

Making Tax Digital for Business (MTDfB)

We continue to work with volunteer agents and their clients on testing and developing the MTDfB service for income tax and national insurance – this is for businesses with income from self-employment, or landlords with income from property.

We will shortly move into the Public Beta phase of Income Tax Self-Assessment (ITSA) MTD as we continue to test and refine the service. This means we will open up it up to more Agents and businesses, gradually increasing the numbers of users to include the full range of ITSA businesses. Initially, the service will only be available to businesses who already interact with us for income tax purposes, and for their existing agents. In due course it will be available to new businesses, and new agent/client relationships too.

Agents who have created an Agent Services account will be able to sign up their clients to the new service through GOV.UK (as long as they have an existing, authorised self-assessment relationship with the client). Agents can then use their MTD enabled software to submit quarterly income and expenditure for their client.

Access to the new service will be via GOV.UK along with more detailed information about how to subscribe and submit quarterly updates.

As you prepare for the transition to MTDfB, ensuring your clients keep business records digitally is the most important step you can take. If you are not already doing this you'll need to think about how and when to move your clients to digital record keeping. If you and they are already using software, you should check with your software provider when their ITSA products will be ready for MTDfB.

The Government announced on 13 July that it will include legislation for Making Tax Digital for Business (MTDfB) in the next Finance Bill. This is progressing through Parliament at the moment. There is an overview of the legislation and Income Tax Regulations on [GOV.UK](#). The VAT regulations will be published before the end of the year, followed by the usual period of consultation.

We are already working with software developers on technical testing for the MTDfB service for VAT. In Spring 2018 we will begin to pilot the VAT service with a small number of VAT registered businesses and their Agents. The pilot will expand in numbers and features in the lead up to April 2019. From that point, VAT registered business over the VAT threshold must keep their business records digitally and provide their VAT return information to HMRC through MTDfB compatible software.

An "Introduction to MTDfB" Agent Talking Points was held on 14/15 September. A recording of the session is available on [GOV.UK Agent toolkits, digital meetings, webinars, e-learning and videos](#).

Agent Services Account

Testing has continued with a limited number of agents during November. The services being

tested by users are:

- creating an agent services account – this is a one off process that an agency will need to complete to enable the firm and its staff to access new HMRC digital services, including the Trust Registration Service
- linking existing self-assessment clients to the agent services account – this involves linking existing agent codes to the agent service account, so an agency can act on behalf of their client without needing to be re-authorized by that client
- subscribing a client to the service – an agency can initially subscribe any existing self-assessment client with who has previously authorised the agency to act for them in SA e.g. 64-8 authorisation is in place
- completing a quarterly update for a client – an agent must have HMRC compatible third party software to do this

An authorisation service, which continues to be user tested, will allow an agency to send a digital invitation to a taxpayer they wish to represent in MTDfB. The client will be able to accept or reject the invitation using a secure online process.

Agent Talking Points on the Agent Services Account, providing an update on testing and availability of the services, will be held on 30 November and 1 December. Agents wishing to join the Talking Points should register at <https://www.gov.uk/government/news/webinars-e-learning-and-videos-if-youre-a-tax-agent-or-adviser>

Trust Registration Service

The new Trusts Registration Service (TRS) allows trustees to register their trust and complex estates online, and provide information on the beneficial owners of the trust or estate. The new service was launched in July 2017 for trustees and replaces the 41G (Trust) paper form, which was withdrawn at the end of April 2017. This is now the only way that trusts and complex estates can obtain their SA Unique Taxpayer Reference.

The new TRS was opened up to agents in October 2017, and as part of this digital service, agents will be taken through the steps to create an Agent Services account before they can [register on behalf of trustees](#).

In this first year of the TRS, there will be no penalty imposed where registration is completed after 5 October but before 5 January 2018. This is to allow sufficient time to complete the registration of a trust or complex estate, for Self-Assessment (SA) and provide beneficial ownership information. Where the trust is already registered for SA, the trustees (or their agent) of either a UK or non-UK (express) trust that incur a UK tax liability, must provide beneficial ownership information about the trust, using the TRS, by 31 January annually, after the end of each tax year.

The new service will provide a single online service for trusts to comply with their registration obligations. The aim of the new service is to improve the processes around the administration of trusts, and allow HMRC to collect, hold and retrieve up to date information in a central electronic

register.

The online TRS is currently available to UK based agencies. Overseas agencies who need to register a trust should contact the Trusts Helpline.

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/trusts>

We are currently developing the penalty framework, including for the first year of the TRS. We will provide an update when the process has been agreed.

We are also developing a process to be introduced in 2018 which will allow lead trustees and their agents to update their registered information or to declare that there have not been any changes to their registered information.

HMRC have facilitated a number of webinars for agents on how to use the new TRS. We are looking to run another session in November. Details on how you or your members can attend the November webinar can be found at: <https://www.gov.uk/government/collections/hmrc-webinars-email-alerts-and-videos>

The information required to register a trust

To register a trust you'll need:

- the name of the trust
- the trust address and telephone number
- the date the trust was established
- the country where the trust is resident
- details of the trust assets including address(es) and values.

You will also need to provide information about all:

- trustee(s)
- settlor(s)
- beneficiaries or class of beneficiaries
- if applicable, protectors (if any) and any other person exercising control over the trust.

The information required about each person or organisation occupying that role will include:

- name
- date of birth
- National Insurance (NI) number if they are UK resident, unless a minor
- an address and passport or ID number for non UK residents, if there's no NI number
- Unique Tax Reference (UTR) (if an organisation).

