislation, ATT warns that the proposals may not be effective in stopping those operating through offshore entities. Jon Stride, chair of the ATT's Technical Steering Group, said that 'while the introduction of Universal Stop Notices may deter onshore promoters, we question whether these additional powers will impact the full range of promoters, and they could be toothless for those operating through offshore entities'.

He urges the government to pursue enhanced international collaboration, bilateral agreements and the development of more robust cross-border enforcement mechanisms, to address the 20 to 30 currently active promoter organisations operating with structures involving offshore jurisdiction.

Political update

CIOT, ATT and LITRG work with politicians from all parties in pursuit of better informed tax policy making.

During the autumn party conference season, the CIOT/ATT external relations team – and others including CIOT President Nichola Ross Martin – attended the Lib Dem, Labour and Conservative conferences, building links with politicians and their advisers, and others involved in the tax policy debate.

We held successful debates on taxation of wealth and the wealthy at the latter two conferences. Both were full, with around 80 audience members in attendance, some standing. Many more have already watched the recordings. There is a report on the debates on page 32 and links to watch the recordings on page 50 of the Briefings section.

- At the Lib Dem conference, we discussed inheritance tax changes with Daisy Cooper MP, Treasury spokesperson, and Alistair Carmichael MP, chair of the House of Commons Environment, Food and Rural Affairs Committee, and current government tax policy with former leader Sir Vince Cable.
- At the Labour conference, we were able to congratulate Torsten Bell MP and James Murray MP on their new ministerial responsibilities.
- At the Conservative conference, we met with Rebecca Paul MP, one of two Chartered Tax Advisers in the Commons, and heard Shadow Financial Secretary Gareth Davies praise the high quality of CIOT's Budget analysis during a fringe meeting. We were also able to ask Shadow Chancellor Mel Stride MP about his speech the previous day and why he had targeted young people and high street businesses in particular for tax breaks.

Before the conference season, our Senior External Relations Manager Chris Young attended a series of meetings in Edinburgh organised by the Enterprise Forum, which provided a useful chance to discuss priorities for the Scottish tax system with some influential MSPs. These included Daniel Johnson, Labour's economy spokesperson, Richard Lochhead, the Scottish Government's Minister for Business and Employment (representing the SNP) and Russell Findlay, leader of the Scottish Conservatives.

Research and development

R&D changes risk discouraging genuine innovation

Fall in claims likely includes legitimate claimants walking away.

The number of first-time applicants for SME Research and Development (R&D) tax relief has dropped by 45% in just one year, reinforcing concerns from the ATT that efforts to tackle fraud may be discouraging genuine claimants.

Recently released HMRC figures show that the number of first-time applicants for the SME R&D scheme dropped to 7,230 in 2022-23 – the latest year for which full data is available – down from more than 13,000 the previous year. This decline came before major reforms to the R&D regime took effect and likely reflects the impact of HMRC's increased compliance activity. While some fraudulent activity will have been deterred, the ATT warns that complexity and cost may also be preventing genuine claimants from accessing the relief.

Statistics for 2023–24 estimate the total number of R&D tax relief claims to be 46,950, a decrease of 26% from the previous year.

Jon Stride, chair of the ATT's Technical Steering Group, said: 'HMRC appear to view the reduction in claims as evidence that fraud and error are falling. But in reality, it's likely a mix of factors, including genuine claimants walking away, either because of complexity or because they lack the resources to defend a claim under enquiry.'


Jon Stride

The ATT warns that without greater stability and support for small businesses, R&D tax relief could become less accessible to the very companies it was designed to help — early-stage, innovative firms that often lack the resources to navigate a fast-changing and increasingly complex system.

LITRG

LITRG urges digitally excluded to consider MTD exemption

The Low Incomes Tax Reform Group (LITRG) is encouraging taxpayers who can't manage their tax affairs online and are due to start using Making Tax Digital (MTD) for Income Tax to check whether they can claim an exemption from the initiative.

This follows HMRC's publication of new guidance for people who are digitally excluded, setting out how they can obtain an MTD exemption. This is in addition to automatic exemptions already in place for certain groups, including for people without a National Insurance number. Digitally excluded taxpayers will need to submit an exemption application by phone or post and should receive a response within 28 days.

LITRG is also urging taxpayers already exempt from MTD for VAT to check with HMRC that their exemption will be extended to cover the income tax programme.

