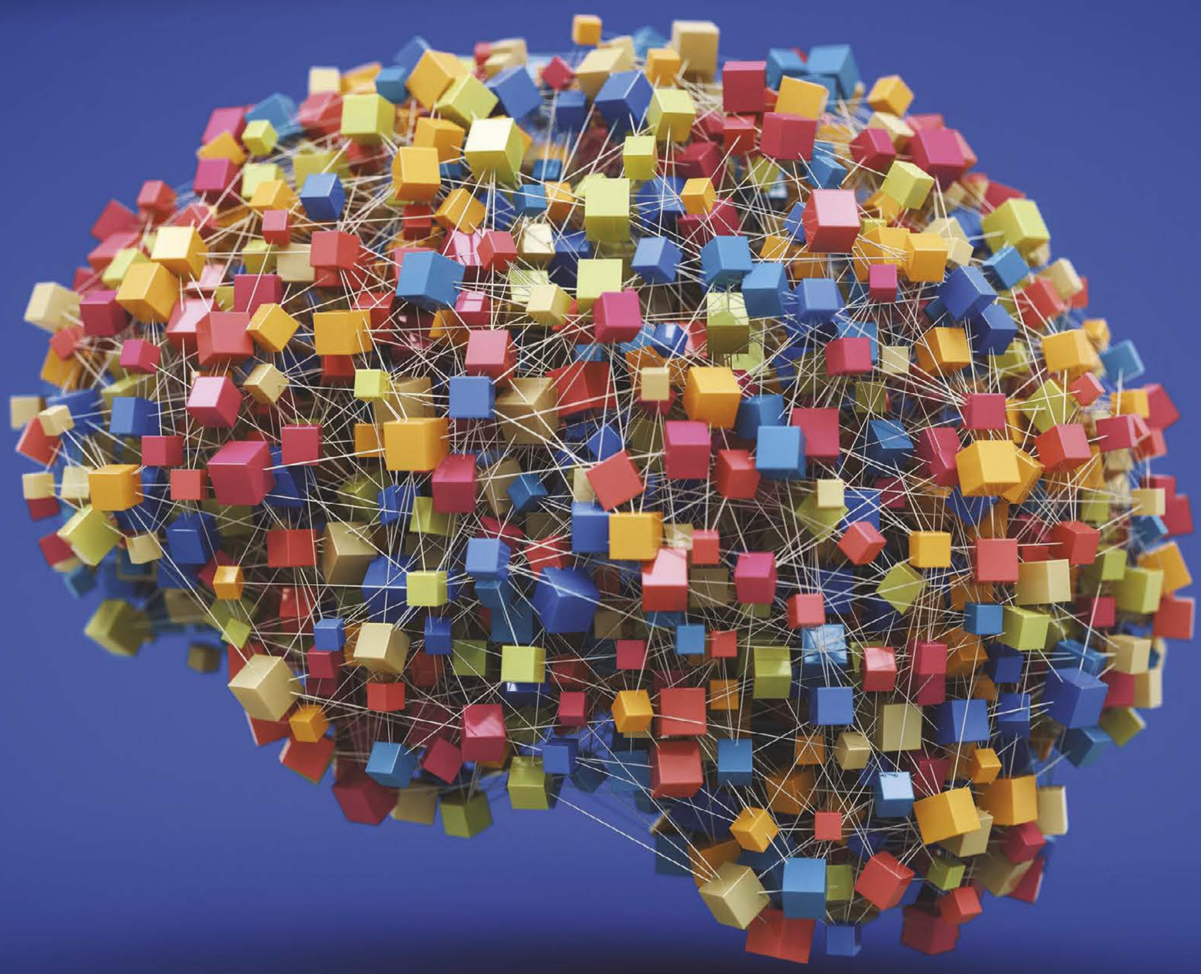
December 2025

TAXADVISER

taxadvisermagazine.com

att

Chartered Institute of Taxation.



The tax brain

Artificial intelligence is transforming how tomorrow's professionals will learn, think and assess complex tax issues

Choosing your lane

Evolving rules for tax-efficient vehicles and company fleets

A guide to CIS

How subcontractors can maintain cash flow and credibility

Farm survival

What happens when landowners decide to sell or diversify?

MAGNETIC NORTH

GUIDING YOU TO THE BEST TAX JOBS IN THE NORTH OF ENGLAND

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 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**

SHARE INCENTIVES ASSOCIATE DIR.

NORTH WEST To £80,000

We are recruiting an Employer Solutions specialist for a global business to lead on incentive structuring and share scheme advice for a diverse client base, based in one of 3 offices in the North West. You will provide expert tax advice, implement share plans, and support international projects. You'll lead client meetings, design bespoke incentive schemes, and oversee legal and valuation elements. This is a high-impact role with significant client contact, leadership of junior colleagues, and collaboration across global teams. **REF: C3693**

CORPORATE TAX SM / DIRECTOR

MANCHESTER 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: A3725**

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**

SENIOR VAT MANAGER

NORTH WEST To £80,000 dep on exp

Super opportunity with unlimited scope for career growth within this leading UK accountancy firm. Our client is looking for a commercially minded professional (either manager or SM) to work on complex VAT issues and to deliver exceptional service to clients as well providing internal support on VAT related matters to colleagues and contributing to business development. Can be based in any of the NW offices including Manchester and Liverpool. **REF: R3728**

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**

EMPLOYMENT TAX MANAGER/SM

REMOTE To £80,000

Would you like to work for a business with a flexible approach to work and a culture of trust that enables its people to balance the demands of their lives with those of work? Our client is looking to recruit an experienced M or SM with a broad range of employment tax advisory experience from salary sacrifice schemes to CIS and essentially an in-depth knowledge of OPW/IR35. You must be able to hit the ground running and play an active role in business development. **REF: C3730**

longman
tax recruitment

Tel: 0333 939 0190 Web: www.taxrecruit.co.uk

Ian Riley ACA: ian@taxrecruit.co.uk; **Oliver Benbow:** olly@taxrecruit.co.uk; **Alison Riordan:** alison@taxrecruit.co.uk; **Claire Randerson Smith:** claire@taxrecruit.co.uk

HELEN WHITEMAN
JANE ASHTON

Welcome
New starts for us all

By now, we are all aware of what the Chancellor set out in her second Budget statement. Our technical teams are closely analysing the announcements and assessing their implications for members and their clients. Ahead of the Budget, CIOT's Margaret Curran and ATT's Helen Thornley gave oral evidence to the House of Lords – Margaret on proposed legislation concerning promoters of tax avoidance schemes, and Helen on inheritance tax. It will be interesting to see whether their recommendations are reflected in the Finance Bill.

On 21 October, the government announced major reforms to the UK's anti-money laundering (AML) supervision framework. These propose transferring AML supervision for accountancy and law firms, as well as trust and company service providers, to a single regulator. The new Single Professional Services Supervisor (SPSS), under the Financial Conduct Authority (FCA), would replace the current 25 professional body supervisors, including the CIOT and the ATT, to simplify oversight and improve consistency.

Neither body supports this, as it would require major investment and a move away from supervisors who already have deep sector and well-established processes. We have called for early clarity on the proposals, including a realistic transition period (likely several years), proportionate burdens on the supervised population, and assurances that the tailored education and support currently provided to members will continue. You can read more at tinyurl.com/3xkk8efm (ATT) and tinyurl.com/yetm57se (CIOT).

There are exciting changes ahead for *Tax Adviser* magazine. Following our recent reader survey, we're delivering what you asked for. Starting in January, *Tax Adviser* will move to 12 issues per year, with six bumper print editions. Issues will alternate monthly – one month online, the next in print. The January issue will be the first online edition, followed by the first bumper print issue in February. The print magazine will remain familiar, but we'll be adding new sections to reflect your suggestions. Thanks to everyone who took part in the survey – your input has been invaluable in shaping developments.

We are excited to announce the launch of Tax Awareness Week, beginning on 9 March 2026. This new educational initiative will enhance public understanding of tax obligations, benefits and available resources. Throughout the week, themed days will focus on different aspects of ATT and CIOT work, promoting awareness, compliance and engagement among individuals and businesses. Details on how to get involved will follow in the weekly email updates.

For members looking to top up their CPD, there's still time to register for one of the Sharpen Your Tax skills events on 3 and 9 December. Hosted jointly by the ATT and AAT, these annual events offer practical, topical updates. This year, ATT Deputy President Barry Jefferd and the ATT technical team will deliver sessions covering a topical tax review, a sole trader update, a back to basics on employee benefits, and an update on penalties and seeking help from HMRC. Each session includes interactive examples and opportunities to apply learning. For details and registration, visit tinyurl.com/53anhhsb.

The exam season concludes with the Advanced Diploma in International Tax (ADIT) exams from 9 to 11 December. We wish all students the very best of luck and are pleased that from next year exams will be hosted on a new platform, TestReach.

As exams finish, the tax return season for those in private client departments is gathering pace. We wish everyone tackling client tax returns strength and stamina in the weeks ahead – may your calculations be accurate and your coffee cups full!

As 2025 draws to close, we thank you for your continued support of both the Institute and the Association. We look forward to seeing you in 2026 and send our very best wishes for the festive season and the New Year.

Jane Ashton
Chief Executive, ATT
jashton@att.org.uk

Helen Whiteman
Chief Executive, CIOT
HWhiteman@CIOT.org.uk

CONTENTS

Journal of The Chartered Institute of Taxation and The Association of Taxation Technicians
30 Monck Street,
London SW1P 2AP.
tel: 020 7340 0550
The CIOT is a registered charity – No. 1037771;
The ATT is a registered charity – No. 803480

Editorial
Editor-in-chief Bill Dodwell
Publisher Jonathan Scriven
Editor Angela Partington
angela.partington@lexisnexis.co.uk
tel: 020 8401 1810

Advertising & Marketing
Advertising Sales Jimmy Jobson
advertisingsales@lexisnexis.co.uk
Commercial Marketing Director
Sanjeeta Patel

Production
Senior Designer Jack Witherden
Production Assistant Nigel Hope

UK print subscription rate 2025:
£194.00 for 12 months
UK print subscription rate 2025:
£342.00 for 24 months

For *Tax Adviser* magazine subscription queries contact 0330 161 1234. or email customerservice@lexisnexis.co.uk

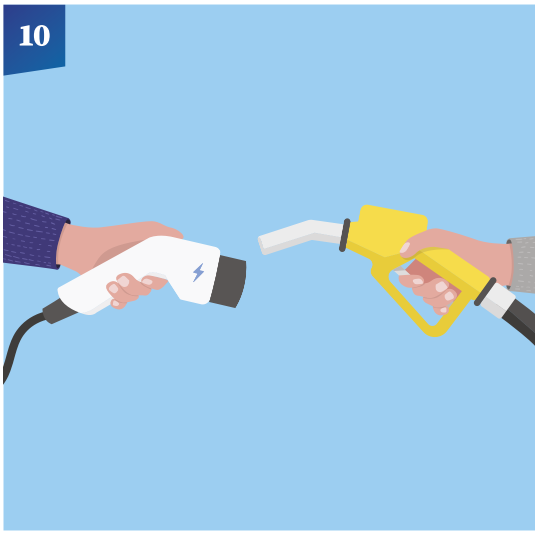
For any queries regarding late deliveries/non-receipt please direct to Derek Waters, Magazine Distribution Administrator
derek.waters@lexisnexis.co.uk

Reprints Any article or issue may be purchased. Details available from customerservice @lexisnexis.co.uk

Printed by William Gibbons & Sons Ltd. West Midlands

ISSN NO: 1472-4502

Tolley® Tax intelligence from LexisNexis®



NICHOLA ROSS MARTIN

PRESIDENT

A smorgasbord of tax...

> Long gone are the days when you could work out your tax 'on the back of a fag packet' – not least because you can't write on a vape.

After weeks of pre-Budget speculation, 'pitch-rolling' and 'sound-boarding', it was a relief when the Chancellor Rachel Reeves finally presented her 2025 Budget.

Any tax-raising Budget will have losers and, as economists note, the optimal way to raise taxes is to apply wide measures to the broadest base. Freezing the bands for both income tax and national insurance contributions (NICs) achieves this, and has the big advantage of being easy to implement.

The rest of the Budget presents a mix of assorted measures – which could best be described as a 'smorgasbord' – and sadly the UK's tax code continues to expand in both size and complexity.

If you are updating your online tax calculators, note that the 2% rise in income tax rates applies to dividends, but not to the additional (top) rate, whereas all rates of income tax for savings and landlords gain 2%. That's an annoying little complication that adds yet another layer to an already tangled system. Long gone are the days when you could work out your tax 'on the back of a fag packet' – not least because we all use phones now and you can't write on a vape.

Although I lack space here for a detailed Budget commentary, I would like to make a few observations. The decision to remove the £135 customs duty relief for low-value imports by 2029 has the potential to make a seismic change in retail business models. It may well help to mitigate the environmental impact of 'fast' goods and fashions – a fiscal change which can only be a good thing.

Following this Budget, HMRC will be lining up an expanding arsenal of tools aimed at 'Closing the Tax Gap'. From a technological perspective, this is quite exciting – but it's important for taxpayers to have safeguards too. This is precisely where our CIOT technical officers and technical committee volunteers are so brilliant at scrutinising the detail of new legislation.

Many business owners will be pleased to see that the £1 million inheritance tax business property and agricultural property allowance will be transferable between spouses. It seems that the exhaustive lobbying by trade organisations – and considered representations from CIOT – did have some effect on the chancellor after all. Taxpayers never seem to really care about the fact that the inheritance tax nil rate bands are frozen, which is always a bonus for chancellors!

Council tax was another obvious tax-raising measure. In fact, back in November the CIOT and IFS held a joint debate on 'Reforming the taxation of housing'. The two economists on our panel were in total agreement, which was novel: if you want to tax property wealth, council tax is the obvious vehicle. There is a wide enough base with a lot of households to tax and it's ripe for reform. Council tax bands are strangely based on 1991 values and not on current house prices. Band D sets the base level: all the other bands are a ratio of band D. The fundamentally unfair issue with this tax is that the amount of council tax paid by a household is purely dependent upon location. Band D ranges from £998 to £2,691 – and ironically the lowest tax is paid in London where property prices are the highest. It would be far more logical, if one were trying to redistribute wealth, to base council tax on actual market values rather than an outdated valuation, especially when so much of our housing stock has been built since the 1991 base year.

It's also surprising that the general public doesn't complain more about council tax – a tax set locally by local authorities, many of which appear to struggle to control their own finances.

At our debate, economists were in favour of raising more tax revenue from households in bands G and H, with the extra amount raised going back to central government. The Chancellor has adopted a version of that plan, instead creating new versions of these bands – properties of £2 million to £5 million, and those above £5 million. It strikes me, in the cold light of day, that this might be slightly unwieldy to administer, and property valuers are in for a windfall.

I wonder if it would instead be better to make a fundamental reform of both council tax, and its administration and collection? I have thoughts on that but, alas, no more space.

Wishing you all a wonderful time for the upcoming festive season.

Nichola Ross Martin
President
president@ciot.org.uk
Chartered Institute of Taxation.

BARRY JEFFERD
DEPUTY PRESIDENT

Reflection and resilience

> Sometimes a period of calm and consistency would help us and the tax paying public alike.

Barry Jefferd
ATT Deputy President
page@att.org.uk

With a late November Budget, I am writing this column before the Chancellor's Budget announcements. It is, however, written after Rachel Reeves' pre-Budget 'scene setter' on 4 November – a term borrowed directly from the government's own press release. Having worked in taxation for many years. I cannot remember anything quite like it.

Traditionally, chancellors disappeared from public view for at least a month before Budget Day, re-emerging only on the Sunday before the Budget to appear on political TV programmes. Personally, I have always thought those interviews would be far more useful on the Sunday *after* the Budget, when the chancellor could be challenged on the actual proposals, rather than them replying 'you'll have to wait and see' to every question.

I think it would be much more interesting for a chancellor to be asked detailed questions about a specific policy they had introduced. I once met a former chancellor who genuinely thought that a single director was taxed on their company's profits as though they were a sole trader.

The current political climate is vastly different to 1947, when Hugh Dalton mentioned some of his Budget proposals on his way to Parliament. His remarks were published in the London evening paper before he had started his speech. He was forced to resign. Times have certainly changed.

The ATT is, of course, a non-political organisation. We work with all governments to promote and advance the understanding of taxation. Political commentators suggested that the chancellor's pre-Budget speech was intended to ensure that her key message appeared in the headlines before being overshadowed by Budget-day coverage. The timing of her speech – at 8.10am – was also unusual for such a political statement and clearly designed to have maximum impact. The aim was to reach both political correspondents and the public as their Breakfast TV or radio was interrupted.

I am often asked what I would like to see in the forthcoming Budget. I often reply 'nothing'. Not because the tax system is perfect – far from it – but because sometimes a period of calm and consistency would help us and the tax paying public alike. About 15 years ago, we seemed to have Budget announcements every six months and so many different starting dates for new measures: immediately, next 6 April, or the one after that, and so on. It was all very confusing for practitioners and taxpayers alike.

With such a late Budget, December will bring new measures in what is already a busy month for tax practitioners. The January deadline is not far away. It is a time for gently encouraging your colleagues in accounts to prioritise the information that you need for tax returns over than their Companies House filings.

The change in the basis period rules has added yet another layer of complexity. Have you managed to persuade your sole traders and partnerships to change their year end to 31 March, or are you apportioning profits, relying on estimates and then revising previous years? For limited companies with a 31 March year end, the filing deadline of 31 December neatly coincides with the festive rush. You are finally provided with dividend information that miraculously arrives at the last minute. And despite months of chasing, somehow it's still 'your fault' that the tax return isn't ready. It can be a tough life in tax!

I've always thought that there is a problem with the tax calendar. The 20 December is six weeks before the filing deadline, while 3 January is only four weeks. Does anything much happen between those two dates? Older readers will remember the 'No to November' campaign, when HMRC proposed changing the filing deadline for tax returns to 30 November – so I am not advocating a change!

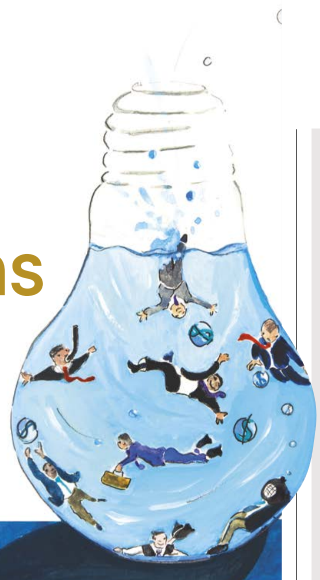
People have varying views on what to do during the holiday period, known by the rather awful name of 'Twixmas'. Everyone approaches it differently. Some enjoy the uninterrupted work time, knowing that without client calls and emails their productivity can be maximised. Others prefer a complete break – and a chance to recharge their batteries before the inevitable January onslaught.

No matter which path you choose, I wish you and your family a restful and reflective festive season, whatever your faith and beliefs, and look forward to being in contact again in 2026. Take care.


Make the most of your
ATT member benefits
Remember that Tax Adviser is just one of the many benefits you receive as part of your ATT membership.
Other benefits include:
• Free digital access to Claritax's Essential Tax Library
• ATT Mentor Match programme
• Tolley's Tax Guide
• Whillans' Tax Tables
• Hard and digital copy of the Annotated Finance Act
• Mouse mat with the latest rates and allowances
• Weekly newsletter
• Discounts on a range of tax related products
View all our member benefits:
att.org.uk/members/benefits-being-att-member

Tax reform recommendations

What the think tanks think...



Nine think tanks have suggested areas for revenue-neutral tax reform.

by Bill Dodwell

© Getty images

In advance of the 26 November Budget, nine think tanks published a list of seven areas where they recommended tax reform (see, for example, cps.org.uk/research/tax-reforms-for-growth). In all cases, the proposals are suggested as revenue-neutral to the Exchequer, which means that in return for a relief from tax in one area, tax would rise in a related area.

The think tanks covered a range of political views and are CenTax, the Institute for Public Policy Research, the Joseph Rowntree Foundation, Dan Neidle (Tax Policy Associates), the New Economics Foundation, Labour Together, the Adam Smith Institute, the Centre for Policy Studies and Bright Blue.

Real-world impacts

In most cases, these proposals look highly unlikely to be adopted – but I'm writing before the Budget, and you are reading this afterwards! There are three main reasons, I'd suggest:

- In most cases, the transitional implications are just too significant.
- Some involve increasing tax rates beyond levels generally accepted.
- Some ideas are a matter of opinion rather than a definitive economic view.

Many people have pointed out that council tax valuations in England and Scotland were set in 1991 – and everyone will be aware that while almost all properties have risen in value, the differentials between properties across the UK have changed substantially. A revaluation to current day values would mean millions of winners and millions of losers. Residential stamp duty land tax (and the devolved equivalents) amounted to £8.6 billion in 2023-24, compared to council tax of £44.5 billion. This would require a 20% increase in overall council tax to cover lost revenue. The challenge that governments would need to consider is how taxpayers would manage very significant additions to their annual tax liabilities – as well as the disruption to the property market while values adapted to changes, which couldn't be implemented immediately.

The capital gains tax proposals are based on the theory that investors use their capital to buy an asset – but it ignores the often more important entrepreneurial gains, where typically the individual has little capital to invest. Gordon Brown specifically introduced business asset taper relief to deliver a low capital gains tax charge to entrepreneurs. Abandoning that group by charging gains at 45% could encourage entrepreneurs to develop their business ideas elsewhere.

I would, however, like to see a change to the removal of childcare benefits once the taxpayer's income reaches £100,000. It cannot be right that earning a pound more costs many thousands in the withdrawal of tax-free childcare and nursery places. Unfortunately, the government has not published the cost of this, or how many households are affected, but fixing it is probably the cheapest thing on the list.

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

Package 1: Reform property taxes: This proposes abolishing stamp duty land tax, basing business rates on site values while removing empty property relief, and basing council tax on current house values with regular revaluation. Revenue neutrality would be achieved by adjustments to business rates and council tax to offset the loss of stamp duty revenue.

Package 2: Lower VAT and broaden the VAT base: This proposes broadening the VAT base to cover more types of spending and lowering the headline rate, with targeted compensation for lower income groups to offset higher costs on basic goods. The broader base would raise additional revenue, which would be returned through the reduced rate and targeted compensation for lower income groups.

Package 3: Address marginal income tax rates: This proposes reducing the marginal rate that applies to the removal of childcare subsidies, introducing a gradual taper for child benefit removal, and keeping marginal rates low for those on low incomes or moving off benefits. Revenue neutrality could be achieved by increasing the higher or additional rates or lowering their thresholds.

Package 4: Tax all income from work equally: This proposes merging employer and employee NICs with income tax, as proposed by the Mirrlees Review. Income tax rates would be adjusted to achieve neutrality.

Package 5: Tax landlords on profits as other income: This proposes allowing a full deduction for mortgage interest or equivalent borrowing costs, with an added top-up to account for NICs. Revenue neutrality would be maintained by adjusting headline income tax rates as needed.

Package 6: Do not distort incentives to invest in assets which grow in value: This proposes introducing an 'investment allowance' for capital gains, a carryover basis at death, and taxing only gains accrued in the UK with rebasing on arrival and deemed disposal on departure. Headline capital gains tax rates should be adjusted as needed to maintain revenue neutrality.

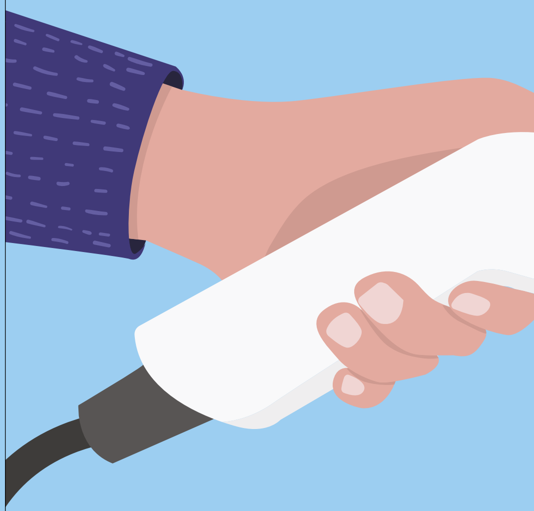
Package 7: Reform corporation tax: This proposes giving upfront relief for all business expenditure, ending the capital/income distinction and the bias toward debt over equity, and removing limits towards debt over equity investment. Headline corporation tax rates would be adjusted to ensure the reform remains revenue neutral.

Choosing your lane

Tax-efficient vehicle fleets

Tax rules increasingly determine the true cost and composition of business vehicle fleets, making planning essential as incentives for electric vehicles fade.

by Graeme Fox



Key Points

What is the issue?
Tax plays a decisive role in shaping business fleet choices, influencing whether companies buy, lease or switch to electric vehicles. As incentives for EVs begin to taper and costs for traditional vehicles increase, the tax environment is undergoing a shift that demands active strategic review.

What does it mean to me?
Fleet managers must navigate multiple interacting taxes – vehicle excise duty, benefit-in-kind, capital allowances and VAT – each affecting cash flow, employee costs and long-term planning. The phasing out of EV advantages and changes such as the reclassification of double cab pick-ups mean businesses can no longer rely on past assumptions about tax efficiency.

What can I take away?
Businesses should regularly review fleet policies, balancing buying and leasing, monitoring classification and allowance changes, and planning for the transition from incentive-based to penalty-driven taxation. Staying agile and anticipating tax shifts will be key to maintaining efficiency and avoiding rising costs as the fleet landscape evolves.

Businesses often underestimate how much tax shapes behaviour. Consider the 5p charge on plastic bags: a minor levy that fundamentally shifted consumer habits almost overnight. In the corporate world, the same principle applies to vehicle fleets. Any new company vehicle will be impacted by multiple taxes, making this an area where purchasers need to take a wider view. Tax rules – sometimes subtle, sometimes sweeping – shape not only how companies procure vehicles but also which types they choose.

From the 1960s, when cars were issued to staff as a way to save income tax, to today's debates over electric vehicles (EVs) versus internal combustion engine (ICE) models, the fleet landscape is continually reshaped by the tax environment. Today's tax system is far more sophisticated – designed both to encourage greener choices and to prevent abuse.

Businesses planning a tax-efficient fleet strategy must therefore keep one eye on the current rules and another on future policy. Incentives for EVs were generous when adoption was low, but they are already tapering as electric models move into the mainstream.

Vehicle excise duty

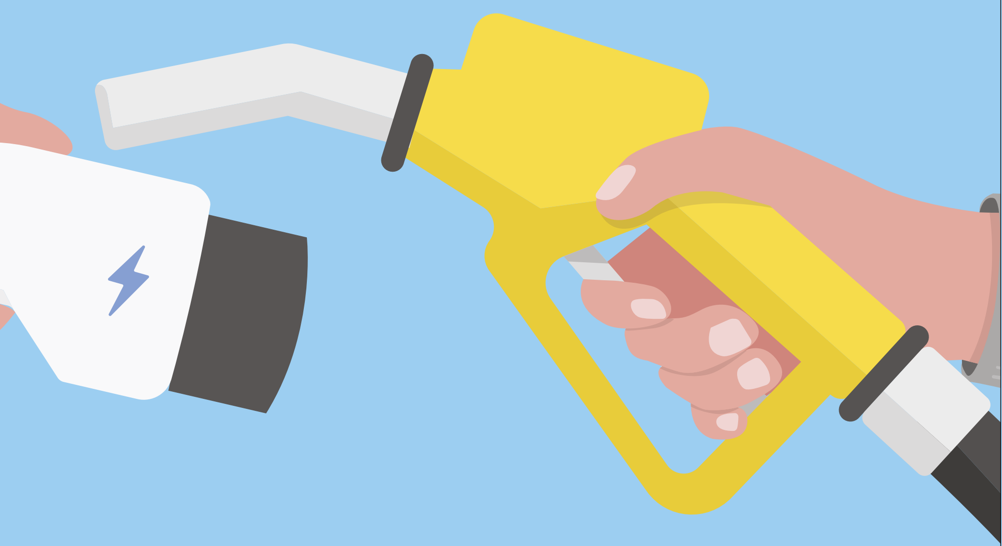
Vehicle excise duty (VED), commonly referred to as road tax, remains one of the simplest but most visible levers that government uses to encourage cleaner transport. For cars first registered before April 2017, VED is based on CO_2 emissions, with bands ranging from zero (for the cleanest vehicles) to several hundred pounds per year for high-emission models. After 2017, however, the system was simplified into a flat standard rate for most vehicles, with only the first year's tax reflecting emissions, starting at £10 for an EV.

Electric vehicles previously enjoyed a zero rate but this ended in April 2025, when EVs joined the standard regime. Additionally, EVs with a list price over £40,000 (rising to £50,000 from 1 April 2026) are now subject to an expensive car supplement of £425 per year for five years. Electric vans and light goods vehicles are now subject to the same charges as their ICE models. While not an immediate issue, electric vehicle excise duty (eVED) has also recently been proposed. This would charge owners of electric vehicles an additional amount from 1 April 2028 of 3p per mile, or 1.5p per mile for a plug-in hybrid, increasing costs yet again.