Further guidance

- Find out more about the [Trust Registration Service on GOV.UK](#).
- You can find more information in the [September HMRC Trusts and Estates Newsletter](#).
- You can also watch a recording of the 8 September 2017 [Trust Talking Points meeting](#).

Making Tax Digital for Individuals (MTDfi)

The Personal Tax Account

The Personal Tax Account (PTA) continues to grow in popularity with over 13.2 million users. Some headlines include:

- Over 5 million checked their State Pension forecast

- Over 5 million checked their tax estimate service
- Over 4.5 million opted in to paperless communication
- Since 2016, over 3.6 million online P800 refunds
- Over 2 million views of the tax credit payment service
- Over 1 million tax credit renewals in 2017
- 79.3% of customers were satisfied with the PTA.

MTDfl Agents Access

We launched a new proof of concept (POC) service on the 18th July with the aim of providing authorised agents access to certain information held within the Personal Tax Account (PTA).

So far we have invited a small number of agents to trial two versions of the service and used their feedback to make improvements. The service is accessed by HMRC invite only and currently provides to the following 2016-17 information for 50 clients per day:

- Pay
- Tax paid
- Employer name
- PAYE reference
- Company Benefits
- Allowances
- Employment start & end dates

We are expanding the data available and also the number of agents using the service in a controlled way and are using user feedback to improve the service. Further updates on next steps will follow in future digital services briefings.

Annual Tax on Enveloped Dwellings (ATED)

Get ready to send your client's 2018/19 Annual Tax on Enveloped Dwellings (ATED) return online

From 1st April 2018, all online ATED returns must be filed using the new ATED digital service. Register now with HMRC to use the new online service well before this date. The old online forms will be withdrawn on 31 March 2018.

The new online service enables your clients to:

- receive instant access to registration details online, rather than wait for them to be delivered in the post
- file all ATED returns
- get immediate confirmation of submission of a return
- save and retrieve return information before submitting to HMRC
- view or amend returns already submitted
- print a copy of a return already submitted
- get instant access to a payment reference number
- monitor their account, including any outstanding balance
- save information previously inputted, reducing the need to key in duplicate information in later years
- complete client/agent authorisation requests online.

Agents can also:

- see a list of all ATED clients in one place
- file returns on behalf of their clients and manage their online account

- manage their own list of clients within their agent organisation.

Taxpayers can prepare for the annual reporting period and appoint their agent if they haven't already done so. Go to [ATED online](#) for more information. Please note that you will not be able to submit a return for the 2018/19 chargeable period until 1 April 2018.

Self-Assessment (SA) Pre-Population APIs - Agent Identity Verification

Our SA Pre-Population APIs allow agents using third party software to access client data while completing a Self-Assessment return. This includes employments, income, tax, benefits, class 2 NICs and Marriage Allowance.

We've been trialling a pre-release version of the APIs since April 2017. We are listening to feedback from agents and continuing to improve the APIs but they are already proving useful. Agents involved in the trial have reported a 13% reduction in the need for client contact and an 18% reduction in the need for HMRC contact.

We're therefore planning to make the APIs available to all software developers in time for the January SA Peak. In advance of this, we have decided to implement an additional security measure. We take the security of customer data very seriously and we also know that organised criminals target tax agents, so the threat is very real.

Agents will need to pass a one-off identity check. We'll make this process as simple as we can, balancing ease of use with enhanced security.

We'll be publishing more details of these changes to agents in December. Before then, we'll be seeking feedback from agent professional bodies.

Cyber Security

Cyber Security Advice

Windows 7

Windows 7 has recently had its 8th birthday, which is a long time in computer security terms. Malicious software has significantly increased in sophistication and volume since 2009, and the threats are very different today.

It has been more than 2½ years since Microsoft ended mainstream support for Windows 7, and security updates will cease in Jan 2020. Newer operating systems, like Windows 10, have many more modern security features that make it far more difficult for attackers to compromise. This doesn't mean Windows 7 isn't safe however, and whilst security updates are still being released and applied, it should be resilient to common attacks.

Microsoft also offers EMET (the Enhanced Mitigation Experience Toolkit), which can protect Windows 7 further with some of the advanced security features found in Windows 10. If agents are still running Windows 7 and have an IT team able to configure EMET, it is certainly worth considering. It is also worth planning your upgrade from Windows 7 before Jan 2020, when Microsoft will stop fixing security holes, leaving remaining Windows 7 users at significant risk.

The National Cyber Security Centre offers a range of guidance on staying secure online, which can be found at: <https://www.ncsc.gov.uk/guidance>.

Agent Online Forum

The new online Agent Forum is releasing a further 100 spaces for agents. The forum provides an opportunity for agents to:

- raise potential widespread issues
- provide evidence to support an issue
- receive updates on current issues
- suggest solutions or disagree with an item being referred to as an issue
- view recently cleared issues
- suggest ideas for operational improvements

Issues raised on the forum are monitored and prioritised by the Issues Overview Group (IOG) who progress responses with HMRC. Agents interested in joining the Agent Forum should register through the contact list on page 19 of Agent Update 62. A Talking Points on the operation of the IOG and the Agent Forum is being held on 21 November at 1pm. Agents wishing to join the Talking Points should register at <https://www.gov.uk/government/news/webinars-e-learning-and-videos-if-youre-a-tax-agent-or-adviser>