



Welcome

Hello and welcome to the December edition of the Employer Bulletin

This edition brings you the latest HMRC updates and guidance to support employers and payroll agents as we continue in these uncertain times. Coronavirus updates include information on the extension to the Coronavirus Job Retention Scheme, VAT Deferral and VAT reverse charge measure for the construction industry, Statutory Sick Pay eligibility for those self-isolating, Virtual Christmas Parties and checking the financial benefits of Tax-Free Childcare.

There are also important updates regarding the Brexit Transition, Customs Grant Scheme and information on travelling to and from the EU from January 2021.

There's also another timely reminder on reporting PAYE information in real time when payments are made early at Christmas, which I would strongly encourage you to read. Alongside timely information for Occupational pensions and Off-payroll working rules in relation to Student/Postgraduate Loans.

There is information on the "Tax avoidance: don't get caught out" campaign and the new HMRC Charter.

As always, we encourage you to use our online services when contacting or sending us information. [HMRC's COVID-19 YouTube playlist](#) is where you'll find details of all live and recorded webinars in relation to COVID-19 announcements, and make sure you are kept up to date with changes by signing up to receive our [email alerts](#). You can also follow us on [twitter@HMRC.gov.uk](#).

Another useful source of information is the [Agent Update](#), the latest edition will be released soon providing updates for tax agents and advisers. HMRC is committed to helping businesses in these challenging times. Now more than ever, our aim is to deliver clear, consistent and timely information which is appropriate for employers and helps you to meet your payroll obligations to HMRC. So, if you have any comments or suggestions about any of the content of the Employer Bulletin or would like to see a specific topic covered, please drop me a line at [wendy.bell1@hmrc.gov.uk](#). Your feedback as always is most welcome.

Many thanks

Wendy Bell
Editor

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Extension to the Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme (CJRS) has been extended until the end of March 2021 for all parts of the UK. From 1 November, the UK Government will pay 80% of employees' usual wages for the hours not worked, up to a cap of £2,500 per month. The terms of the scheme will be reviewed in January.

You must continue to pay the associated employer National Insurance contributions and any pension contributions from your own funds.

What's new in the support available

You and your employees do not need to have benefitted from the scheme before to claim for periods after 1 November.

There are now monthly deadlines for claims. This means that you may need to submit earlier than you have in previous months. Use this [list of dates](#) to help you submit your claim before it's too late. You must submit any claims for November, no later than 14 December.

The full guidance for claims from November onwards, including how you can check if you're eligible and how to calculate and make a claim online, can be found on [GOV.UK](#).

Publishing employers' information

From February, HMRC will publish the names, an indication of the value of claims and Company Registration Numbers (for those who have one) of employers who make Coronavirus Job Retention Scheme (CJRS) claims that cover periods from December onwards.

You can see more on how we'll indicate the value of these claims in [banded ranges on GOV.UK](#).

Employers can request their details are not published where disclosure of this information would result in a serious risk of violence or intimidation to the employer, an employee, director or member of their household.

Details of CJRS claims will be published monthly as part of HMRC's commitment to transparency and to deter fraudulent claims.

Employees will also be able to check if their employer has made a CJRS claim on their behalf through their online Personal Tax Account from February. Employees should talk to their employer in the first instance if they have any questions.

Job Retention Bonus and Job Support Scheme

The Job Retention Bonus will no longer be paid in February 2021, as CJRS will be available at that time. An alternative retention incentive will be put in place at the appropriate time. The launch of the Job Support Scheme has also been postponed.

VAT Deferral

As part of the [Winter Economy Plan](#) the Government announced that businesses who deferred VAT due from 20 March to 30 June 2020 will now have the option to pay in smaller payments over a longer period. Instead of paying the full amount by the end of March 2021, you can make smaller payments up to the end of March 2022, interest free. You will need to opt into the scheme, and if you do, this means that your deferred VAT liabilities do not need to be paid by the end of March 2021.

The VAT deferral new payment scheme will require a direct debit to be set up as part of the digital opt-in process and this must be done by the authorised bank account holder only. We will communicate the details of the scheme and its operation in time for you to complete the opt-in process.

If you can pay your deferred VAT, you should still do so by 31 March 2021. You should contact HMRC's Time to Pay service if you need more help to pay deferred VAT.

Further information is available at [GOV.UK](#).