For fleet managers, this transition is significant. While VED savings are relatively modest compared to other costs, a fleet of 50 cars could face thousands of pounds in new annual charges once EV exemptions are removed. Whereas staff might once have had more freedom in car selection, now could be the time to introduce a £40,000 limit on the price of any company car. Manufacturers may well factor this into their pricing, and a quick internet search shows the Hyundai Ioniq 5 listed at £39,995 at the time of writing.

Benefit-in-kind

For employees, the real impact of a company car comes through benefit-in-kind (BIK) taxation. HMRC calculates



Allowances Act 2001 s 268A, the capital allowance definition of a car is deliberately broad, capturing all vehicles unless they can be excluded, such as vans.

Petrol and diesel cars receive the least favourable treatment. They do not qualify for the annual investment allowance (AIA) or full expensing, and instead can only claim writing down allowances of 18% or 6% per year, depending on whether emissions are above or below 50g/km respectively. As a result, relief is spread over many years, making ICE cars relatively inefficient from a tax perspective.

New electric cars currently qualify for a 100% first-year allowance, allowing the full cost to be deducted in the year of purchase. This makes them far more attractive to profitable businesses seeking immediate relief. However, this favourable treatment is expected to end following the 2025-26 tax year. It was, though, previously due to expire a year earlier but was extended, and perhaps may be again if EV uptake remains below government targets.

Vans and other commercial vehicles are treated as plant and machinery, meaning they qualify for full expensing or the AIA, allowing the cost to be deducted in full. The key exception is double cab pick-ups, which no longer benefit from this treatment. In practice, this means vans and electric cars deliver immediate tax relief, while ICE cars tie businesses into gradual, long-term deductions. That difference alone can influence fleet planning and the timing of vehicle purchases in a tax-efficient strategy.

BIK based on the car's list price when new (not the discounted cost the company pays) and an emissions-based percentage. This percentage can range from as little as 3% for fully electric cars to over 37% for high-emission ICE vehicles, with diesel subject to a 4% surcharge (up to the same 37% cap).

The difference created by the rise of EVs is stark. Back in 2015-16, cars emitting up to 50g/km of CO_2 were taxed at 5%, with no specific provisions for EVs. In 2025-26, the same ICE car is charged at 15%, while hybrids are taxed across multiple bands based on their electric mileage ranges. Only fully electric vehicles qualify for the lowest rate.

This contrast is striking for drivers still using the same car as 10 years ago, compared to those who have switched to a new EV. An employee with a £50,000 electric company car may pay tax on only £1,500 worth of benefit (3%), while a similarly priced diesel car could generate a taxable benefit of £18,500 – amounting to thousands in extra tax each year for higher-rate taxpayers.

Many employers now offer cars through salary sacrifice arrangements, under the optional remuneration arrangements rules. Under these rules, the value of the benefit will be the higher of the calculated BIK value or the cash forgone. Critically, however, these rules do not currently apply to EVs – further extending their advantages over ICE cars.

Vans, by contrast, attract a flat-rate BIK if available for personal use – £4,020 for 2025/26, plus an additional charge of £769 if fuel is provided for ICE models. Electric vans, by contrast, have no BIK charge. This makes vans far more predictable, though the reclassification of double cabs continues to create complexity (more below).

The difference between cars and commercial vehicles remains a familiar battleground. In simple terms, it hinges on whether a vehicle is designed to carry people or to carry goods, or whether it is not suitable to be used as a private vehicle. Some clients still argue their new car should qualify as a van to benefit from lower BIK rates – the Land Rover Defender certainly springs to mind here. However, Income Tax (Earnings and Pensions) Act 2003 s 115 is written negatively, meaning that anything not specifically excluded is classed as a car. HMRC can, of course, review the same specifications and classifications as everyone else.

Employers should note that Class 1A National Insurance contributions on BIKs can be substantial, making low-emission vehicles doubly attractive. For those wishing to avoid BIK altogether, the vehicle must not be *available* for private use – not merely unused privately. This stricter test catches out many and has been the subject of repeated HMRC disputes.

If company vehicles are not intended for private use, companies should implement and communicate a clear written policy to that effect; otherwise, arguments about lack of insurance or vehicle storage at business premises are unlikely to succeed with HMRC.

Capital allowances

Capital allowances determine how quickly the cost of a vehicle can be written off against taxable profits, and the rules vary significantly depending on the type of vehicle. Under Capital

VAT treatment

VAT rules around vehicles can be surprisingly nuanced. While the differences between cars and commercial vehicles is broadly similar to that used for BIK purposes, it differs in key ways for VAT. Under the Value Added Tax (Cars) Order 1992, a car is defined as a vehicle that carries passengers, or that has roofed accommodation with side windows behind the driver. This is a positively framed test and, although it often produces the same answer, there are cases where a vehicle is treated differently for VAT and direct tax purposes. That distinction can significantly affect overall fleet costs.

For most cars, input VAT on purchase is blocked if there is any private use, which in practice means

that almost no business can reclaim it. HMRC applies an extremely high bar for proving exclusive business use, and even minimal private use will prevent recovery. By contrast, vans and other commercial vehicles are classed as plant and machinery, allowing full input VAT recovery where the vehicle is used for business purposes.

The treatment changes again for leased vehicles. For cars that are leased and available for private use, businesses can generally reclaim 50% of the VAT on lease payments. If the vehicle is strictly limited to business use, 100% recovery is possible, although proving this to HMRC's satisfaction can be difficult. Vans are more straightforward: VAT on lease payments is usually recoverable in full.

Depending on the composition of your fleet, input VAT recovery may therefore be 0%, 50% or 100%, either upfront or over time. For businesses making multiple new vehicle purchases, these differences can have a real impact on cash flow planning.

Other vehicles

Most fleets will consist of cars and commercial vehicles, but some businesses use alternative means of transport. Motorbikes, bicycles, helicopters, planes and yachts are all possibilities, depending on the nature of the business. Cars attract the most attention due to their prevalence but what about these other choices?

Broadly speaking, such vehicles are treated as business assets, meaning input VAT can be recovered (subject to private use) and capital allowances claimed through AIA or full expensing where eligible.

The main difference lies in how the BIK is calculated: it is assessed at 20% of the asset's market value when it is available for private use. For a bicycle, this is a nominal amount; but I had to inform one sailing client that the taxable benefit for the use of a luxury yacht could reach tens of thousands of pounds.

Clients considering alternatives to the company car should evaluate the full tax implications before making a decision.

Double cab pick-ups: the rule change

Historically, double cab pick-ups enjoyed favourable tax treatment. They were classified as commercial vehicles, allowing businesses to claim AIA, reclaim all VAT, and offer employees a predictable flat-rate BIK. As a result, many businesses provided these vehicles to staff even where there was little genuine business need for their capabilities.

From 2025-26 onwards, however, most double cab pick-ups have been reclassified as cars for capital allowance and BIK purposes (after a previous short-lived attempt to do the same). This significantly reduces their appeal as a fleet option, particularly for businesses that had used them as a tax-efficient compromise between a car and a van.

Some transitional relief exists for vehicles acquired before the end of 2024-25, but for new purchases or leases the rules are clear: tax efficiency now lies elsewhere. One area of continuity, though, is VAT – double-cab pick ups remain classed as plant for VAT purposes, meaning input VAT recovery is still allowed. This softens the impact for businesses that continue to prefer these vehicles.

Fuel and charging

Fuel is another area where tax rules influence behaviour. Company-provided fuel for private use creates a BIK, calculated using a fixed multiplier and the car's BIK percentage. This often turns 'free fuel' into a costly benefit for employees rather than a genuine perk. Employers must restrict input VAT claims to business use, either through detailed mileage logs or use of a scale charge.

Electricity, however, is not classified as fuel and so is treated differently. Workplace charging for employees – whether for company or personal vehicles – is not considered a taxable benefit, provided charging takes place at or near the workplace. Home charging, if reimbursed, may be subject to different rules but overall the tax environment strongly favours EVs, at least for now.

The government has also introduced advisory electricity rates for reimbursing business mileage in electric cars: currently 8p per mile when charging at home and 14p per mile for public charging, similar to the advisory fuel rates for petrol and diesel.

Buying or leasing

The choice between buying and leasing vehicles is one of the most important strategic decisions a fleet manager faces, with tax treatment playing a major role in determining the best approach. Buying outright – whether through cash or hire purchase – provides ownership and access to capital allowances and input VAT recovery. This can be particularly valuable when acquiring electric cars or vans that qualify as plant and machinery. These allowances enable businesses to offset purchase costs quickly and reduce taxable profits. However, outright ownership ties up capital and exposes the business to residual value risk, especially for new vehicles that depreciate rapidly in their early years.

Leasing offers different advantages. Instead of capital allowances, lease payments are deductible as revenue expenses, spreading tax relief evenly across the life of the lease. For vehicles with private use, leasing also allows 50% VAT recovery – compared with none on purchased cars – making it appealing from a VAT perspective.

Leasing provides flexibility in a landscape where technology, tax rules and environmental policies are all changing rapidly, helping businesses avoid being locked into assets that risk becoming outdated or tax inefficient. That being said, leasing limits control over the vehicle, and businesses are bound by the contract's duration, with potential penalties for early termination or excess usage.

There is no single right answer to the buy-versus-lease question. Each business must weigh the pros and cons against its own priorities and cash flow needs. Special mention should be made of personal contract purchase (PCP) arrangements, which sit between buying and leasing. Depending on how the deal is structured – especially regarding the balloon payment (the final lump sum needed to take ownership of a car) – PCP can be treated as either a purchase or a lease. It should not be assumed that PCP is equivalent to hire purchase, even if it appears similar.

Regardless of the acquisition method, businesses should also consider their fleet refreshment cycle. A business that refreshes vehicles every three years may be more responsive to changing tax incentives or new technologies, but at higher cost. Conversely, holding vehicles for longer may reduce expenses but risks being left with inefficient or less tax-advantaged assets, highlighting the importance of timing in fleet planning.

In summary

Tax has always been powerful in shaping business behaviour, and vehicle fleets are no exception. From VED to capital allowances, BIK and VAT, the tax framework determines whether a fleet strategy delivers savings or drains resources. The current environment strongly favours electric vehicles, offering rapid capital allowances, ultra-low BIK rates and advantageous charging rules. However, this window is beginning to narrow. EV incentives are gradually being withdrawn – electric vehicles are not exempt from VED, and BIK rates for EVs are scheduled to rise by 1% each year from 2025-26 onwards.

This raises an important strategic question: once EVs achieve cost and performance parity with ICE vehicles, will the government shift from incentivising EVs to penalising ICEs more heavily? The trajectory suggests that it will. Businesses must therefore plan for a world where ICE vehicles face escalating tax costs, and EVs merely enjoy neutrality rather than special tax treatment.

That said, uncertainly remains. The planned bans on the sale of new ICE vehicles by 2030, and of hybrids by 2035, continue to face political and industry resistance. Is it possible the government of the day will extend the transition period to allow more time for businesses to adapt? The reclassification of double cab pick-ups has also reinforced this broader trend, pushing companies and employees away from vehicles that no longer deliver tax advantages.

Businesses should therefore:

- review fleet policies regularly in light of evolving tax rules;
- consider a mix of buying and leasing to balance tax efficiency and flexibility;
- pay close attention to classification changes, such as double cab pick-ups;
- plan fuel and charging strategies to minimise BIK exposure; and
- align fleet replacement cycles with anticipated tax changes.

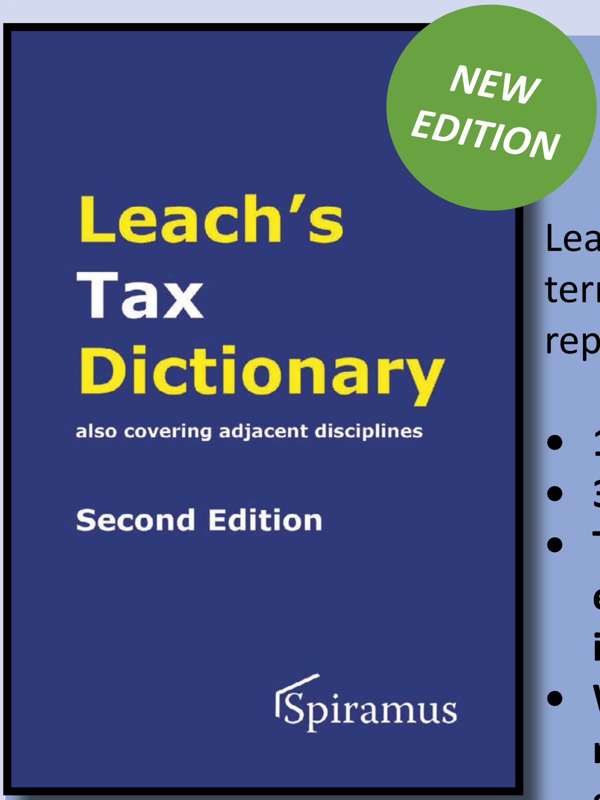
Sometimes clients will just ignore our advice. A company director once asked me how to replace his car while keeping both company and personal taxes low. After explaining all the rules and explaining how electric vehicles offered the most efficient route, he eventually decided he simply liked the Lamborghini hyper car, regardless of the tax. Cars can be emotional purchases, and sometimes logic takes a back seat. For most, however, a tax-efficient fleet strategy requires not only understanding today's rules but also anticipating those to come.

Name: Graeme Fox ACCA CTA
Position: Senior Tax Manager
Firm: Hillier Hopkins LLP
Email: Graeme.Fox@hhllp.co.uk
Tel: +44 (0)1923 634 243
Profile: Graeme has worked in both the accounting and tax sectors for over 15 years and has a particular focus on the issues affecting owner manager businesses. He has developed a close working relationship with his clients to see them continue to grow and prosper.

SPIRAMUS PRESS

www.spiramus.com

USE CODE *TAX10* FOR 10% OFF ALL TITLES



Leach's Tax Dictionary

also covering adjacent disciplines

by Robert Leach

Leach's Tax Dictionary is a cornucopia of tax terms and abbreviations used in tax writing and reporting.

- **11,000+ definitions**
- **3,000 abbreviations explained**
- **Timelines given of significant historical events related to tax and of forthcoming implementation dates**
- **Where applicable, terms are explained with reference to relevant case law, statutes or guidance**

This new edition has been e**xpanded by more than 20%**. It is fully updated to reflect the law as of October 2025, with **hundreds of new definitions** added and updated.

This book provides a ready source of information to those who already have some understanding of tax, and for anyone working or studying in the tax field.

Robert Leach FCA FCCA FCIPP *is a qualified accountant who first qualified in 1983. For 14 years, he worked in industry, including being accountant and company secretary for groups of companies engaged in finance, property, employment and retail.*

990 pages

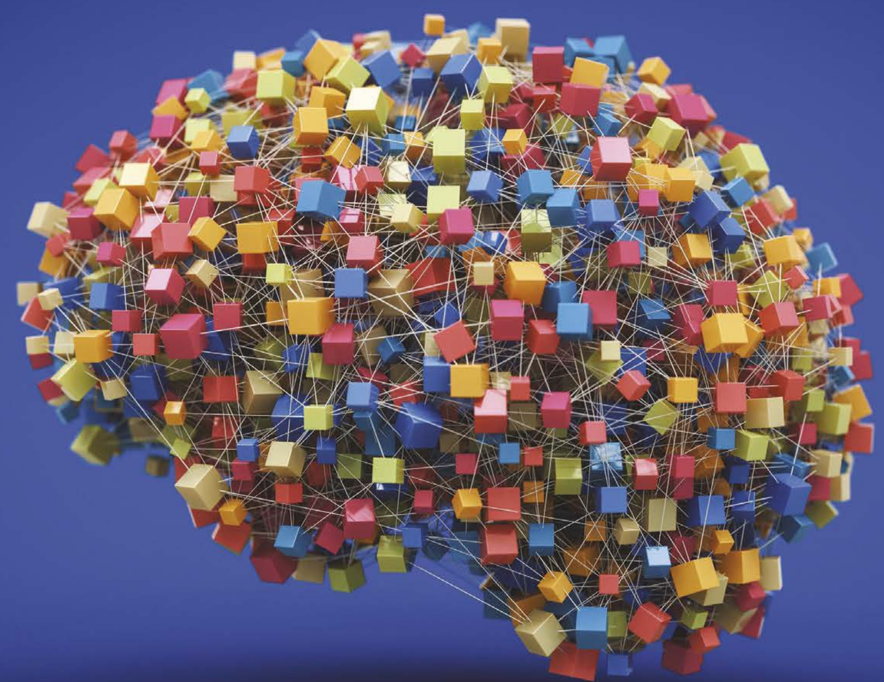
Pbk 9781913507701: £99.95

PDF 9781913507695: £49.98

ALL BOOKS ALSO AVAILABLE AS EBOOKS

Spiramus Press, 102 Blandford Street, London W1U 8AG.
Company Number: 4827945 VAT Number: GB 8322712 5
Please contact info@spiramus.com for more information.

www.spiramus.com



Searching questions
Artificial intelligence

Technology, particularly recent advances in artificial intelligence, is changing the way in which tax education is being delivered.

By Kelly Sizer and Jane Frecknall-Hughes

© Getty images

Key Points

What is the issue?
Researchers from higher education establishments from many countries met at this year's Tax Research Network Conference Education Day to present ongoing work on how AI is changing tax education.

What does it mean for me?
Tax technology, including AI, is changing how tax practitioners operate – so tax education continually needs to develop to keep pace with changing roles.

What can I take away?
The CIOT consulted in 2025 on changes to the CTA qualification with a view to factoring in the influence of technology on the tax profession, but given the pace of change, further evolution of tax qualification offerings may be needed over time.

Artificial intelligence – or AI – two of the most talked about letters in recent years! Whether you love it, hate it or remain undecided, this is a topic that does not look set to disappear from the headlines any time soon.

It was certainly a subject that featured very heavily on the agenda of this year's Tax Research Network (TRN) conference, especially on the final day, which always focuses on tax education. See the box for more information about the TRN.

Kelly Sizer, Head of Qualifications Development at CIOT and ATT, attended this year's TRN Education Day and was particularly interested in the research on how AI is transforming tax education. Many higher education establishments are now incorporating AI-focused learning into accounting and finance degree programmes to better prepare the next generation of tax professionals for a rapidly changing digital landscape.

Impact of AI on tax training

There are numerous aspects to consider when examining how AI is reshaping tax education. Key questions include:

- How can the integrity of assessments be maintained in an era when AI tools make it easier to cheat?
- How will the growing use of AI in tax affect the skills and knowledge that future tax professionals will need? In particular, where will humans still be able to add value beyond automated compliance processes and AI-generated advice?
- How can AI be harnessed to improve teaching and assessment methods?

Research on each of these themes, among others, was presented at the TRN Education Day. It was interesting to observe how closely the work being undertaken in higher education establishments dovetails with the ongoing discussions in CIOT and ATT about how our professional qualifications might need to evolve to keep pace with change.

Reflections on some of this research are outlined below.

Assessment integrity

One of the key questions asked by researchers is how educational establishments and awarding organisations can maintain assessment integrity in a world where AI might be capable of completing students' work for them.

Hanneke du Preez and Madeleine Stiglingh from the University of Pretoria in South Africa explored this issue in their study 'Analysing AI's Performance in Taxation Educational Assessments'. Their research tested various large language models – ChatGPT, Claude and Gemini – on students' assessments. The findings revealed that while the AI systems would have failed the assessment overall, their performance on certain questions – VAT in particular – was comparable to or even better than that of the human students.

The performance of the different AI models was far from uniform. ChatGPT was found to perform better on calculation-based questions, while Gemini performed better in problem-solving tasks. However, the researchers also noted that these models are improving rapidly. Just four months after the initial data was collected, Gemini's performance was already substantially better.

This raises an important question for educators. If AI can already perform reasonably well in tax assessments and continues to improve at pace, how should assessment design evolve to ensure that human understanding, critical thinking and professional judgment remain at the heart of tax education?

Summative assessment

In the context of 'summative assessment' – such as CTA or ATT exams, which evaluate achievement at the end of a learning period – the findings reinforce the importance of strict invigilation to prevent unauthorised use of AI.

This is particularly crucial for high-stake professional exams such as tax qualifications, where maintaining the integrity of the assessment process safeguards the reputation of the CIOT and ATT, so that the public can continue to place trust in the CTA and ATT designations.

Formative assessment

For 'formative assessment' – ongoing assessment throughout a programme of study, such as coursework – the reality is different. It must be assumed that AI has been used, as this is impossible to police unless assessments are invigilated. In this context, it is very much a case of: if you can't beat AI, embrace it!

At the TRN conference, we heard from researchers looking at innovative ways to integrate technology into their assessment methodology. One notable example came from Nicky Thomas at the University of Exeter, who presented her project titled 'Students, meet your new teammate – GenAI.' In this initiative, students worked together in teams to evaluate draft AI-generated outputs based on a given case study. The teams had to demonstrate how they could add value – by identifying errors, refining reasoning and contributing insights that went beyond what the AI could produce.

Tax knowledge and skills of the future

Nicky Thomas's project, which encouraged students to evaluate AI-generated outputs and demonstrate how they could add value, naturally brings us on to the broader theme of how AI is transforming tax work – and what this means for the knowledge and skills required by the next generation of tax professionals.

WHAT IS THE TAX RESEARCH NETWORK?

For those unfamiliar with the Tax Research Network (TRN), its mission is to promote collaboration and dialogue among those involved in tax research and education. It facilitates activities and events that encourage constructive debate and the sharing of ideas across disciplines and institutions.

Each year, the TRN hosts a conference bringing together tax academics, professionals, policy makers and educators – from around the UK and abroad – to present and debate their research. In academia, tax teachers and researchers are often spread across business schools, law faculties, social policy departments, economics departments and beyond. The TRN conference therefore presents a rare and valuable opportunity for like-minded colleagues to get together and compare notes!

The annual conference spans three days: two days dedicated to research topics and presentation; and a third focused entirely on tax education and pedagogy.

The CIOT has been delighted to sponsor this event for several years, including in 2025, when it was hosted by the Business School at the University of Nottingham. A total of 66 papers were delivered, with seven being presented online and one in hybrid format. The provision of online access throughout the event enabled participation from those unable to attend in person, particularly those affected by financial pressures within global higher education. Presenters from 18 countries, including the UK, delivered papers on a range of topics.

It was particularly pleasing that, along with regular attendees, many PhD students and early career researchers participated – some for the first time – further enriching the academic and professional exchange fostered by the TRN.

On this topic, Claire Scott McAteer at Queen's University Belfast presented her work 'Engaging students to become "practice ready" and "digitally proficient" taxation graduates'. In her research, students were asked to undertake a practical case study and then to prepare a professional report covering several areas of tax advice. They were required to research a tax query using generative AI and then critically evaluate the advice produced. The aim was to simulate a real-world scenario, giving students an insight into how to use AI tools responsibly, while exercising professional scepticism and judgment.

Researchers from the University of Pretoria emphasised that the question is no longer whether tax education needs to change its focus but rather *when* and *how* it should do so. The feedback that the researchers had received from employers closely aligned with that received by the CIOT: while they are satisfied that existing tax training delivers well in terms of technical capability, students are often lacking in softer skills including communication, critical thinking, business acumen and emotional intelligence. These competencies are increasingly vital in an AI-assisted professional environment.

Harnessing AI

Encouraging students to use AI and critique its performance, as described in the examples above, is only one way in which AI can be harnessed in tax teaching and assessment. How, though, can AI be used to develop the broader professional skills that future tax professionals will need?

Pieter Pienaar from the University of Pretoria, South Africa presented to the TRN his work 'Simulating client interactions using AI: Developing integrative and computational thinking in taxation students'. He and his colleagues have developed sophisticated AI models – essentially chatbots – which enable students to practise and ultimately be assessed on their practical tax skills.

Given the rapid pace of AI advancement, tax professionals of the future will need to demonstrate how they can add value and differentiate themselves from automated systems. The chatbots in Pienaar's project are designed to test students' interviewing and advisory skills via simulated interviews.

Students first practise extracting the information they need to give appropriate advice, demonstrating key competencies such as 'know your client' awareness, effective questioning, and how to speak with clients in clear, jargon-free language. Once they have gathered the necessary information, students move on to a second simulated client meeting where they deliver their advice.

A third chatbot is in development, which will aim to assess management and delegation skills, acting as a junior staff member to whom tasks must be successfully delegated.

The deployment of such technology may raise some ethical considerations – such as ensuring that the output is unbiased, explainable and that there is sufficient human oversight. However, it is interesting to consider the potential of AI to break down traditional barriers to learning, allowing educators to deliver training and assessment in a way that might have been unachievable in the past. These simulated 'viva' assessments by the University of Pretoria allow students the freedom to practise real-life interactions in a safe environment and obtain feedback to improve their skills.

Human-to-human 'viva' assessments are often prohibitively labour-intensive to deliver widely. They are expensive in terms of man hours and require large numbers of qualified assessors – which it would be very difficult (if not impossible) to deliver in a smaller profession such as taxation. Provided there are appropriate safeguards in place, AI-led simulations could play a valuable role in the future, helping to provide practical training and enhance skill development in ways that were previously impractical.

What does this mean for tax qualifications?

Before anyone gets too excited, we must stress that the CIOT and ATT are **not** currently developing 'bot-based' assessment for their qualifications. It is worth reflecting, however, on what the future might hold as technology continues to reshape education and professional assessment.

The CIOT is currently considering changes to the CTA qualification, with a 12 week consultation period running from April to June this year. The proposals put forward include factoring in technological changes – by examining the broader landscape in which tax practitioners operate, and testing candidates' ability to critique AI outputs.

The outcome of that consultation and the final proposals for the revised CTA qualification will be published soon. It was interesting that much of the research presented at the TRN conference reflected that those delivering tax education at universities – both in the UK and abroad – are grappling with similar considerations as those being consulted on by the CIOT.

TAX RESEARCH NETWORK CONFERENCE 2026: NOT TO BE MISSED!

The annual Tax Research Network conference is held each September and continues to be a highlight for those involved in tax research, education and practice.

In 2026, the conference will be hosted at Queen Mary University of London (dates are yet to be confirmed).

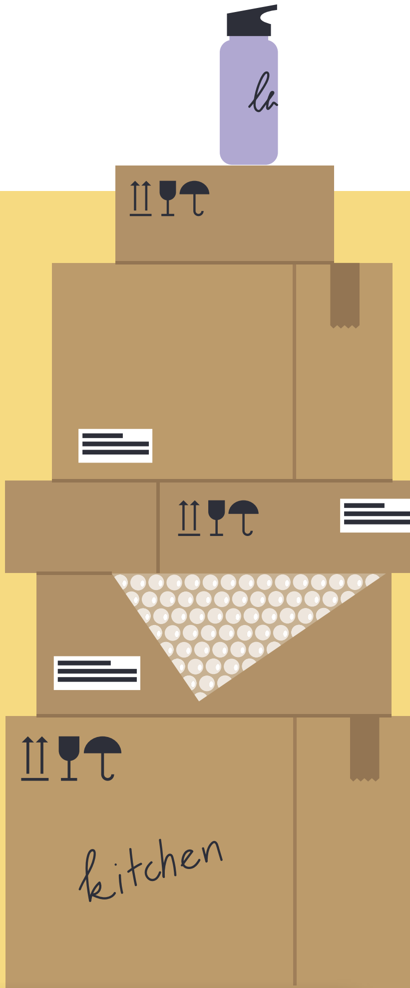
If you would like to receive updates and be notified when registration opens, you can sign up at the TRN website: https://taxresearch.network/register

We look forward to seeing you there!

Name: Jane Frecknall-Hughes
Position: Professor of Revenue Law
Employer: University of Nottingham Business School
Email: jane.frecknall-hughes@nottingham.ac.uk
Profile: Jane Frecknall-Hughes is Professor of Revenue Law at University of Nottingham Business School. She also is Chair of the CIOT's Education Committee, and was the academic host of the TRN's 2025 conference.

Name: Kelly Sizer
Position: Head of Qualifications Development
Employer: CIOT
Email: KSizer@ciot.org.uk
Profile: Kelly Sizer is Head of Qualifications Development for the CIOT and ATT, having previously worked for CIOT as Senior Manager for the Low Incomes Tax Reform Group.

Long-term residence
The new key tax status



We outline the significant changes to UK inheritance tax rules effective from April 2025, replacing domicile with long-term residence as the key tax status.

by Emma Chamberlain

In the second part of this series on inheritance tax, we outline the significant changes to UK inheritance tax rules effective from April 2025, focusing on the replacement of domicile with long-term residence as the key tax status, and detailing the impact on spouses, trusts and treaty relief.