In the news

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

'Everybody is in favour of progressive taxation (but) at what point does the final straw break the camel's back?'
John Barnett, CIOT vice president, in the Financial Times on tax rises for the wealthy, 17 September

'Working tax credit and child tax credit, often referred to as tax credits, were introduced in 2003. After 22 years, the tax credit system is closing and there will be no tax credit awards after 5 April 2025.'
LITRG in the Birmingham Mail, =22 September

'The future of fuel duty has been seen as a problem for down the road, but last week's figures show we are speeding towards decision time.'
Jon Stride, chair of the ATT's Technical Steering Group, in the Daily Express on diminishing fuel duty receipts, 25 September

'If you were to introduce a new tax, to do it properly you'd need plenty of time for consultation and for ironing out all the details.'
ATT Director of Public Policy Emma Rawson in FT Adviser on wealth taxes, 29 September

'If you meet the criteria for self-assessment and owe tax, the 5 October registration deadline is a legal obligation, and you may be charged a failure to notify penalty if you register late.'
LITRG in Leeds Live, 30 September

'The ATT previously warned that a "rushed timetable" for the system's introduction could leave little time to check outcomes and iron out any issues ... meaning "any problems are likely to be rolled over onto subsequent cohorts of taxpayers".'
Yahoo! News on Making Tax Digital, 7 October

'These must be sent by 30 days after the end of each of: June 30, September 30, December 31 and March 31. In addition, an annual return for the tax year must be submitted by July 5.'
ATT technical officer Chris Campbell in the Daily Telegraph on tax returns for the non-resident landlord scheme, 13 October

ADIT and DITT

Tax professionals honoured for their ADIT and DITT achievements

On Thursday 25 September, we held an awards ceremony for successful graduates of the Advanced Diploma in International Taxation (ADIT), award winners and candidates for the Diploma in Tax Technology (DITT).

Attendees from across Europe and Asia gathered with family and friends at London's historic Stationers' Hall to celebrate their achievements in pursuit of our flagship international tax and tax technology qualifications.

Increasing numbers of students are sitting and passing exams for both qualifications each year, as recognition for both the ADIT and DITT qualifications is continuing to grow throughout the tax profession. The annual Awards Ceremony provides an opportunity for practitioners who have worked hard to develop their knowledge and skills to be recognised for their considerable achievements and to connect with fellow achievers.

In her address, CIOT President Nichola Ross Martin congratulated more than 40 achievers on their recent exam successes. She also announced the forthcoming launch of the cutting-edge Pillar Two Award, the next addition to CIOT's growing suite of professional tax qualifications.

After receiving their awards and certificates, the new ADIT graduates enjoyed a reception with their guests and were able to have photos taken in the beautiful venue.

These new ADIT graduates join a vibrant and well-connected community of more than 2,000 people across six continents. They can be expected to make an important contribution throughout their careers to international tax policy, academic discourse and the tax profession as a whole.

Meanwhile, the successful DITT candidates are part of a growing network of more than 400 tax technologists who have achieved the Diploma since its launch in 2022, placing them at the forefront of the technological transformation of tax practice and administration.

CIOT will also be holding a virtual awards ceremony on Wednesday 26 November for ADIT graduates, award winners and DITT achievers who were unable to travel to London but would still like to celebrate with other successful students.

We extend our congratulations to everyone who was honoured at the ceremony, and to those who will be celebrating ADIT achievements at the forthcoming virtual ceremony. Your success is thoroughly deserved, and we look forward to supporting your continued learning and development throughout your careers!

Schools

Help to shape the next generation

As tax professionals, we know how vital it is to understand the basics of tax, yet for many young people these concepts remain a mystery. Although financial education has been part of the national curriculum in England for over a decade, tax education still receives limited attention in schools. The good news is that you can help change all that.

The ATT and HMRC offer a range of ready-made, engaging resources to support members who want to go into schools and present on tax. These materials are aimed at youngsters aged 8 to 17, and are designed to be interactive, accessible and easy to deliver – even if you've never stepped into a classroom before.

The ATT's school resources include:

- a PowerPoint presentation introducing tax – what it is, why we pay it, and how it impacts daily life;
- a presenter guide with speaking notes, discussion prompts and tips to engage young audiences;
- interactive activities, such as quizzes and real-life scenarios to encourage participation and critical thinking; and
- guidance on contacting schools and tailoring your session to suit different age groups.

These resources help make tax tangible and relatable, showing how it funds the services young people rely on, from hospitals and schools to roads and refuse collection. We can also supply materials to help you set up an engaging ATT stand and leave a lasting impression. These include: a pop-up banner stand, a branded tablecloth and careers brochures, a FAQ factsheet and poster, interactive Q&A cards, branded giveaways, info cards on tax history, and other small items for prizes.

Volunteering in schools is a rewarding way to give back and use your expertise to make a real impact. Many students leave school with little knowledge of payslips, income tax or National Insurance, despite being just years (or even months) away from employment. Some already have part-time jobs without fully understanding how tax affects their earnings.

By presenting tax in a relatable and engaging way, you can help to demystify the topic and show students that tax is an essential life skill, and not just something for accountants or HMRC. You'll also benefit personally: presenting in schools sharpens your communication skills, builds confidence, and gives you fresh insight into how the public views tax.

Visit the ATT's schools resources page at bit.ly/4qkSY9m to download the pack and start your outreach journey. Whether you can spare an hour or want to build a lasting partnership with local schools, you can make a difference. Let's inspire the next generation – one classroom at a time!

Spotlight

Spotlight on HMRC's Joint VAT Consultative Committee

HMRC's Joint VAT Consultative Committee (JVCC) is a forum led by senior HMRC VAT staff and attended by representatives from professional and business bodies, including CIOT and ATT. CIOT and ATT are both active members of the JVCC and its subgroups, feeding back key discussion points on VAT procedures, operations and policy developments to their respective technical committees.