VAT reverse charge for construction and building services

In order to help construction businesses deal with the effects that the coronavirus pandemic has had on them and give them more time to prepare, this reverse charge measure – originally due to be introduced from 1 October 2020 – will now come in on 1 March 2021. [A Revenue and Customs Brief](#) was issued in June, giving more information.

Every VAT registered construction business will have received a letter in September 2020, advising them to check if they may be liable for the reverse charge. If they are liable, they should start to prepare now.

Further information on the scope of the reverse charge and how it will operate can be found in this [guidance note](#).

The key aspects are:

- It will apply to standard and reduced-rated supplies of building and construction services made to VAT registered businesses, who in turn also make onward supplies of those building and construction services
- The contractor will be responsible for paying the output VAT due rather than the sub-contractor but can continue to reclaim this amount as input tax
- The scope of supplies affected is closely aligned to the supplies required to be reported under the Construction Industry Scheme but does not include supplies of staff or workers for use by the customer
- The legislation introduces the concept of “end users” and “intermediary suppliers”. This covers businesses or groups of associated businesses that do not make supplies of building and construction services to third parties and as such are excluded from the scope of the reverse charge if they receive such supplies. Examples include landlords, tenants and property developers.

HMRC has begun running webinars for businesses, for which you can [register here](#). If no dates are showing as available, the webinar recordings will be made available online.

More information on the Construction Industry Scheme can be found [here](#).

Statutory Sick Pay eligibility for those self-isolating or shielding due to coronavirus

If your employee is sick or incapable of work, you must pay them a minimum of [Statutory Sick Pay](#) (SSP), where they are eligible.

If your employee is clinically extremely vulnerable and cannot work because they have received a notification advising them to shield, you can furlough them under the Coronavirus Job Retention Scheme if you are eligible to do so. As a minimum, you must pay them SSP, where they are eligible.

You must pay SSP from the first day of your employee’s absence from work if they are self-isolating due to COVID-19. This could be because:

- They are displaying symptoms of, or have tested positive for, COVID-19
- Someone in their household (including linked or extended household) is displaying symptoms of, or has tested positive for COVID-19
- They have been notified by the NHS or public health authorities that they have been in contact with someone with COVID-19.

Your employee may be required to self-isolate multiple times. Each time they are required to self-isolate “provided all eligibility criteria are met” they must receive SSP for the [duration of their absence](#). Small and medium employers can [reclaim](#) up to two weeks of SSP paid per employee for absences related to COVID-19.

The get [an isolation note](#) service was introduced to reduce pressure on GPs by avoiding the need for employees to contact their GP unnecessarily for evidence relating to self-isolation. We strongly suggest that employers use their discretion around the need for medical evidence where an employee is advised to self-isolate in accordance with public health advice. Employers can check an isolation note is valid by using the [check an isolation note](#) service.

Messages for employers who operate a childcare voucher scheme

Due to the coronavirus restrictions, many employees are now working differently and may not require their usual childcare services. Existing users of the childcare voucher scheme can continue to receive childcare vouchers but may wish to temporarily receive a lower amount so that they don't build a large stockpile of vouchers over time.

You may want to remind your employees that they can reduce their contribution by speaking with you and agreeing to a new lower amount (both the employer and employee must consent). Contributions can be increased again later as and when required and varying the amount will not affect eligibility to the scheme, provided that the normal conditions of the scheme are met.

If your employees receive childcare vouchers via salary sacrifice, check they aren't better off financially on Tax-Free Childcare

Tax-Free Childcare (TFC) supports eligible working parents with the costs of childcare. Across the UK, for every £8 paid into a childcare account, the government contributes an extra £2, up to £2,000 per child (under 12 years old) per year, and £4,000 for children (under 17 years old) who are disabled. **Some families who currently use childcare vouchers could be better off on TFC.**

Therefore, if your employees are currently in receipt of childcare vouchers, they may want to check to see if they might be financially better off on TFC. The hypothetical examples below may help to demonstrate where this is the case, and users can check how much they could receive with [TFC](#).

Example 1: Family with children aged 2 and 6 years old

David and Sarah have two children, Oliver aged 6 and Amelia aged 2. Sarah is employed and receives tax exempt childcare vouchers through her work via salary sacrifice. David is self-employed and so cannot receive tax exempt childcare vouchers.

