

6 April 2022

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1. General

1.1 Assessments on company and shareholders upheld

The FTT has dismissed appeals by a company and its two shareholders, finding that information was omitted from the returns. The penalties for deliberate behaviour were upheld

A married couple each owned 50% of a company that operated a care home. The husband was the sole director. HMRC enquired into their personal returns and those of the company. HMRC raised discovery assessments on the basis of deliberate underpayment of tax. The company had made payments on behalf of the shareholders without declaring them as loans, dividends had been credited late without interest charged, and there was unidentified income. Rental income was missing from the personal tax returns, amongst other errors.

The FTT dismissed the appeals. The information provided to the tribunal and during the enquiries was limited, with some inconsistencies. Overall, the assessments made by HMRC were upheld, along with the penalties for deliberate behaviour.

La Luz Residential Home Ltd & Ors v HMRC [2022] UKFTT 100 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2022/TC08430.html

1.2 HMRC wins lead case on advance payment notices

The FTT has upheld late payment penalties charged on taxpayers who failed to comply with advance payment notices (APNs). The fact that they had initiated judicial review proceedings was not sufficient reason not to make the payments. This was a lead case for around 500 other appeals.

The taxpayers had entered into tax planning schemes, and were issued with APNs by HMRC. They applied for judicial reviews of these, without paying the tax due. HMRC issued late payment penalties and surcharges, and they appealed.

The first ground was that the time limit for payment had never started, so not run out. If makes representations against the APN to HMRC, payment is not due until 30 days after HMRC responds with a determination. The FTT found that it did not have jurisdiction to review the determinations, which the taxpayers had argued were flawed, so this ground failed.

The FTT also found that the taxpayers' belief that the JR claim would succeed was not a valid reason not to pay. Their case was not based on an obvious error in the APNs, which was the only reason for the JR to delay payment. The final argument, that interim relief protected them from having to pay, was likewise rejected.

Exclusive Promotions Ltd v HMRC [2022] UKFTT 103 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2022/TC08434.html

1.3 Tax exemptions cases included in Homes for Ukraine plan

The Government has announced tax support for those offering homes to Ukrainian refugees.

Sponsorship payments made to those offering homes will be exempt from IT and CT, treated as non-taxable income. As a result, sponsors cannot claim the expenses that they would offset against a normal rental payment.

Properties that currently qualify for relief from ATED or the 15% SDLT rate will continue to be exempt if used to house Ukrainian refugees. The normal exemption for dwellings used in a property development or property trading business or let on a commercial basis will be extended in Finance Bill 2022/23. Properties that did not previously qualify for ATED exemption will do so from the point where the whole property is occupied under this scheme.

<https://questions-statements.parliament.uk/written-statements/detail/2022-03-31/hcws760>

2. PAYE and employment

2.1 HMRC clarifies guidance on working at home expenses

An example has been added to the HMRC employment income manual to illustrate what expenses an employee on a contract that allows partial home working might claim.

The example explains how full relief was given on the additional expenses incurred by home working when this was compulsory due to lockdowns, for two full tax years. It also clarifies that where an employee can choose whether or not to work at home, after the restrictions were lifted, relief for these expenses is not available.

www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim32790

3. Tax publications and webinars

3.1 Tax podcasts

The latest episode is available now.

- [Tax Risk Management](#)

4. And finally

4.1 Happy New Tax Year

New Year, new you: well, for NICs at least. 6 April is the official start of the health and social care levy (HSCL), a shiny new flame over the dying embers of boring old 2021/22 measures like easements for employees' home working expenses.

It wouldn't be a new tax without a new kerfuffle though, this one over a Government request for every employer to add a specific message to payslips explaining the HSCL, *'to ensure taxpayers understand that their increased contribution is helping fund public services'*. Acrimonious discussions about how political versus informative this message about.

Well, here's to a newish start: happy new tax year everyone!

www.gov.uk/government/publications/health-and-social-care-levy/health-and-social-care-levy

www.accountingweb.co.uk/tech/tech-pulse/accountants-take-political-payslip-messaging-to-task

Glossary				
Organisations		Courts	Taxes etc	
ATT - Association of Tax Technicians	ICAEW - The Institute of Chartered Accountants in England and Wales	CA - Court of Appeal	ATED - Annual Tax on Enveloped Dwellings	NIC - National Insurance Contribution
CIOT - Chartered Institute of Taxation	ICAS - The Institute of Chartered Accountants of Scotland	CJEU - Court of Justice of the European Union	CGT - Capital Gains Tax	PAYE - Pay As You Earn
EU - European Union	OECD - Organisation for Economic Co-operation and Development	FTT - First-tier Tribunal	CT - Corporation Tax	R&D - Research & Development
EC - European Commission	OTS - Office of Tax Simplification	HC - High Court	IHT - Inheritance Tax	SDLT - Stamp Duty Land Tax
HMRC - HM Revenue & Customs	RS - Revenue Scotland	SC - Supreme Court	IT - Income Tax	VAT - Value Added Tax
HMT - HM Treasury		UT - Upper Tribunal	LBTT - Land and Buildings Transaction Tax	

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