According to HMRC's Terms of Reference, the JVCC's objectives are to:

- exchange views between HMRC and representative organisations on the procedures and operations of VAT, including proposed changes; and
- consider and discuss VAT issues arising from member organisations.

The overall aim of the JVCC is to strengthen HMRC's understanding of business and taxpayer needs, thereby improving the administration of VAT. Details about the JVCC can be found on GOV.UK at bit.ly/4706KH7.

Regular agenda items

Operational updates: HMRC's VAT operations managers present performance statistics for VAT service lines, comparing outcomes with intended targets – normally a 40-working day turnaround in 80% of cases. While some taxpayers still experience delays, most VAT services consistently meet or exceed this target. Of the 12 service lines reviewed at the JVCC, six of these are publicly available online at: bit.ly/3W0H86z.

International update: HMRC provides updates from their participation as a member of the OECD's Working Party 9 on Consumption Taxes (see tinyurl.com/ykzkf73f). Recent discussions have focused on the VAT treatment of cryptoassets and international cooperation on sharing data to secure VAT revenues. HMRC provides updates on meetings with the European Commission on VAT-related matters.

Current live consultations: Policy leads present the scope and aims of live consultations, often inviting stakeholders to attend roundtable events to discuss issues in more depth. These sessions give members of CIOT's Indirect Taxes Committee and the VAT Sub-group of ATT's Technical Steering Group the opportunity to contribute directly to policy development, as seen in the recent call for evidence on e-invoicing.

'Over to you' session: This part of the meeting allows stakeholders to present VAT issues for HMRC's consideration. Earlier this year, CIOT used this opportunity to raise concerns about error correction processes with a JVCC subgroup. More details are available at: bit.ly/4ogVX0L.

)utside the meeting programme

Outside the formal meetings, JVCC members can raise generic VAT issues directly with the JVCC secretariat. Although CIOT and ATT cannot use this route to resolve specific taxpayer issues, HMRC may sometimes request real-life examples to illustrate a broader VAT technical issue, which can sometimes lead to their resolution indirectly as the wider issue is addressed.

Our submissions normally come from our committee discussions or member feedback, so do get in touch to share ideas or concerns. Contact with the JVCC must be made through the JVCC member; taxpayers and agents do not have direct access. The JVCC also asks stakeholders to provide feedback on new or updated VAT guidance. When permitted, drafts can be shared with CIOT and ATT committee members, allowing sector specialists to contribute expert insights.

Jayne Simpson (jsimpson@ciot.org.uk)
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Tax symposium

CFE 2025 Tax Symposium

The CFE 2025 Tax Symposium was held in Ghent on Thursday 18 September 2025. CIOT was pleased to be invited to take part in Panel Session Three of the day, 'Technology, AI and Professional Standards in Tax Practice'. The panel chair, Jeremy Woolf, introduced the session and led the question-and-answer session following brief talks by each of the other panel members.

Nicolas Devillers (Partner, BDO Luxembourg) kicked off the session and covered how automation now handles large parts of VAT and indirect tax workflows, covering the advantages of using software and AI. Petra Pospíšilová (President, Czech Chamber of Tax Advisers) described the increase in structured reporting (for example, in relation to country-by-country reporting).

Jane Mellor (Head of Professional Standards, CIOT) focused on ethics and professional standards in relation to AI. This was based on work being undertaken in the UK in relation to Professional Conduct in Relation to Taxation (PCRT) topical guidance on AI. This guidance is currently in development and being prepared for release. Jane covered how the five PCRT principles should be applied when looking at AI usage as follows:

- **Integrity:** Tax advisers need to consider transparency in AI usage and be able to explain how it works, and the results produced.
- **Objectivity:** Care needs to be taken in relation to potential bias in the system, which could occur because of the resources on which the AI tool draws on or even the way questions are asked.
- **Competency and due care:** Tax advisers must be competent in the use of AI and take training where required. Care is needed when reviewing AI outputs so that, for example, 'hallucinations' can be identified.
- **Client confidentiality and data privacy:** Care needs to be taken to avoid client specific data being input into public AI tools. Engagement terms may need to be reviewed.
- **Professional behaviour:** Tax advisers must comply with relevant laws and regulations and avoid any action that discredits the profession.

The CFE Professional Affairs Committee is also working on professional standards guidance in relation to an AI-influenced tax advisory environment, and this was highlighted to those attending the symposium. The group working on this has been taking a keen interest in the PCRT topical guidance in the UK and how this might inform their project.

The professional standards section of the talk finished by touching on the fact that standards for tax authorities in the use of AI remained an evolving area.

Jane Mellor (jmellor@ciot.org.uk)

Charity

TaxAid campaign to aid disadvantaged taxpayers with MTD transition

TaxAid, Britain's leading tax advice charity, is launching a major fundraising campaign to help disadvantaged taxpayers navigate the transition to Making Tax Digital for Income Tax Self-Assessment (ITSA).