Oliver goes to an afterschool club for 38 weeks a year and a holiday club for six weeks of the year. His annual childcare costs are £3,345.28. Amelia is at a nursery for 48 weeks a year with an annual cost of £12,262.56. This makes an annual total for David and Sarah of £15,607.84. As a higher rate taxpayer, Sarah receives a total of £1,484 in tax exempt childcare vouchers per year, saving £623 in tax and NICs. David receives no relief. On TFC, David and Sarah would receive the full £2,000 top up for Amelia's care and £669 for Oliver's care (per annum). Their total top up is £2,669.

This family would be better off financially on TFC.

Example 2: Family with children aged 6 and 10 years old

Tarun and Ameena have two girls (Gita and Heema) aged 6 and 10. Tarun is employed and receives tax exempt childcare vouchers through his work via salary sacrifice. Ameena's employer does not offer a childcare voucher scheme.

Both Gita and Heema go to an afterschool club for 38 weeks of the year, and also attend a holiday club for seven weeks of the year. Tarun and Ameena's total annual childcare costs are £5,301.60. As a basic rate taxpayer, Tarun receives £2,915 in tax exempt childcare vouchers per year, saving £932 in tax and NICs.

On TFC, Tarun and Ameena can receive a top up of £1,060, compared to the savings of £932 through the voucher scheme.

This family would be better off financially on TFC.

Note: In these examples, it is assumed that a year's worth of childcare is 48 weeks.

Virtual Christmas Parties

Due to the coronavirus restrictions, you may be unable to host your usual Christmas Party for your employees.

We are pleased to confirm that the annual parties' exemption (s264 ITEPA03) will apply to the costs associated with virtual parties in the same way that it would for traditionally held parties.

Therefore, subject to the normal conditions of the exemption being met, the expenses of hosting a virtual event, including providing entertainment, equipment and refreshments principally for enjoyment or consumption by your employees during the event, will be exempt.

For annual parties or similar annual events, no liability to income tax arises provided the cost of the annual event does not exceed £150 per head, and that the event is available to employees generally.

Please note that the exemption is not limited to Christmas parties, therefore it will still apply if you decide to postpone your party or function, as long as the function takes place within the current tax year and is within the £150 limit.

Further information on the annual party exemption including examples can be found at [EIM21690](#) and [EIM21691](#).

Disguised remuneration settlements – 2020 terms

If you want to settle outstanding liabilities in relation to disguised remuneration loans you can settle them under the [2020 terms](#). We have now updated the terms to include loans that are subject to the loan charge.

Further help and support

If you have outstanding disguised remuneration scheme use that you want to settle, but are concerned about paying, please contact us. We want to help you to pay what you owe and recognise that some people may have difficulty doing this.

Anyone who wants to discuss settlement with us should speak to their usual HMRC contact or email ca.admin@hmrc.gov.uk.

Disguised Remuneration Repayment Scheme 2020

As a result of the [independent review of the loan charge](#), the Government accepted the recommendation that HMRC should repay certain voluntary payments made to settle tax on loans no longer subject to the loan charge. The recommendation was implemented through the Finance Act 2020 and we published a [Scheme](#) and [guidance](#) that showed how repayments would be calculated and administered.

After publication, it was discovered that the Scheme did not work effectively for all customers. We have therefore made some changes to the original Scheme, which has now been updated along with the guidance.

If you have already applied for a refund, you do not need to apply again. The updates to the Scheme will not change whether you are eligible for a repayment or waiver. Any amounts that are eligible for repayment or waiver will be decided based on your specific circumstances, and we will tell you once we have made a decision.

Time is running out to get your business ready for Brexit transition

This week, HMRC is contacting businesses in Great Britain who move goods between Great Britain and the EU, urging them to get ready for new trading rules with Europe.

We know businesses are facing complex pressures this winter as a result of COVID-19, but everyone in Great Britain who trades with EU countries will be affected by new customs and tax rules from 1 January 2021.

If you plan to trade with businesses in EU countries from 1 January 2021, you need to take these actions now:

- **Check when you need to make customs declarations** – from 1 January 2021, you will need to make declarations for all goods you import and export. If you import goods that are not controlled, you may be able to delay making declarations for up to 6 months.
- **Get ready to make customs declarations** – if you plan to trade with EU countries in January or February, we recommend getting a contract in place with a customs intermediary now. This is especially important if you're exporting or if you're importing controlled goods as you will not be able to delay your declarations.
- **Make sure your supply chain is ready.**

You can find all of HMRC's letters to VAT-registered traders about preparing for new trade arrangements with Europe from 1 January 2021 on [GOV.UK](#).

