



Fact Sheet

2 MAY 2023

Tax Administration and Maintenance Day – 27 April 2023

As part of the Spring Budget 2023, the Treasury said that it would “bring forward a further set of tax administration and maintenance announcements later in the spring at a Tax Administration and Maintenance Day” (TAMD).

Five weeks later that date was set for 27 April to “outline the action the government is taking to simplify the tax system, tackle the tax gap and modernise the tax system.” Quite what the day would offer was made the more interesting by the fact that on 19 December the government quietly announced a two-year delay in the next stage of its flagship tax modernisation plan, Making Tax Digital.

In the event, TAMD was marked by the publication of 23 technical tax updates, covering areas such as off-payroll working tax collection and decentralised finance (DeFi), and future consultations on transfer pricing and the Help to Save scheme.

We have summarised some of the key areas likely to have a direct impact on tax planning in the months and years ahead. Links to individual measures are provided to explore further details.

The full collection of documents is available online at <https://www.gov.uk/government/collections/tax-administration-and-maintenance-spring-2023#summary-of-tax-administration-and-maintenance:-spring-2023>



PERSONAL TAXATION

National insurance credit changes

Some eligible parents who have not claimed child benefit (mainly because of the impact of the high income child benefit charge) are at risk of losing their future entitlement to a full state pension. The government plans to address this issue to enable affected parents to receive a national insurance credit retrospectively. Further details of next steps will be set out in due course.

Repayment agents

Earlier this year, the government announced that income tax repayment agents would be required to register with HMRC. A deadline for registration of 2 August 2023 has now been confirmed, along with details of how agents need to register with HMRC and some exemptions available.

SAVINGS AND INVESTMENTS

Help to Save

In the Spring Budget 2023, the government announced that it was extending the Help to Save scheme in its current form to April 2025. The Treasury has now published a consultation on the scheme's design to assess how it could be simplified and take up encouraged among its target low income audience.

Modernisation of the stamp taxes on shares framework
The government has published a consultation on proposals to modernise and rationalise the framework for stamp taxes on shares. The consultation addresses issues such as whether to replace the current framework of stamp duty and stamp duty reserve tax with a single securities tax.

Reserved Investor Fund consultation

As part of a longer-term review of the UK investment funds regime, a consultation has been published by HMRC and the Treasury on a new type of investment fund: the Reserved Investor Fund (RIF). RIFs would be open to professional and institutional investors but not to a broader retail investment market. The paper focuses on the proposed scope and design of the tax regime for RIFs.

Tax treatment of decentralised finance lending and staking

A response to the call for evidence on the tax treatment of crypto-asset transactions in decentralised finance lending and staking has been published by the government. At the same time, a consultation has been issued on the

potential for an amendment to the tax rules so they better reflect the substance of these arrangements – there are circumstances where the current capital gains tax rules are inconsistent with the substance of the activity.

BUSINESS TAXES

Umbrella company market

A summary of responses will be published shortly to the 2021 call for evidence on the umbrella company market, which has grown substantially since HMRC tightened the rules on off-payroll working. Simultaneously, the government will also publish a consultation on policy options to regulate and tackle non-compliance in the umbrella company market.

Off-payroll working

The government has published a consultation on a potential legislative change to deal with the over-collection of tax that can arise when the off-payroll working rules (sometimes called IR35) are not complied with. In such circumstances, the deemed employer is liable for the full PAYE liability due on the worker's income, but the worker and their personal service company may have already paid tax and national insurance contributions (NICs) on the same income. The consultation suggests a potential change to allow HMRC to set off the worker's tax and NICs already paid against the employer's PAYE liability.

Construction industry scheme

A new consultation paper proposes a package of reforms to the construction industry scheme (CIS). These include strengthening the tests for gross payment status (GPS), principally by including VAT in the compliance test when considering qualification and retention of GPS. It also considers administrative simplifications, such as excluding from the CIS most payments made by commercial landlords to tenants.

Employee ownership trusts

Later this year, the government will publish a consultation on the use and effectiveness of the employee ownership trust tax regime, aiming to ensure the available reliefs are operating as intended and not being used for unintended tax planning purposes.

Customs treatment of post and parcel exports

The government has published a consultation on proposals to improve the customs treatment of post and parcel exports focussing on low-value post and parcels.

Diverted profits tax, transfer pricing and permanent establishment reform

In May 2023, the government will publish a consultation on simplifying and updating legislation covering:

- diverted profits tax (increased rate on diverted UK profits);
- transfer pricing (related party transactions); and
- permanent establishments (right to tax non-resident entities with a UK business presence).

Business tax debt modernisation

The government has published a summary of responses to an earlier consultation on modernising tax debt collection from non-paying businesses. Further investigation of the approach to modernising HMRC's powers in this area is now planned.

CHARITIES

Charities compliance measures

The government has published a consultation on tax compliance within the charity sector as it believes "some rules are not working as intended". The consultation covers a range of areas, including:

- preventing donors from obtaining a financial benefit from their donation;
- preventing abuse of the charitable investment rules;
- closing a gap in non-charitable expenditure rules; and
- sanctioning charities that do not meet their filing and payment obligations.

Gift Aid

The government says that it will continue to engage with the charities sector to improve the way Gift Aid works to minimise administrative burdens through the use of digital technology. However, no specific papers or promise of future proposals were released today.

TAX ADMINISTRATION AND TAX AVOIDANCE

Information and data

The government has published a call for evidence on information and data powers as part of the Tax Administration Framework Review (TAFR). The call focuses on standardising data provision from third parties, designing more flexible legislation, considering pre-population of returns, and simplifying powers to bring more consistency across different tax regimes.

A legislative approach to piloting

As part of its TAFR, the government has published a discussion document on a potential new legislative approach that HMRC could use to pilot changes (a 'sandbox'). The document explores opportunities and challenges of possible sandbox testing models and what safeguards might be necessary and proportionate.

Data gaps

The government has published a summary of responses to HMRC's consultation on improving the data HMRC

collects from its customers. The government now intends to proceed with collecting new data on self-employed start/end dates, employee hours worked and dividends paid in owner-managed businesses, with legislation contained in a future Finance Bill.

Tackling promoters of tax avoidance

The government has published a consultation on the introduction of a new criminal offence for promoters of tax avoidance who fail to comply with a legal notice from HMRC to stop promoting a tax avoidance scheme. The government is also consulting on expediting the disqualification of directors of companies involved in promoting tax avoidance including those who exercise control or influence over a company.

HMRC evaluation list

HMRC has published an update to its tax reliefs evaluation list, bringing together the evaluations previously announced. Plans to evaluate plastic packaging tax and the capital allowances super deduction have been confirmed.



For further information, please contact Louise Delamere at louisedelamere@bgm.co.uk or your usual BGM partner.

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