The campaign follows TaxAid's merger with Tax Help for Older People in July 2025, under the unified TaxAid name, to ensure continuity and public recognition.

Last year, the combined organisations supported more than 18,000 people and secured over £1.2 million in debt relief and refunds for clients facing tax challenges.

The impact of Making Tax Digital

Government statistics show that from April 2026, around 780,000 people with business or property income over £50,000 will be required to join MTD for ITSA, with a further 970,000 to follow from April 2027. At the same time, the frozen personal allowance is pushing more pensioners and lower-income individuals into Self-Assessment for the first time.

TaxAid has seen a 58% increase in people seeking help over the past three years, and expects demand to rise sharply as MTD rolls out.

Chief Executive Valerie Boggs said: 'Some of the most vulnerable will not be able to cope with a mandated digital service or may need help to do so. The combination of MTD and fiscal drag is creating unprecedented pressure on those least able to navigate the system.'

Digital infrastructure investment

Launching in the new year, the campaign will fund investment in technology, tools, resources, training and online services to expand the charity's reach and help it to support more disadvantaged people. TaxAid plans to implement advanced triage technology to direct people to the right kind of support – whether specialist support for complex MTD issues or simple guidance for basic queries.

Currently largely reliant on its telephone hotline, the charity will expand contact channels to include email, web chat and messaging. 'At TaxAid, we want to ensure that all disadvantaged people can access the support they need to adapt successfully,' said Valerie. 'This is why growing our income has never been more essential.'

TaxAid will also train more than a dozen voluntary sector organisations across the UK to handle straightforward tax problems locally. This work is already underway, and will create a two-tier support network where complex cases receive expert attention from TaxAid's 300+ specialist volunteers, whilst straightforward cases are managed locally by trained partners.

Support needed

Valerie added: 'Some people lack access to suitable technology, others are unfamiliar with digital systems, and many will find it challenging to navigate digital-only reporting. Making Tax Digital will work well for digitally confident taxpayers with straightforward affairs, but vulnerable people who need additional support will need expert help during this transition.'

She continued: 'We will call on funders to help us build the digital bridges these taxpayers need. This will ensure complex Making Tax Digital cases get expert attention, simple problems get local solutions, and nobody falls through the cracks as the tax system undergoes its biggest change in a generation.'

TaxAid represents clients who need assistance in understanding and navigating HMRC, helping them to untangle tax problems that threaten their financial stability. Tax professionals and organisations interested in supporting the campaign can contact Deborah Graham-Vernon, Director of Fundraising, at deborah@taxaid.org.uk.

For further information, visit: www.taxaid.org.uk

Update

Your Tax Adviser from 2026

Earlier this year, we conducted a survey of *Tax Adviser* readers. We explained that we were reviewing the number of hard copies printed each year due to the rising cost of paper and postage, as well as the environmental impact of printing. We asked for your preferences regarding the number of magazines you would like to receive and how you currently read *Tax Adviser*. We received over 300 responses and are grateful to everyone who shared their views. It was clear that there was no appetite to move to a completely digital format, but at the same time, a sizeable number of readers access *Tax Adviser* both in print and online, or exclusively online.

After discussion with our publisher, LexisNexis, we are pleased to update you on the future of *Tax Adviser* from 2026. At present, there are ten print editions each year, which are also uploaded to the *Tax Adviser* website.

From January 2026, there will be bi-monthly print editions (six per year) alongside monthly online updates on the website — so you will hear from *Tax Adviser* 12 times a year.

The print issues (February, April, June, August, October, December) will be bumper editions, larger than the current print copies, with a 'best of' the online content and feature articles on major themes or recent trends in taxation, as well as a 'Tax Roundup' section summarising key news and changes from the preceding two months. The monthly online updates will provide a mix of fresh content — including articles, tax technical insights, and briefings.

We are also working to improve the accessibility of our online articles and will keep you updated as this progresses.

We look forward to sharing *Tax Adviser* with you in its new, enhanced format from 2026.

International

International tax learning at IFA 2025 Lisbon

ADIT Academic Board Chair Jim Robertson, ADIT Manager Rory Clarke, and DITT and ADIT Education Officer Sophie Briggs represented the CIOT at the 77th International Fiscal Association (IFA) Annual Congress in Lisbon from 5-9 October, promoting the Institute's flagship international tax qualifications – ADIT and DITT – to a global audience.

The Congress attracted more than 2,200 tax leaders and practitioners from around the world, and there was significant interest in both qualifications throughout the five-day event. Delegates were keen to learn more about how ADIT and DITT equip professionals to handle the increasingly complex demands of international tax and tax technology.

Congress highlights

This year's Congress centred on corporate tax residency and the prevention of treaty abuse, with plenary sessions on these vital issues led by Academic Board members Philip Baker and Luís Eduardo Schoueri. Fellow Board member Diane Ring also featured among the expert speakers leading a seminar on recent global tax developments.

