

# JTC NEWSLINE

Issue 175

June 2023

## Construction Industry Consultation

Another reminder of the [open consultation](#) on proposed changes to the CIS scheme: if you have any comments you should email them to [cisconsultations@hmrc.gov.uk](mailto:cisconsultations@hmrc.gov.uk) by 20th July 2023.

We could take up the possibility of asking for a joint meeting under the collective umbrella of the JTC. If you would be interested in taking part or being represented, please contact me by return.

There is also a survey hosted by the FIS [here](#) to inform such a meeting which it would be helpful if you could complete whether you wish to make any further response or not.

The proposals:

- VAT to be added to the taxes that have to be in good order before Gross Payment Status is granted.
- HMRC to get a new power to “direct” what channel is used to apply for Gross Payment Status (eventually moving everyone to digital).
- Remove the distinction between landlord/tenant payments that are and aren’t reverse premiums (so out of or in CIS), either by making them all within CIS or all out of CIS.
- Property owning groups of companies (those which own multiple properties, each through a separate company) and similar to be brought within a grouping arrangement.

There is also a general request for ideas for improvements to the CIS scheme: now is the time to put forward any specifics that would be helpful.

HMRC’s 20 consultation questions follow, (you don’t need to answer them all to respond: just the ones relevant to you).

**Question 1:** What are your views on including VAT in the Gross Payment Status (GPS) compliance test?

**Question 2:** Can you see any unintended consequences if VAT was added to the compliance test: are there barriers to submitting returns/payments in a timely manner, and could the proposal affect compliant or particular sized businesses?

**Question 3:** What channels of application are preferred, and do you envisage any challenges in shifting to digital?

**Question 4:** Are there any other changes that could be made to the scheme which would prevent abuse, while also maintaining simplicity for legitimate users?

**Question 5:** Should any landlord to tenant payment be within the scope of CIS?

**Question 6:** Do all landlord to tenant payments include an inducement or encouragement element?

**Question 7:** How do you identify whether a transaction includes an inducement or encouragement element?

**Question 8:** What are the drivers for delegating building fabric works to tenants rather than landlords arranging it themselves?

**Question 9:** Which of the solutions suggested is preferable?

**Question 10:** What are the advantages and disadvantages of these proposed solutions?

**Question 11:** Is there a risk of creating the potential for manipulation/avoidance of the scheme by the diversion of monies via tenants?

**Question 12:** Are there groups, other than property groups, that are affected by the excessive volume of returns they are submitting to HMRC?

Continued on next page

## Construction Industry Consultation cont'd

**Question 13:** Is a 'grouping arrangement' the best solution to the problem outlined and are there any elements which have not been set out?

**Question 14:** What responsibility in a 'grouping arrangement' should rest exclusively with the individual companies within the group and what responsibility with the nominated company?

**Question 15:** Do you see any specific anomalies which may arise in the context of CT and VAT grouping arrangements?

**Question 16:** Should the reporting of intra-group transactions be excluded on the CIS group return?

**Question 17:** Will establishing a 'grouping arrangement' impact on third party software providers?

**Question 18:** Should the process of a 'grouping arrangement' be statutorily prescribed by HMRC, and if so, to what extent?

**Question 19:** Are there any other issues you think will need to be considered?

**Question 20:** Are there areas of the CIS in terms of its scope and or administration where simplifications or improvements could be made? ■

## Self-assessment threshold change

If you are taxed through PAYE and have uncomplicated tax affairs (e.g. you don't receive any untaxed income, you're not self-employed or a partner in a business or liable to high income child benefit charge) then you still have to complete a tax return if your income is over £100,000. From 2023-24 onwards, however, this threshold changes to £150,000. ■

## HMRC service

The remainder of this month's news relates to HMRC's service levels, and to be honest it is not particularly good news. First of all the Public Accounts Committee has issued its latest report on HMRC's activities and is critical of its failure to catch up with the compliance activities and, in the most serious cases, prosecutions that it missed when staff were redeployed during the pandemic. You can read their report [here](#). ■

## Advisory fuel rates from 1st June 2023

The latest update applies from 1st June 2023. These rates only apply to employees using a company car.

You can use the rates when you either:

- reimburse employees for business travel in their company cars
- need employees to repay the cost of fuel used for private travel

Note: From 1st June 2023 the advisory electric rate for fully electric cars rises to 9p a mile and electricity remains not a fuel for car fuel benefits purposes.

Hybrid cars are treated as either petrol or diesel cars for advisory fuel rates.

You can use the previous rates for up to 1 month from the date the new rates apply.

The details [can be read here](#). The new rates per mile are listed below. ■

Engine size	Petrol	Diesel	LPG	Electric* <small>*Fully electric cars only</small>
1,400cc or less	13p		10p	9p
1,600cc or less		12p		9p
1,401cc - 2,000cc	15p		12p	9p
1,601cc - 2,000cc		14p		9p
Over 2,000cc	23p	18p	18p	5p

## HMRC helplines

The VAT registration helpline closed on 22nd May, apparently because more than 85% of the calls to it were from people asking for an update on the progress of their applications. Allegedly the staff from the helpline will be redeployed to processing applications instead. The IT Self-Assessment helpline also closed for three months from 12th June to 4th September, with HMRC describing this as a “trial” of a “seasonal model” for the helpline. However, the Chartered Institute of Taxation points out that over a million people called the helpline during the same three months last year.

This year they will all have to make do with the digital service or wait till the autumn. ■

## Refunds from HMRC

Did you know that, according to a Freedom of Information Act request, businesses temporarily overpaid a total of £11.9 billion in Corporation Tax (CT) in 2022? HMRC will not repay you automatically: you have to send in your CT return and make a claim. Mostly this isn't a problem, but you should check that your accountant is on the ball, you aren't making unnecessary overpayments, and claiming back if necessary. To do that, start [here](#). ■

## Replies from HMRC

You may not be aware that there is a nifty tool on the gov.uk website where you can find out how long HMRC expects to take to answer correspondence. It's worth a look, if only to be staggered by the leeway they give themselves. The tool is updated weekly and you can now use it to check when you'll receive a reply to queries and requests about employers' PAYE and National Insurance. Find it [here](#). ■

## Interesting times

A couple of other snippets that may be of interest. Did you know that – according to a survey by a payroll software vendor, so make of that what you will – the average UK payroll run takes a day, whereas in Australia and New Zealand the average is two hours?

Also – and I confidently expect you will never need to know this in real life – HMRC makes about four thousand “dawn raids” each year in pursuit of evidence in cases of serious fraud. A number of legal firms have prepared apps (search “dawn raid” or “raid response” on your app store) which provide checklists of what you need to do in the unlikely event you are one of the businesses raided. Don't be!

And finally, according to a Freedom of Information Act request, there were only 115 taxpayers in the trial of MTD for Income Tax when the trial was paused last year. Let's hope they recruit at least a few more before deciding the system is working well enough to go live! ■

**If you have any feedback  
or queries relating to any of the  
items in Newsline  
email:  
[wendy.bradley.42@gmail.com](mailto:wendy.bradley.42@gmail.com)**