

Virtual Communications Group
Digital Services Update
June 2021

Making Tax Digital (MTD)

- There are over 1.5 million businesses signed up to MTD as of 31 May and over 11 million VAT returns have been successfully submitted. Overall, an estimated 89.3% of all businesses mandated to join from April 2019 are now signed up to the MTD service. The proportion of non-mandated businesses who have signed up voluntarily is currently around 30.9%.
- There was another successful VAT peak in May which resulted in the Enterprise Tax Management Platform (ETMP) processing just over 550,000 VAT returns with a compliance rate of 92.5%. The resulting payments took the total receipts in ETMP since the start of MTD VAT to over £100 billion.
- Around 10% of the MTD for VAT population above the VAT threshold who are mandated to sign up to MTD for VAT are yet to do so. HMRC intend to send reminder letters over the coming months to those remaining businesses, advising that if they do not sign up, they may incur penalties.
- **HMRC recently announced that agents will not be able to bulk sign up clients for MTD for ITSA. HMRC are planning to speak with several agent bodies to investigate how HMRC can assist in making the sign-up process to MTD ITSA less resource intensive for agents.**
- In the weeks ahead, HMRC will be contacting software providers informing them of HMRC's digitisation strategy:
- We intend to decommission the VAT mainframe (which accepts XML submissions) and move every VAT record to the ETMP (which does not accept XML submissions). ETMP will eventually be used to store all customer's tax records, not just VAT.
- HMRC will need a valid and current email address for customers to enable non-MTD VAT customers' Direct Debit payments to continue after migration of customer records from the VAT Mainframe (VMF) to our new ETMP. This allows HMRC to comply with UK banking regulations requiring them to notify customers of the date and amount to be taken by Direct Debit. Without a valid email address, HMRC may be unable to collect VAT payments.
 - o HMRC will contact affected customers by post, informing them that HMRC will be cancelling their Direct Debit and asking them to regularly log into their Business Tax Account (BTA) between July and September 2021. Customers will then be introduced to a step-to-step process on how to update their Direct Debit information.
 - o Customer communications explaining this in more detail will be sent out throughout June. HMRC plan to have contacted all affected customers by 5 July 2021.
- A new print and post version of the VAT1, a form for manual applications, was introduced in November. This was updated in December. We are still receiving a significant number of the older versions of the VAT1 form for manual applications, primarily from agents. We are asking all to use the new online print and post version,

and to destroy stock of the old version, and providing more information as part of our agent update in July.

- In May 2021, MTD presented at an Accountex virtual summit which was attended by some 750 accountants and agents. The presentation was well received. MTD will present again at Accountex in September.

Trust Registration Service (TRS)

Taxable trusts

As previously advised, taxable trusts are now required to provide additional data to confirm if:

- the trust is, or not, an Express Trust,
- a non-UK trust has a business relationship in the UK,
- the trust has purchased any UK land/property,
- the trust has a controlling interest in a non-EEA company (and if so, provide company details).

Additional data about the individuals involved in the trust can also be provided, such as:

- country of residence
- country of nationality
- whether the person has mental capacity at the time of registration

Once you have given us the above information, you will need to sign out of the service before you can update any additional information about the trust.

TRS technical manual published.

We have now published the [Trust Registration Service manual](#). This manual aims to provide detailed, technical information, building on the overview guidance already available on [GOV.UK](#) and within the service. This manual may be of interest to trustees, agents, personal representatives, and organisations classed as 'Relevant Persons' under the Money Laundering Regulations.

The manual contains information on a number of areas such as registration requirements, information required to register and data retention obligations. Additional material on subjects including deadlines, penalties and third-party information sharing will be added to the manual in due course.

Proof of registration

It is now possible to download a PDF from the service to demonstrate proof of registration, however providing proof of registration for the purposes of due diligent checks is not legally required until March 2022.

Non-taxable trusts

We are continuing to allow non-taxable trusts to register their trust details on an invited basis.

If you have a non-taxable trust and are willing to participate in this development phase, please email: service_team17.digital_ddcn@digital.hmrc.gov.uk

All requests will be logged, and we will be in contact regarding an invitation.

Changing a non-taxable trust to a taxable trust

We will soon be starting to allow non-taxable trusts that have registered as part of the development phase, to update TRS if they become taxable.

We ask that you and your members do not contact the HMRC trusts helpline about non-taxable trusts as this part of the service are still in development.