Spouse exemption and deemed domicile election

Spousal exemption under the new long-term residence regime

Normally, there is a full spouse exemption on death. However, under Inheritance Tax Act 1984 s 18, this exemption is limited to £325,000 where, before April 2025, a UK-domiciled individual died leaving assets to a spouse who was not domiciled (and not deemed domiciled) in the UK. From April 2025, where a long-term resident leaves assets to a spouse who is not a long-term resident, the spouse exemption is similarly restricted. Transfers are not restricted between spouses who have the same long-term resident status or where the transfer is from the spouse who is not a long-term resident to the one who is.

Where a spouse has elected under the pre-April 2025 regime to be treated as UK domiciled, that spouse will be treated as a long-term resident after 5 April 2025. Elections can continue to be made after April 2025.

The new legislation introduces several significant changes. The existing provisions in Inheritance Tax Act 1984 ss 267ZA and 267ZB, which permit a spouse to elect to be treated as UK-domiciled for inheritance tax purposes, are repealed with effect from April 2032 to allow for the seven-year run off period for lifetime gifts made before 6 April 2025. At the same time, new sections 267ZC to 267ZE are inserted with effect from April 2025.

The distinction between lifetime and death elections is maintained. Personal representatives of the transferee spouse who is not a long-term resident may make a death election, while the transferee spouse may make either a lifetime or death election. However, because of an anomaly in the drafting (no doubt to be corrected), a death election made by the transferee spouse is currently both irrevocable and permanent in effect, so in practice the transferee spouse should for the moment only make a lifetime election.

References in the legislation that previously referred to domicile are now to be read as references to long-term residence. The transferee spouse in the legislation – who we will refer to here as 'Peter' – who is not a long-term resident may elect to be treated as one if certain conditions are met. These conditions mirror the previous rules, except that references to the domicile of Peter's spouse are now to long-term residence of that spouse.

The principal difference under the new regime concerns the length of time for which an election remains effective. If Peter makes a lifetime election, he must be non-UK resident for a period of ten successive years (calculated no earlier than the date on which the election is made) before he can lose that long-term resident status. Where Peter made an election to be treated as UK-domiciled before 30 October 2024, that election takes effect from 6 April 2025 as an election to be treated as a long-term resident, but it will lapse after a consecutive four-year period of non-residence.

If, however, Peter makes a lifetime election after 30 October 2024 – even if before April 2025 and even if Peter's spouse died before this date – he must complete ten years of consecutive non-residence before losing long-term resident status for inheritance tax purposes. Consequently, a person who makes a spousal election but is non-UK resident by April 2025 faces a longer run-off period than an individual who is deemed domiciled but leaves the UK by that date, as the latter need only remain non-resident for three years to lose their long-term resident status (provided they do not return within ten years of leaving). This difference seems anomalous.

Key Points

What is the issue?
From April 2025, the UK's inheritance tax system replaces domicile with long-term residence (LTR) as the key test. The changes abolish deemed domicile rules, redefine elections between spouses, and align treaty treatment with the new LTR framework.

What does it mean to me?
For mixed-domicile couples, cross-border estates and trustees, the reforms alter who qualifies for full spousal exemption and how long elections remain effective. Trusts and settlements will now come in and out of scope of inheritance tax based on the settlor's residence from time to time.

What can I take away?
Advisers and taxpayers should revisit existing elections, treaty positions, and trust structures to prevent unexpected inheritance tax charges. Early planning will be essential to safeguard reliefs and manage transitions under the new regime.

Deemed domicile

(Finance Act 2025 Sch 13 para 49)

Section 267 of Inheritance Tax Act 1984, which contains the deemed domicile provisions, is repealed from April 2025. However, it remains relevant for inheritance tax purposes when determining whether a person was domiciled or deemed domiciled at any time before 6 April 2025.

In practical terms, this means that a UK-domiciled individual who has lived abroad for many years and either dies before 6 April 2025 or sets up a trust before that date will still fall within the scope of UK inheritance tax, as will the trust itself. If, however, that individual survives beyond April 2025 and is not a long-term resident under the new rules, both his foreign estate and the trust will fall outside the inheritance tax regime from that point onward (see below).

Treaty domicile

(Finance Act 2025 Sch 13 para 27, inserting Inheritance Tax Act 1984 s 267ZF)

In the first draft of the Finance Bill, domicile – rather than long-term UK residence – remained the relevant test for determining entitlement to treaty relief. However, amendments made at the Report Stage have aligned the position with the new regime.

Under s 267ZF, a person who is a long-term resident is to be treated as domiciled in the UK for the purposes of applying double taxation conventions concluded after 1975. In other words, for inheritance tax treaty relief, long-term residence now effectively replaces domicile as the connecting factor. A brief illustration may clarify this position (see ***Example 1: Treaty relief for Rachelle***).

Settled property from April 2025

(Inheritance Tax Act 1984 s 48ZA)

Permanent inheritance tax protection will no longer apply to foreign situs property settled into trust before 6 April 2025 where:

- the settlor was not domiciled or deemed domiciled in the UK at the time of settlement;
- the settlor was not a formerly domiciled resident; and
- the settled property remains foreign situs.

From 6 April 2025, unless the settlor has died earlier, non-UK assets comprised in a settlement will be potentially subject to inheritance tax in any period when the settlor is a long-term resident, regardless of when the settlement was created. This means that foreign settled assets will come in and out of charge to inheritance tax, alongside assets owned outright by the settlor, based on the settlor's long-term resident status at the time of the charge.

The inheritance tax status of settled property is therefore no longer fixed by reference to the settlor's domicile status when the property was first placed into the settlement.

This means that all the 2020 resettlement rules found in ss 82 and 82A are no longer needed. From April 2025, resettlement at a later date will no longer affect whether the property qualifies as excluded property – once the settlor becomes a long-term resident, the property will then automatically lose excluded property status anyway.

Death of the settlor before April 2025

If the settlor died before April 2025, the old (pre-2025) inheritance tax rules will continue to apply (see Inheritance Tax Act 1984 s 48ZA(4)). This means that:

- The settled property will remain excluded property for all inheritance tax purposes if the settlor was not domiciled in the UK when the property was placed into the settlement – irrespective of the settlor's domicile at the date of death.
- If the settlor was domiciled or deemed domiciled in the UK when the property was settled, the trust will never qualify as excluded property, even if the settlor died foreign domiciled or after many years of non-UK residence.

EXAMPLE 1: TREATY RELIEF FOR RACHELLE

Rachelle is deemed domiciled in the UK for inheritance tax purposes and continues to be resident in the UK after 5 April 2025. She therefore becomes a long-term resident under the new rules. However, under Indian law she remains domiciled in India.

On Rachelle's death, her non-UK situs property passes under a foreign will or disposition to her children. Her executors should still be able to claim treaty relief, as the UK-India estate tax treaty will remain effective in relieving double taxation on non-UK property on death.

If, instead, Rachelle was a long-term resident for inheritance tax purposes but was treaty domiciled in the United States (rather than India) and a US national only, treaty relief could potentially extend not only to her estate on death but also to lifetime transfers and even to settled property.

Finance Act 2025 Sch 13 para 48(1)(b)

EXAMPLE 2: KEN CEASES TO BE A LONG-TERM RESIDENT

Ken had been non-UK resident for 30 years and died in June 2025. HMRC does not accept that he was foreign domiciled when he settled property into a discretionary trust in 2013.

From April 2025, however, the foreign settled property becomes excluded property, as Ken was not a long-term resident at the time of his death. Therefore, no inheritance tax charge arises on his death. Even if he can benefit from the trust, there is no reservation of benefit charge.

If Ken had died in March 2025, the old inheritance tax rules would have apply. In that case, if he had been UK domiciled in 2013, a reservation of benefit charge could have arisen on his death.

There is, however, an exit charge in April 2025 when the property leaves the relevant property regime, which will be calculated based on the number of quarters since the last ten-year anniversary.

EXAMPLE 3: AMANDA'S QIIP AND EXCLUDED PROPERTY

Amanda has lived in New Zealand for the last 20 years. She has two children in New Zealand and two in the UK, and leaves her estate equally between them on discretionary trusts. Amanda dies in 2026 and is a long-term resident at her date of death. There is no estate duty in New Zealand, and therefore no inheritance tax arises in either jurisdiction. At this point:

- the two UK children are long-term resident;
- the two New Zealand children are not long-term resident; and
- the trust qualifies as excluded property on Amanda's death.

Appointment of interests in possession: The trustees decide that it would be convenient to appoint an interest in possession (IIP) to each of the children so that each takes a quarter share of the trust income. They do this within two years of Amanda's death.

Under Inheritance Tax Act 1984 s 144, this is 'read back' as if the IIP was effective immediately from Amanda's date of death. Each child is therefore treated as having a QIIP from that time, as it qualifies as an immediate post-death interest under s 49A.

Inheritance tax consequences: The effect is that:

- On the death or earlier termination of the IIP of the UK-resident children (unless by then they have lost long-term resident status), there is an inheritance tax charge of 40% if the termination occurs on their death; or 20% if it occurs during their lifetime.
- The New Zealand children's shares remain excluded property, and no inheritance tax will be payable on their deaths, provided they never become long-term residents and the trust holds UK-situated property directly.

After each QIIP ends, the trust reverts to excluded property status, as Amanda was not a long-term resident at death. The status of the beneficiary thereafter is irrelevant.

Better planning approach: The trustees should have waited for more than two years after Amanda's death before appointing interests in possession. These interests would then have been non-qualifying. This would have avoided inheritance tax exposure, as the property would have remained excluded property and outside the relevant property regime, given that Amanda was not a long-term resident when she died.

Death of settlor after 5 April 2025

Where the settlor dies on or after 6 April 2025, the excluded property status of the trust will depend on the settlor's long-term residence status at their date of death.

- If the settlor is not a long-term resident when they die, the non-UK settled assets will be excluded property for inheritance tax purposes.
- If the settlor is a long-term resident at death, both UK and non-UK settled assets will be in scope for inheritance tax for the duration of the trust.

Qualifying interest in possession settlements

There is an additional condition for a qualifying interest in possession (QIIP) settlements to obtain excluded property status. Under the new rule (Inheritance Tax Act 1984 s 48ZA(5)), property within a QIIP settlement will only be excluded property if:

- both the settlor and the beneficiary with the QIIP are not long-term resident; and
- the settlor dies after 5 April 2025.

Transitional rules

There is a transitional provision for non-UK assets settled into a QIIP settlement before 30 October 2024. If these assets were excluded property immediately before 30 October 2024 (because the settlor was not UK domiciled when he settled the property and is not a formerly domiciled resident), they will not be subject to inheritance tax when the QIIP comes to an end – whether on a lifetime termination or on the death of the QIIP beneficiary.

This exemption applies irrespective of long-term residence status of either the settlor or the QIIP beneficiary (see s 54(2C) as inserted by Sch 13 para 9).

However, UK assets (other than open-ended investment companies (OEICs) or authorised unit trusts) comprised in the settlement as at 30 October 2024 will not benefit from this protection, even if they are later sold and become non-UK situs, as they were not then excluded property.

If the trustees sell the non-UK property and invest in UK property, the transitional protection is lost if that UK property is still held at the date of death. Trustees can, however, sell the non-UK property and buy replacement foreign property, which will retain protection under transitional rules.

Application of the new rules

Once an existing QIIP comes to an end, or for QIIP settlements created on or after 30 October 2024, the new rules will apply in full. This means that from April 2025:

- A settlor who is not long-term resident should not leave foreign property in their will on interest in possession trusts for a person who is a long-term resident.
- While there will be no inheritance tax charge on the settlor's death, the trust will be within the scope of inheritance tax for as long as the person with the QIIP is a long-term resident.

This represents a significant narrowing of the excluded property regime.

Before April 2025, the residence or domicile status of the QIIP beneficiary was generally irrelevant to the excluded property status of the trust – excluded property status centred round the settlor's domicile when the property became comprised in the settlement. (There were a few exceptions where the settlor/spouse took an immediate QIIP on settlement of the assets or a QIIP beneficiary became non-resident and the trust invested in gilts.)

Following the 2006 changes, a QIIP generally arises only:

- if the settlor leaves an interest in possession to a beneficiary on his death by will; or
- if the beneficiary is disabled and receives an interest under a lifetime gift.

Care is therefore needed to avoid inadvertently creating a qualifying IIP on death, as this may unexpectedly bring the trust within the inheritance tax charge under the post-2025 rules. (See Example 3.)

Relevant property settlements

From 6 April 2025, the excluded property status on non-UK settled property within the relevant property regime will depend on the settlor's long-term residence status:

- If the settlor *is* a long-term resident, the non-UK settled property *will not* be excluded property.
- If the settlor *is not* a long-term resident, the non-UK settled property *will* be excluded property. (See Example 6.)

UK-domiciled settlor

Where the settlor is UK-domiciled, still alive and not a long-term resident on 6 April 2025:

- The non-UK property within the trust becomes excluded property on that date.
- This change in status triggers an exit charge on 6 April 2025.
- After that date, there will be no further inheritance tax charges, as long as the settlor continues not to be long-term resident and the settled property (i.e. held directly by the trustees, not the underlying property within a holding company) is foreign situs. (See Example 4.)

Non-domiciled settlor

Where the settlor is non-domiciled but a long-term resident on 6 April 2025:

- The excluded property becomes relevant property on 6 April 2025.
- No immediate inheritance tax charge arises at that time.
- However, charges will arise on any exit after that date (e.g. because property is distributed or the settlor loses long-term residence status); or at each ten -year anniversary of the trust.
- The calculation of the charge will reflect the number of years that the non-UK property was excluded property, resulting in reduced charges in the early years of the new rules. (See Example 5.)

Settlor ceases to be a long-term resident after 2025

After 6 April 2025, where a settlor ceases to satisfy the long-term resident test, any non-UK relevant property becomes excluded property. This change of status will trigger an exit charge when the property leaves the relevant property regime.

In Part 3, Emma will further explore the impact of the settlor's LTR status.

EXAMPLE 4: HARRY

UK-domiciled, non-resident settlor

Harry settled non-UK assets into a trust in April 2024 while he was non-resident but UK domiciled. By 6 April 2025, Harry has returned to the UK but is not a long-term resident.

On 6 April 2025, the settled property becomes excluded property. This means that there will be an exit charge of 0.6% as the property has been relevant property for one year.

There will be no ten-year anniversary charge in April 2034, assuming that Harry is still not a long-term resident. If, however, he becomes a long-term resident (say, in 2035), there will be an anniversary charge – but at a reduced rat. (Broadly, the charge is 0.6% for every year the settled property is within scope of inheritance tax up to a maximum of 6% after ten years.)

EXAMPLE 5: YETA

Foreign-domiciled settlor who leaves the UK

Yeta was foreign domiciled and not deemed domiciled when she set up a trust in 1992. She left the UK in March 2025 and so is non-resident in 2025/26.

Under the transitional rule in Sch 13 para 46, Yeta ceases to be a long-term resident from April 2028 – the fourth tax year after departure.

She therefore remains outside the inheritance tax 'tail' provided she does not return to the UK.

When she ceases to be a long-term resident in April 2028, the trust property becomes excluded property and an exit charge arises at that time.

EXAMPLE 6: ANITA

Non-domiciled settlor becomes a long-term resident

Anita is non-domiciled and became resident in the UK in 2021/22. In April 2023, she settled non-UK assets into a discretionary settlement for herself, her children and grandchildren. As Anita was not UK domiciled or deemed domiciled when the settlement was made, there was no entry charge in 2023. The trust comprises entirely foreign situated property.

First ten-year anniversary: The first ten-year anniversary of the settlement is in 2033. By then, Anita is a long-term resident (since 6 April 2031). The inheritance tax charge is therefore based on the value of the settled property, reflecting the two out of ten years that the property was relevant property (i.e. 2 ÷ 10 x 6% = up to 1.2%).

Death in 2040: If Anita dies in 2040, while still a long-term resident and able to benefit from the trust, no inheritance tax arises on her death because of the transitional relief in Sch 13 para 31 amending Finance Act 1986 s 102. However, after her death, future ten-year anniversaries and exits will be fully within the inheritance tax relevant property regime, each attracting charges of up to 6% since Anita was a long-term resident at death. The settlement is permanently within the inheritance tax regime.

If Anita leaves the UK: If Anita does not die but left the UK in, say, 2045, after more than 20 years of UK residence, she will cease to be a long-term resident in 2055. The relevant property becomes excluded property in 2055, triggering an exit charge when it leaves the inheritance tax regime. The previous ten-year anniversary charge would have occurred in 2053, when the full 6% applied. The exit charge in 2055 will be 1.2% (being two years since the last ten-year anniversary in 2053).

Name: Emma Chamberlain CTA TEP OBE
Position: Barrister
Chambers: Pump Court Tax Chambers
Email: clerks@pumptax.com
Tel: 020 7414 8080
Profile: Emma Chamberlain CTA TEP OBE is a barrister at Pump Court Tax Chambers. The much enlarged 5th edition of *Chamberlain and Whitehouse Trust Taxation and Private Client Tax Planning* was published in April 2024 and an update will be published next year. She is joint chair of the Private Client (International) Committee of the Chartered Institute of Taxation.

Farm survival
Managing disposals and development

Farming families face mounting financial pressure from proposed inheritance tax changes, making early, coordinated planning essential to protect assets.

by Julie Butler

Key Points

What is the issue?
Government plans have caused alarm across the farming community, with many farmers considering selling land or quitting altogether.

What does it mean for me?
These changes could reshape the viability of family farms. Without careful planning, farmers risk losing tax reliefs, facing unexpected liabilities, and undermining both business continuity and family wealth.

What can I take away?
The role of the spouse in farm survival through the transferable £1 million allowance and surviving spouse relief for inheritance tax will become more critical. Farmers are urged to seek early, integrated tax and legal advice, clarify ownership and plan asset disposals strategically.

The government's planned changes to restricted inheritance tax relief have sparked major concern across the farming community, according to a recent survey by the Country Land and Business Association (CLA). Of the 500 farmers and landowners polled, nearly 80% said they are worried that their business will not survive the next ten years, while over 60% have considered selling their farms and leaving the industry altogether.

In addition, 69% of respondents said they will have to sell land or take out loans to keep their businesses afloat, with nearly half predicting they will have to sell at least a quarter of their farm. These figures highlight deep financial anxiety within the sector and underline the urgent need for careful tax and succession planning.

The Autumn 2025 Budget offers some respite througha transferable £1 million allowance for 100% BPR and APR. Ensuring farm survival will require greater involvement (and ownership) by the spouse — and the full details are still to come.

The liquidity challenge

Farmers and landowners may need to begin identifying assets that could be sold to raise liquidity, ideally with support from a professional property adviser. Future capital gains tax must be calculated on all proposed sales. Assessing the best time to sell farm property will also be essential, given the current weakness of the property market. Where possible, attention should focus on high-value assets that can be sold with minimal disruption to the core business.

The CLA's research also found that 89% of farmers have paused or delayed investment since the October 2024 Budget, with 27% having held back from commitments requiring an investment of over £150,000.

Responding to the Treasury's claim in its July 2025 impact assessment that the inheritance tax cap will not have 'any significant macroeconomic impacts', CLA president Victoria Vyvyan argued: 'Our polling shows they will force hard choices on farms that have sustained communities for generations – selling their land, laying people off, shelving plans for the future.' Viewed alongside the survey results, these comments paint a stark picture of an industry facing both economic pressure and emotional strain.

Development opportunities

Amid growing concerns over restricted inheritance tax relief and broader uncertainty around the commercial viability of farming, many UK farmers and landowners are increasingly exploring development opportunities for their agricultural land. Whether through residential or commercial property development, or by partnering in renewable energy projects such as solar, wind or anaerobic digestion, the potential financial rewards are significant. Such projects can offer vital liquidity and diversification to traditional farming income.

However, these opportunities also come with substantial risks if not managed correctly. Without targeted tax planning, thorough legal due diligence and realistic commercial expectations, the process can quickly lead to costly delays and tax inefficiencies at a difficult time. With the Department for Environment, Food and Rural Affairs (Defra) estimating that around 90% of all farm enterprises in England are family-run, development projects are rarely just business decisions – they are family decisions. Generational succession, uncertain land ownership and emotional investment add layers of complexity to fundraising activity.

Clarity of ownership

For farmers and landowners who are considering selling or developing land, the first and most fundamental step is confirming ownership. While this may seem obvious, establishing clear title is often far from straightforward within farming partnerships. Land that has been passed down through multiple generations can come with complicated title issues, especially where there is incomplete probate or where informal agreements were never properly documented. Conducting detailed due diligence at the outset is essential – it can prevent significant delays, disputes and frustration later in the process.

Long-term farm tenancies or licences can also bring delays in the process. These arrangements often need to be terminated or renegotiated before any sale or development can proceed. In many farming communities, tenancy agreements may exist only as verbal understandings between friends or neighbours, which can make formal resolution difficult.

Tenancies can also create additional financial responsibilities that need to be settled before any real planning begins, as vacant possession is a key element for most developers. Addressing the tenancy issues too late can stall projects indefinitely.

Farm valuations have become especially important in light of the forthcoming restrictions to agricultural property relief and business property relief. Some have suggested that lower valuations or loosely defined arrangements could yield tax advantages, but the opposite is true. Without clear ownership, formal agreements and strong legal documentation, families risk undermining both the protection of their assets and their ability to benefit fully from available tax reliefs.

Too many investments

Agricultural income and profitability are inherently volatile, and that commercial unpredictability only complicates the succession and tax planning. HMRC typically reviews two or three years of business activity when assessing eligibility for business property relief, meaning that even small structural changes – such as entering into a solar lease – can tip the balance between qualifying as a trading business and being viewed as an investment entity.

For farmers and landowners operating close to the trading threshold, it is vital to consider the long-term impact of such changes. When land is expected to appreciate significantly in value or may be subject to inheritance tax in the future, one common planning strategy is to 'carve out' the investment element. This could involve transferring the leased land into a separate trust, company or even another individual's ownership.

While the 'carved out' land itself would not qualify for business property relief, the value it generates is removed from the main estate, thereby reducing potential inheritance tax exposure. Most importantly, this approach helps preserve the trading status – and therefore the business property relief eligibility – of the rest of the farming business. With careful structuring and ongoing monitoring of trading activity, this strategy can provide long-term protection for both the family's assets and the viability of the business for future generations.

Capital gains tax or income tax on potential development

One of the most crucial financial issues for any farmer or landowner considering a land sale or development project is whether the transaction will be subject to capital gains tax or income tax. Capital gains tax is generally more favourable but is not always guaranteed. Good tax advice is essential from the outset to avoid unexpected liabilities.

If HMRC considers that the land was acquired or prepared with a clear intent to make a profit from its development, the transaction may be taxed as income rather than capital – resulting in significantly higher rates. Most farmers and landowners will have held their land for a long time but that does not automatically secure capital gains tax treatment.

When development potential exists, structuring is key. Care must be undertaken to avoid inadvertently triggering an income tax liability – particularly under the 'transactions in land' rules. If land is acquired or transferred with a clear intention to develop and sell at a profit, HMRC may treat the gain as income, even if the sale occurs years later.

One scenario that can cause tax problems is buying land out of a company with future development in mind. Even if it is leased back and used commercially, HMRC may argue that the original intention was profit through development, thereby challenging the transaction and applying income tax on any eventual sale.

The taxation of development land is highly 'intention-based', meaning that a paper trail and early legal and tax advice are critical. Farmers and landowners must be clear from the outset about the purpose of a deal – and consider how that purpose might be interpreted years later, especially if the land's value has risen sharply.

Proper structuring, transparent record keeping and forward planning can offer meaningful protection against unexpected tax liabilities – but only if the tax implications are addressed before any agreement is signed.

Finally, when planning for the funding of future inheritance tax liabilities, it is also important to understand the health – and possible life expectancy – of those in the family who are involved in the transactions, as this can help with both timing and decision making.

Early integrated advice

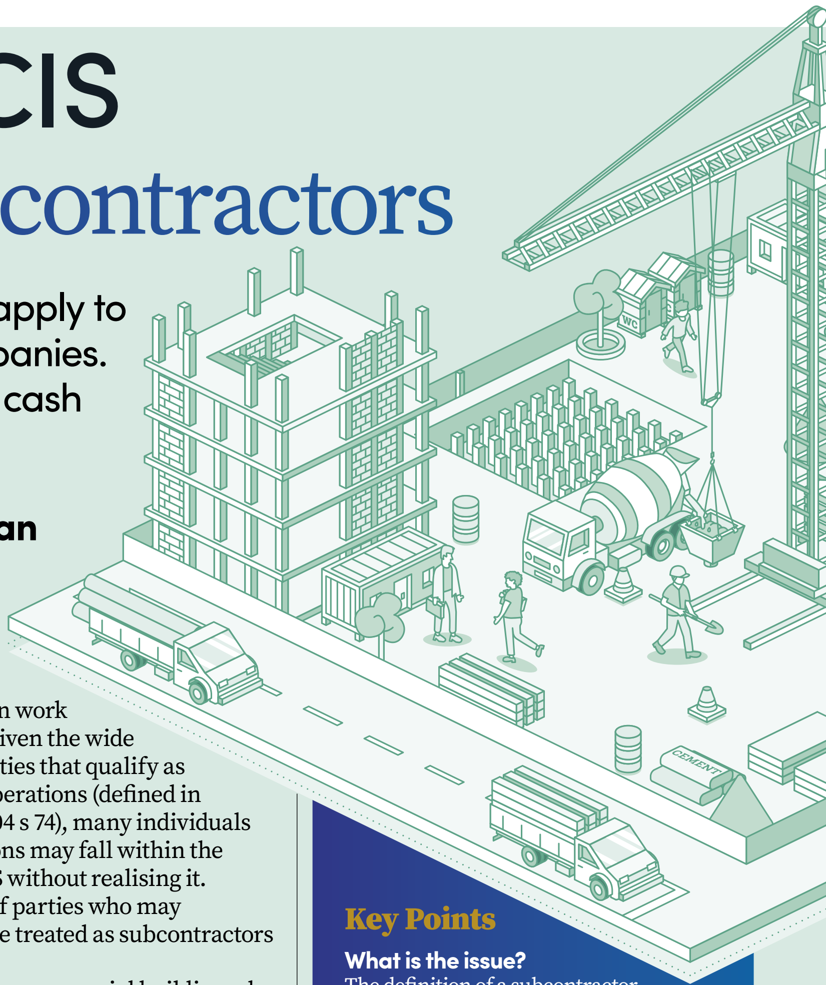
Early, integrated tax and legal advice is vital for farmers and landowners considering sales, restructuring or development. No single element – whether VAT, business property relief or capital gains tax – exists in isolation. The success of any transaction hinges on how these elements interact and on aligning them with the family's tax planning objectives.

With the introduction of the proposed 'mansion tax', some farmers might look at downsizing their large farmhouse to make use of principal private residence relief and reduce costs. Also, the use of surviving spouse relief and the transferable £1 million allowance could significantly alter the spouse's role and ownership structure in farm succession planning.

Equally important is co-operation between all the advisers involved in all the transactions – lawyers, developers and tax advisers. Working together from the outset, they can make the process smoother and potentially more profitable. By understanding the legal structure, commercial objectives and tax consequences, professional advisers can help farmers and landowners to turn development opportunities into lasting, tax-efficient value, preserving the legacy of the family's land for future generations.

Name: Julie Butler FCA
Position: Founding Director
Company: Butler & Co Chartered Accountants
Tel: 01962 735544
Email: j.butler@butler-co.co.uk
Profile: Julie Butler is a farm and equine tax specialist. Her articles are published in the national accountancy and tax press and she is the author of *Tax Planning for Farm and Land Diversification* (Bloomsbury Professional), *Equine Tax Planning* and *Stanley: Taxation of Farmers and Landowners* (LexisNexis).

The rules of CIS
A guide for subcontractors



The definition of subcontractor can apply to more than just UK construction companies. Awareness of the rules is key to help cash flow and enhance credibility.

By Lee Knight and Mary MacLachlan

The Construction Industry Scheme (CIS) is a complex system that affects a wide range of businesses involved in UK construction work, including many that may not realise they fall within its scope. From understanding who qualifies as a subcontractor to navigating registration, gross payment status, and the VAT domestic reverse charge, compliance is key to maintaining credibility and managing cash flow effectively.

We consider the CIS framework from a subcontractor's perspective, outlining how it applies to both UK and overseas entities, the process of securing and retaining gross payment status, and the administrative and financial implications of non-compliance.

What is a subcontractor?

Under Finance Act 2004 s 58, a subcontractor is defined as a party to a construction contract (as outlined in s 57(2)) with a contractor, and who meets any of the following conditions:

- is under a contractual obligation to execute the construction operations specified in the contract;
- provides their own labour to carry out construction operations, such as a labour only subcontractor;
- in the case of a company, provides the labour of employees or officers to carry out construction operations;
- provides or arranges the labour of others to carry out the operations – for example, a labour agency; or
- is answerable to the contractor for ensuring the work is carried out by others, whether under a contract or other arrangements.