More support offered through the Customs Grant Scheme

HMRC has made changes to the Customs Grant Scheme to allow more people to access the funding and help ensure they are ready to trade with the EU after the transition period ends.

Customs intermediaries including customs brokers, freight forwarders and express parcel operators, as well as traders who complete their own declarations, are among those who may benefit from the new co-funded training project under General Block Exemption Regulations (GBER).

Through the co-funded training project grant, organisations can receive up to two million euros where they co-invest as well.

We are also now allowing traders who are new to customs to apply for grants of up to £1,000 per organisation to support the cost of basic customs training. This will help traders understand what is involved in making customs declarations and can help them prepare for when they speak to an intermediary.

Another change HMRC has introduced to the Customs Grant Scheme is that businesses with [Authorised Economic Operator \(AEO\)](#) status who have had a base in the UK for less than 12 months can also now access the grant scheme. This will encourage new entrants to the intermediary market.

The current phase of the Customs Grant Scheme opened for applications on 29 July with a record £50 million investment as part of the measures to accelerate growth of the customs intermediary sector and help meet the increased demand it will see from traders from 1 January 2021. Grants will be issued on a first come, first served basis and applications will close on 30 June 2021, or earlier if all funding is allocated.

Applications for the co-funded training project, trader training and for AEO businesses opened on 16 November 2020.

For more information on the scheme and how to apply, please [read the guidance on GOV.UK](#).

Merchandise in Baggage rules when travelling to and from the EU

If you are travelling abroad after 1 January 2021 for business purposes, there are some changes to rules you will need to be aware of:

Bringing commercial goods into and out of the UK.

You must complete a declaration when entering or leaving the UK if you are carrying goods to sell or use by a business:

- with a value not exceeding £1,500 (€1,000 for Northern Ireland) and not weighing more than 1,000kg
- and not classed as excise or restricted goods.

You can do this either by an [online declaration](#) up to five days of arriving in or leaving the UK or make a declaration by going to the red channel or red phone point when going through customs.

For commercial goods exceeding £1,500 (€1,000 for Northern Ireland) in value or weighing more than 1,000kgs, or if you are carrying excise or restricted goods, you or your customs agent must make a full customs declaration.

For further information go to [GOV.UK](#).

Cash control rules when travelling to and from the EU

With effect from 1 January 2021, new requirements will come into force on the UK borders.

Currently declarations are required when cash of €10,000 or more is brought into the UK from any country outside the EU, or taken out of the UK to any country outside of the EU. These requirements will continue to apply in Northern Ireland.

From 1st January, declarations will be required when cash of £10,000 or more is brought into or taken out of Great Britain from any country including European countries.

For more information and to make a cash declaration online for go to [GOV.UK](#).

Guidance for employers on reporting PAYE information in real time when payments are made early at Christmas

This is a reminder that last year we introduced a permanent easement on reporting PAYE information in real time, as we know some employers pay their employees earlier than usual over the Christmas period. This can be for a number of reasons, for example during the Christmas period the business may close, meaning workers need to be paid earlier than normal.

If you do pay early over the Christmas period, please report your normal (or contractual) payday as the payment date on your Full Payment Submission (FPS) and ensure that the FPS is submitted on or before this date.

For example: if you pay on Friday, 18 December 2020 but the normal/contractual payment date is Thursday 31 December 2020, please report the payment date on the FPS as 31 December and ensure the submission is sent on or before 31 December.

Doing this will help to protect your employees' eligibility for Universal Credit, as reporting the payday as the payment date may affect current and future entitlements.

The overriding PAYE reporting obligation for employers is unaffected by this announcement and remains that you must report payments on or before the date the employee is paid, i.e. payday.

Change of Payroll ID

Where there is a change of payroll package or payroll ID, any new Payroll ID should be unique and must be different if the employee has more than one job. Do not reuse previous Payroll IDs for existing or new employees. This also applies if you change payroll software and the new software does not let you continue with the same payroll ID.

Set the Payroll ID change indicator when reporting and enter 'old' and 'new' Payroll ID.

If the old Payroll ID is not supplied this may create a duplicate record.