Changes to the 'claim a trust' process

We have listened to your feedback and will soon be making changes to the claim a trust process. There will no longer be a requirement for the trust to be claimed by the client to authorise an agent to make changes to the trust details. The client will still need to create a Government Gateway Organisation Credential to authorise the agent before an agent can make changes to the trust details.

Tax Administration Strategy

Tax Administration Framework Reform Call for Evidence

In July 2020, the Government published its 10-year strategy for the tax system (Building a trusted, modern tax administration system) - this committed to publishing a call for evidence on the Tax Administration Framework. The call for evidence was published on 23 March and can be found on [GOV.UK](https://www.gov.uk).

This call for evidence is the first step in designing a tax administration system fit for all the challenges and opportunities of the modern era, including the flexibility and capacity to respond in future national crises.

It explores, at a high level, how the framework could be reformed to improve the ways in which people experience the tax system and build and maintain trust between HMRC and taxpayers. It seeks to generate discussion on:

- making the process of entering and exiting the tax system (registering and de-registering) simpler and more consistent across taxes

- using the opportunities from a digital, real-time tax system to simplify the calculation and assessment of tax liabilities.
- greater use of information and data sources (including from third parties) to reduce errors and enhance transparency.
- reducing variation in the different obligations, processes and timelines for paying tax to HMRC (and for HMRC making repayments).
- opportunities for updating taxpayer safeguards and sanctions to fit with a digital tax system and promote fairness and trust.

The call for evidence considers different aspects of the tax administration framework. Respondents should not feel that they must respond to all the questions in this document. HMRC also welcomes partial responses, focused on the individual aspects of the framework that are most relevant to the respondent.

We look forward to working collaboratively with Agents as this Review develops. Any questions, queries or response to the Call for Evidence should be sent to adminframeworkreview@hmrc.gov.uk by 13 July.

Timely Payment Call for Evidence

As part of the Government's 10-year strategy to modernise the tax administration system, a call for evidence was published at Tax Policies and Consultations Day on 23 March, to open the dialogue on timely payment of tax.

This call for evidence is looking at the benefits and challenges of the current tax payment timings, and for moving to more frequent, in year tax calculation and payment. It focuses on the timing of paying income tax under Self-Assessment, and corporation tax for companies not already in the quarterly payment regimes.

We recognise reforms to payment timings would be a significant change and we have not committed to any changes yet. We want to have a collaborative, open and transparent discussion with stakeholders so that the impacts of any proposed changes on different taxpayer groups can be fully understood, consulted on and accommodated. [More information](#) is available on GOV.UK, and you can email responses to: timely.payments@hmrc.gov.uk.

Agent Forum (AF)

As at the end of May 2021, the Forum had 1561 registered subscribers with 60 joining in May, including Professional Bodies, which exceeds the amount of 1229 users signed up to its predecessor forum. We are separately inviting various customer groups with Capital Gains payment liabilities or Trust registration responsibilities to HMRC; the Law Society and Society for Trust and Estate Practitioners (STEPS) amongst them. Registrations will continue to grow as new Agents are invited to register as part of their email Agent journey.

Participation and issues traffic are also increasing. We are also stepping up our recruitment of internal HMRC users. In 21/22 we have received **216** widespread issues so far, dealing with and closing **73** across all Heads of Duty.

We continue to support agents and their clients through the COVID-19 crisis and have a live dedicated panel to deal with related issues and publish guidance for all associated schemes including the Self-Employed Income Support Scheme (SEISS) and Job Retention Scheme (JRS).

We have recently set-up two new boards, one for Agent Forum user information which will make the guidance easy to access and one for the Issues Overview Group (IOG) escalated issues.

We have in conjunction with our IOG stakeholder colleagues, put in place procedures to identify high priority widespread issues to be taken forward for resolution with our internal technical specialist and communications partners. This is being monitored by the Agent Forum team and others.

We continue building our internal HMRC Subject Matter Experts (SMEs) capability, formalising recruitment from across HMRC to improve the quality and timeliness of issue resolution responses and to focus on Agent Forum operations.

Performance metrics so far for 21/22 include over **10,700** forum views. All posts are moderated daily with appropriate responses given, as determined by subject matter, related traffic generated, and referrals provided by lines of business. We have reviewed our performance metrics to more effectively manage our live 'aged cases' portfolio, given we better understand new functionality provided by the MS Dynamics platform.

The Digital Customer Support Services (DCSS) Agent Team is staffed by a Service Manager and 3.5 FTE Moderators.