The implementation of Pillar Two was another key topic on the agenda and at the forefront of delegate conversations, providing an excellent platform to introduce the forthcoming ADIT Pillar Two Award – a standalone qualification launching at the end of 2025.

Academic Board and global engagement

The future learning needs of tax professionals were also explored with a meeting of the Academic Board, at which Jim, Diane, Luís and Philip were joined by Sarah Blakelock, Jonathan Schwarz and Jefferson VanderWolk to discuss the ongoing development of ADIT and its future role in meeting the learning needs of international tax professionals.

Throughout the event, the CIOT team had the pleasure of meeting with numerous past and current ADIT and DITT students from across the globe, who shared their personal experiences of our qualifications, and how they built their skills in managing cross-border tax issues and emerging technologies.

Partnership and collaboration

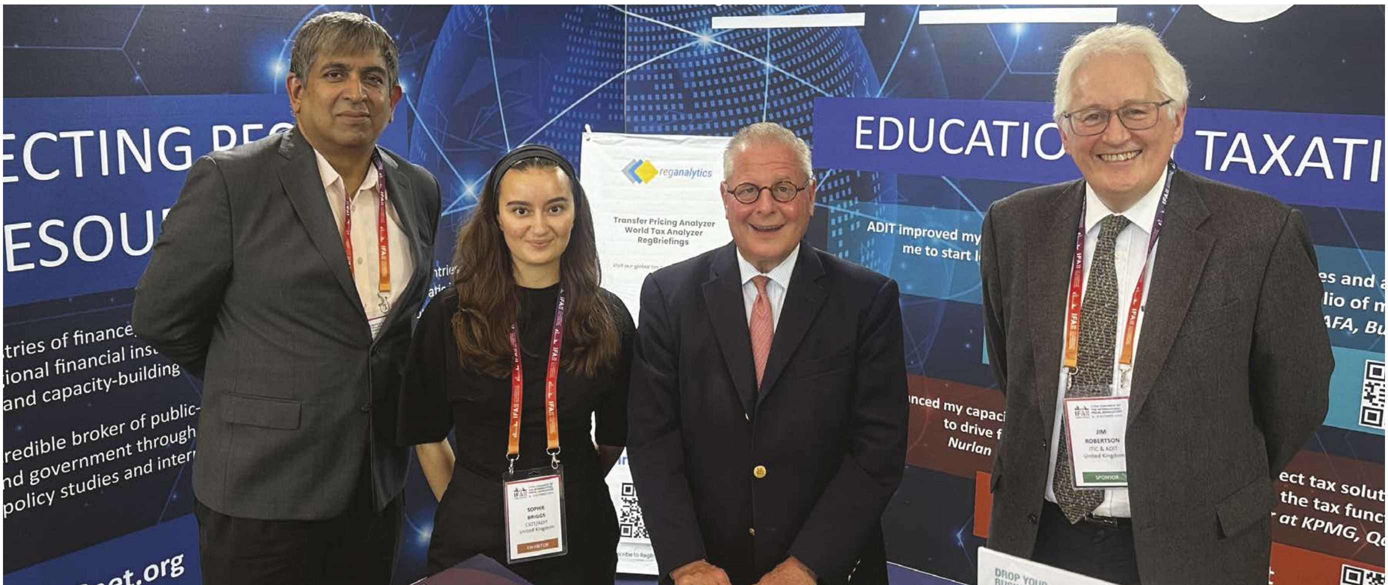
The CIOT exhibited alongside the International Tax and Investment Center (ITIC), a US-based research and education organisation that promotes initiatives to encourage investment in transitional and developing economies.

Lisbon marked the third IFA Congress at which the CIOT has partnered with ITIC, and we look forward to continuing collaboration with them in the future, as an organisation that shares our goals of promoting tax learning and best practice around the world.

If you participated in the Congress, we hope you enjoyed it, and we look forward to promoting ADIT and DITT at future IFA events. To stay in touch, you can email Rory and the team at education@tax.org.uk.

For more information about the forthcoming Pillar Two Award, visit www.tax.org.uk/pillar-two.

We welcomed a number of ADIT stakeholders to our stand, including our partners at the Tax Academy of Singapore. Rory Clarke pictured with Dennis Lui, Sam Sim, Eunice Toh and Jocelyn Chong.



The exhibition team at the CIOT and ITIC's joint booth. Pictured: Hafiz Choudhury, Sophie Briggs, Dan Witt and Jim Robertson

Conference

Fireside chat with JP Marks at the Cambridge conference

JP Marks in his fireside chat

The annual Cambridge conference is always a special gathering for the CIOT community – a chance to hear ideas directly from those shaping the tax landscape. This year's highlight was an engaging fireside chat with John-Paul (JP) Marks, Permanent Secretary and CEO of HMRC, who joined us for an open and thoughtful conversation.

JP Marks said the conference provides an opportunity to bring the tax agent community together – an audience he recognised as vital in building relationships and trust between tax agents and HMRC – and to hear about agent pain points so they can be addressed. Whilst noting the recent change in tax minister from James Murray to Dan Tomlinson, JP Marks confirmed that HMRC's priorities remain the same: improving customer service; closing the tax gap; and driving modernisation and reform.