Where the old Payroll ID is not supplied HMRC can use the financial information on the Full Payment Submission to aid matching during the year where the financial information cumulates with the previous period's information. But in the first period at the start of the tax year the financial information does not aid the matching process because there is no previous period in the tax year.

Further information can be found at:

[What payroll information to report to HMRC.](#)

[If you change payroll software.](#)

If you engage or supply contractors, there are some important tax changes

In less than 100 working days the way you pay contractors may change.

Changes to the Off-payroll working rules (IR35) come into effect on 6 April 2021.

If you engage contractors who work through their own limited company or other intermediary, and you are a **medium or large sized non-public sector organisation** then you need to take action to prepare. We are providing [education and support](#) to help you do this.

If you supply contractors who work through their own limited company or other intermediary, and you are an **employment agency**, you need to understand the changes and may need to take action. We are providing [education and support](#) to help you do this.

As part of our programme of education and support, we are running a series of webinars. As well as webinars giving an overview of the rules, watch out for dates for [topic based webinars](#), including on international supply chains. You will need a good understanding of the basic rules.

Your contractors will also need to understand that the way they pay tax may change. We have recently published an updated [contractor factsheet](#). Please share this with them.

Student and Postgraduate Loans - Occupational pension and Off-payroll working rules

Student or Postgraduate loan (PGL) deductions should not be deducted from the following:

Occupational pension payments

You should not deduct Student Loan or PGL from an occupational pension you pay to a former employee. You should select the “Occupational pension” indicator shown on the employee’s Full Payment Submission (FPS) to let HMRC know that the payment relates to an Occupational pension. If you have:

- deducted Student Loan or PGL by mistake and have selected the Occupational pension indicator, HMRC will send you a generic notification message or may call you to tell you to take corrective action
- selected the Occupational pension indicator by mistake you should unselect it.

Payments subject to PAYE under the Off-payroll working rules

Organisations are not responsible for deducting Student Loan and or PGL for workers engaged through their own companies. The worker will account for Student Loan and or PGL obligations in their own tax return. If you have:

- deducted Student or PGL deductions and have selected the “Off-payroll worker subject to the rules” indicator, HMRC will send you a generic notification message or may call you to tell you to take corrective action
- selected the “Off-payroll worker subject to the rules” indicator by mistake you should unselect it. The indicator should only be used for contractors who provide their services to the public sector and have been determined to be inside the Off-payroll working rules. From April 2021, the indicator should also be used for contractors who provide their services to medium and large sized non-public sector organisations and are determined to be inside the rules.

It is necessary to check the worker’s FPS to ensure that the:

- Student loan and or PGL deduction entries are correct
- Occupational Pension and the Off-Payroll worker subject to the rules indicators have not been selected incorrectly.

More information can be found [here](#).

Scottish Student Loans

On 6 April 2021, the Scottish Government is introducing a new plan type for Scottish Student Loans known as Plan 4. The Plan 4 threshold will be £25,000. Student Loan deductions will be calculated at 9% on earnings above the Plan 4 threshold.

Scottish borrowers, who drew down their loan from the Student Award Agency for Scotland (SAAS) are currently repaying their loans under the Plan 1 threshold. Eligible borrowers will switch to Plan 4 from 6 April 2021.

The introduction of Scottish Student Loans will result in SL1s being issued to employers for existing borrowers impacted by the change and will be in addition to the usual bulk issue of SL1s at the start of each tax year.

You should apply this change to your payroll software and action on your first FPS submission after 6 April 2021.

If your employee is not moved to Plan 4, they will over repay their Student Loan. There will be no action required for Plan 1 borrowers who did not draw down their loan from SAAS.

Guidance will be updated to reflect the changes.

Starter Checklist

The Student Loans section of the Starter Checklist has been updated and streamlined to include Scottish Student Loans (Plan 4) and will be published in March alongside the existing one, for use for new employees from 6 April 2021. It is important that employers complete the starter checklist accurately when they take on a new employee.

Capital Allowances: Extension of First Year Allowances for cars, Zero Emission Goods Vehicles & Equipment for Gas Refuelling Stations

First year allowance (FYA) rules for business expenditure on business cars, zero emission goods vehicles and equipment for gas refuelling stations are being extended from April 2021 until April 2025. This measure also reduces the CO₂ emission thresholds which are used to determine the rate of capital allowances available for business cars.

This extension supports businesses to move away from CO₂ emitting cars and feeds into the Government's strategy to end sales of new petrol, diesel and hybrid cars/vans by 2035 or earlier.

