

Since we were last here ...

What a busy month it has been! I warned you last month to be ready for the reduction in National Insurance contributions and the cancellation of the Health and Social Care levy that was due to come in next year. This change has now been passed into law in [the Health and Social Care Levy \(Repeal\) Act 2022](#). The requirement to put messages about the levy on payslips has also been removed.

Those of you who are employers should, I hope, now be geared up to use the new NI rates which apply from 6th November. Effectively the NI position is back to what it was at the start of the year. HMRC helpfully [reminds you](#) that it was for you and your software provider to get this done in time and your employees will be coming back to you if there is a problem. If the software you use is HMRC's Basic PAYE Tools (BPT) then you **must** download the new version, which is available from **4 November 2022**. You should then make sure to check the version number in the bottom left-hand corner of the BPT screen: the one you need is version 22.2.

VAT Penalties

Starting next January there will be a new penalty regime for VAT late payments. The effect will be to allow a small amount of leeway for the kind of short term cashflow problems that might happen to anyone but to penalise more heavily anyone who uses their VAT as an unauthorised overdraft. This will clearly not be relevant to anyone who reads this newsletter <stern look> but if you want to know more the details [are here](#) and there will be more guidance published in December.

I also suggested that you should carry on being diligent about your IR35 determinations till the 2021 rules were abolished in April 2023. As you will be aware, those rules will **not** now be abolished, so the position on IR35 remains unchanged: you, the client, remain responsible for determining the employment status of your contractors and for operating PAYE where appropriate.

The new government is making financial decisions of "eye watering difficulty", the results of which we will see in the Autumn Statement on 17 November. Be assured I will be glued to the screen when announcements are made and, depending on what is there, will tell you more either in December's issue or if necessary in an Autumn Statement special.

Business Tax Account

Just a little reminder from HMRC [here](#) on how to add people to your business tax account team and give team members access to a tax, duty or scheme. This can only be done by an administrator: you should ensure you know who your administrator is and, needless to say, have contingency plans in place in case a key person is run over by the proverbial bus.

Repayment agents

Repayment agents make their living out of dealing with HMRC for people who may be due small repayments: taking a small cut from a large number of small claims. This is all very well – more often than not these are claims people could make themselves but they don't have an accountant and don't feel comfortable approaching HMRC directly. But a number of "rogue" agents have been asking people to sign up to have any repayment any year paid to the agents, and some have been keeping the money and not passing any of it on to the taxpayer. Even reputable agents have been found to have faults in their processes: claiming a permanent assignment of

repayments when it hasn't been clear to their customers that this is what they have signed up for. Large numbers of people can be involved.

HMRC have agreed to make repayments directly to 60,000 customers of an agent called Tax Credits Ltd. The announcement [can be found here](#) and the Low Income Tax Reform Group has [an excellent guide here](#) to the Tax Credits Ltd case and what to do if you have signed up with a different agent but think your circumstances are similar.

My suggestion is that you treat a repayment agent like you would treat someone offering to help you make a PPI claim and be careful of what you sign.

VAT is now digital

Well here we are: from 1 November the "old" VAT portal has closed and all VAT-registered businesses should be signed up to MTD (Making Tax Digital), using software to keep their records and MTD software (or MTD compatible bridging software) to file their VAT returns.

HMRC argue that everyone who needed to know about this will have known in plenty of time (see for example [this press release](#) from last month).

If it is not reasonably practical for you to make VAT returns digitally - for example because of

- your age,
- a disability
- your location
- you are unable to use computers on religious grounds

then you should contact HMRC and [request an exemption](#). And quickly!

VAT and buildings

When you look at pages on gov.uk you will find that there is usually a helpful note at the bottom of the page that tells you when the page was last updated. [VAT Notice 708: Building and construction](#) was updated on 10 October.

Don't panic: "How to work out the VAT on building work and materials if you're a contractor, subcontractor or developer" has only had a minor tweak.

"The overview and section 2 have been updated to include information about the VAT domestic reverse charge. The certificate in section 18.1 has been updated to confirm you'll need to include the name and address of the organisation receiving the building work."

In other words the guidance now reminds you that you need to apply the domestic reverse charge from 1 March 2021 to "some" supplies of building and construction services, and points you to the pages where you can [check when you must use the VAT reverse charge for building and construction services](#) (this has not changed since September 2020) and [the technical guide to the VAT reverse charge](#). (This does not have any updates listed so we can reasonably assume it has stayed the same).

In other words, it looks as if HMRC have tidied up the VAT notice and the only substantive change is that you have to include the name and address of the organisation receiving the building work if you issue a Zero-rated and reduced-rated building work certificate.

Christmas is coming

A reminder from HMRC that any of your employees who are in receipt of Universal Credit can be badly affected by changes in payment date so there is a permanent “easement” for Christmas. If you pay early (because you’re closed over Christmas or whatever) you should still report PAYE as if it had been paid on the normal or contractual date. So for example if you pay what would normally have been due on 30 December on 16 December you should show it on the full payment submission (FPS) as 30 December and make the FPS on or before 30 December. The HMRC reminder [is here](#).

And finally...

Not a tax story but an [RICS survey](#). It helpfully tells us that, although the amount of construction work out there continues to grow, profit margins are expected to reduce as recruitment, materials and now credit all become harder and more expensive to acquire. As my grandma would say, it’s being so cheerful as keeps us going!