This definition is deliberately broad, reaching far beyond the obvious example of a building company carrying out construction work for its clients. Given the wide variety of activities that qualify as construction operations (defined in Finance Act 2004 s 74), many individuals and organisations may fall within the scope of the CIS without realising it.

Examples of parties who may unexpectedly be treated as subcontractors include:

- a tenant in a commercial building who receives payments from their landlord for construction work which is not exempt under Regulations 20 or 20A of the Income Tax (Construction Industry Scheme) Regulations 2005;
- a self-employed project manager who is closely involved in the execution and supervision of a property development project, to the extent that they are contractually answerable for construction work carried out by others;
- a labour agency supplying construction workers under a contract between the agency and the contractor;
- a loss adjustor engaged by an insurance company to arrange construction operations on behalf of the insurance company;
- a traffic management services provider whose work forms an integral part of a wider construction project; and
- a development company within a corporate group that undertakes construction work for a related property investment company. The fact that the companies are in the same corporate group does not stop the development company from being treated as a subcontractor under CIS.

Key Points

What is the issue?
The definition of a subcontractor is intentionally broad, and many businesses, individuals and organisations can fall within its scope. The territorial scope of the CIS means that even overseas subcontractors working on projects wholly or partly in the UK or its territorial waters can be caught.

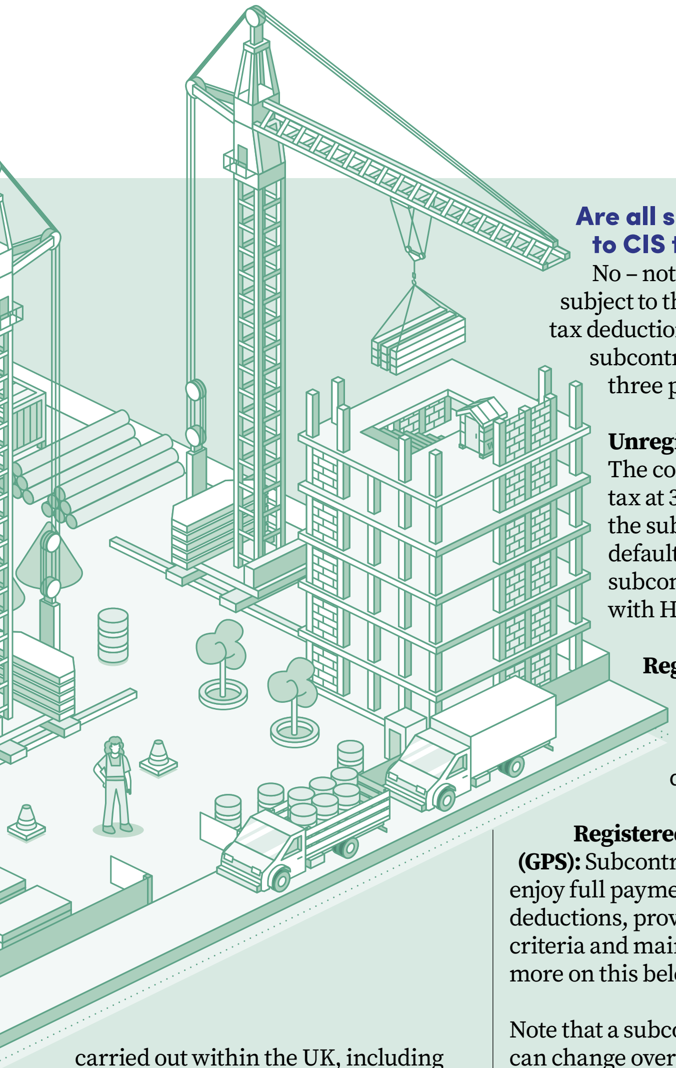
What does it mean for me?
Obtaining gross payment status can be challenging, is not guaranteed and is hugely valuable for subcontractors. Once obtained being tax compliant is important or gross payment status can be lost.

What can I take away?
The VAT Domestic Reverse Charge for Construction is also an issue for subcontractors who need to consider how it applies to the supplies they make or receive, the effect on invoicing and accounting processes, and the potential impact on cashflow.

It is important to note that the contract cannot be an actual or deemed employment contract (for example, under Chapter 10 of Income Tax (Earnings and Pensions) Act 2003). Where such an employment relationship exists, the CIS rules do not apply.

Subcontractors based overseas

The CIS applies to construction operations



carried out within the UK, including within its territorial waters (which extend to 12 nautical miles from the high watermark).

A key point is that if a single contract between a contractor and subcontractor involves work both inside and outside UK territorial waters, HMRC treats the entire contract as falling within the CIS. For example, if a specialist company is engaged to lay powerlines from an offshore wind farm located beyond UK territorial waters to an onshore terminal under a single contract, the whole contract is treated as under the CIS because part of the work takes place inside UK territorial waters.

It is the location of the construction operations, not the location or tax residence of the subcontract, that determines whether the CIS applies. Therefore, if any part of the work is performed within the UK or its territorial waters, the subcontractor is within the scope of the CIS, even if they are based overseas.

In the example above, an overseas contractor with no UK tax presence would still be caught by the CIS. It should therefore consider registering with HMRC as a subcontractor to avoid unnecessary tax deductions. Failure to register could result in a CIS tax deduction of 30% on payments received from the contractor.

Are all subcontractors subject to CIS tax deductions?

No – not all subcontractors are subject to the same level of CIS tax deductions. Under the CIS, subcontractors fall within one of three payment status categories.

Unregistered subcontractors: The contractor must deduct CIS tax at 30% from payments to the subcontractor, which is the default rate applied when a subcontractor is not registered with HMRC.

Registered for net payment status: As above, except that payments are subject to a reduced CIS tax deduction rate of 20%.

Registered for gross payment status (GPS): Subcontractors in this category enjoy full payments with no CIS tax deductions, provided they meet HMRC's criteria and maintain compliance (see more on this below).

Note that a subcontractor's payment status can change over time. A business initially registered under the 20% net deduction rate may later be approved for GPS once it satisfies HMRC's requirements.

Subcontractors without GPS must be given evidence of the CIS deductions made by the contractor. The contractor is required to provide a 'payment and deduction statement' within 14 days of the end of the tax month. This document serves as proof of the tax deduction and is needed for the subcontractor's own tax records and filings.

Limited company subcontractors

Limited company subcontractors can reclaim CIS deductions suffered by offsetting them against their employer liabilities, including:

- PAYE tax deducted from employees and directors;
- employer and employee National Insurance contributions;
- student loan repayments; and
- CIS deductions made by the limited company from payments to its own subcontractors.

Each month (or quarter, if applicable), the limited company subcontractor can reduce the total employer liabilities owed by the amount of CIS tax already deducted from its income. This offset is reported through the company's Employer Payment Summary submitted to HMRC.

If the CIS deductions suffered are greater than the employer liabilities in any given period, the company can:

- carry the excess forward to offset against future employer liabilities within the same tax year; and
- once the final Full Payment Submission and Employer Payment Summary have been submitted at year-end, any remaining excess may be refunded by HMRC or set against the company's corporation tax bill.

In-year refunds or set-offs against other taxes (outside of employer liabilities) are not normally allowed by HMRC. In our experience, refunds and set-offs against other liabilities can take several months for HMRC to process, especially for overseas subcontractors.

Accuracy is very important when making these claims. HMRC may review offsets against employer liabilities and, if they find errors or suspect inaccuracies, can request amendments to the EPS or supporting evidence. If the subcontractor fails to respond with clarifying information within the set timeframe, HMRC may correct the offset claim and suspend further CIS offsets for the rest of the tax year. Where HMRC issues such a decision, the limited company subcontractors can appeal if they believe the decision has been made in error.

Subcontractors that are not limited companies

Subcontractors who are individuals or partnerships should claim any CIS tax deductions suffered on their annual Self Assessment tax return, rather than offsetting them monthly or quarterly as limited companies do. The deductions are offset against their overall income tax liability for the year.

Why is having GPS beneficial?

Obtaining GPS can be hugely valuable for subcontractors, offering benefits in three main areas.

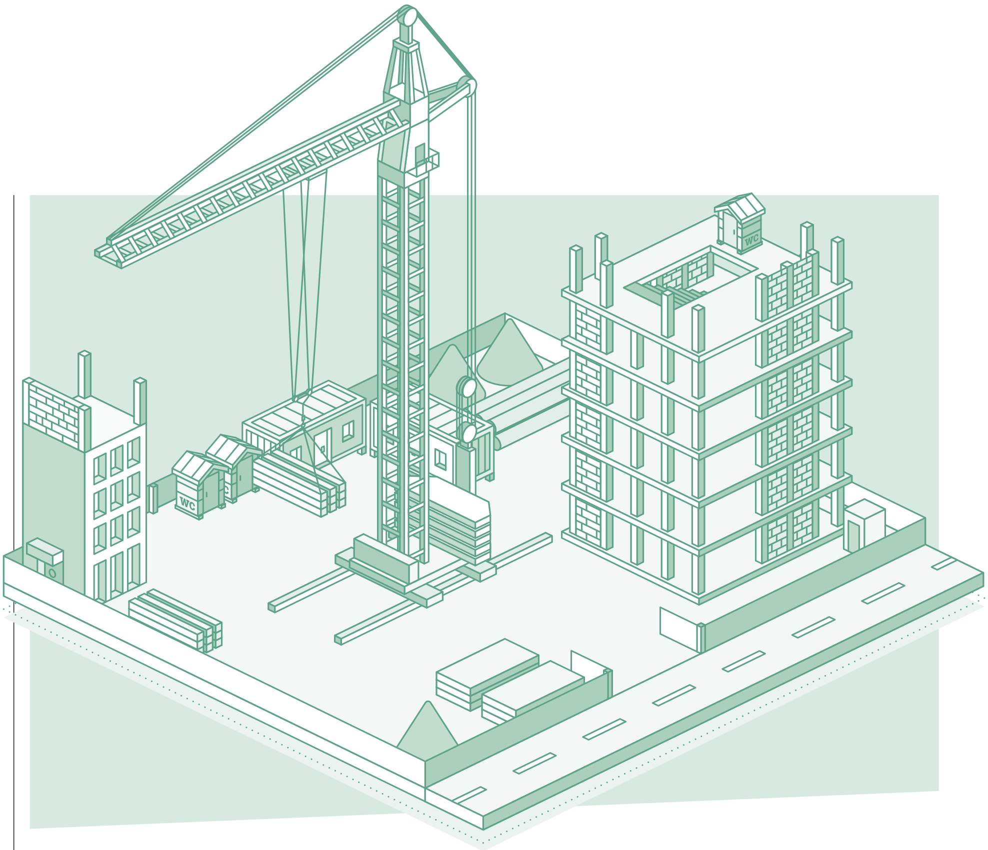
1. **Improved cash flow:** With GPS, contractors pay subcontractors in full without deducting CIS tax. This means that more cash stays within the business, allowing subcontractors to pay wages, purchase materials or reinvest in equipment without waiting to reclaim deducted tax.
2. **Enhanced credibility:** Being approved for GPS demonstrates to contractors, clients and lenders that the subcontractor is financially responsible and tax compliant. It can build trust and may make the subcontractor a preferred subcontractor, as GPS-approved businesses will present the contractor with less CIS risk and reduced administration.

3. **Simplified administration:** Subcontractors with GPS avoid the ongoing task of tracking, reconciling and reclaiming CIS deductions. This streamlines their accounting processes and reduces the administrative burden associated with CIS compliance.

How to register as a subcontractor

Registration by individuals, businesses and organisations can be completed online via HMRC's CIS portal or, where online registration is not possible, by post. For non-UK limited company subcontractors a different registration process is applied, requiring supporting information.

Where a subcontractor is applying for GPS, they must also provide documentation supporting the evidence and turnover tests. Failure to provide complete and accurate information at the outset can result in the application being rejected by HMRC.



How to obtain gross payment status

To obtain GPS, the subcontractor must apply to HMRC and satisfy three key tests: a business test; a compliance test; and a turnover test.

Business test

To meet the business test, the subcontractor must be carrying on a genuine business in the UK and must operate through a bank account. This demonstrates an established and traceable business presence.

Compliance test

To meet the compliance test, the subcontractor's tax affairs must be up to date for the 12 months prior to application, although there are some compliance failures which HMRC may overlook. HMRC can also refuse GPS if it has strong grounds for doubting the applicant's future compliance. For UK-based subcontractors, HMRC will check the subcontractor's compliance directly. Non-UK subcontractors must obtain and submit a certificate from their home country's tax authority confirming that they are tax compliant.

Turnover test

The turnover test varies depending on whether the applicant is an individual, partnership or company. Note that a company wholly owned by a parent company that already holds GPS does not need to pass the turnover test. The turnover tests are summarised below.

1. Standard test

For the 12 month period prior to application:

- **Individuals:** must have net construction turnover of at least £30,000.
- **Partnership:** must have net construction turnover of at least £30,000 per individual partner, plus £30,000 per 'relevant person' associated with any company members.
- **Companies:** must have net construction turnover of at least £30,000 per relevant persons.

Net construction turnover is the gross construction turnover after deducting related material costs. *Relevant persons* are a company's directors and, if the company is 'close', its beneficial shareholders.

2. Alternative test

The alternative test is open to partnerships and companies which can demonstrate net construction turnover of £100,000 or more in the 12 months preceding the date of application. This test can be useful for partnerships and companies with many partners and beneficial shareholders, where a higher standard turnover threshold would need to be satisfied.

3. Inherited receipts test

This test can be considered when there has been a change in the type of business concern in the previous 12 months, such as an individual sole trader incorporating as a company, or several sole traders forming a partnership. The new concern may have insufficient net construction turnover to register for GPS, but the inherited receipts test helpfully allows turnover from the previous concern during the qualifying period to be included in its GPS application.

4. Transferred receipts test

This test can apply when an existing business is sold as a going concern – for example, during a group reorganisation – to a new owner (usually a business) which doesn't hold GPS. When applying for GPS, the new owner may include turnover earned by the business while in the hands of the previous owner during the qualifying period. Importantly, the old owner must also have been able to pass the compliance test at the date of transfer.

5. Prospective receipts test

This is available for a company or partnership (but not a sole trader) that can show it has received at least £30,000 in relevant payments earned on their own account; and entered into construction contracts (with a contractor) where the aggregate value exceeds £100,000.

6. Incidental receipts test

This test is for an application from a sole trader, company or partnership where construction work is not the main activity but which may be incidentally affected by the CIS. To qualify:

- The business's total general turnover (not its net construction turnover, which may be small) in the 12 months before application must meet the standard or alternative turnover threshold for its category.
- The applicant must also show that, in the following year, it is **likely to receive payments** for construction operations incidental to its main business.

Supporting evidence for the turnover tests

When applying for GPS, subcontractors must provide documentary evidence to demonstrate that they meet the relevant turnover test. Suitable evidence might include invoices, payment and deduction statements, and bank statements showing corresponding receipts. However, the exact evidence required will depend on which turnover test is being used. For example, on a recent application using the prospective receipts test, HMRC required:

- a subcontractor invoice showing at least £30,000 invoiced for construction operations;
- proof of payments, such as a bank statement extract, proving that the contractor paid that invoiced amount;
- the payment and deduction statement provided by the contractor;
- a copy of the written contract(s) between the subcontractor and contractor(s). These must clearly show the expected value of the construction operations being undertaken. If the contract does not include these details – or if shows only a single total figure that includes other costs, such as professional fees – HMRC may reject the application.

Providing the correct supporting evidence is key. GPS applications are taking an increasingly long time for HMRC to process, and any problems with the evidence to support the application will (at best) cause further delays. If HMRC refuses a GPS application, it must notify the subcontractor of the decision in writing, explain the decision and the reasons for refusal. If there are grounds, the subcontractor can appeal the decision.

The loss of GPS

Once a business has been granted GPS, HMRC conducts an annual compliance review to ensure that the subcontractor continues to meet the required standards. The same compliance tests and compliance tolerances applied during the initial application process are used for these ongoing checks.

If HMRC identifies tax compliance failures that exceed the permitted tolerances, it will notify the subcontractor that their GPS will be removed, and that 90 days after the date of the notice their payment status will revert to the standard 20% CIS deduction rate.

HMRC will also notify any contractors who have paid or verified that subcontractor within the last two years of the change in status. Subcontractors have the right to appeal HMRC's decision if they believe there is a reasonable excuse for the non-compliance identified. Subcontractors must ensure they appeal on a timely basis.

The VAT domestic reverse charge (DRC) for construction

Businesses that make or receive payments that are reportable under the CIS must also consider the VAT DRC rules. Whilst there is overlap with the CIS, the DRC is an anti-fraud measure that changes the way VAT is accounted for on certain building and construction services.

Where the DRC applies, the customer (contractor) receiving the services, rather than the supplier (subcontractor), is responsible for accounting for the VAT directly to HMRC. The contractor declares both output VAT and any recoverable input VAT on their VAT return, while the supplier issues an invoice showing that the reverse charge applies and no VAT is charged.

The DRC applies to supplies of building and construction services (referred to as 'specified services'), where:

- the services are supplied at the standard or reduced rate of VAT (not zero-rated);
- both the supplier and the customer are VAT registered (or are required to be) in the UK;
- payment for the services is required to be reported under the CIS; and
- the customer has not provided written confirmation that they are an end user or an intermediary supplier.

End user: This is a business that is (or is required to be) registered for VAT and CIS and does not make onward supplies of the building and construction services it receives.

Intermediary supplier: This is a business that is (or required to be) registered for VAT and CIS and is connected with an end user (for example, a business that is in the same corporate group as the end user, or landlords and tenants sharing an interest in the same property).

If non-specified services or goods are supplied as part of a single supply that includes specified services, the DRC will apply to the full value of the supply. For example, if a bricklayer supplies both materials and labour, the DRC applies to the full value – even though the supply of materials alone would be outside the DRC.

There is an optional 5% disregard rule for mixed supplies where the reverse charge element does not exceed 5% of the total value of the supply. This allows VAT to be charged in the normal way on the whole supply. However, we rarely see this operated in practice.

Impact of the DRC

The DRC can create cash flow challenges, particularly for subcontractors who previously relied on VAT collected from customers as a short-term source of working capital before paying it to HMRC. Under the DRC, this VAT is no longer collected by the subcontractor, which can reduce cash reserves and make liquidity management more challenging.

Subcontractors may also move into a repayment position on their VAT returns, as they are no longer charging output VAT on supplies eligible for DRC but continue to incur input VAT on their own costs. In such cases, switching to monthly VAT returns can accelerate refunds, though the administrative burden should be weighed against the cash flow benefit.

We also often see examples where the DRC has not been correctly applied in a supply chain. This can expose businesses to interest or penalties where they have recovered VAT on purchases of construction services that should have been subject to the DRC. Businesses working in construction – whether as suppliers or customers – should carefully assess the impact of the DRC by considering:

- how the DRC rules apply to the specific supplies they make or receive;
- the effect on invoicing and accounting processes; and
- the potential impact on cashflow.

In conclusion

Understanding the scope and requirements of the DRC is essential for any business operating in or connected to the UK construction sector. By registering correctly, maintaining compliance, and managing VAT and payment status carefully, subcontractors can protect cash flow and operate more efficiently.

Name: Lee Knight
Position: Tax Director
Company: RSM UK
Tel: +44 (0)20 3201 8508
Email: Lee.Knight@rsmuk.com
Profile: Lee Knight is a Director within RSM's Employer Solutions team who has worked in tax for over 25 years and has specialised in employment tax and the CIS for 15 years. Lee helps employers of all sizes, operating in all sectors, ensure compliance and manage risk in respect of CIS, employment tax and NICs related issues.

Name: Mary MacLachlan
Position: VAT Associate Director
Company: RSM UK Tax
Tel: +44 121 812 0894
Email: Mary.MacLachlan@rsmuk.com
Profile: Mary MacLachlan is an Associate Director within RSM's VAT team who has worked in VAT for 14 years. Mary advises businesses of all sizes in relation to VAT issues but specialises in the real estate and construction sector and international queries.

Visitor accommodation registration and levy

A new Welsh tax

Key Points

What is the issue?
Wales has passed the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025, its first locally determined tax in five centuries. The law introduces a mandatory register for all visitor accommodation providers from autumn 2026 and empowers councils to impose a visitor levy from April 2027.

What does it mean to me?
All providers of visitor accommodation in Wales, including hotels, self-catering properties and campsites, must register with the Welsh Revenue Authority and may be liable to collect a levy on overnight stays.

What can I take away?
Advisers and businesses must prepare for new compliance, reporting and transitional requirements, with penalties for late registration, filing or payment. Early engagement and robust record-keeping will be essential to manage the operational and financial impact of the new regime.

Wales has introduced a new law requiring all visitor accommodation providers to register and enabling councils to charge a nightly visitor levy from 2027.

by Indee Dehal

The Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (VARLA 2025) received Royal Assent in September 2025, marking a major step in the evolution of Welsh tax powers. The new law establishes a requirement for a register of visitor accommodation providers and their premises in Wales. It also gives local councils the power to introduce a visitor levy on overnight stays in visitor accommodation in their area, with revenue ringfenced for local tourism initiatives and destination management improvements. The earliest any council could introduce such a levy is April 2027.

The Welsh Revenue Authority (WRA) – a non-ministerial department of the Welsh government – is responsible for establishing and maintaining the register and overseeing the collection and management of the visitor levy. These new functions sit alongside the WRA's existing responsibilities for managing the land transaction tax and the landfill disposals tax.

To support this extended remit, VARLA 2025 amends the Tax Collection and Management (Wales) Act 2016, providing the WRA with the necessary powers to administer both visitor accommodation registration and the visitor levy. This legislation represents a significant development in Welsh tax autonomy, being the first locally designed tax in Wales for 500 years. For practitioners advising visitor accommodation providers in Wales, this Act creates new compliance obligations.

Registration requirements

All visitor accommodation providers operating in Wales must register themselves and their premises with the WRA, regardless of whether their council decides to introduce a visitor levy. Registration will be free of charge and will open in autumn 2026. Parts of the register will be publicly available, allowing anyone to check whether accommodation is properly registered. Publicly available information will include the property address, the type of accommodation and its maximum occupancy.

The registration requirement applies to any person providing, or offering to provide, visitor accommodation in Wales in the course of trade or business. 'Visitor accommodation' is broadly defined and includes:

- hotels, guesthouses, and bed and breakfasts;
- hostels and bunkhouses;
- self-catering properties and homestays, including those listed on online platforms;
- chalets, lodges, shepherds' huts and glamping accommodation; and
- pitches or areas for camping, or for mobile homes that are not permanently or semi-permanently occupied.

Mobile homes that are permanently or semi-permanently situated in one place may still fall within the definition of visitor accommodation. This applies where they are offered to visitors for business, leisure or educational trips on stays of less than 31 nights, whether

© Getty images

the nights are consecutive or not.

Visitor accommodation providers must supply the information to the WRA, including:

- their name, trading name and business address;
- relevant identifiers, such as a Companies House registration number;
- the name, address and type of each premises; and
- the maximum of guests who can stay.

Providers must ensure that all information held on the register is correct and that any changes are updated in a timely manner. They must comply with information requests made by the WRA and deregister when they cease to operate as a visitor accommodation provider.

The WRA's approach is to start from a position of high trust and support people to do the right thing first time. It will be working closely with the tourism sector, councils, trade bodies and others to ensure that visitor accommodation providers are aware of their obligations and register on time.

However, VARLA 2025 does give the WRA powers to issue penalties for non-compliance. A fixed penalty of £100 applies to each premise that is not registered on time, with further penalties for continued non-compliance. Other penalties for failure to meet obligations may apply, but VARLA 2025 gives the WRA flexibility to assess penalties by considering reasonable excuses and special circumstances. Visitor accommodation providers can dispute decisions made by the WRA but must request a review of the decision before they can make an appeal to the tribunal.

Visitor levy

From April 2027, local councils in Wales will have the power to introduce a visitor levy within their area. The decision to implement a levy rests entirely with each council, meaning that some areas will apply a levy whilst others do not – creating the possibility of a varied landscape across Wales.

Before introducing a levy, councils must consult with local communities and businesses, and then formally announce their decision. Councils will usually need to notify the WRA 12 months before a levy takes effect, providing advance notice to visitor accommodation providers and the wider industry. This will allow time to make changes to booking systems and processes. For example, if a council wants to introduce a visitor levy from April 2027, they should notify the WRA by 31 March 2026. Going forwards, councils may introduce the levy on either 1 April or 1 October in any year.

Councils will be able to opt-out of the levy in the future too, but will again need to consult before making a final decision.

Levy rates and liability

VARLA 2025 establishes two levy rates based on the type of accommodation:

- 75 pence per person per night for campsite pitches and shared dormitory style accommodation, such as hostels; and
- £1.30 per person per night for all other accommodation types.

The levy applies to visitors from anywhere in the world, including Wales and the rest of the UK.

For accommodation that attracts the lower rate of 75 pence, people under 18 are excluded from the levy calculation. Also, the levy does not apply to stays booked under a single contract for 31 nights or more, whether they are consecutive nights or not.

Notably, liability for the levy rests with the accommodation provider, not the visitor. Liability for the levy also arises at the end of a stay, though in practice an amount to cover the levy may be collected earlier, such as at the time of a booking being made.

Calculation of the levy

The levy is calculated by:

- first, determining the number of leviable nights by totalling the number of nights each person is allowed to stay under a booking; and
- multiplying the number of leviable nights by the relevant rate.

For example, a couple staying in a hotel for two nights will mean there are four leviable nights. Multiplying this by the relevant rate of £1.30 equals £5.20 in levy.

Transitional rules

VARLA 2025 states that visitor accommodation providers must start accounting for the levy for new bookings and for changes to existing bookings six months after a council publishes its notice to introduce the levy, but only for stays occurring after the levy takes effect.

For example:

- A council notifies the WRA on 31 March 2026 that it intends to introduce a visitor levy from 1 April 2027.
- From 1 October 2026, visitor accommodation providers must account for the levy on:
    - all new bookings for stays from 1 April 2027 onwards; and
    - additional guests or nights added to an existing booking, for stays from 1 April 2027 onwards.

Visitor accommodation providers will need to ensure that they are able to track booking dates and booking amendment dates to be able to comply with transitional arrangements. This is particularly important for businesses operating across multiple council areas.

Administrative obligations

In areas where a levy has been introduced, visitor accommodation providers must file returns and pay the levy amount due to the WRA. The filing frequency depends on the expected annual levy liability. Providers expecting to collect more than £1,000 in levy during the first financial year of it being introduced must file quarterly returns. Those expecting to collect £1,000 or less may file annually.

Returns and payments will be made to the WRA through a new online system. Payment will be due by the filing date:

- For quarterly filers, the filing dates are 60 days after 31 March, 30 June, 30 September and 31 December.
- For those filing annually, the filing date is 31 May.

In later years, filing frequency will depend on the previous year's levy amount and the expected levy liability for the coming year. Providers may be able to change their filing frequency at the start of the financial year.

VAT treatment

VARLA 2025 does not specify the VAT treatment of the levy. The WRA recognises this is an important matter for visitor accommodation providers and their advisers. As VAT is a reserved matter, HM Treasury and HMRC will determine the VAT treatment. Further guidance will be issued once the VAT position has been confirmed.

Exemptions and refunds

Where visitors cancel their booking after paying the levy as part of the booking process, they should request repayment for the levy from the accommodation provider, rather than the WRA.

The WRA may directly refund people who stayed at a visitor accommodation premise because they were unable to stay at their main residence due to a risk to their health, safety or welfare, or were homeless, within the meaning of the Housing (Wales) Act 2015 s 55. A person accompanying someone with a disability who is in receipt of disability benefit, defined in VARLA 2025 s 35(7) may also claim the levy back.

Refunds must be requested within 90 days from the last day of entitlement to stay. The WRA will publish detailed guidance for exemptions and refunds in advance of any visitor levy taking effect.

Penalties

The WRA's approach is to support people to do the right thing first time. However, there are powers to issue penalties for late filing. The penalty regime for late filing incorporates penalty points, similar to the VAT system.

Late filing triggers a penalty point rather than immediate financial penalty. If visitor accommodation providers accrue further points for subsequent late filings, they will become liable to financial penalties. The point threshold before receiving a financial penalty will depend on whether they file annually or quarterly.

In addition to the penalty points, there are financial penalties at six and 12 months after the filing date if a levy return is still not filed.

Late payment penalties may also be applied where an accommodation provider does not pay the levy by the due date. The initial penalty will be 5% of the amount of unpaid levy, with a lower cap of £100 and a maximum of £5,000. Further penalties may become due if any amount of levy continues to not be paid.

Practical considerations for advisers

Advisers should ensure that visitor accommodation providers are aware of the mandatory registration requirement from autumn 2026.