What this means for you from April 2021

For the FYA for zero emission goods vehicles, the legislation will have effect from 1 April 2021 for businesses chargeable to corporation tax. For businesses chargeable to income tax, it will have effect from 6 April 2021.

For the reduction to business cars CO₂ emission thresholds together with the FYAs for low CO₂ emission cars and equipment for gas refuelling stations, the legislation will have effect from 1 April 2021.

Business cars:

1. The 100% FYA will only be available for the purchase of new electric cars or cars which have zero CO₂ emissions
2. Writing Down Allowance (WDA) at the main rate (18%) will only be available for cars with CO₂ emissions not exceeding 50g/km
3. WDAs at the special rate (6%) will be available for cars with CO₂ emissions exceeding 50g/km.

There is no change for businesses with expenditure on zero emission goods vehicles and equipment for gas refuelling stations.

Corporation Tax CT600 Tax Return – Reporting 'zero emissions cars'

From 1 April 2021 there will be four new boxes on the CT600 Return to allow reporting of zero-emissions cars independent of other FYA's within the 'Allowances and Charges in Calculation of trading profits and losses' section of the Return:

1. Zero Emissions cars box.
2. Disposal Value box.

Within the 'Allowances and charges NOT included in calculation of trading profits and losses' section of the Return:

3. Zero Emissions cars box.
4. Disposal Value box.

You can read more information on capital allowances and FYA on [GOV.UK](https://www.gov.uk).

Statutory Reviews

What are statutory reviews?

HMRC introduced statutory reviews in 2009 as part of the Tribunals Reform programme. The reviews are aimed at customers who disagree with an HMRC decision.

Statutory reviews are carried out within HMRC's Solicitor's Office and Legal Services (SOLS) department. The review is conducted by officers who are entirely outside the management chain of those making the disputed decisions.

Both the Office of Tax Simplification and the House of Lords have said that HMRC's Review function provides a valuable service to customers.

The benefits of a statutory review

Reviews are an opportunity to take a fresh look at disputed decisions. In 2018-2019 SOLS carried out over 28,000 reviews. Of these, over 14,000 were altered as a result of the review. The majority of altered decisions related to disputes such as automatic late filing penalties, where reasonable excuse was a consideration at review.

Following a review, the majority of cases do not proceed to Tribunal. Reviews are therefore an effective way to settle a dispute.

The reviews process is rigorous; most conclusions are counter-signed by an officer of a grade senior to the review officer. They are also a quick, easy and cost-effective way to settle a dispute. The statutory time limit for reviews is 45 days (or a longer agreed time period). Conversely, having the Tribunal determine an appeal is time-consuming.

Appealing direct to Tribunal can be costly if you want representation, although it costs nothing to request a review without representation. In any event representation at review will be more cost effective.

The reviews process can avoid unnecessary litigation, cost and stress, but you can still appeal to Tribunal if you disagree with a review conclusion.

Process and timing

Reviews can only be carried out once an appealable decision is made. When a caseworker makes a decision, they will tell you if you can appeal against the decision and what to do if you disagree.

Examples of these include closure notices following an enquiry, assessments and information notices.

For indirect taxes (for example, VAT, excise or customs duty), the decision letter will include an offer of a review. You will have 30 days from the date of the decision to accept the offer, but if you have new information or arguments it is possible to delay the start of the review just in case agreement can be reached.

For direct taxes (for example, corporation tax or income tax), you will have 30 days from the date of the decision to appeal to HMRC. Either at that stage, or later, you may request a review or you may be offered one. Again, if you have new information or arguments, then it would be useful to provide these to the caseworker to consider before the review process begins, as this may resolve the dispute.

Purpose of a review

The purpose of the review is to look at the decision again, not to assess new facts or evidence that haven't been considered by the caseworker. However, the review officer will give you the opportunity to send in further information during the review period.

The review officer will then decide if the appealable decision is:

- legally and technically correct
- consistent with HMRC's policy, and
- consistent with HMRC's Litigation and Settlement Strategy.

It is worth stressing that review officers cannot act independently of HMRC's policy. This means that if you wish to challenge HMRC's interpretation, guidance or policy, the Tribunal will be the avenue for that. Having said that, in rare cases, a review may be a catalyst to changing HMRC's policy.