The HMRC Transformation Roadmap has now been published and HMRC is beginning to meet service standards. The average time to answer a call has nearly halved in the last 12 months, and the correspondence timelines target has now been met. There is continued take up of the HMRC app. JP Marks was pleased to report improvements but noted that there is more to do. He went on to highlight the following key points:

- Driving channel change is fundamental, with self-serve being optimal for the vast majority of users, although there is recognition that those who are struggling need assistance. HMRC is working with organisations such as TaxAid to provide this support.
- The Customer Experience Directorate has been established to ensure changes are more user-led.
- HMRC is working with CIOT to build deep professional capability, for example through the development of the Tax, Customs and Compliance Academy.
- The Transformation Roadmap includes several digital improvement projects, as well as a project to modernise agent registration. CIOT has called for many of these improvements and HMRC has now secured investment to deliver them.
- In terms of agent registration and improving standards, some of the proposed changes are significant, particularly around agent registration but these are crucial to reducing the tax gap and improving standards.
- A major focus is on modernising HMRC's underlying infrastructure and moving to cloud hosted software – a vital step to prevent further accumulation of technical debt in legacy systems. HMRC hopes to take advantage of the latest software and future upgrades through procurement.
- Improving cyber security remains a key area of focus.
- HMRC is also examining the use of AI carefully to ensure that its deployment is ethical and properly controlled.

JP Marks concluded by observing that tax will continue to be a central topic in public debate, forming an essential part of the social contract. He then took a range of questions from CIOT and the audience, followed by several one-to-one discussions during the tea break.

Conferences

Party conference events shine a spotlight on the wealth tax debate

Wealth taxes have have surged up the political agenda this year and CIOT collaborated with the Centre for the Analysis of Taxation (CenTax) to host fringe events at the Labour and Conservative party conferences on the issue.

A report on these debates is on page 32. You can watch recordings at tinyurl.com/mr2bsb4b (Labour); and tinyurl.com/y6sa8x4z (Conservative).

The Conservative conference debate featured (left to right) John Barnett (CIOT), Nichola Ross Martin (chair), John Glen MP and Andy Summers (CenTax)

The Labour conference debate featured (left to right) Emma Chamberlain (CIOT), Lloyd Hatton MP, Nichola Ross Martin (chair), Arun Advani (CenTax) and Gemma Tetlow (IfG)

Exams

CIOT and ATT partner with TestReach to enhance exam experience

CIOT and ATT have agreed a deal with software provider TestReach to improve the exam process for our students from 2026 onwards. The collaboration will provide improved platforms and interfaces for the delivery of CIOT's and ATT's Chartered Tax Adviser (CTA), Advanced Diploma in International Taxation (ADIT) and Taxation Technician (ATT) qualifications.

This new agreement follows feedback from students through CIOT and ATT student surveys, and responses to the CIOT's CTA review consultation earlier this year. Many students commented on the usability of the the current exam platform, Exam4, and asked that we make improvements.

Commenting on the planned changes, Vicky Purtill, Director of Education at CIOT and ATT, said: 'We are always keen to receive feedback from our students and other stakeholders. This partnership with TestReach is a vital step in futureproofing our qualifications. We needed a modern, secure system that not only safeguards the integrity of our assessments today but also positions us for the future as we design and roll out new qualifications.'

The new TestReach platform will include integrated Microsoft Word and Excel, enabling students to complete exam responses using tools that closely mirror real-world tax practice. The platform also features a clean, intuitive interface, ensuring improved accessibility and usability for all candidates.

For those sitting ATT and ADIT exams remotely, TestReach also offers enhanced support during the exam onboarding and throughout the exam process. The CTA exams will continue to be delivered in centres.

The roll-out schedule for TestReach across our written tax exams is planned over the next year as follows:

- ATT: May 2026
- CTA: November 2026
- ADIT: December 2026

Only exams currently delivered via the Exam4 platform will be moving to TestReach. Our Law, Accounting, and Professional Responsibilities & Ethics computer-based exams will continue to be delivered via Prometric.

Further information will be made available to students as we approach the launch of the new platform.

A MEMBER'S VIEW

Mehran Iqbal ATT CTA

Principal at SmartLeap

This month's CIOT member spotlight is on Mehran Iqbal, ATT Council Member and Principal at Smart Leap.

How did you find out about a career in tax?

Whilst training as an accountant, I developed a keen interest in taxation alongside my accounting duties. After qualifying as a Chartered Accountant, a professional contact recommended pursuing the Chartered Tax Adviser (CTA) qualification to enhance my expertise and provide greater value to clients.

Why is the CIOT qualification important?

The CIOT qualification is both comprehensive and highly practical. Its structured design ensures the development of in-depth, specialised knowledge within your chosen CTA Route, enabling application in daily professional practice. It enhances your individual capabilities and instils greater confidence among clients and colleagues.

Why did you pursue a career in tax?