Booking terms and conditions may need to be reviewed should a visitor levy be introduced. This could include clarifying what happens if a council introduces a levy after a booking is made but before the stay occurs and transitional rules apply.

Systems for recording levy amounts due to the WRA will need to be robust. Visitor accommodation providers should maintain records showing the number of persons, number of nights, dates of stays and the total levy amount due to the WRA, considering any exemptions. This will help providers in filing their levy returns in the future.

Finally, consider joining the WRA mailing list (see tinyurl.com/bd5nhef5) to be notified when further guidance is available, when registration opens and if a council introduces a visitor levy.

Conclusion

VARLA 2025 introduces significant changes for visitor accommodation providers operating in Wales. The WRA is working closely with the tourism sector, councils, trade bodies and practitioners to ensure smooth implementation of visitor accommodation registration and the visitor levy.

While VARLA 2025 provides the legislative framework, practical details will be provided through further guidance from the WRA and secondary legislation from Welsh Government. The latest guidance is available at: www.gov.wales/tourism-major-events. The WRA welcomes engagement from practitioners and businesses as further guidance is developed.

As councils begin consulting on the visitor levy, advisers should engage early to help their clients prepare. Early preparation will help to ensure smooth implementation of visitor accommodation registration and any visitor levy for visitor accommodation providers and the wider tourism sector in Wales.

Name: Indee Dehal
Position: Visitor Levy Lead
Employer: Welsh Revenue Authority
Email: visitorlevy@wra.gov.wales
Profile: Indee is leading on the implementation of the visitor levy at the WRA. He is also a Board member at the WRA and was previously the Land Transaction Tax Lead, where he worked across operational, technical and policy areas. Indee is a qualified tax professional and has acted as a senior technical advisor at HMRC.

The Loan Rearranger
Director's loan novation

We look at a case which considers the consequences of a director's loan moving from a subsidiary to its parent company.

by Keith Gordon

This article concerns the recent case of *Powell v HMRC* [2025] UKFTT 528 (TC). As the tribunal itself stated at the beginning of its decision, the issue to be considered was 'a discrete and seemingly simple one'. However, as is often the case with tax disputes, the resolution turned out to be far more complex than originally anticipated.

The facts of the case

Mr Powell had for many years been the director and sole shareholder of a company, Thermoline Limited (Thermoline). On 2 July 2020, a share-for-share exchange took place with another company, Property Holding SW Limited (PHSW), making PHSW the sole shareholder of Thermoline. Mr Powell was a director and the sole shareholder of PHSW.

Between Mr Powell and Thermoline, there was an increasing balance owing to the company on a director's loan account. At 31 March 2020, Mr Powell owed Thermoline just over £309,000. By the end of the calendar year, that balance had increased by more than £200,000. Thermoline prepared its accounts to 31 March each year.

On 16 March 2021 (but backdated to 31 December 2020), a deed of novation was entered into by Mr Powell and the two companies. The effect of the deed was to transfer the debt so that it was owed to PHSW, rather than to Thermoline.

The relevant legislation and prior case law

It was beyond doubt that Thermoline was a close company and that Mr Powell was a participator in the company. Accordingly, the loan was covered by the rules in Corporation Tax Act 2010 s 455. Furthermore, at least as far as the company's year ended 31 March 2020 was concerned, the company had accordingly accounted for corporation tax in relation to the amount owed to it by Mr Powell.

The issue in this case was whether the arrangement in March 2021 meant that a tax charge was triggered under Income Tax (Trading and Other Income) Act (ITTOIA) 2005 ss 415 and 416. Those

© Getty images

Key Points

What is the issue?
The case of *Powell v HMRC* examined whether transferring a director's loan from a subsidiary to its parent company amounted to a 'release' of the debt, triggering an income tax charge under ITTOIA 2005 s 415. What appeared to be a straightforward creditor substitution became a complex question of whether a loan had been repaid or merely reclassified.

What does it mean to me?
The tribunal ruled that, even where valuable consideration was given, a novation could still constitute a taxable release if the creditor company had not actually received repayment. This significantly broadens HMRC's reach over participator loans.

What can I take away?
Companies should approach director loan restructurings with caution and seek early tax advice to avoid inadvertently triggering a deemed dividend under s 415. Any intra-group loan novation should be carefully documented and structured to demonstrate genuine repayment rather than release.

provisions are engaged when there is a close company loan to a participator under the section 455 rules. In such cases, if 'the company releases or writes off the whole or part of the debt in respect of the loan or advance', the amount released or written off is then charged to income tax as if it were dividend income received by the participator.

These provisions had previously been considered in the case of *Collins v Addies (HM Inspector of Taxes)* which proceeded to the Court of Appeal ([1992] STC 746). That was a case where two participator/directors together owed a close company a total of £79,000. By way of an agreement between them, the company and a third shareholder (Mr Brent), it was agreed that Mr Brent would take on £68,000 of the debt and the two others would pay Mr Brent £11,000; Mr Brent would then repay that sum to the company. The Special Commissioner and the higher courts in that case had to consider whether the transaction amounted to a release of the debt that the two participators owed the company.

The courts took the view that there was a clear distinction between a debt being released and a debt being repaid. (Such a distinction is evidenced by the fact that the Corporation Tax Act 2010 s 458 – which forms a part of the same code as s 455 – uses repayment and release as distinct events.) Thus, what is now section 415 must apply to transactions that amount to a release but not a repayment of the loan. Applying the distinction to the facts of that case, the courts in *Collins* held that there had been no repayment of the remaining £68,000 loan. Instead, the company had released the obligations of the original two debtors and replaced them with a debt from Mr Brent. At the High Court, the situation was contrasted with one where Mr Brent had simply paid off the £68,000 owed by the other two participators.

Of course, the facts of the *Collins* and *Powell* cases were different inasmuch as the former involved a change of debtor, whereas the latter involved a change of creditor.

The First-tier Tribunal's decision

The case came before Tribunal Judge Amanda Brown KC (shortly before she was appointed President of the Tax Chamber) and Member Gill Hunter.

The tribunal carefully examined the terms of the deed of novation in order to determine, on a step-by-step basis, what actually happened. In particular, counsel for Mr Powell argued that Thermoline had given up its right to recover the money from Mr Powell by accepting, instead, a debt of the same value from PHSW. As valuable consideration was being given to Thermoline, this was not simply a case of Mr Powell's debt to the company being released but a case of it being repaid.

The tribunal was prepared to accept the interpretation of the facts put forward on Mr Powell's behalf but continued to say that this was not determinative of the issues that it had to decide. Instead, the tribunal had to continue to determine how ITTOIA 2005 s 415 applied to the case 'despite the conclusion that there is valuable consideration for a creditor to creditor novation and consequent release of the Appellant [i.e. Mr Powell] from his loan relationship with Thermoline'.

> **The factual matrix that the tribunal was prepared to accept might turn out to be of critical importance.**

In particular, the tribunal concluded that there can be a taxable release, even in cases where there is valuable consideration in a contractual sense. In the tribunal's decision, what is critical is to ask whether the creditor company actually receives its money (in which case a repayment has occurred) or is still left being owed the sums due.

As Thermoline had not been repaid (and merely found itself with a different debtor), the tribunal concluded that the arrangement amounted to a release in the taxable sense. As a result, section 415 was held to apply and the appeal was dismissed.

Commentary

As the tribunal said, this was a seemingly simple case that was significantly more complex than first appeared. In many ways, I can understand how the tribunal reached its decision. Thermoline's balance sheet was no different before and after the novation – it was still owed over £500,000. On the other hand, Mr Powell no longer owed the company that money and, therefore, in a sense he had been released from the debt to the company without there being any payment by him (or on his behalf) to Thermoline. By adopting the language of *Collins*, this was a release without a repayment and therefore it fell within the scope of section 415.

However, if one focuses on Mr Powell himself (and, perhaps, given that section 415 concerns the taxation of individuals and not the taxation of companies), the case can be viewed differently. Mr Powell owed one company a significant sum of money on one day and then owed another company (the first company's parent) the same significant sum of money on the next day. In other words, he was no better or worse off. In those circumstances, he could justifiably be surprised to learn that that switch of creditor has landed him with a deemed dividend (taxable) of over £500,000.

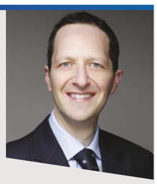
The *Collins* case described the purpose of section 415 to be to ensure that a tax charge arises on a participator in situations where the participator's 'obligation to repay [a debt] should come to an end by release so that the obligation is terminated without repayment'. Or, as HMRC suggested in this case, the purpose of ITTOIA 2005 s 415 as an anti-avoidance provision is to prevent the extraction of value from a close company by a participator without the payment of income tax.

The case is fundamentally different, however, from *Collins* as the participators in that case were able to release themselves from any obligation to pay the £68,000 they collectively owed the company: it makes clear sense that they should be taxed on that windfall. By applying the wording of the courts which was based on the facts of the *Collins* case, it is at least arguable that the purpose of the legislation has been wrongly construed in the present case. It does not seem to me to be a huge stretch to say that, in this case, the debt ***was*** repaid to Thermoline (albeit by the substitution of a new debt to the company owed by PHSW). Accordingly, the factual matrix that the tribunal was prepared to accept might turn out to be of critical importance.

Given the amounts at stake, I was not surprised to see that the Upper Tribunal will consider this case. Although I would be hard-pushed to predict the outcome, it is to be hoped that the Upper Tribunal's decision (potentially in the summer of 2026) will create some greater certainty.

What to do next

Until further clarity is obtained, companies contemplating restructuring should take extra care to avoid additional income tax charges being incurred in relation to loans to participators, particularly if the participator ends up owing the same amount to the group of companies as was owed prior to the reorganisation.



Name: Keith Gordon
Position: Barrister, chartered accountant and tax adviser
Company: Temple Tax Chambers
Tel: 020 7353 7884
Email: clerks@templetax.com
Profile: Keith M Gordon MA (Oxon), FCA CTA (Fellow) is a barrister, chartered accountant and tax adviser and was the winner in the Chartered Tax Adviser of the Year category at the 2009 Tolley Taxation awards. He was also awarded Tax Writer of the Year at the 2013 awards, and Tolley's Outstanding Contribution to Taxation at the 2019 awards.

© Getty images

Lights, pixels, action
The UK creative industries

UK creative sector tax incentives are helping to fuel industry growth, while requiring careful compliance to secure their full benefits.

by Will Simpson

Key Points

What is the issue?
The UK's creative sector thrives partly thanks to targeted tax incentives that support film, television, video game, theatre and cultural productions. These reliefs have been redesigned to comply with global tax rules, support domestic production post-Brexit and prevent misuse, while still encouraging investment.

What does it mean to me?
For creative businesses, these expenditure credits and cultural reliefs can provide significant financial benefits. However, eligibility rules, certification requirements and precise accounting demands make compliance complex.

What can I take away?
The new audio visual and video games regimes, alongside permanent enhanced cultural relief rates, signal the government's long-term commitment to sustaining the UK's creative industries.

Experiencing a delay on the way to my firm's Glasgow office recently because the shooting of the latest Spiderman film had taken over the city centre, I reflected on just how successful our creative sectors have become. The UK boasts internationally renowned film studios, video games companies, museums, ballet companies and theatres – just a few of the diverse sectors which come under the umbrella of creative industries.

According to the Department for Culture, Media and Sport (DCMS), the creative industries contributed an estimated £125 billion to the UK economy in the 12 months to 30 June 2025 – a 38% increase in real terms since 2010 (see tinyurl.com/bdj86ja8). This growth reflects sustained government support and international competitiveness, despite challenges such as changing consumer habits, US trade threats and the knock-on effects of US writers' and actors' strikes on global productions. The rise of AI has also created new concerns around copyright, intellectual property and employment within the sector.

A key factor behind the UK's creative success has been its tax incentives for content production. Although the original film tax relief became notorious for misuse and aggressive tax planning schemes aimed at individuals – which HMRC has spent years contesting – the redesigned system, together with a range of new incentives across other creative industries, has become a vital part of funding for the industry. These incentives fall broadly into two categories:

- expenditure credits, covering the audio-visual expenditure credits (AVEC) and video games expenditure credits (VGEC); and
- cultural reliefs, covering theatre tax relief, orchestra tax relief and museums and galleries exhibition tax relief.

This article focuses on the AVEC and VGEC regimes.

The mechanism of these reliefs was revised in recent years to align with the global minimum tax framework introduced under the OECD's Pillar Two rules. Previously, relief operated through an enhanced deduction whereby a company could claim a payable tax credit if it claimed relief and made a loss. However, under Pillar Two, such deductions risk reducing a company's effective tax rate below the 15% threshold, triggering top-up taxes. The AVEC and VGEC systems were therefore introduced to preserve the relief's benefits without lowering effective tax rates for Pillar Two purposes.

The creative sector reliefs have also evolved since the UK's exit from the European Union. Previously, eligibility generally required a certain proportion of qualifying expenditure to be incurred with the European Economic Area. Following Brexit, qualifying expenditure must now relate to UK activity, ensuring that the benefits directly support domestic production.

Expenditure credits

The AVEC and VGEC are 'above the line' credit regimes introduced to replace earlier reliefs for film, television and video games production, which operated through enhanced deductions and an option to surrender relevant losses for payable tax credits. These new regimes apply to all qualifying expenditure incurred from 1 January 2024 and are mandatory for claims for relief on new productions from 1 April 2025. Productions that began before that date may still claim under the historical incentives until 31 March 2027.

Qualifying expenditure

The AVEC and VGEC reliefs do not cover all production expenditure but costs in relation to the following can qualify:

- Film and TV: pre-production, principal photography and post-production; and
- Video games: designing, producing and testing.

Certain types of expenditure are explicitly excluded from qualifying for relief:

- Research and development (R&D) expenditure, even if no R&D tax relief claim is made.
- Any amounts unpaid four months after the year end do not qualify until they are paid.
- Expenditure that generates non-arm's length profits for connected parties is disallowed, as are completion bonds and other forms of insurance.
- Initial concept design costs do not qualify, nor does expenditure that would ordinarily be disallowable under corporation tax rules, such as entertaining and capital expenditure.
- Publicity, marketing and promotion costs are excluded, as are expenses related to debugging video games, audit fees, sales and distribution costs, and financing costs.

These exclusions ensure that relief remains focused on genuine production activity rather than ancillary or administrative expenditure.

What's the benefit?

The first step in calculating the benefit available under the AVEC and VGEC regimes is to determine the total relevant global qualifying expenditure. Within that expenditure, all amounts used or consumed within the UK must be identified. A taxable expenditure credit is then applied at the relevant rate to the lower of the UK expenditure or 80% of the total global qualifying expenditure. (For certain visual effects work, an additional credit can be claimed.)

As noted earlier, the credit is recognised 'above the line' in the company's financial statements – that is, as income rather than as a tax credit.

There are several steps in determining how the benefit is ultimately received, but it may take the form of either an offset against other tax liabilities or a payable credit (net of a notional corporation tax charge). Assuming that the full amount is available for offset or payment – and that all relevant expenditure is used or consumed within the UK – the net benefit to the company is shown in the table below.

Key qualifying criteria

To qualify for relief, the production must be certified as British, have at least 10% of its core expenditure incurred within the UK and meet specific criteria depending on the relief in question. The main qualifying requirements are as follows:

Films: The production must be intended for theatrical (cinematic) release. To qualify as certified low-budget films and obtain the enhanced credit percentage, productions must satisfy two further tests:

- the total core expenditure must not exceed £23.5 million; and
- the film must have either a UK writer or director, or qualify as a co-production.

Animation: The completed production of films or TV programmes must include animation, and at least 51% of the total core expenditure must relate to the completed animation.

TV programmes: TV programmes must be produced for television or online broadcast

Type of production	Relevant credit percentage	Net benefit after 80% cap and 25% tax
Film tax*	34%	20.4%
Certified low-budget films	53%	31.8%
Animated films	39%	23.4%
Animated TV programmes	39%	23.4%
Children's TV programmes	39%	23.4%
High-end TV programmes*	34%	20.4%
Video games	34%	20.4%

* From 1 January 2025, both film and high-end TV production can claim an enhanced credit rate of 39% on UK visual effects costs. In addition to the higher rate, the 80% expenditure cap does not apply, resulting in a potential net benefit of up to 29.25%.

by the general public. To qualify as children's TV programmes, when production begins it should be intended primarily for an audience under the age of 15; and competitions may be included provided the total value of prizes does not exceed £1,000.

High-end TV programmes: Including dramas, comedies and documentaries, these must have an average core expenditure of at least £1 million per hour of slot length, and each episode must have a minimum slot length of 20 minutes.

Video games: The game must be intended for supply to the general public. It should allow player interaction that meaningfully influences the outcome, and the result must not be predetermined. Games produced for advertising, promotional or gambling purposes are excluded, although in-game advertising does not disqualify a production.

Exclusions: Certain types of television programmes are specifically excluded from qualifying for relief. These include advertisements, as well as news, current affairs or discussion programmes. Quiz shows, game shows, panel shows, variety shows, chat shows and similar formats are also excluded. Programmes that include competitions or contests do not qualify, nor do broadcasts of live events or theatrical or artistic performances that were not created primarily for filming – although other reliefs may sometimes apply in these cases. Finally, programmes produced for training purposes are not eligible.

BFI Certificate

For any of the qualifying claims outlined above, a cultural certificate must be obtained through the British Film Institute (BFI). The Secretary of State for the DCMS certifies productions based on the advice of the BFI Certification Unit. Certification is awarded either for qualifying co-productions or for productions that meet the relevant cultural tests – although for video games, certification can only be granted based on the cultural tests.

The cultural tests operate on a points-based system, with points awarded for factors such as cultural content, cultural contribution, use of UK cultural hubs and personnel. The number of points required to qualify varies by production type. Interim certificates may be granted while a production is still in progress, but a final certificate must be obtained on completion. In some cases, an Accountant's Report must also be submitted to the BFI.

Although tax advisers can assist with this process, the claimant is often best placed to complete the questionnaire, as they will have the most detailed understanding of the production's creative and operational aspects.

Type of production	Relevant enhanced deduction percentage	Maximum cash benefit after 80% additional restriction
Theatre: non-touring	40%	32%
Theatre: touring	45%	36%
Orchestra	45%	36%
Museums and galleries: non-touring	40%	32%
Museums and galleries: touring	45%	36%

Cultural reliefs

Additional tax reliefs are available for qualifying expenditure incurred on theatrical performances, orchestral performances, and museum or gallery exhibitions. The mechanism for these cultural reliefs has remained consistent in recent years; however, the applicable rates have changed. Initially increased on a temporary basis to provide support through the Covid-19 pandemic, these enhanced rates were made permanent from 1 April 2025, rather than reverting to their pre-pandemic levels. The permanent rates are shown in the table above.

Practical issues

It is essential to ensure that the company qualifies for the relevant relief, as the legislation applies specifically to companies that are primarily responsible for the qualifying production. It can be advantageous to establish a separate legal entity to manage the project and claim the relief. This approach should always be evaluated with specialist accounting, legal and tax advice.

Each qualifying production should have its own profit and loss account, clearly identifying all income and expenditure associated with that production. Since many projects span several years, claims can be made as expenditure is incurred and must be calculated on a cumulative basis, making financial tracking essential throughout the production's lifecycle.

Claimants must also comply with specific administrative requirements. Relief claims must be included within the company's tax return, and an Additional Information Form must be submitted to HMRC before the return is filed. This form provides further details about the claim and the associated productions, and timely, accurate completion is critical to ensure the relief is processed correctly.

Conclusion

These generous incentives have played a crucial role in strengthening the UK's creative sector. For many claimants, they now represent an integral component of forecasting and budgeting, showing that the legislation has successfully nurtured and encouraged growth within these industries.

The introduction of the AVEC and VGEC regimes, alongside the government's ongoing engagement with industry stakeholders, reflects a sustained commitment to supporting creativity and production in the UK. As a result, enhanced reliefs for low-budget films, visual effects and animation have been introduced, becoming key tools in retaining talent and production activity within the country.

Given the potential value of these incentives, it is vital that claims are accurate and well-prepared to ensure prompt approval by HMRC. As outlined, there are numerous qualifying criteria to consider – not only for the claimant company but also for each underlying project and the related expenditure.

Complexities and areas of uncertainty are inevitable. Calculating cumulative expenditure across a long-term production can be challenging, as can determining what constitutes UK expenditure in certain scenarios. Questions may also arise where the purpose of a production changes mid-course or if it is abandoned entirely. In such cases, professional advice from tax and creative sector specialists is invaluable to ensure compliance, maximise available reliefs, and navigate the finer details of the legislation effectively.

Name: Will Simpson
Position: Creative sector director
Firm: RSM UK
Email: Will.Simpson@rsmuk.com
Tel: 07468 367 403
Profile: Will Simpson is a creative sector specialist who joined RSM in 2019. Will and his team have been working with businesses and charities of all sizes to ensure those in these sectors are claiming the full benefits they are entitled to.

It's time to complete your 2025 Annual Return.

Don't get caught out. Stay compliant.

All members (excluding those who are students or fully retired) are required to complete an Annual Return confirming their contact and work details, plus compliance with legal and membership obligations such as:

- Continuing Professional Development
- Anti-Money Laundering supervision
- Professional Indemnity Insurance.

Please submit your return before the deadline of 31 January 2026 by logging on to the Members Portal (https://pilot-portal.tax.org.uk) then click on the banner 'Annual Return 2025 now open'.

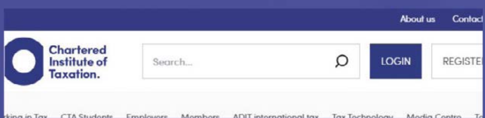
Or you can navigate to Secure area/Members Area/Compliance/Annual Return and select 2025 Annual Return.

STEP BY STEP GUIDE TO COMPLETING YOUR 2025 ANNUAL RETURN

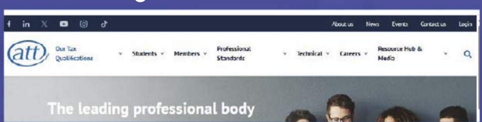
1. Login

On the ATT or CIOT website click 'Login' located in the top right corner of each home page.

www.tax.org.uk



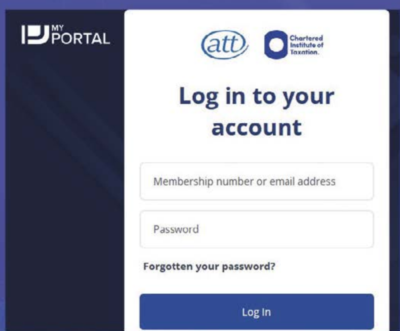
www.att.org.uk



2. Portal

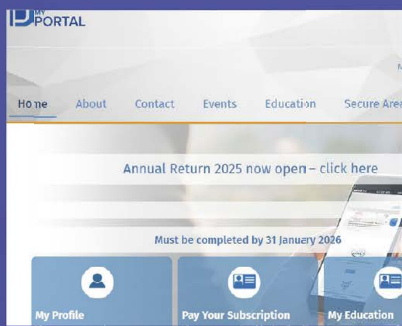
To access your account on the portal please use your:

- **member number**
- **email address**



3. Submit

Click on the banner 'Annual return 2025 now open'.



Questions on how to complete the form? Please see our FAQs:
https://www.tax.org.uk/annual-return-guidance | https://www.att.org.uk/annual-return-guidance.

31 January 2026 is the deadline for submission. Failure to complete an Annual Return is contrary to membership obligations and will result in a fine or referral to the Taxation Disciplinary Board.

Keep it in the family

How to run a family office

Family offices offer a tailored way for families to manage their assets and affairs, but success depends on careful structuring, funding and expert tax advice.

by Nicola Allison and Camille Tassi

Key Points

What is the issue?
Family offices are becoming increasingly popular as wealthy families centralise the management of their financial, administrative and strategic affairs through dedicated structures, often with professional advisers at the core.

What does it mean for me?
The tax and regulatory implications of running a family office are complex – covering corporation tax, VAT, transfer pricing and global reporting obligations. Without proper planning, families risk double taxation, loss of VAT recovery, or non-compliance with transparency and regulatory rules.

What can I take away?
Families should seek early, coordinated legal and tax advice when setting up or restructuring a family office to ensure that funding, fees and governance frameworks are both compliant and tax-efficient. A tailored, well-advised approach can secure long-term wealth preservation, reduce administrative burden and maintain control across generations.

A 'family office' enables a family to outsource the management of its wealth holding structures, and other administrative or strategic functions, to a trusted group of advisors or individuals. Family offices principally exist to relieve family members of the burden of these responsibilities by centralising them within a carefully selected team.

Family offices can take many forms, depending on the size and complexity of the family, where the family is resident, the nature of the assets being managed and the range of services to be provided. Some family offices are dedicated to service a single family, while others operate as multiple family offices supporting several clients.

The structure can range from a single professional who is directly employed, to a larger family office company employing specialists across a range of disciplines – sometimes forming part of a wider family management and asset holding structure.

The benefits of family offices are numerous and include:

- the ability to consolidate family costs and achieve economies of scale;
- ensure continuity of vision across multiple generations of a family within a lasting framework;
- limit the liability for family members when structured as a company;
- maintain confidentiality and discretion amongst a select group of trusted individuals;
- provide flexibility and freedom outside the constraints and restrictions often imposed by larger institutions; and
- control and direct accountability.

Crucially, there will never be a 'one-size-fits-all' model for a family office. Each must be tailored to the family's unique circumstances, priorities and long-term goals. For tax advisers, fully understanding these factors is essential to designing a bespoke and efficient structure that meets the family's needs.

The structure of a family office

The structure of a family office should take into account the family's specific needs, as well as its unique jurisdictional, tax and regulatory considerations.

A family office is often established as a limited company, with its shares held either by a family trust or directly by family members. However, alternative vehicles – such as partnerships – can also be appropriate, and in more complex cases the family office could sit within a wider network of companies or other vehicles.

The exact form of the vehicle would depend on its intended function, which is specific to each family. For instance, where the purpose is primarily to oversee asset-holding entities and manage the division of the underlying income and capital among family members, a partnership could be more appropriate. By contrast, if the family office employs staff and provides a range of services – such as investment management or concierge functions – a corporate structure is likely to be preferable.

Typically, the family office company or vehicle operates separately from any asset-holding entities, although these would normally form part of the same overall family group.

Directors are often family members, who may also be shareholders, while many families appoint independent professional directors. Using independent professionals can be more expensive, but it alleviates the administrative burden for family members, may help to navigate any family tensions and may be preferable from a confidentiality perspective – as directors' details may appear on public registers such as Companies House.

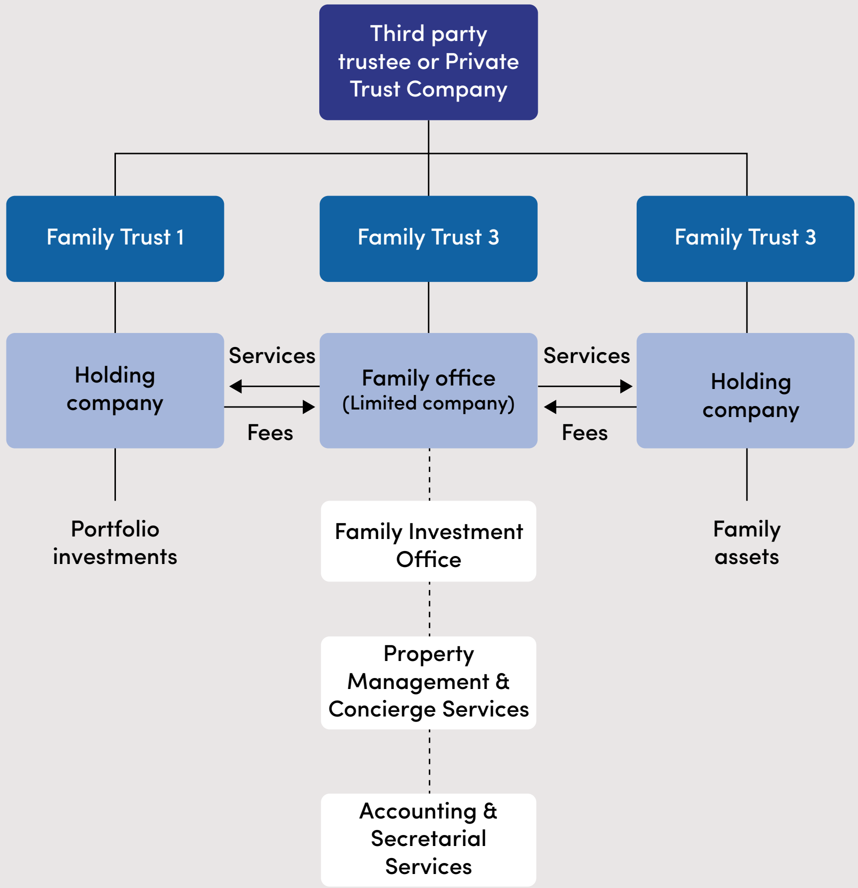
Family offices may have a single office, or multiple offices across different jurisdictions. Multiple offices are more common where family members reside in different countries and prefer to be able to deal with a local family office hub. Opening an office abroad can also be helpful for immigration purposes, as some jurisdictions offer visas to individuals setting up family offices or businesses locally. Other reasons may include diversifying the family's investments geographically, addressing local skills shortages or responding to changing political climates.