Outcomes of a review

At the end of the review, the review officer will conclude if the decision is:

- upheld; that is, the decision you disagreed with should stand
- varied; that is, the decision is changed in some way, or
- cancelled; that is, the decision is not appropriate.

The review conclusion letter

Whatever the outcome of the review, the review officer will write to you. Their letter will explain:

- their conclusion
- their reasons
- your next options.

If the decision is upheld or varied, and you disagree with the review officer's conclusion, then you will have 30 days from the date of the review conclusion letter to appeal to the Tribunal.

How can you help the review officer?

To help this process operate smoothly, it is important that you clearly explain to the review officer what you disagree with and why. Did you rely on any case law or other evidence to form that view? Do you have any further information you can provide to the review officer to support your case? Conversely, it is also useful to know what you agree with, as this will help focus the review to the key points in dispute.

More Information

More information about appeals and reviews can be found in the [Appeals reviews and tribunal guidance manual](#).

To summarise

- the statutory reviews process is a fresh look at disputed decisions, as evidenced by over 14,000 decisions altered as a result of a review in 2018-2019
- requesting a statutory review costs nothing and it can be a cost-effective way to resolve a dispute
- in requesting a statutory review, your statutory rights are unaffected; you can still take your appeal to Tribunal if you are unhappy with the review officer's conclusion.

Tax avoidance: don't get caught out

On 26 November 2020, HMRC launched the '[Tax avoidance: don't get caught out](#)' campaign targeted at contractors who may be approached by people or businesses marketing tax avoidance schemes, or who may be faced with a scheme under third party recommendations or by searching on the Internet. A contractor can be self-employed, a worker or an employee if they work for a client and are employed by an agency.

Tax avoidance involves bending the tax rules to try to gain a tax advantage that was never intended. It usually involves contrived transactions that serve no purpose, other than to artificially reduce the amount of tax that someone has to pay.

HMRC wants to encourage contractors not to be tempted by tax avoidance schemes which promise higher take-home pay, as it may cost them more in the long run.

Tax avoidance schemes can create life changing tax debts for people who are tempted into them without understanding the risks they carry. Tax avoidance also deprives our vital public services of the funds they need to carry out critical support work.

The '[Tax avoidance: don't get caught out](#)' page contains useful [guidance](#) and [personal stories](#) for contractors to educate themselves about the dangers of tax avoidance schemes and how to identify them.

Please share this information with any of your workers currently contracting for you to help protect them from companies marketing tax avoidance schemes.

HMRC wants to rid the market of these schemes, but it is not something we can do on our own.

Mini Umbrella Company Fraud

Every business which either places or uses temporary labour should be aware of the potential dangers posed to their business by Mini Umbrella Company (MUC) fraud in their supply chain. Not only can a fraudulent supply chain lead to reputational and financial damage to your business, but your workers may not receive all they're entitled to. MUC fraud also significantly reduces tax payments to HMRC including PAYE, National Insurance and VAT.

As an end user or provider of temporary labour it is your responsibility to be clear about who ultimately pays the workers and how they are paid. This is the only way to protect your business from becoming entangled in MUC or other supply chain frauds.

Most MUC arrangements are considered to be fraudulent, so make sure you spot the warning signs to protect your business.

What is Mini Umbrella Company Fraud?

The MUC model is an employment intermediary model which presents an organised crime threat to the UK Exchequer. The fraud is primarily based around the abuse of two Government incentives aimed at small businesses – the VAT Flat Rate Scheme and the Employment Allowance. But this type of fraud can also result in the non-payment of other taxes such as PAYE, National Insurance and VAT. This is reducing vital funding for the public services we all rely on. MUC fraud is not limited to specific trade sectors and can be found in supply chains whenever temporary labour is used.

In its simplest form the MUC fraud model involves splitting up a workforce into hundreds or thousands of small limited companies set up solely to enable the fraud. The workforce is generally a temporary workforce who historically would have been paid by an employment agency or an umbrella company. The structuring of the MUCs is facilitated by a promoter business (sometimes also known as an outsourcing business) which may have other linked businesses to support the operation. The creation of the MUCs and the complex layers of businesses within the supply chain help to facilitate the fraud.

For employees, who are often oblivious to these arrangements, the use of this model can result in the loss of some employment rights. Workers in MUCs are usually unaware of who their employer is and they can be moved regularly between MUCs to help maximise profits from the fraud.