I am motivated by personal challenges, which naturally inspire me to improve and grow. After completing my accountancy exams, I recognised taxation as a key area for further development. Based on advice from a senior colleague, I decided to specialise in taxation alongside my role as an accountant.

How would you describe yourself in three words?

Empathetic, visionary and resolute.

Who has influenced you in your career so far?

My career has been influenced by a combination of personal support and professional inspiration. My parents, who instilled in me the core values of knowledge and resilience; my teachers, who fostered my learning and development; and my wife, whose unwavering support has been instrumental to my achievements.

Professionally, I follow the work of leading tax experts such as Emma Rawson, Keith Gordon, Mark McLaughlin, Nichola Ross Martin, Peter Rayney, Sofia Thomas and Dean Wootten.

What advice would you give to someone thinking of doing the CIOT qualification?

Life is filled with challenges, and the CIOT qualification is certainly a demanding one. My advice is to start early, create a structured plan, and be prepared to persevere through setbacks. Practice, particularly with past exam questions, is crucial to achieving success.

What are your predictions for the tax industry?

While the potential for AI to displace certain roles raises widespread concerns, I believe the role of tax professionals will evolve rather than become obsolete – residing in complex judgment and proactive planning. Governments will also face the challenge of adapting tax systems to an AI-driven economy to maintain vital revenue streams, and of designing fiscal policies that address the environmental impact of the technology itself. Managing the tax and non-tax implications of AI's carbon footprint will also become a key focus.

What advice would you give to your future self?

Trust yourself and stay true to who you are.

Tell me something that others may not know about you.

After passing my ATT in 2020, my slow handwriting felt like a roadblock to the CTA – until computer-based exams arrived. It was heaven-sent, and I knew I had to go for it!

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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Director

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Tax Lawyer or CTA
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£excellent

Our client is a boutique law firm, specialising purely in tax work. UK based, their team work from the UK but are home based. As part of their expansion plans, they seek an experienced tax lawyer (likely 6 years plus PQE) or CTA with sound property tax experience including SDLT. In this role, you will advise clients on a wide range of property transactions for corporates, REITs, charities etc. It is likely that you will have trained in a large commercial law firm or a Big 4 accountancy practice. This firm can offer flexible and remote working, and will consider part time candidates. They seek a true specialist who genuinely enjoys all things property tax. **Call Georgiana Ref: 3630**

Private Client Advisory
Leeds
£55,000 to £65,000

Key role in a growing Top 20 team. Our client is looking for a private client manager with sound advisory skills. In this role, you will provide personal tax advisory services to a range of clients that has a strong focus on business owners, trustees and high net worth individuals. You will build strong relationships with both clients and other team members in the broader firm (both in the UK and abroad) as well as providing pragmatic, holistic advice. You will work closely with the tax, private client and privately owned business teams and with clients and be committed to providing exceptional service. This firm can offer, flexible and hybrid working. **Call Georgiana Ref: 3628**

Experienced Tax Personal Senior or Manager – UK – remote based
£excellent + bonus

Our client is a successful small firm with a great client base. They seek an experienced private client specialist to run a portfolio of HNW personal tax compliance cases. This role would suit someone who genuinely enjoys compliance, who likes putting in place systems and processes to improve workflows. Someone who is able to manage both their own time and their clients' expectations, building long-lasting client relationships. This firm can offer fully remote working (but you do need to be UK based) and can be worked flexibly. **Call Georgiana Ref: 3602**

Employee Ownership Trusts & Share Plans – London
£excellent

An unusual opportunity for a share plan specialist with strong experience of employee ownership trusts to join a niche law firm. This is an opportunity for a senior manager or director from a large accountancy firm or a tax lawyer to get a role at partnership level. In this role, you will draft and review legal documents related to employee ownership transactions. You will guide clients through the process of transitioning to employee ownership models, ensuring compliance with relevant laws and regulations. **Call Georgiana Ref: 3605**

Tax Advisory Manager or AD
Leeds
£55,000 to £80,0000 + benefits

Top 20 firm seeks a qualified corporate tax professional with strong advisory tax skills. You will advise a mix of Plcs and OMBs on everything from transactions to expanding overseas. You will also manage and develop a team of more junior staff. This is a growing tax team where there is both scope for development and the chance to work part-time or flexibly. Experience of PE backed clients would be advantageous. Would suit someone who enjoys being market facing, networking and having plenty of client contact. **Call Georgiana Ref: 361**

Taxation Recruitment
Part-time Resourcer
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A new opportunity to join Georgiana Head Recruitment Ltd. Would suit either an experienced recruitment resourcer or a tax person with a knack for admin who enjoys database management, building long term client relationships. Any experience of recruitment advantageous. Can be remote worked from the UK with occasional travel to Yorkshire and Manchester. Part-time and flexible working such as 3 days across 5 available. You will need to be self-motivated and enjoy corresponding by phone and email. **Call Georgiana Ref: Resource**

www.georgianaheadrecruitment.com

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Lloyd Dowson is an independent Yorkshire based practice. With over 50 years of providing top-notch Tax and Business Advice and services locally, nationally, and internationally, the firm's legacy speaks for itself. As the practice expands, seize the opportunity to work alongside homegrown talent and be part of this vibrant family of over 60 staff.