Services provided

The range of services provided by a family office can vary widely and tend to evolve with the family's changing needs. At the most basic, a family office might provide personal assistant-type support to help with daily tasks such as managing communications, drafting emails, organising diaries and arranging travel and accommodation.

For families with more complex needs, a 'full service' family office can provide a comprehensive suite of services, including:

TYPICAL STRUCTURE



- **concierge services**, covering all aspects of personal and household logistics;
- **non-personal asset management**, such as overseeing investment portfolios and monitoring performance;
- **oversight of family companies or trusts**, ensuring compliance and alignment with family goals;
- **family and corporate governance**, including setting policies, succession planning frameworks and decision-making processes;
- **wealth and succession planning**, ensuring long-term preservation and transfer of wealth between generations;
- **management of trophy assets**, including high-value collections such as art, wine, jewellery, yachts, jets and cars;
- **accounting and financial reporting**, covering both family and business assets;
- **financial administration**, such as paying bills, managing liquidity and placing surplus funds on deposit; and
- **philanthropy and charitable giving**, including oversight of family foundations, trusts and donations.

Funding and management fee

A substantial injection of funds is usually required at the outset to help establish the family office. This funding is often provided as a capital contribution or, less commonly, a shareholder loan. Since most family office entities are not designed to be profit making, capital contributions tend to be the more practical approach.

Once up and running, the aim is for the family office to become self-funding by charging management fees for the services it provides. These fees may be charged either directly to family members or to their trusts and asset-holding vehicles, depending on the nature of the services rendered.

It will often be more tax-efficient to charge the management fee to asset-holding entities within the family structure rather than to individual family members. This approach can avoid VAT leakage (where those entities are VAT-registered) and allows expenses to be set off for tax purposes. However, if a family member is regularly dipping into the family office for personal services, that individual should be charged separately, rather than wrapping those costs up in fees charged to the wider family wealth structure.

If management fees are not charged for services provided, the value of those services can be regarded – at least in the UK – as a taxable benefit in kind. This could be the case, for instance, if family members sit on the board of a corporate family office, act as shadow directors or are beneficiaries of a shareholder trust.

In the UK, income tax on a benefit in kind can be charged at rates of up to 45%, so this is best avoided. To avoid such tax exposure, the management fee must at least cover the value of any third-party services procured by the family office and, arguably, include a margin to cover the cost of staff employed directly by the family office.

Other tax and compliance considerations

Family offices that operate as corporate entities are normally structured so as not to make a profit. This ensures that corporation tax – or its equivalent in the jurisdiction of incorporation – does not become payable. This is usually not problematic, as the management fee can be kept at an appropriate level. This is another reason for the family office and the family's investment-holding entities being kept separate.

VAT

VAT treatment presents particular challenges for family offices due to the difficulty in defining their activities and determining whether these constitute taxable supplies. Where services are provided solely to family members without charge, HMRC may view these as non-business activities falling outside the scope of VAT. This would mean that the family office would not need to register for VAT but would also be unable to recover input VAT on its costs.

Conversely, if the family office charges fees to family members or related entities for services, these may constitute taxable supplies, potentially requiring VAT registration once the threshold is exceeded. VAT registration would enable recovery of input VAT on associated expenses.

Many investment management services are VAT-exempt, but this can be disadvantageous if it restricts recovery of input VAT on professional fees, office expenses and operating costs. The VAT position becomes more complex where the family office serves multiple family branches or unrelated parties. Advisers can assist by analysing the nature of services provided, determining the optimal structure from a VAT perspective, and ensuring that any VAT registration and reporting obligations are properly managed.

Transfer pricing

Transfer pricing issues arise when a family office and the investment entities it supports are under common control – for example, within an overarching trust structure. HMRC requires that all transactions between connected parties reflect arm's length pricing. Where a family office charges management or advisory fees – or allocates costs – to family-controlled investment companies, these arrangements must be demonstrably consistent with what independent parties would agree in comparable circumstances.

Undercharging or providing services without appropriate remuneration can trigger transfer pricing adjustments and tax liabilities, whilst overcharging may be challenged as lacking commercial substance. Although some smaller family offices may fall within the SME exemption, this is less likely for international or multi-jurisdictional structures. Cross-border arrangements are particularly complex, as they fall within the scope of both UK transfer pricing rules and OECD guidelines. Coordinated advice and careful documentation are required to satisfy tax authorities in multiple jurisdictions.

Global reporting and transparency

In addition to the tax reporting obligations of family members, it is likely that entities within a family's wealth structure will be subject to global information exchange regimes, such as the Common Reporting Standard (CRS), US FATCA and various beneficial ownership registers. Family members must understand what information is reportable and who it must be disclosed to. Maintaining full and accurate records is essential.

A centralised family office can make this much easier by managing the reporting obligations and record keeping in multiple jurisdictions, as well as being responsible for the privacy and tax profiles of family members.

Regulatory considerations

Family offices face an increasingly complex regulatory landscape. Whilst smaller family offices may fall outside the scope of Financial Conduct Authority (FCA) regulation if they limit activities to managing the family's own wealth, boundaries can blur when services are extended to multiple family branches or accept external capital. Other key issues include AML compliance, data protection obligations under UK GDPR, and potential registration requirements if investment management services are provided. This is a complex area where expert advice is vital.

Role of tax advisors

Given the complex and evolving legislative and regulatory frameworks, experienced tax and legal advisers play a crucial role in supporting family offices. Their expertise is essential across multiple areas, whether advising on the establishment and funding of family offices, establishing appropriate governance structures, implementing robust compliance frameworks, reviewing regulatory obligations or advising on personal tax considerations for family members.

An effective family office will successfully combine support from external professionals with internal family decision making. Larger family offices may benefit from having trusted 'in-house' advisers to provide initial legal or tax advice. Some smaller family offices may have trusted professional advisers who provide more of a quasi-family office function where their internal resources are not as substantial.

In all cases, it is important to find the right balance: retaining sufficient in-house oversight and control over matters of key importance to the family while delegating specialist work to external experts who can provide independent, technical and up-to-date advice.

Name: Nicola Allison
Position: Senior Associate
Firm: Taylor Wessing
Email: N.Allison@taylorwessing.com
Tel: +44 (0)203 077 7455
Profile: Nicola is a Senior Associate specialising in non-contentious Private Client work. She advises ultra high net worth individuals, family offices and trustees on a variety of issues relating to family governance, personal tax, wealth planning, estate planning and cross-border taxation.

Name: Camille Tassi
Position: Senior Associate
Firm: Taylor Wessing
Email: c.tassi@taylorwessing.com
Tel: +44 (0)207 300 7000
Profile: Camille is a senior associate in the Private Client group and acts for UHNW individuals, families, trustees and family offices. She advises on a wide range of private client matters, including UK taxation, asset and wealth structuring, succession and the administration of trusts and other family wealth structures.

WELCOME

Ellen Milner
Director of Public Policy
emilner@ciot.org.uk

December Technical newsdesk

November is rarely a quiet month for UK tax. 2025 has been no exception with the Budget on 26 November, quickly followed by the publication of the Finance Bill. But this work has not been confined to the last few weeks for those of us working on tax policy at CIOT and ATT. It is rather a culmination of many months of scrutinising announcements and draft legislation, and engaging across a whole range of issues at a seemingly unprecedented pace.

I am continually grateful to our volunteers, Technical Officers, External Relations team and Professional Standards team (as tax policy increasingly intersects with professional standards issues). Working together, we have achieved several improvements to government proposals, which were in some cases highly problematic.

One major focus has been the package of measures relating to agent standards – mandatory registration, tackling promoters and the facilitation of non-compliance. This has brought together staff and volunteers to deliver coordinated engagement with various levels of HMRC, ministers and other professional bodies, leading to positive refinements and changes to the proposals.

A particular highlight was Technical Officer Margaret Curran's appearance at an evidence session for the House of Lords Finance Bill Sub-Committee (FBSC), where many of her points were captured in a letter subsequently sent by the FBSC to the government. We continue to raise concerns and make suggestions to influence the direction of this work, which will have a considerable impact on tax advisers.

The FBSC also took evidence on measures relating to inheritance tax and pensions, and reforms to agricultural property relief and business property relief. CIOT and ATT were expertly represented by John Bunker and Emma Chamberlain, both members of our Private Client Committee, and ATT Technical Officer Helen Thornley. As I write, we are keeping fingers crossed for refinements to the draft legislation; our points were made persuasively, and our evidence was the cherry on top of considerable efforts over the summer and autumn to highlight and remove the pitfalls from these policies.

This brings me to some public policy directorate changes. First, a heartfelt thank you and farewell to John Stockdale, who has retired from his role as Private Client Technical Officer. Many of you will have crossed paths with John during your tax careers. I have loved hearing stories of the positive impact he has had – even from before he joined CIOT when he tutored one of our future CIOT Presidents at Chester Law School! We wish him every happiness for the future.

However, as one door closes, another opens. Just before John's departure, we welcomed Ruth Sadlier as our new Private Client Technical Officer. Her portfolio includes both Private Client International and UK. Ruth has had a baptism of fire joining the team a month ahead of the Budget – but she has taken ownership of a hot policy area in her stride!

Three weeks later, we were delighted to welcome Lauren Fletcher as the CIOT Technical Team Senior Manager. You'll be hearing more from Lauren in our next Tech News Desk introduction.

Finally, I want to thank you all for your support of CIOT in 2025. I'd also like to wish you a merry and restful Christmas – especially those of you with January deadlines – and a happy and successful 2026.

NEWSDESK ARTICLES

Contact

To contact the technical team about these pages, please email: Sacha Dalton, Technical Newsdesk editor sdalton@ciot.org.uk

MANAGEMENT OF TAXES PERSONAL TAX INHERITANCE TAX AND TRUSTS

CIOT and ATT House of Lords Evidence Sessions

CIOT and ATT representatives recently gave evidence to the House of Lords Economic Affairs Finance Bill Sub-Committee on measures in the draft Finance Bill.

Each year, the House of Lords Economic Affairs Finance Bill Sub-Committee conducts an inquiry into specific aspects of the draft Finance Bill, taking written and oral evidence to produce an apolitical report. The CIOT and ATT are regularly called to give evidence to the Sub-Committee, and this is an important avenue for us to highlight key areas of concern with the draft legislation.

The House of Lords' role in scrutinising Finance Bills is limited, due to the House of Commons having primacy in matters of taxation and public spending (known as 'financial privilege'). This means that the House of Lords cannot amend a Finance Bill and is not allowed to have opinions on substantive tax questions or on tax policy. The annual Finance Bill inquiry therefore focuses on the technical issues of tax administration, clarification and simplification. The Sub-Committee publishes a written report on the draft Finance Bill, usually in December.

This year, the Sub-Committee inquired into the following areas of the draft Finance Bill (see tinyurl.com/4vpaawv3).

Proposals to close down on promoters, particularly the proposal to make a failure to notify a scheme under DOTAS a criminal offence

Margaret Curran, a member of the CIOT's Technical Team, gave oral evidence to the Sub-Committee on 13 October 2025. She expressed concern over the fact that a failure to notify a scheme under DOTAS will be a strict liability criminal offence.

She also highlighted that the hallmarks used to determine DOTAS disclosures are vague and broad, making it difficult for advisers to know with certainty when disclosure is required. Combined with the absence of the need to prove intent in strict liability offences, this poses a significant risk to compliant advisers – and Margaret suggested that strict liability measures are better suited to clear-cut infractions such as speeding.

Margaret also warned that the broad definition of 'senior manager' could implicate individuals with no involvement in tax matters, increasing risk for firms.

Instead, she proposed more targeted approaches, including targeting specific features of problematic schemes, using HMRC's Standard for Agents to define avoidance, and scoping out registered agents who interact with HMRC. She advocated delaying the introduction of a criminal offence until the impact of other upcoming legislation aimed at tackling disguised remuneration avoidance schemes has been assessed.

Margaret also cautioned that introducing the offence in its current form could lead to over-disclosure, increased professional indemnity insurance costs, and have a negative and distortive impact on the tax advisory market. This could lead advisers to withdraw from giving certain types of advice, deeming the risk of potentially being liable to a criminal offence too great.

She pointed out that this measure must also be viewed in the context of another measure in the draft Bill looking at non-compliance facilitated by advisers, where a wide definition of 'deliberate conduct' could result in legal interpretation issues. Advisers can foresee difficulties with the advice they can comfortably give because of the increased risks presented by these measures.

Following the evidence session, the Sub-Committee sent a letter to the Exchequer Secretary to the Treasury highlighting its concerns about the proposed offence in its current form (see tinyurl.com/5n6mw9ac).

A recording of the evidence session for Parliament TV is available at tinyurl.com/4vbnmvuh. A written transcript of the evidence session can be found at tinyurl.com/53jwubsx.

Inheritance tax changes

The inheritance tax changes were addressed in two panels on 20 October 2025.

In the panel on 'Reforming inheritance tax: unused pension funds and death benefits', John Bunker, a solicitor and chartered tax adviser with Irwin Mitchell, provided evidence on behalf of the CIOT.

John highlighted how the new measures will increase the risk for personal representatives (PRs). The proposed changes will result in PRs being liable for tax on assets over which they have little or no control, making the role of PR unattractive and potentially unmanageable.

The panel explained that the current six-month window in which PRs must complete all relevant enquiries, obtain scheme information and pay any inheritance tax is unrealistic, given the complexity of pension arrangements and the amount of coordination needed with pension scheme administrators.

John suggested that measures to mitigate the impact of the changes could include making the pension schemes responsible for their own tax, or asking pension schemes to withhold 50% of the pension pot until the inheritance tax position is established. The panel also proposed extending the time that PRs have to pay inheritance tax on pension assets.

Reforms to agricultural property relief and business property relief

Emma Chamberlain, barrister at Pump Court Tax Chambers, provided evidence on behalf of the CIOT and STEP. Helen Thornley, ATT Technical Officer, provided evidence on behalf of the ATT.

The panel highlighted several practical issues with the proposed changes, explaining that the new rules will not be easy for many taxpayers to navigate. Many more business owners will need to obtain valuations, which will be complex, particularly for minority shareholdings and trade assets including livestock and machinery. Concerns were expressed about the lack of available specialist expertise for both taxpayers and HMRC, who will need to check valuations received. Although government commentary suggests that only a limited number of estates will be affected, the reality is that many farms and small businesses with over £1 million in assets will fall within scope of the new measures.

The panel recommended that the new allowance should be transferable between spouses and civil partners, in line with the existing nil rate band. Transitional measures for older farmers and business owners would also help to avoid the cliff edge effect of the current rules.

The panel concluded with thoughts on the policy making process. It was noted that consultation to date has been limited, focusing on the impact of the measures on trusts. Emma suggested that there would be merit in standing back before introducing further complexity to an already quite dysfunctional system.

A recording of the two evidence sessions for Parliament TV, together with links to the written transcript of the evidence can be found at: tinyurl.com/4fb7n4ma.

The CIOT's written evidence sent to the sub-committee ahead of the inheritance tax oral evidence sessions can be found at www.tax.org.uk/ref1566 and the ATT's evidence can be found at www.att.org.uk/ref502.

Margaret Curran *mcurran@ciot.org.uk*
Helen Thornley *hthornley@att.org.uk*

GENERAL FEATURE PERSONAL TAX MANAGEMENT OF TAXES INDIRECT TAX OMB

Budget representations

ATT, CIOT and LITRG have made recommendations to the government ahead of the 2025 Autumn Budget across a broad range of areas.

Ahead of each UK Budget, HM Treasury invites interested stakeholders to submit formal Budget representations on potential changes to be considered by the Chancellor when preparing the Budget. This gives the ATT, CIOT and LITRG an opportunity to influence government policy in areas affecting our members and their clients, and to suggest improvements to the way the tax system operates. It also enables us to champion the interests of our members and uphold the public interest obligations in our charitable objectives.

By submitting Budget representations, the ATT, CIOT and LITRG can comment on the operational implications of policies, as well as their administrative burden on our members and taxpayers, and provide suggestions for simplification and technical analysis of potential solutions.

Budget representations are a key opportunity to directly influence UK tax policy as part of a long-term and ongoing relationship with HM Treasury and HMRC, complementing the input we provide through consultations, working groups and regular forums throughout the year.

For the Autumn 2025 Budget, the ATT submitted six Budget representations, the CIOT submitted three and LITRG submitted one.

ATT budget representations

Inheritance tax simplifications

The ATT recommended that the proposed £1 million allowance for 100% agricultural property relief and business property relief from April 2026 should be transferable between spouses and civil partners, in a similar way to the nil rate band (NRB) and residential nil rate band (RNRB). The representation also suggested that the allowances should be uplifted for individuals whose spouses die before 6 April 2026.

As a further simplification, the ATT considered that inheritance tax could be both simplified and made fairer by merging the RNRB and NRB into a single nil rate band. This would avoid the existing distortion of the RNRB where two estates of equal value can have different inheritance tax liabilities depending on the value of residential property held by the deceased and whether they have children who are inheriting that property.

Simplifying income tax Self-Assessment

Whilst HMRC now allows tax agents to reactivate a previously used Self-Assessment record without having to re-register, the ATT suggested that HMRC could go further and provide an enduring ‘opt in’ for taxpayers who would prefer to file tax returns voluntarily, despite not being obliged to do so under HMRC’s criteria.

ATT’s other recommendations included simplifying the rules on jointly-owned property rules and Gift Aid, improving clarity over Simple Assessment responsibilities, allowing access to bank interest records held by HMRC, and enabling the operation of PAYE on state pension payments.

Trivial benefits

The ATT recommended that the government review the trivial benefits rules, highlighting inconsistencies in tax treatment depending on how a benefit is paid for.

As well as recommending that the treatment be aligned, regardless of whether the payment was made by the employer directly or reimbursed to the employee, the ATT also suggested that the £50 limit (which has remained at the same level since the legislation was first introduced in 2016) be increased to take account of the higher costs in providing the benefits that the exemption was envisaged to cover.

Working from home allowance

The ATT recommended that the government review the working from home allowance, which sets the amount that employees can be reimbursed or claim tax-free for additional household costs incurred while working from home.

The representation drew attention to the increased energy costs for home workers since the working from home allowance was last reviewed in 2021/22 and the increases in the Energy Price Cap (‘the Cap’). The ATT requested an increase in the tax-free allowance of at least 2%, in line with the Cap increase, and mirroring similar increases to the amounts available to self-employed individuals who work from home under the simplified expenses method.

Mileage allowances

The ATT repeated previous calls for the government to increase the amount that drivers can be paid tax-free for using their own vehicle for work and suggested that these rates should be reviewed on an annual basis. The main 45p per mile rate for cars and vans for the first 10,000 business miles was last changed in April 2011, while the 25p per mile rate above 10,000 business miles, as well as the rates for motorbikes and cycles, have been unchanged since at least 2001.

The representation flagged that employees using their own vehicle for work have effectively been out of pocket in recent years, particularly in occupations such as care work, where workers may be lower paid but need to use their own vehicle to travel to clients.

Annual parties and social functions

The ATT drew attention to the tax exemption for annual parties and social functions, which has remained at £150 per head (including VAT) since April 2003. The ATT recommended that the rate is increased at least every five years to better take account of the cost of annual staff functions for employers. As a starting point, it suggested that the exemption should be increased to at least £200 per head (including VAT).

The ATT feels that the exemption could be set at a level that allows employers to organise an annual social function to provide recognition to all employees generally, without incurring a tax liability.

The ATT budget representations are available to view here:
Inheritance tax simplifications: www.att.org.uk/ref496
Simplifying income tax Self-Assessment: www.att.org.uk/ref500
Trivial benefits: www.att.org.uk/ref498
Working from home allowance: www.att.org.uk/ref497
Mileage allowances: www.att.org.uk/ref499
Annual parties and social functions: www.att.org.uk/ref501

CIOT representations

Reintroduce Certificates of Tax Deposit

The Certificate of Tax Deposit scheme previously allowed taxpayers to deposit money with HMRC and use it later to pay their tax liabilities. It was useful in stopping late payment interest charges accruing on the tax owed whilst a taxpayer’s affairs were under investigation, but it was closed by HMT without consultation in November 2017.

With the recent significant increase in the late payment interest rate, this issue comes up repeatedly in discussions with CIOT volunteers. We believe that it is time for HMT to consider reintroducing Certificate of Tax Deposits. Our representation

INHERITANCE TAX AND TRUSTS

Draft amendments to Trust Registration Service regulations

The CIOT has identified issues with the draft regulations extending the exclusions from the Trust Registration Service.

The CIOT has commented on the Trust Registration Service aspects of the draft Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provision) Regulations 2025, issued for consultation on 2 September 2025. The regulations include significant extensions to the categories of trusts that are excluded from registration under Schedule 3A.

A key issue relates to public access to trust information. There is currently no requirement to show a legitimate interest when requesting information about a trust where the trustees have a controlling interest in a third-country entity. The CIOT believe that a legitimate interest requirement is an important protection to strike the right balance between transparency and data protection. A legitimate interest requirement to access information about trusts should apply in all cases.

Trusts created by Deed of Variation, and situations where the trustees of an existing trust change following a death, are to have two years from date of death before registration is required. We welcomed the clarity that these amendments bring so that a common two-year rule applies to most situations involving death and trusts.

Whilst the principle of a general de minimis exclusion (for small trusts) is a positive step, the current draft contains several difficulties.

First, the condition that the trust has not held property with a cumulative total value exceeding £10,000 since the date on which it was created is too complicated. Rather than trustees (and HMRC in its regulatory function) having to monitor a cumulative total, we suggested that it would be more practicable to frame the restriction in terms of the trust not having assets worth more than £10,000 at any point since it was created.

Second, the condition that a de minimis excluded trust should be the first trust created by a settlor seemed unnecessarily restrictive: it would mean that something as mundane as a co-ownership trust, insurance trust or commercial trust within one of the other exclusions causes the proposed de minimis exclusion to be unavailable.

CIOT felt that an opportunity had been missed not to include a simpler de minimis exclusion for deceased estates in administration that run for more than two years from the date of death. At the conclusion of the administration process, the personal representatives will be holding on bare trust for the residuary beneficiary a small amount of cash to pay the final income tax bill due for the administration period and final costs. There is often a delay in HMRC supplying the personal representatives with the information necessary to make the final income tax payment under the informal procedure. This can tip the estate beyond the general two-year exclusion for the administration trust. We proposed alternative solutions to address this issue.

The ATT endorsed the CIOT's comments.

The CIOT submission is available here: www.tax.org.uk/ref1564

John Stockdale *jstockdale@ciot.org.uk*

builds on the comments we made about unaffordable tax debts comprising large amounts of interest in our response to HMRC's recent consultation on tackling marketed tax avoidance (see www.tax.org.uk/ref1489 para 5).

Repayment interest and commercial restitution for VAT

This reiterates representations CIOT sent to HMT ahead of the Spring Budget 2023 and Autumn Budget 2024. It highlights the ongoing imbalance in repayment and late payment interest rates, which has been exacerbated by the significant increase in the late payment interest rate from April 2025.

CIOT believes there should be a consultation on the rate and treatment of repayment interest on overpaid tax. This should ensure that repayment interest provides adequate recompense for the loss of the use of the monies by the taxpayer, and an adequate incentive for HMRC to process repayments in a timely fashion.

Specifically in relation to VAT, we also urge the government to re-introduce the concept of 'commercial restitution' when levying interest on underpaid VAT, to prevent interest from being charged in circumstances where there is no loss of tax to the Exchequer.

Current tax barriers to housing supply

The CIOT's submission identifies tax barriers in the current tax system that may hinder the UK government's target of building 1.5 million homes. Key issues include land assembly, stamp duty land tax reliefs, aspects of the corporate interest restriction rules and residential property developer tax, which adversely affect SME housebuilders and how the VAT treatment of affordable housing could be simplified to enhance supply. The submission builds on and consolidates earlier representations in this key area of government policy.

The CIOT budget representations are available to view here:
Reintroduce Certificates of Tax Deposit: www.tax.org.uk/ref1568
Repayment interest and commercial restitution for VAT: www.tax.org.uk/ref1577
Current tax barriers to housing supply: www.tax.org.uk/ref1538

LITRG representation

Operating PAYE on the state pension

LITRG's budget submission reiterates its longstanding recommendation for the state pension to be given its own PAYE scheme, administered by the Department for Work and Pensions. This will give state pension recipients greater clarity over their tax position, as well as allowing tax to be collected in real time and reducing HMRC's administrative burden.

With the personal allowance frozen until 2027/28 (at the time of writing), and the state pension increasing annually under the government's triple lock commitment, LITRG believes now is the time for modernisation. The submission acknowledges the implementational challenges and transitional issues but suggests that these will be outweighed by the long-term benefits.

As a minimum step, LITRG's submission calls for the Department for Work and Pensions and HMRC to issue clear, annual communications confirming the taxable amount of state pension and how tax will be collected.

The LITRG budget representation is available to view here:
www.litrg.org.uk/11112

Senga Prior sprior@att.org.uk
Chris Campbell ccampbell@att.org.uk
Sarah Weston sweston@litrg.org.uk
Margaret Curran mcurran@ciot.org.uk
Kate Willis kwillis@ciot.org.uk

PERSONAL TAX

Non-domicile reforms: temporary repatriation facility

To ensure take-up of the temporary repatriation facility, introduced as part of the 2025 non-domicile taxation reforms, the CIOT suggests an optional clearance facility so that taxpayers can agree figures with HMRC in advance of filing tax returns or making remittances to the UK.

The CIOT anticipates that there will be enquiries into a significant number of tax returns containing temporary repatriation facility designations. The provision of a clearance facility would therefore save time and ensure that HMRC is considering designations at the time they are made, rather than through later lengthy enquiries.

Under the temporary repatriation facility (TRF), which runs for three years from 6 April 2025, UK resident individuals who were previously taxed on the remittance basis can elect to pay a reduced rate of tax on remittances of pre-April 2025 foreign income and gains via the TRF. The reduced rates are set at 12% for the 2025/26 and 2026/27 tax years and 15% for 2027/28. After making the election, taxpayers must designate the amounts to which the TRF will apply.

A clearance facility would enable taxpayers and HMRC to agree the treatment of designated funds upfront – for example, confirming that a specific sum in a given account represents foreign income and gains that would be taxable on remittance. Once the agreed tax payment has made (12% or 15%), the remainder of the funds could be remitted to the UK tax-free.

The CIOT suggests a clearance facility would be beneficial to taxpayers, HMRC and the government by:

- increasing take-up of the TRF, as taxpayers are more likely to use it if they can obtain certainty in advance;
- providing early information for the government on TRF usage; and
- reducting the number of enquiries, resulting in efficiency savings.

Consideration could be given to charging a fee for taxpayers to use the TRF clearance facility, though there are advantages and challenges to this. The government is already considering charging for advance clearances relating to major projects and research and development tax reliefs. A TRF clearance facility would be in line with the government's approach elsewhere.

If HMRC wish to manage demand and time spent on the TRF facility, consideration could be given to eligibility, such as a minimum tax threshold for clearance applications. However, charging a fee for clearance applications might naturally limit usage, depending on whether the benefit outweighs the cost of the fee.

The CIOT submission is available here: www.tax.org.uk/ref1542

Kate Willis kwillis@ciot.org.uk

OMB PERSONAL TAX INDIRECT TAX LARGE CORPORATE PROPERTY TAX

Tax barriers to housing supply

The CIOT has written to the government about the current tax barriers to housing supply and possible solutions.

The government has committed to a target of building 1.5 million new homes by the end of this parliament and announced land, regulation and financing reforms to support small and medium-sized enterprises (SMEs) and smaller housebuilders in reaching this target. The government has also committed to building more affordable homes.

The CIOT has made a submission to help identify tax barriers in the current tax system that may hinder delivery of the housing target and related initiatives. The submission includes a case study of developments in the West Midlands, Bedfordshire and Oxfordshire.

Land assembly for development

Complex tax issues arise when neighbouring parcels of land, each held in different ownership, are brought together to produce a combined site for housing development. Although the tax complexities may only affect a relatively small number of taxpayers, the economic effect is likely to be significant due to the values involved.

The complexity of the current tax treatment distorts the economic decision about the optimal route to assemble the site, which can slow or even prevent delivery. As a result, landowners may choose not to pursue any form of land collaboration.

We suggest ways in which these barriers to sustainable development might be addressed in both the short and longer term.

Stamp duty land tax property traders' relief

Reliefs from stamp duty land tax are aimed at facilitating liquidity in the housing market by allowing housebuilders and other property traders to purchase a homeowner's property so that the seller could proceed with buying a new home. These reliefs do not cover all situations, for example where the seller is moving into a care home.