How you can spot Mini Umbrella Company fraud and protect your business

There is not a standard MUC fraud model and arrangements are constantly evolving as organised criminals try to hide their fraudulent activities from HMRC.

However, there are some common features which businesses might come across during their regular due diligence checks. Information from sources such as the Companies House register might help to spot warning signs when completing the quarterly [Employment Intermediary Reports](#) or the [Key Information Document for Workers](#).

- **Unusual company name** – Often multiple companies are set up around the same time which have a similar or unusual name. These companies will often be registered at an address which does not seem suitable for the types of business activities.
- **Unrelated business activity description** – Do the nature of the business activities described in the Companies House entries seem compatible with the services provided by the workers?
- **Directors being foreign nationals** – Often foreign nationals are appointed as directors when an MUC is formed or they can replace a temporary UK resident director after a short period of time. Usually, the directors will have no prior experience in the UK labour supply industry.
- **Unusually high movement of workers** – Are workers moved between different employers who meet the above criteria for being MUCs on a fairly frequent basis?
- **Very short-lived businesses** – The individual MUCs have a fairly short lifespan (often less than 18 months) before being allowed to be dissolved by Companies House as a result of their failure to meet their filing obligations. New MUCs will then take their place in the supply chain. You should notice this as you may find that you need to issue a new Key Information Document to workers on a fairly regular basis.

As the MUCs sit low down in the supply chain it may be challenging to spot them. HMRC advises businesses to remain vigilant, especially where the employer of the worker is not the Umbrella Company they may have a contract with.

It is important for businesses to consider the credibility of the supply, payment arrangements and other surrounding circumstances to help safeguard themselves from financial, operational and reputational risks. Guidance on undertaking robust due diligence can be found here: [The supply chain due diligence principles](#).

What is HMRC doing about Mini Umbrella Company fraud?

Mini Umbrella Company fraud creates an uneven playing field for those employment agencies and businesses who follow the rules. HMRC's Fraud Investigation Service is using both its civil and criminal powers to challenge those who are involved and facilitating this type of fraud. HMRC has recently made a number of arrests in relation to MUC fraud and has also taken steps to deny the right to recover input tax in cases where it has established that a business in the supply chain knew, or should have known, that there was fraud.

HMRC is working with trade bodies and other Government Departments to raise awareness of the MUC fraud model and its risks more widely. HMRC is also currently undertaking a programme of activity to establish the levels of due diligence being undertaken by employment agencies and end users who use temporary labour. As part of this programme HMRC plans to issue advice on the levels of due diligence expected by businesses to help prevent them becoming a victim of the fraud.

Reporting concerns

If you have concerns about a supplier or engager of labour, or associated activities, contact the HMRC hotline on: **0800 788 887** (open 8am to 8pm every day). For more details see how to [report fraud to HMRC](#).

Employment Related Securities

If you are not already aware you might be interested to note that a further Employment Related Securities bulletin has been issued recently – [Bulletin 37](#) on 27 October 2020.

These provide Customers and Agents with information on the various Tax Advantaged Shareschemes.

New HMRC Charter

We have published our [new HMRC Charter on GOV.UK](#) following a full public consultation.

Our Charter sets out the standards and behaviours our customers can expect from us and what we can expect from them. The standards in the Charter explain how we will get things right, make it easy for our customers, be fair, responsive and aware of their personal situations.

Information on how to provide feedback and how to make a complaint if the service you have received has not met the Charter standards is published alongside the Charter.

HMRC will continue to report on performance against the standards in the HMRC Charter Annual report and in its regular meetings with the Customer Experience Committee and Charter Stakeholder Group.

Administrative Burden Advisory Board Annual Report and Tell ABAB Survey Report 2020

The [Administrative Burden Advisory Board \(ABAB\)](#) published their 2020 Annual Report on 29 October and their Tell ABAB Survey Report on 3 December on [GOV.UK](#).

The ABAB Annual Report looks back at the work ABAB has been involved in and sets the priorities for the coming year. The Tell ABAB Survey Report includes the feedback from the annual Tell ABAB Survey.

ABAB is made up of 12 members with a wide range of relevant and up to date business knowledge and expertise. It is independent, representing a cross section of businesses and professions and offers constructive challenge and support to HMRC by championing the views and concerns of small businesses.

Please share the report with colleagues and if you would like to comment on this report or help ABAB with their work, contact: advisoryboard.adminburden@hmrc.gov.uk.