This firm seeks a key hire for their tax team, someone who can help lead and develop the practice. The ideal candidate will have a mixed tax background and will enjoy building long term relationships with clients. In this role you will deal with clients ranging from local OMB's to large groups, property businesses, farms, landed estates and HNW individuals and families. It is an enviable and national client base and the tax team deal with everything from compliance to complicated advisory work such as transaction support.

They are looking for a leader, someone who can help manage and develop more junior staff, be involved in business development and marketing and do technical tax work. For the right individual they will consider an appointment at a range of levels from Manager, Senior Manager through to Director– the key is to get the right team fit.

Day to day your role will include:

- Leading and managing a team of more junior staff. Including review and sign off of work and delegation of work in such a way to enable staff to develop.
- Business development and marketing of the firm's tax services as well as cross selling the work of other teams. Networking with other professional advisors in the local market place.
- All round tax advisory work for HNW individuals, families and business owners covering personal and capital taxes as well as business and corporate tax. Helping them plan for the entire life cycle of their business. Getting to understand their business goals.
- Staying abreast of changes in tax laws and regulations, advising clients and internal teams on their implications, as well as keeping up with technology advances. Including training of more junior staff.
- Representing the firm in dealings with HMRC.

It's an opportunity to work on high quality work and live in a lovely part of the country with competitive house prices and access to the sea and North Yorkshire countryside. Relocators are welcomed. You will need experience of UK tax and will need a relevant professional qualification CTA or qualified by experience.

Lloyd Dowson are also interested in applications from more junior tax staff.

For further information please contact Georgiana Head on 07957 842 402 or at georgiana@ghrtax.com


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Not all large accounting firms are the same! If you are a transfer pricing specialist (at any level from newly CTA qualified to Senior Manager) considering your options then we would strongly encourage you to get in touch with us so we can discuss these truly fantastic roles that our global client has on offer! **REF: A3726**

TAX DIRECTOR

NORTH EAST To £six figures dep on exp

Our client is a leading regional firm with an established network of offices. As part of strong performance and continued growth it is now looking to expand its tax department and bring in a qualified Tax Director with either a private client or mixed tax background. Ambitious Senior Managers looking to make a step up into a Director role will also be considered. **REF: 03670**

IN-HOUSE VAT MANAGER

CHESHIRE To £65,000

Join this growing in house tax team in a role that offers a great mix of VAT compliance and advisory work. You will be responsible for supporting day-to-day management of VAT obligations across the group and assisting with VAT advisory matters in the UK and overseas and liaising with external advisors. There is a supportive culture with real energy and ambition, making it a great place to work and an excellent opportunity for someone seeking a new in-house VAT role. **REF: R3723**

TAX ADVISORY MANAGER

MANCHESTER To £60,000

We are working with a well-established regional firm in Manchester City Centre, seeking a Mixed Tax Manager to join its growing team. This is an excellent opportunity for someone who enjoys the variety of working across both corporate and personal tax purely in advisory. You'll be involved in complex projects, manage client relationships, and support a talented team, while maintaining genuine flexibility and a healthy work-life balance. The firm has a strong reputation for developing its people and encourages autonomy. **REF:C3722**

IN-HOUSE TAX MANAGER

NORTH MANCHESTER To £60,000

Great opportunity in this newly established role reporting directly to the head of tax. You will manage all UK tax compliance, reporting and strategy for the group to optimise its tax position. A diverse role, with a focus on CT & VAT combining compliance as well as advisory projects in a forward-thinking, supportive environment. **REF: R3727**

TAX ASSOCIATE DIRECTOR

LEEDS To £80,000

Are you a corporate tax advisory specialist looking to make an impact working with SME clients? Our client has an opening for an ambitious and driven corporate tax specialist that can contribute to the growth and development of a high successful regional team. You will be working in an open, engaged, and collaborative working environment with genuine scope for continued development and progression. **REF: 03724**

CORPORATE TAX SM / DIRECTOR

MANCHESTER £highly competitive

This national firm is making waves in the accounting profession and as part of continued investment is looking to recruit a Senior Manager or Director to join its growing, high calibre corporate tax team in Manchester. With a truly unique culture and working environment our client offers a wide range of market leading staff benefits (including fully embracing flexible working) and excellent career development opportunities. If you are looking for something refreshingly different then this could be the role for you! **REF: A3725**

TAX ADVISORY SENIOR MANAGER

NORTH WEST To £80,000

This independent boutique advisory firm with offices across the North West is looking to recruit a Tax Advisory Manager or Senior Manager as part of continued growth. You will have a broad tax background and ideally be CTA qualified with prior experience of advising business owners and entrepreneurs on a variety of projects, from company reorganisations to IHT planning. Working as part of a forward-thinking and dynamic team you will play a key role in the tax team and have the opportunity for further progression if desired. **REF: C3719**

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