Some of the reliefs allow the property trader to refurbish the house before selling it on, with expenditure capped at £20,000. That amount has not changed from when the exemptions were introduced in 2004. It does not allow for basic inflationary increases or the cost of upgrading EPC ratings. We suggest the scope and cost cap is reviewed.

Corporate interest restriction

It is very common for banks and other third-party lenders to require some form of guarantee to lend to housing developers, given the relatively high level of risk inherent in development activities. For SME housebuilders and developers, the related party guarantee rules under the corporate interest restriction for corporation tax adversely affect project viability in a way that appears inconsistent with the policy intent.

Residential property development tax

Given the nature of property development, profit recognition from residential development tends to be 'lumpy' with early year losses and higher profits recognised at the end of the project. Falling within and outside the scope of residential property developer tax adds significant complexity for SME developers. We suggest HMRC's data is reviewed to evaluate the extent of this issue for SME developers and how it might be addressed.

Affordable housing: VAT

The submission explores the way current VAT law creates significant inefficiencies and delays in the delivery of affordable housing. We suggest a simplification of VAT law by expanding the scope of zero-rating to include the supply of affordable housing sites to housing associations in order to address this issue.

ATED simplification

Currently, multiple annual tax on enveloped dwellings (ATED) returns are required for housebuilders and property developer groups, even where no tax liability arises due to property developers' relief or relief for property rental businesses. The ability to make a group ATED return would reduce the administrative burden.

The CIOT submission is available to view here: www.tax.org.uk/ref1538

Kate Willis kwillis@ciot.org.uk

GENERAL FEATURE
MANAGEMENT OF TAXES

HMRC Customer Service Levels: an update on CIOT-ICAEW joint project

One year on from the publication of the joint CIOT-ICAEW report 'Tackling HMRC's customer service challenge', we take this opportunity to provide an update on the progress made, ongoing projects and our engagement with HMRC and ministers over the last year.

On 11 December 2024, CIOT and ICAEW published a joint report 'Tackling HMRC's customer service challenge', following a six week study which involved our members recording their attempts to contact HMRC by phone or webchat. These findings informed our ten recommendations that could make meaningful improvements to HMRC's customer service, and would have mutual benefit for HMRC, taxpayers and agents.

Our ten recommendations can be largely divided into three main groups:

- those that aim to reduce volume pressure on HMRC phonelines and webchat;
- those aimed at improving the quality of advice provided by HMRC; and
- those aimed at improving the digital services offering, whether through improvements to existing digital services or the roll out of new digital services.

Changes to HMRC services

On 11 March, at our joint CIOT-ICAEW conference to mark 20 years of HMRC, James Murray (the then Exchequer Secretary to the Treasury (XST)) announced the introduction of the Personal Tax Query Resolution Service, which was one of our ten recommendations for improvement.

We have continued to discuss iterative changes to this service with HMRC throughout the year. Overall, member feedback received to date has been positive, with HMRC also pleased with the resolution rate the team has achieved since introduction. However, initial uptake to use the service has been slower than expected. HMRC are encouraging agents to use the Personal Tax Query Resolution Service for Agents (tinyurl.com/2vymtaj8), where appropriate and within the criteria, before moving to a complaint. We are hoping to explore with HMRC in 2026 the possibility of easing the criteria for this service or perhaps expanding it across other taxes.

The HMRC Transformation Roadmap, published in July 2025, included a commitment to provide the ability to track the progress of client submissions and repayments and secure three-way communication, as well as more generally expanding the use of progress updates and reassurance messages for taxpayers and agents. Within our report, we also emphasised the importance of tackling existing pain points with HMRC agent services, and the roadmap included a commitment to look at some of these pain points including enhancements to the Income Record Viewer and a new service to enable agents to digitally submit information which may impact their client's tax code. We remain in discussion with HMRC in relation to these projects, and several other areas, and will update our members where possible.

On 1 October, HMRC launched a new service for agents to enable them to re-activate Self-Assessment accounts for their clients by calling the Agent Dedicated Line, aimed at providing a quicker route than other options.

Engagement with HMRC and ministers in 2025

Over the last year, CIOT and ICAEW have continued our efforts to engage with HMRC and ministers, to open and continue discussions on improving customer service.

In late December 2024, HMRC created a new HMRC working group 'Customer Services for Tax Agents and Representative Bodies', comprising HMRC, CIOT, other professional bodies and agents in practice. The focus of the initial meetings in 2025 has been to progress the introduction of the Personal Tax Query Resolution Service.

Following a significant level of member feedback on the suspension of agent HMRC online accounts which we had raised with HMRC, a new HMRC working group called the 'Digital Security Working Group' was established. Through this group, we have provided feedback to HMRC on the process and communications for reinstating agent accounts and helping an agent deal with fraudulent activity that they have identified. This work is ongoing.

In February 2025, we met with then XST, James Murray, and senior leadership from HMRC to discuss our report. This meeting was followed up with a second meeting in August 2025. We have been pleased by the consideration that has been given to the report's findings and desire to work collaboratively with us. As an outcome of this engagement, a visit to HMRC Portsmouth office was organised and at the time of writing this article, we are scheduled to meet with HMRC to share thoughts on minimum functionality and minimum standards for new digital services.

In July 2025, we met with key representatives from HM Treasury to discuss our report. We provided insight on the importance of minimum standards and functionality to improve future digital services; of earlier involvement of tax professionals and professional bodies in the design process; of the need for agent access; and the importance of high-quality advice being provided by customer service advisers, to help inform the Treasury's understanding of key customer service issues when considering spending priorities.

In September 2025, during the visit to HMRC's Portsmouth Office, we had the opportunity to meet with customer service advisers from the Agent Dedicated Line team, advisers from the Personal Tax Query Resolution Service team and tax technicians. We had an open discussion on what it feels like to be an HMRC adviser and a tax agent when interacting with HMRC customer services, standing in each other's shoes. We gained insight on the processes and complexities around training and escalation processes. Following the meeting, we are currently agreeing a list of shared action points, which we hope to take forward with HMRC. One such area is exploring ways to improve agent webchat.

Whilst there has been progress over 2025, we continue to receive regular feedback from our members around customer service standards which continue to fall short and there is much to do. CIOT and ICAEW remain committed to pursuing improvements to HMRC customer service standards, but continued feedback from members is vital for us to do so. If members do have feedback on HMRC customer service levels, or ideas for improvements, please do get in touch via technical@ciot.org.uk.

Lindsay Scott lscott@ciot.org.uk

INDIRECT TAX

European Commission's consultation: VAT package for travel and tourism

The CIOT is a member of CFE Tax Advisers Europe, a Belgium based association representing European tax advisers, both from the European Union and non-EU European countries, including the UK. The CIOT is represented on the indirect taxes committee, which considers international VAT policy. The committee also prepares responses to VAT policy consultations.

The European Commission published a public consultation in July 2025 (tinyurl.com/y2tnrbf3), requesting input from stakeholders on the functioning of the current VAT rules applicable to the travel and tourism sectors, and on possible actions to make the rules fairer, simpler and best suited for the digital market of travel services. The main areas of focus were on the tour operators' margin scheme (TOMS), the special VAT scheme for travel agents, and the VAT treatment of passenger transport.

The consultation invited feedback from stakeholders from both EU and non-EU countries, so the CIOT provided its feedback via the CFE's indirect taxes committee. CFE published its consultation response in 'Opinion Statement FC 3/2025 on the European Commission Consultation on VAT Rules Applicable to the Travel and Tourism Sectors' (see at tinyurl.com/mww25u99).

Tour operators' margin scheme

TOMS is a method of accounting for VAT for businesses either acting as a principal or undisclosed agent when they buy in and resell travel, accommodation, transport and other services for a traveller when supplied as a package. Instead of accounting for VAT on the full selling price of taxable supplies and reclaiming VAT incurred on costs, TOMS blocks the recovery of the input VAT and requires the seller to account for output VAT only on the profit margin, subject to the place of supply rules. HMRC's VAT notice 709/5 provides further details (tinyurl.com/277mjkwx).

Businesses and advisers can find the rules and calculations complicated so considering simplification is welcomed. It is not currently clear whether the UK would change its rules to align with any subsequent changes announced by the European Commission.

Key feedback points

The CFE submission supports urgent reform for TOMS, as its view is that the scheme is not providing its objectives of simplification and neutrality, and in some circumstances creates legal uncertainty, competitive distortion and disproportionate compliance burdens. Further, the difficulties for multi-country transport are also recognised. The key recommendations are:

- restrict the application of TOMS to B2C transactions;
- exclude meetings, incentives, conferences and events services from the scope of the scheme and introduce an opt-out for incidental providers of travel services;
- replace or complement TOMS with a one-stop-shop system, which would provide input VAT recovery, separate supplies instead of bundled services and simplified country reporting;
- introduce clear and uniform definitions and calculation rules in the VAT Directive;
- reform the treatment of prepayments by having clearer more harmonised rules;
- ensure the equal treatment of non-EU travel agents to prevent competitive distortions;
- simplify VAT treatment of multi-country travel by allowing businesses to designate a single Member State for VAT purposes; and
- recognise the VAT compliance difficulties for multi-country travel.

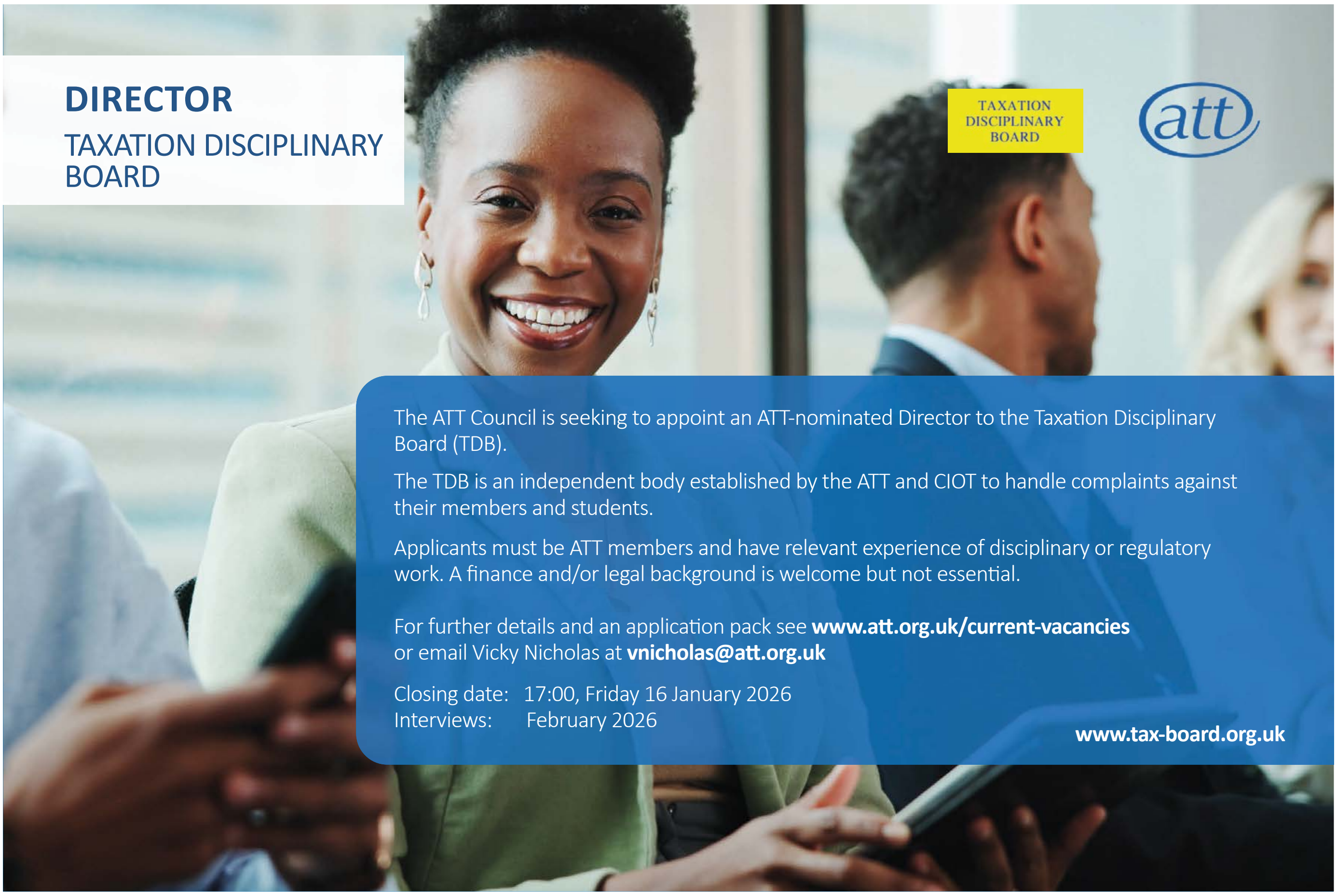
The European Commission is currently considering the responses and its conclusions will be published in due course.

Jayne Simpson jsimpson@ciot.org.uk

Recent submissions

CIOT		Date sent
Draft Finance Bill 2025-26 call for evidence	www.tax.org.uk/ref1566	07/10/2025
Tax barriers to housing supply	www.tax.org.uk/ref1538	09/10/2025
Budget representation: Certificates of Tax Deposit	www.tax.org.uk/ref1568	14/10/2025
Budget representation: Repayment interest and commercial restitution for VAT	www.tax.org.uk/ref1577	16/10/2025
LITRG		
Budget representation: Operating PAYE on the State Pension	www.litrg.org.uk/11112	15/10/2025
ATT		
Draft Finance Bill 2025-26 call for evidence	www.att.org.uk/ref502	06/10/2025
Budget Representation: Working from Home Allowance	www.att.org.uk/ref497	09/10/2025
Budget Representation: IHT Simplification	www.att.org.uk/ref496	14/10/2025
Budget Representation: Reforming Tax Relief for Trivial Benefits	www.att.org.uk/ref498	14/10/2025
Budget Submission: Mileage Rates	www.att.org.uk/ref499	14/10/2025
Budget Representation: Annual parties and other social functions	www.att.org.uk/ref501	14/10/2025
Budget Representation: Income Tax and Self-Assessment Simplification	www.att.org.uk/ref500	15/10/2025


DITT
Diploma in Tax Technology
Chartered Institute of Taxation.
Advance your career: Diploma in Tax Technology


DIRECTOR
TAXATION DISCIPLINARY BOARD
TAXATION DISCIPLINARY BOARD
att

Debate

Outdated property tax system ripe for reform

Britain's property tax system is outdated and incoherent, but reforming it will not be simple, experts said at a joint CIOT and IFS debate.

Left to right: Caroline Fleet, Stuart Adam, Nichola Ross Martin, Lord Turnbull, John Muellbauer

Ahead of the Budget, CIOT and the Institute for Fiscal Studies (IFS) assembled a panel of experts in central London on 6 November to debate the topic: 'Reforming the taxation of housing: what changes should the Chancellor choose?' The debate was chaired by CIOT President Nichola Ross Martin.

Stuart Adam, Senior Economist at the IFS, said there are three main issues with council tax: it is based on valuations from 1991; it is a regressive tax with wildly different levels depending on which band a property is in; and (his 'personal bugbear') the 25% single person discount, which 'encourages single adult households to live in properties that are bigger than they otherwise would'. With stamp duty land tax, meanwhile, there was only one problem – 'that it exists'. IFS argues for a reformed council tax that would charge people a proportion of the up-to-date value of their property.

Professor John Muellbauer, Senior Research Fellow of Nuffield College, Oxford, said he had been campaigning on reform of property taxes since 1987. He proposed council tax reform on an initial 'small set' of properties, those in bands G and H, with a 0.5% proportional tax rate on primary residences and 1% on second homes. He said a deferral scheme is a 'crucial element' of any tax reform, to address those who are 'cash poor, property rich', and suggested a 0.6% stake of the property to the tax authority for each year of deferral – so, for example, if the property was sold in ten years' time, 6% of the amount it was sold for would go to the tax authority.

Caroline Fleet, Head of Real Estate for Crowe UK and Vice Chair of CIOT's Property Taxes Committee, observed that while the discussion so far had focused on council tax and SDLT, there were actually 12 taxes to look at when considering residential property, including residential property developer tax, corporation tax and VAT. She said reform had to be looked at in the overall context of all those taxes and called on policy makers to ensure any reform has consistency and reduces complexity.

Lord Turnbull, a former Treasury Permanent Secretary and current member of the Lords Economic Affairs Committee, was a late addition to the panel, replacing Heather Stewart, economics editor of The Guardian, who was unwell. He said that, since 1970, there has been an 'astonishing reversal', with earned income now more heavily taxed than unearned income, something he could see no justification for. He said housing has two functions – a roof over your head and a store of value – but the latter was 'consistently prioritised' by governments.

Read a fuller report on this debate at tinyurl.com/3xtxvjss. Watch the debate at tinyurl.com/bdha5tjh

Treasury Committee

CIOT gives evidence on property taxes

Left to right: Kate Willis, Richard Donnell, Professor Tim Leunig, Kirstie Allsopp

The House of Commons Treasury Committee took evidence on 12 November from a panel of property tax experts, including Kate Willis, CIOT Property Taxes Technical Officer. Kate was joined on the panel by Richard Donnell of Zoopla, Professor Tim Leunig and Kirstie Allsopp, TV presenter and property expert. The session was one of the committee's pre-Budget hearings. The decision to focus on property taxes was prompted by the number of rumours flying around ahead of the Budget about potential changes in this area.

During the hearing, Kate reflected on the pros and cons of SDLT and on the prospect of a 'mansion tax'. Warning about 'threshold creep', she cited the annual tax on enveloped dwellings: 'That threshold started off at £2 million and it has now gone down to half a million.'

On the technical challenges of revaluation, Kate noted that new automated mass appraisal models being developed by the Valuation Office Agency 'are cheaper and quicker' and 'may enable long-term property tax reform or at least reduce a barrier to it'. On tax changes to stimulate housing supply, she told the committee that CIOT have just written a paper on this area and agreed to send it to them.

Read a report on this hearing at tinyurl.com/bdduyntj. Watch the hearing at tinyurl.com/ykjsb9v2. Read the CIOT paper at tax.org.uk/ref1538

Education

Building financial foundations

Jane Ashton, CEO of ATT

The ATT has welcomed the government's announcement of a new national curriculum designed to equip young people with vital life and work skills, including greater financial literacy.

Jane Ashton, CEO of the ATT, said: 'We wholeheartedly welcome the government's plans to enhance financial literacy among young people. But if we truly want to prepare students for the realities of adult life, we must also teach them about tax. From understanding payslips and National Insurance to recognising how taxes fund the public services that we all rely on, tax awareness is an essential life skill.'

ATT is calling on the government and education providers to integrate age-appropriate tax education into financial literacy lessons at all key stages. This includes using real-life examples, such as payslips, VAT on purchases, and public spending to make the learning relevant and engaging.

Jane added: 'By including taxation within financial education, we can help young people not only understand their own finances but also appreciate their role as active participants in society. The ATT stands ready to work with government and educators to make this a reality.'

ATT has produced resources to support its members and other tax professionals going to schools and careers fairs to talk about tax: www.att.org.uk/volunteer-schools-toolkit

Money laundering

AML supervision announcement

CIOT and ATT have responded to the government's announcement that it plans to consolidate anti-money laundering (AML) and terrorist financing supervision for accountancy, legal and trust and company service providers into one Single Professional Services Supervisor, the Financial Conduct Authority.

This is the long-awaited outcome of a 2023 consultation looking to reform AML supervision. While the timeline is as yet unspecified, it will in due course see HMRC and professional bodies (including CIOT and ATT) give up their AML supervision of the sector.

The government has stated that it is seeking to simplify the regime. However, the bodies have cautioned that significant investment and planning will be needed to move from supervisors with a commercial understanding of the work and effective processes already in place.

Ellen Milner, Director of Public Policy for the CIOT, said: 'We can see the logic of a single supervisor but it is not our preferred model – which was for strengthened supervision by professional bodies, overseen by the existing independent body, OPBAS.

'Our concerns raised in the consultation are yet to be addressed by the proposals. The investment needed, both in money and time, to transition the population and effectively police the regime with skilled personnel should not be underestimated.'

Jane Ashton, Chief Executive of the ATT, said: 'This is a long-awaited decision following the consultation in 2023 and although not our preferred model we will work with the new single professional services supervisor to ensure we transition our members as smoothly as possible.

'Early clarity on proposals and a realistic timeline are crucial, as is ensuring that the current support and education for members is maintained, and the knowledge and effective compliance support developed since 2018, particularly under OPBAS, is not lost in transition.'

In the news

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

'We know that businesses purposefully stay below the (VAT) threshold to avoid the admin and costs of becoming VAT-registered. Lowering the threshold significantly might remove this discouragement to growth, and could also increase VAT revenues for the Exchequer.'

Emma Rawson, ATT director of public policy, in the Daily Telegraph, 17 October

'The Low Incomes Tax Reform Group has said the tax authority must go further in establishing safeguards, writing: "We are seeking clarification from HMRC on the process they will undertake to identify vulnerable customers, how this class of taxpayer will be defined, and the type of support that will be provided."'

The Independent on HMRC plans to take tax debts directly from bank accounts, 20 October

'R&D tax credits are intended to support the UK's "push for growth", but frustrating enquiries resulting in the rejection of legitimate claims are undermining this. Businesses are being put off claiming relief to which they are entitled.'

The CIOT in FT Adviser on research and development tax credits, 27 October

'Simple assessment is the reverse of self assessment. HMRC uses data they have to issue you with a calculation. It's quite a different beast.'

ATT technical officer Helen Thornley, BBC Radio 4 Money Box, 1 November

'The big danger with tax is if you completely disengage and decide to ignore it, suddenly you can find you're paying even more to HMRC by way of penalties, such as not filing your tax return when you should have.'

Antonia Stokes of the Low Incomes Tax Reform Group, on BBC Radio 5 Live Drive, 3 November

'Kate Willis, property taxes technical officer at the Chartered Institute of Taxation, said: "It's relatively easy to collect. It's quite difficult to avoid. It raises revenue. But economists are almost universally agreed that it does distort economic activity."'

The Guardian reporting on discussion of SDLT at the Treasury Committee (see article on previous page), 13 November

WCoTA

30 years of fellowship and service

The City of London Livery Company for the tax profession, the Worshipful Company of Tax Advisers, is celebrating its 30th anniversary this year.

Offering a vibrant community for everyone who has worked in tax – and undoubtedly to all who read *Tax Adviser* – the Worshipful Company of Tax Advisers brings together like-minded professionals at every stage of their tax career. Members share an enthusiasm for discussing the tax issues of the day, socialising and contributing to the charitable and civic life of the City.

The concept of a livery company for tax advisers was first envisioned by board members of the Chartered Institute of Taxation, including Roy Jennings (who became the Company's first Master), Ian Luder, Michael Squires, Erica Stary, John Jeffrey-Cook and Robin Ivison. Originally founded as a Guild in 1995, it became the City of London's 107th Livery Company in 2005. On 8 July 2009, Her Majesty the Queen granted the Company a Royal Charter, which was formally presented by HRH The Duke of Gloucester KG GCVO on 13 May 2010 in The Great Hall of St Bartholomew's Hospital.

To mark its 30th anniversary, the Company held a celebratory reception at The Shard in May, and in the autumn launched a series of webinars on tax-related topics. On 20 October, Chris Sanger, one of the UK's leading commentators on tax policy, explored the task facing the Chancellor in the Autumn Budget. On 3 November, Liveryman Tom Wallace, WTT's Director for Tax Dispute Resolution and their HMRC Litigation Specialist, shared his extensive experience of HMRC Tax Investigations. The series will continue throughout 2026.

The Worshipful Company of Tax Advisers continues to enhance the standing of the tax profession in the City of London, complementing the work of the Chartered Institute of Taxation and the Association of Taxation Technicians. It promotes tax education through student bursaries and prizes to encourage new entrants to the profession, supports charitable and benevolent causes linked to taxation and the City, and fosters fellowship among tax professionals.

From formal dinners in London's historic livery halls, Guildhall and Mansion House, to visits to historic buildings and networking events across the City, the Company offers members a full programme of professional and social engagement. It also plays an active role in supporting the Lord Mayor of London – three of its Liverymen have served in this distinguished office – and participates in the City's business, governance and ceremonial life.

For more information about The Worshipful Company of Tax Advisers and its professional, charitable, social and civic activities, visit www.taxadvisers.org.uk or contact the Clerk at clerk@taxadvisers.org.uk.

Membership

Are you making the most of your ATT membership?

Membership of the ATT is a fantastic way to showcase your expertise and professionalism, and to be part of a growing community of tax professionals – but that's just the start. Membership also offers a range of other benefits designed to support you throughout your career.

Our latest member offering is one year's free digital access to Claritax's Essential Tax Library, consisting of five titles – *Income Tax, Capital Gains Tax, National Insurance Contributions, Value Added Tax* and *Capital Allowances*. ATT members should have already received their unique link and activation code by email, but if not please contact marketing@att.org.uk.

Another exclusive ATT member benefit is access to our mentoring programme, ATT Mentor Match (https://att.onpld.com), which is designed to support personal and professional growth through meaningful connections. Whether you are looking to develop new skills, gain insights or expand your network, this programme pairs experienced mentors with individuals who are seeking guidance and development. Through regular one-to-one sessions, participants receive tailored advice, constructive feedback and encouragement to help them achieve their goals.

This initiative fosters a culture of learning, collaboration and mutual respect, empowering everyone involved to reach their full potential and make lasting impacts within our community.

As well as *Tax Adviser,* ATT members receive other regular benefits, including:

- hard copies of the Annotated Finance Act, Whillan's Tax Tables and Tolley's Annual Tax Guide;
- up to 50 free ATT-branded tax rate cards to use in your office or share with clients, providing clear, up-to-date tax information;
- access to four free dedicated CPD webinars each year – recent topics have included inheritance tax changes, non-dom reforms and crypto-assets;
- discounted rates for our Annual Conferences;
- our monthly 'Employer Focus' newsletter;
- discounts with a range of other trusted partners; and
- the ever-popular ATT mouse mat.

If you're already an ATT member, make sure you receive the latest benefits by checking your details are up to date in the Portal (https://pilot-portal.tax.org.uk) and manage your preferences to receive relevant content via our Email Preference Centre at: www.tax.org.uk/preference-centre.

If you're a CIOT member and want to unlock the benefits of ATT membership, the good news is that you're eligible to join the ATT for a reduced subscription, with no need to take further exams. For more information about how to apply for ATT membership, go to: www.att.org.uk/apply-joint-attcta-membership

For more information on these and other benefits of ATT membership visit: www.att.org.uk/members/benefits-being-att-member

Spotlight

Spotlight on HMRC's Child Services Consultation Group

HMRC's Child Services Consultation Group is the main channel through which HMRC consults with external stakeholders on matters relating to benefits and credits – including child benefit, guardian's allowance and tax-free childcare – as well as legacy issues arising from the closure of the tax credits system.

Replacing the former Tax Credits Consultation Forum, the Child Services Consultation Group (CSCG) brings together representatives from a range of external organisations to provide feedback, insight and constructive challenge to HMRC. Members of the LITRG team attend these meetings to give a voice to unrepresented taxpayers.

The terms of reference for the group sets out HMRC's public commitment to consult with its customers on all major policy and operational issues, and to improving the customer experience in line with HMRC's Charter. The group acts as a sounding board for new initiatives and policy proposals from HMRC and ministers, as well as a communication channel for sharing operational updates or raising emerging problems that affect claimants.

The group usually meets quarterly and includes a wide range of organisations, most of whom are from the voluntary and community sectors – such as Citizens Advice, British Red Cross and Child Poverty Action Group.

Regular agenda items

Meetings usually include updates on HMRC's telephony, post and online services relating to legacy tax credits, child benefit and childcare services (including tax-free childcare). Discussions also cover live operational issues – such as managing tax credit debt, ongoing mandatory reconsiderations and appeals, and any issues identified as the finalisation of tax credit awards nears an end.

Other agenda items include discussion of any legislative changes. For example, it discussed a recent extension to the timeframe for claiming tax-free childcare when starting work or returning from leave.

Engagement outside of the meeting programme

Outside of the meetings, CSCG members can raise queries or concerns directly with the group's secretariat. For example, HMRC stops child benefit automatically on 31 August on or after a child's 16th birthday unless the child benefit claimant confirms their child is staying on in approved education or training.

LITRG recently received questions via social media channels about this confirmation process, which were raised with HMRC. We were then able to clarify the position in an article on the LITRG website (see tinyurl.com/2hyc8rrh)

Occasionally, HMRC also invites group members to review draft guidance or correspondence before publication, ensuring stakeholder input helps improve clarity and customer understanding.

Jane Booth: jbooth@litrg.org.uk
Victoria Todd: vtodd@litrg.org.uk

ADIT

The year in ADIT webinars

The international tax landscape continues to evolve at a rapid pace, requiring tax professionals around the world to stay abreast of the latest developments across a range of complex topics, from the two-pillar BEPS solution and global tax transparency, to new forms of taxation aimed at addressing wealth inequalities and environmental challenges.

Fortunately, an expanding range of international tax webinars – in which the growing worldwide ADIT community plays a key role – supports practitioners in developing their expertise and keeping on top of key subjects.

2025 has seen a record number of sessions delivered by our team, in partnership with our nine ADIT Champions and a host of international tax experts around the world. Nearly 20 ADIT webinars have taken place in the year to date, attracting a combined audience of approximately 3,900 delegates.

Our global ADIT International Tax Webinar programme has featured popular sessions on wide-ranging topics including the exchange of information, anti-avoidance measures and the taxation of trusts, led respectively by ADIT holders Angelo Chirulli, Piyush Bafna and Maria Muzarowska (in the latter case, alongside fellow trusts expert Nirav Shah).

Indirect tax has also featured on our agenda, with Caren Agala and ADIT graduate Stanley Mutabari exploring VAT on digital supplies in a number of African countries, and a special panel session helmed by ADIT tutor Nikki Richmond, which saw a group of practitioners with decades of experience discuss the realities of a career in cross-border VAT.

Meanwhile, our programme of ADIT Network Webinars, organised with the help of our ADIT Champions and which explore topics of particular interest to ADIT communities in different regions of the world, has continued to grow.

This year's highlights have included the first ever sessions for our Egypt, Southern Africa and Uganda networks, and a special joint webinar with the ADIT Gulf States and Malaysia & Southeast Asia networks, comparing transfer pricing practice between the two regions. Our Champions have played a key role in delivering these sessions, supporting the learning needs of their communities and demonstrating the value of ADIT as a gateway to international tax learning and best practice.

We are tremendously grateful to all of our webinar participants, including the ADIT Champions and speakers from around the world, and organisations including Tolley Exam Training and the Zimbabwe Institute of Tax Accountants with whom we collaborated on specific sessions. We hope everybody who attended a webinar found it useful and insightful, and we look forward to more sessions in 2026.

Details of upcoming ADIT webinars can be found at www.tax.org.uk/adit/webinars, and recordings of previous sessions are available at www.tax.org.uk/adit/past-webinars.

Disciplinary reports

ATT student

CONSENT ORDER

At a hearing on 11 June 2025, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that a student member of the Association of Taxation Technicians was in breach of the Professional Rules and Practice Guidelines 2018 (as amended in 2021) (PRPG).

The tribunal considered the following charges against the student:

1. When sitting the ATT Paper 1: Personal Taxation Examination on 5 November 2024, and the ATT Paper 5: Inheritance Tax, Trusts and Estates Examination on 6 November 2024, the defendant used a Generative Artificial Intelligence product (GENAI).
2. The defendant was dishonest, in that she knew at the time of the examinations that such conduct was in breach of the ATT Online Examination Regulations.
3. Alternatively, the defendant ought to have known at the time of the examinations that such conduct was in breach of the ATT Online Examination Regulations.

The tribunal found Charges 1 and 2 proved. It therefore did not need to consider Charge 3.

The tribunal determined that the appropriate sanction was that it recommend to ATT that the student be removed from ATT's student register for a period of three years and that the student pay the TDB's costs in the sum of £3,180.

The tribunal determined that it was appropriate that the student's name be redacted from any publicity.

CONSENT ORDER

Mr Sharath Mahalinga

At hearings on 12 and 26 June 2025, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Mr Sharath Mahalinga of Bangalore, India, a student member of the Association of Taxation Technicians, was in breach of the Professional Rules and Practice Guidelines 2018 (as amended in 2021) (PRPG).

The tribunal considered the following charges against Mr Mahalinga:

Charge 1

1.1 When sitting the ATT Paper 2: Business Taxation Examination on 6 November 2024, the defendant used a Generative Artificial Intelligence product (GENAI).

1.2 The defendant was dishonest, in that he knew at the time of the examination that such conduct was in breach of the ATT Online Examination Regulations.

1.3 Alternatively, the defendant ought to have known at the time of the examination that such conduct was in breach of the ATT Online Examination Regulations.

Charge 2

2.1 When sitting the ATT Paper 2: Business Taxation Examination on 6 November 2024, the defendant engaged in communication with another individual.

2.2 The defendant was dishonest, in that he knew at the time of the examination that such conduct was in breach of the ATT Online Examination Regulations November 2024.

2.3 Alternatively, the defendant ought to have known at the time of the examination that such conduct was in breach of the ATT Online Examination Regulations November 2024.

The tribunal found Charges 1.1, 1.2, 2.1 and 2.2 proved. It therefore did not need to consider Charges 1.3 and 2.3.

The tribunal determined that the appropriate sanction was that it recommend to ATT that Mr Mahalinga be removed from ATT's student register and that he pay the TDB's costs in the sum of £3,513.

CONSENT ORDER

Ms Charlotte Bean

At hearings on 11 and 16 June 2025, the Disciplinary Tribunal of the Taxation Disciplinary Board determined that Ms Charlotte Bean of Liverpool, a student member of the Association of Taxation Technicians, was in breach of the Professional Rules and Practice Guidelines 2018 (as amended in 2021) (PRPG).

The tribunal considered the following charges against Ms Bean:

1. When sitting ATT Paper 4: Corporation Taxation examination on 5 November 2024 and ATT Paper 2: Business Taxation examination on 6 November 2024, the defendant used a Generative Artificial Intelligence product (GENAI).
2. The defendant was dishonest, in that she knew at the time of the examinations that such conduct was in breach of the ATT Online Examination Regulations.
3. Alternatively, the defendant ought to have known at the time of the examinations that such conduct was in breach of the ATT Online Examination Regulations.

The tribunal found Charges 1 and 3 proved. It found Charge 2 not proved.

The tribunal determined that the appropriate sanction was that Ms Bean be censured, such censure to remain on her record for a period of three years, and that Ms Bean pay the TDB's costs in the sum of £2,520.

A copy of the tribunal's decisions and reasons can be found on the TDB's website at www.tax-board.org.uk.

London Branch Face-to-face events

The CIOT and ATT London Branch has announced that face-to-face events are now back on the agenda, providing members with the chance to reconnect, network and engage in live CPD in the heart of London. Members can keep an eye on the full 2026 programme via the branch events calendar and booking pages, with in-person sessions scheduled for early next year.

A series of in-person events are scheduled for Spring and Summer 2026, and include:

- **Talking Topical Tax** (26 February) with Dan Neidle (Tax Policy Associates) and Ellen Milner (COIT)
- **A Guide to the Tax Qualification Landscape** (5 March) with Simon Groom (Tolley)
- **Property lifecycle: key tax issues on acquisition, ownership and sale** (19 March) with Heather Britton (PKF Francis Clark).

Whether you're new to the profession or a seasoned adviser, the London Branch invites you to be part of the live-event experience once more.

Find out more, and register for, London Branch events at: www.tax.org.uk/london-branch-programme

Reception

Celebrating Volunteers and Creativity: Joint Presidents' Reception

CIOT President Nichola Ross Martin


ATT President Graham Batty


Special recognition was given to award winners for their exceptional service.

On Thursday 16 October, the iconic National Theatre provided a fitting backdrop for the Joint Presidents' Reception – an evening dedicated to honouring the exceptional contributions of volunteers within the Association of Taxation Technicians (ATT) and the Chartered Institute of Taxation (CIOT).

The evening brought together members, council representatives and guests in a venue symbolic of both creativity and collaboration. The evening opened with a warm and insightful welcome from Paul Handley, Production and Technical Director at the National Theatre, who reflected on the theatre's rich heritage and its pivotal role in the UK's cultural landscape.

In their opening remarks, ATT President Graham Batty and CIOT President Nichola Ross Martin paid heartfelt tribute to the volunteers whose commitment underpins the success of branch programmes, governance and shaping the future of the profession. Their speeches explored key themes including the evolution of tax education, ethical considerations around generative AI and the challenges posed by regulatory change.

Guests were reminded of the wider cultural and economic significance of the UK's creative sector, its close ties with tourism and the importance of maintaining stability in tax reliefs for creative businesses. The discussion acknowledged the unique working patterns of performers and creatives, emphasising the need for flexibility in employment and tax policy.

A highlight of the evening was the presentation of awards, with special recognition given to individuals for their exceptional service. Among the ATT award-winners were Katharine Lindley (ATT Council Award), John Foulkes and Justine Riccomini (Certificates of Appreciation), and Senga Prior (Past Presidential Scroll). CIOT awards were also presented, including certificates of thanks and merit to Ian Hayes, Professor Penelope Tuck, Karen Eckstein, Mike Thexton, Susie Walker and Charlotte Barbour (Past Presidential Scroll). Joint branch certificates celebrated outstanding contributions from Catherine Cox, Andrew Evans, Davyd Fisher, Craig Pollock and Anne Smith.

As Shakespeare famously observed, 'All the world's a stage.' On this occasion, it was a stage for celebrating dedication, creativity and collaboration. The Joint Presidents' Reception was not only a tribute to the volunteers who make ATT and CIOT thrive but also a reminder of the collective effort that drives both organisations forward.

Membership

Annual Returns now due: Top ten tips

An Annual Return must be completed by all CIOT and ATT members and ADIT Affiliates each year, excluding students or those fully retired. You should receive an email reminder to submit the return and pay subscriptions due. If you do not receive the reminder you must still fulfil this mandatory membership requirement by 31 January 2026, otherwise you will become subject to a financial penalty or referral to the Taxation Disciplinary Board (https://tax-board.org.uk).

We recommend that you add membership@ciot.org.uk or membership@att.org.uk to your email contact list to ensure that you receive our emails. If you don't receive the reminder in November, we suggest checking your spam folder and ensuring we have your current email address on record. Members can view and update their details in their Portal account.

Why do we require an Annual Return?

CIOT and ATT members and ADIT Affiliates are required to meet high professional standards as these are essential in retaining our reputation for excellence in tax, and in maintaining trust in the tax profession by the public, HMRC and others. The Annual Return is one of the tools we use to ensure that these standards are being met as members confirm they are meeting membership and legal requirements.

Top ten tips to complete your return:

1. The form can be accessed at https://pilot-portal.tax.org.uk and it works best accessed through the following browsers:
   - Microsoft Edge v86 or higher
   - Google Chrome v86 or higher

   Some members have previously experienced problems using Firefox and Internet Explorer so these browsers are best avoided where possible.
2. The questions cover the period from 1 January to 31 December 2025. The deadline for submission is 31 January 2026.
3. Members are asked whether they work in tax. Make sure you answer this correctly so that the form generates the right follow up questions. You are working in tax if you provide tax compliance, tax advice, consultancy or guidance in tax services in either private practice, the public sector (e.g. HMRC), commerce, industry or the not-for-profit sector. Working in tax includes those working in mixed tax and technology or tax software development roles, or in any other form including roles that are not client focused such as writers, lecturers and trainers in the area of tax.
4. If you have more than one tax role, for example, you are employed as an 'in-house' tax adviser in industry and also run your own private practice, you **must** select all the appropriate options so that required questions relating to each role are generated. If you have more than one tax role applicable to the individual listed options; e.g. you are a director of two different tax or accounting practices on Companies House, please email us at standards@tax.org.uk with details of your additional tax roles.
5. If you are working in tax and have your own business, you will be asked to confirm your Anti-Money Laundering (AML) supervisor. Please provide information that you have confirmed is correct when indicating your AML supervisor. You must be able to provide evidence of this if requested.

   If your supervisor is not on the drop-down list, please answer 'No' to the question: 'Does your practice/firm/partnership have an Anti-Money Laundering Supervisor?' and give an explanation in the box provided.
6. AML supervision with CIOT or ATT is not automatically provided as part of your membership subscription and requires a separate registration and annual renewal. Members are not meeting their legal requirements if they are in business providing tax or accounting services and are not registered for AML supervision. Further information about registration is available on the CIOT website (see www.tax.org.uk/amlsreg) and the ATT website (see tinyurl.com/k7w4vrm5).
7. The return asks members providing tax services by way of their own business to confirm they have Professional Indemnity Insurance (PII) in place and to identify which insurer is providing that cover. It may be helpful to have these details to hand before starting to complete the form.
8. There is further guidance on how to complete the Annual Return questions on the CIOT website (see tinyurl.com/5x4dd7dc) and the ATT website (see tinyurl.com/u2cz8j4h). This guidance includes some FAQs

on how to answer the AML supervision, PII or CPD sections, setting out your requirements and what you need to tell us (depending on your circumstances).

9. The form generates a summary of all the answers provided for you to review and edit (if necessary) before final submission. We recommend checking the summary, as experience has shown it can sometimes be easy to hit a wrong button and give an erroneous non-compliant answer!
10. If you need any other assistance with completion of the Annual Return, for example, with how to answer particular questions, or if you have concerns that you have not met all your membership requirements, then contact membership@tax.org.uk in the first instance. It is important to contact us if you need any help or are having any difficulties so we can work with you to ensure compliance. Ignoring reminders and failing to meet this membership requirement will result in a fine or a referral to the Taxation Disciplinary Board.

Membership

Membership subscription rates for CIOT, ADIT affiliates and ATT

CIOT 2026	
Associate/Standard	£452
Overseas Standard	£417
Fellow	£472
Overseas Fellow	£432
Retired with Literature	£89
Retired without Literature	£23
Reduced Rate	£89
Life Associate/No fee renewal	£154

ATT 2026	
Standard	£257
Fellow	£279
Joint Rate	£158
Joint Fellow	£170
Retired with Literature	£147
Retired without Literature	£21
Reduced Rate (Not working)	£82
Low Income Reduced Rate	£147
Life Member	£212

ADIT 2026	
ADIT Affiliate	£210
Joint Rate	£105
Reduced Rate	£49

A MEMBER'S VIEW

Valerie Leung

Indirect Tax Assistant Manager, Grant Thornton UK Tax & Advisory LLP

This month's ATT member spotlight is on Valerie Leung, Indirect Tax Assistant Manager, Grant Thornton UK Tax & Advisory LLP.

How did you find out about a career in tax?

I first discovered tax during my accounting degree at university. While most students dreaded the taxation modules, I found them oddly fascinating. It wasn't just about calculations; it was about understanding how laws apply in practice. That curiosity led me to explore the profession further, and the more I learned, the more I realised how dynamic and rewarding tax could be.

Why is the ATT qualification important?

It provides a strong foundation in technical tax knowledge and a wider understanding of the business environment. The CBEs sharpened my commercial awareness and practical thinking, while Papers 1, 2, and 6 laid a solid base in essential tax principles and trained me to approach tax problems confidently. These skills are now part of my everyday work.

Why did you pursue a career in tax?

Tax felt like a good fit for me. With my background in accounting and a Master's degree in data, I was drawn to the analytical nature of the work – solving problems, interpreting legislation and applying logic in a structured way. It's a field that constantly evolves, which keeps things interesting. Plus, there's real satisfaction in helping clients to navigate the maze of tax rules and seeing the impact of your advice.

Describe yourself in three words

Curious, adaptable and motivated.

Who has influenced you in your career so far?

Basically, everyone in my firm has influenced me. From the day I joined, I've received guidance and encouragement from senior colleagues who helped me build a strong foundation. Their support and kindness have shaped how I approach challenges and continue to grow. I've also been inspired by my peers – through countless days (and nights!) of revision and shared learning, we've explored the beauty of VAT together and supported each other in building meaningful careers.

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

Go for it! ATT gives you a strong foundation in tax and a broad understanding of the UK tax system. It sets you up to become a well-rounded adviser, ready to tackle real-world tax issues with the confidence to thrive in the area you choose to specialise in later.

What are your predictions for the tax industry in the future?

Technology will play a major role in shaping the future of tax. With the rise of AI tools, advisers will need to adapt – using tech to work more efficiently while applying human judgement to ensure accuracy.

What advice would you give to your future self?

Don't stop learning. Tax is constantly evolving. Even after years in the industry, I know I'll never stop adapting. Staying curious and open to change will keep me growing into a better adviser every day.

Tell me something that others may not know about you.

I'm originally from Hong Kong – one of the few places without a VAT system. Starting my VAT career in the UK felt like stepping into a whole new world. Learning how the system works, especially from an international perspective, was challenging and exciting. It sparked a genuine interest in an area I never expected to enjoy.

Contact

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

MILSTED LANGDON

Spread your wings and join our team

Milsted Langdon LLP is one of the leading independent firms of Chartered Accountants and Business Advisers in the Southwest. Our roles provide excellent opportunities for growth and career progression, as well as learning, a good work-life balance and personal development.

Corporate or Mixed Tax Senior

Location: Bristol Office | **Qualifications:** ATT qualified and working towards/looking to start CTA

Role overview:

Responsibility for a range of corporate and mixed tax work across our growing owner managed business client base, including reviewing corporation tax returns and developing your skills across a broad range of tax consultancy projects, including group reorganisation planning, business sales, Purchase of Own Shares transactions, R&D tax relief and handling a variety of tax clearances. You will also have the opportunity to get involved with share transactions and share option planning, including EMI share options.

You will have full support from the manager and partner team to help develop your skills and over time, will take on responsibility for the financial management of your clients including recovery rates, debt and WIP management.

You will also be responsible for ensuring the clients you work with will receive the best possible client experience. Your manager and your colleagues will ensure that you are mentored and helped to thrive every day.

Key skills and competencies:

- Strong tax technical knowledge
- Post-qualification experience in corporate tax compliance and some of the planning areas mentioned opposite (support will be provided to develop your skills)
- A background in corporate or mixed tax with experience of some (or all) of the following:
  - Owner managed business tax planning
  - Corporate tax reviews
  - R&D
  - Share structuring
  - Share for share exchanges
  - Reorganisations
- Experience in either a supervisory or assistant manager role
- Excellent interpersonal and client management skills

Benefits:

Competitive salary	Gym & Retail Discounts	MediCash Plan	Will Writing	Flexible Working	Plus much more!

To apply or for further information about this role, please email teamML@milstedlangdon.co.uk

For more career opportunities, please visit milstedlangdon.co.uk

GEORGIANA HEAD
Taxation Recruitment

GEORGIANA HEAD

Director

Tel: 0113 418 0767
Mob: 07957 842 402

georgiana@ghrtax.com

Tax Lawyer or CTA
Remote UK
£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: 3616**

Corporate Tax Manager
Birmingham
£excellent

A classic corporate tax role for a qualified corporate tax manager (ACA, CTA, ICAS or ACCA). You will deal with a mix of compliance and advisory works for OMBs and larger groups. As a key member of this team, you will report to directors and partners and be actively involved in both client and team management. Hybrid, flexible and part-time hours possible. Good prospects in this growing firm.
Call Georgiana Ref: 3636

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: 3619**

Tax Director
Wilmslow
£excellent

Our client is a growing independent firm with a great client base ranging from sole traders to multi-million-pound corporates, but the firm's approach is the same: deliver exceptional personal service, get to know the ins and outs of each business, and provide proactive advice that helps clients reach their goals. They seek a Tax Director to lead the Tax team, to provide tax advice and support to the partners whilst managing their own portfolio. An excellent opportunity with clear scope for equity participation in the future. Lovely offices too. **Call Georgiana Ref: 3632**

Personal Tax Senior
Wilmslow
£excellent

Growing independent firm with lovely offices in Wilmslow seeks an experienced personal tax senior. Day to day, your role will involve: managing the delivery of day-to-day personal tax compliance to a portfolio of individuals including high-net-worth clients, business owners and directors; review of work of more junior staff; working with directors to provide advice to colleagues and clients on a range of tax issues, including capital gains tax; considerable client contact; and liaison with HMRC. ATT an advantage. Flexible working, full- or part-time hours and hybrid working available. **Call Georgiana Ref: 3631**

www.georgianaheadrecruitment.com

Lloyd Dowson

CHARTERED | ACCOUNTANTS
TAX AND BUSINESS ADVISORS

Experienced Manager or Tax Director
Bridlington
£60,000 to £85,000 dependent on experience

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


CHAMPIONS
STEP
UP
Compliance Opportunities
Scan me
Rules are the foundation of a fair society. Without them? Chaos. But when we follow them, they fund the vital work that supports the public. Compliance is all about ensuring that everything runs smoothly and fairly. If you would like a job with purpose, where rules matter, join out talent network today to keep updated on the roles we have coming up.
HM Revenue & Customs

Tax Manager (In House)

Wetherby, Yorkshire

£65,000 + electric car scheme + free parking + hybrid working + bonus scheme + salary save scheme + pension + development

Company

Augean Limited is a UK specialist in managing hard to handle wastes across its UK treatment and disposal infrastructure, focussing on delivering the best environmental outcomes. Augean is a market leader serving the renewable energy, construction, nuclear and radioactive, processing and manufacturing, oil and gas, and industrial cleaning sectors. Their ISO accredited facilities service the length and breadth of the UK and manage up to one million tonnes of hard to handle wastes, with the ability to accept a wide variety of contaminants. Supporting their strategic development plans an exciting new opportunity has emerged for an up-and-coming in-house Tax Manager to manage and provide expertise across Taxation.

Role

A new development opportunity has been created for a lead role in Tax. You will be an integral part of the Finance team, reporting to the senior finance and engaging closely with the Commercial leadership team and CFO your key responsibilities will be to ensure compliance with the company's tax obligations and becoming the Groups trusted advisor in relation to all tax compliance and particularly around Corporation Tax and Landfill Tax. This role will also entail the compiling/reviewing and submission of the Group's Landfill Tax, Corporation Tax, VAT and certain PAYE returns.

- Manage company's tax reporting and compliance, ensuring all legal requirements are met whilst having impeccably organised systems and paperwork.
- Ensure tax compliance by preparing/reviewing and submitting timely direct tax returns covering Landfill Tax, Corporation Tax, VAT, PAYE.
- Support commercial decision making with respect of Landfill Tax by being the arbitrator and raising awareness and providing training across compliance and legislative requirements.
- Lead and manage both external/Internal audit processes, third party tax advisors and HMRC covering all enquiries, ensuring tax documentation, timely response and communication with stakeholders.
- Manage tax accounting process, including calculation of deferred tax assets and liabilities making sure compliance is met with financial reporting standards.
- Responsible for balance sheet reconciliations of the tax accounts
- Review the process and audit trail for Landfill Tax and direct taxes
- Maintain a tax risk register.
- Prepare and report monthly, quarterly and annual tax payment forecasting.

Person

We are searching for an up-and-coming and engaging hands-on Tax Manager, who is now ready to step into a new leading and evolving role where they have an opportunity to make a difference and develop your career in a growing and commercial organisation. You will bring strong up to date technical expertise across UK tax laws and regulations and proficiency in tax compliance. Areas of expertise cover Compliance, Process, Forecasting, and Audit trail. Your track record and a can-do attitude are critical to succeed.

- Of Graduate calibre and either qualified or working towards CTA qualification or qualified by experience with relevant Tax experience from practise or inhouse from industry.
- Knowledge of working effectively with accounting systems and practises a benefit.
- Knowledge of Corporation Tax and familiar within a corporate, commercial environment.
- Excellent analytical and problem-solving skills
- Attention to detail and accuracy in financial reporting.
- Excellent presentation and communication skills, both written and verbal.
- Commercially astute, financially literate and up to date with tax laws and regulations.
- Have strong influencing skills and leadership and engage with stakeholders at any level within the Group.

Augean is a recognised progressive employer that understands the business will only prosper by employing and developing the right people and that all individuals are responsible for creating a culture that supports their prosperity. In return we can offer genuine personal development opportunities and the right environment to contribute and add to shaping the business. They believe in commitment to quality, reliability and sustainability.

Scan the QR code to apply

*If you wish to have a private discussion, then please contact **Hardeep Lall** on **01858 414309***

K3 TA

Flexible remote working

Join our growing team – from anywhere in the UK!

K3 Tax Advisory, part of the K3 Capital Group, is a highly dedicated team of specialists delivering tailored, strategic tax advice across a wide range of sectors and clients.

We are committed to a fully remote working model, allowing you to work from the location that suits you - with the option to use office space across the UK if you prefer. We're looking for brilliant people who value flexibility, autonomy and a genuinely supportive team culture.

We are growing and looking to expand our **Family & Wealth** and **Corporate Tax** teams across **Associate, Assistant Manager and Manager** levels.

Opportunities span a range of advisory and compliance specialisms, including transactions, international and residence issues, capital taxes and trusts, with training for relevant qualifications (ACA/ATT/CTA pathway) fully supported.

If you're keen to join a high-performing remote team, we'd love to hear from you.

Scan the QR code to learn more or register your interest.

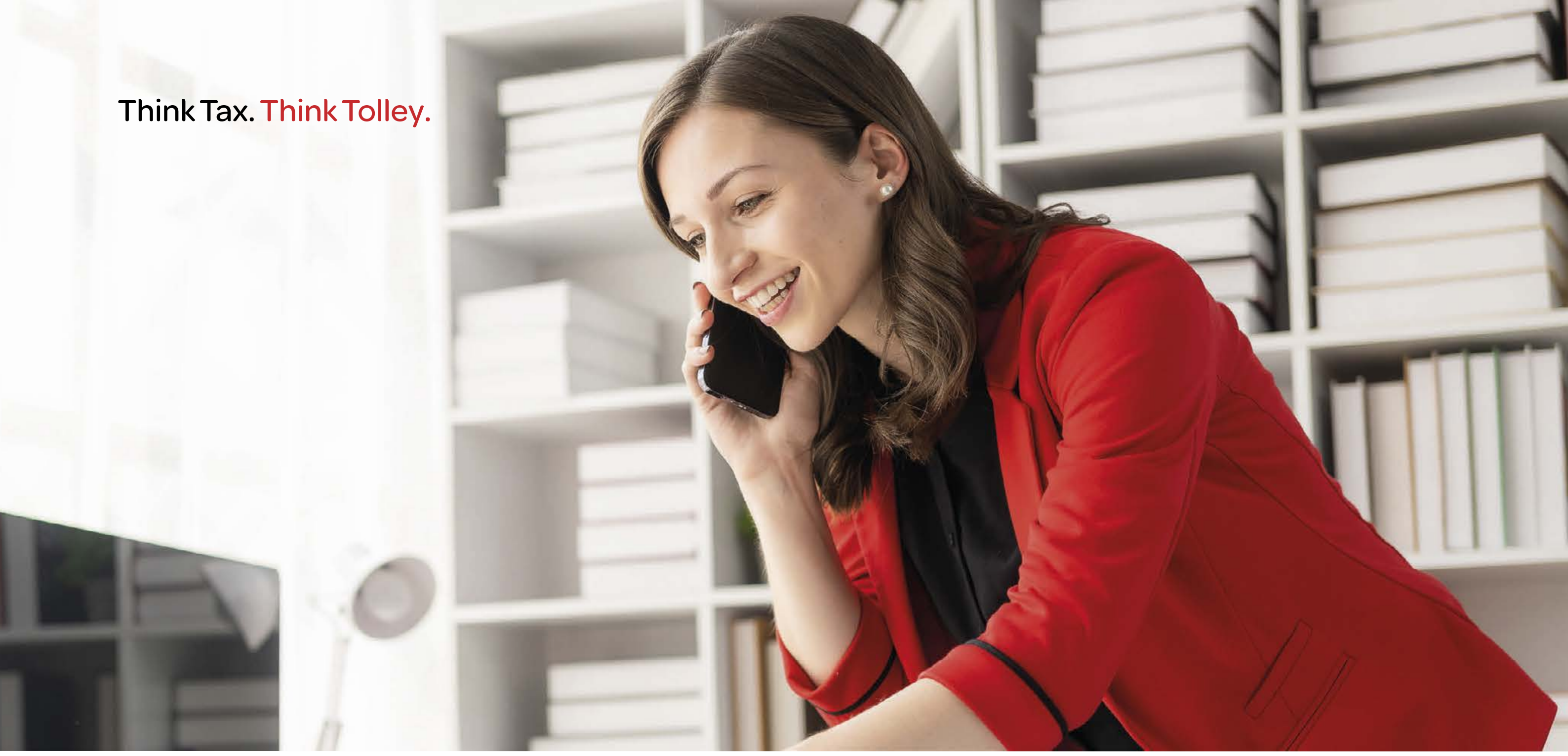
Want to know more?
Let's have a confidential chat:

Samantha Relph
Group Head of Recruitment
& Talent Acquisition
samantha.relph@k3capitalgroup.com

Scan to apply today

ARE YOU BEING PAID WHAT YOU'RE WORTH?

Scan for a confidential chat



SEEKING FRESH TALENT IN TAX?

Is your business seeking the finest talent in Tax?

Look no further - At Tolley we have unrivalled reach to UK's best Tax professionals.

Partner with Tolley to:

- Get your vacancies exposed to the highest quality candidates.
- Benefit from our unparalleled network in Tax.
- Reach the right audience, fast.

Contact us today

Tolley® Tax intelligence from LexisNexis®