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1. General

1.1 Finance Act receives Royal Assent

The Finance Bill received Royal Assent on 10 June 2021, becoming Finance Act 2021.

Several announcements made at the 2021 Budget have now come into effect. Businesses can, in particular, claim the extended three-year carry back loss relief, and the super deduction is now available for qualifying expenditure incurred since 1 April 2021. The increase in the main rate of CT to 25% in 2023 is now substantively enacted for US GAAP purposes.

<https://bills.parliament.uk/bills/2835>

2. PAYE and employment

2.1 CA rules that remuneration payments were not unlawful share issues

A taxpayer's bid to have a tax avoidance scheme voided under contract law has failed. The CA found that the shares issued under the scheme were not issued at a discount. The scheme could not therefore be set aside as a mistake, and HMRC can pursue its case in the tax tribunals.

The taxpayer argued that the arrangements contravened the provisions of the Companies Acts as shares were unlawfully issued at a discount. It therefore sought to have the scheme set aside in this case on the ground of mistake, and HMRC would be prevented from treating the payments as taxable remuneration. The case directly affects other cases where the scheme has been used. The tax effects of the scheme are being tested by the tax tribunals and form no part of this appeal.

The CA upheld the HC's decision that the shares were not issued at a discount. The directors remained liable up to the limit represented by the nominal value of a share when called upon, and could do so from any funds they held. They did not have to use the money paid to them by the company. Those payments were not made out of the company's capital; they were made out of trading income. The CA dismissed the taxpayer's appeal on this basis without the need to consider the question of mistake.

Chalcot Training Ltd v Ralph & Anor [2021] EWCA Civ 795

www.bailii.org/ew/cases/EWCA/Civ/2021/795.html

2.2 HMRC Employer Bulletin: June 2021

The latest Employer Bulletin from HMRC covers information and updates on COVID-19 support measures as well as taxable benefits for employees.

It includes information on:

- how to put in a claim for working at home relief, which must be resubmitted for this tax year;
- the VAT deferral new payment scheme;
- the job retention and self-employment income support schemes;
- office equipment, and how taxable benefit charges apply or not if it is lent out for homeworking, permanently transferred, or an employee is reimbursed for a purchase;
- general information on taxable employee benefits and how to report them; and
- a reminder about and guidance on the off-payroll working rules.

www.gov.uk/government/publications/employer-bulletin-june-2021/employer-bulletin-june-2021

2.3 Taxpayer loses appeal on off-payroll working

The UT has upheld an FTT decision that a project manager for a building society, who had contracted with them through an intermediary personal service company, was subject to the off-payroll working rules referred to as the IR35 legislation. He was therefore subject to IT and NICs as an employee.

The taxpayer was engaged by Nationwide as a project manager on a contractual basis through an intermediary company. He worked almost continuously for Nationwide for seven years under a series of contracts with similar terms. The UT agreed with the FTT in upholding HMRC's decision that the taxpayer was caught by the IR35 legislation and should have been taxed as an employee. The FTT had looked at the actual relationship between Nationwide and the taxpayer. It found that, if a contract had existed between them reflecting this, it would have been one of employment.

The taxpayer appealed, claiming that the terms of the contract constructed by the FTT were erroneous. He argued that Nationwide had a lower level of control than stated, stating that he could not be moved between projects, that the ability to provide a substitute was not hypothetical, that there was less mutuality of obligation than claimed, and there was no obligation to continue the contract after the

project. Each ground was rejected by the UT, which agreed with the FTT's interpretation of the relationship, and dismissed the appeal.

Northern Light Solutions Limited v HMRC [2021] UKUT 134 (TCC)

www.bailii.org/uk/cases/UKUT/TCC/2021/134.html

3. VAT

3.1 Cancellation of VAT direct debits

HMRC requires an email address for businesses paying VAT by direct debit. Businesses that have not provided an email address will have their direct debits cancelled later this year.

HMRC has notified the ATT that it will write to businesses that pay VAT by direct debit but have not provided an email address to HMRC. Under UK regulations, HMRC cannot accept direct debits without an associated email address. The letters instruct businesses to set up a new instruction in their Business Tax Account to continue to pay by direct debit. The direct debits will otherwise be cancelled. This does not apply to direct debits under the VAT deferral new payment scheme. Tax agents will not be sent a copy of the letters.

www.att.org.uk/technical/news/cancellation-vat-direct-debits-where-no-email-address-%E2%80%93-hmrc-letters

3.2 Grant for transitioning to new VAT rules

A grant of up to £2,000 is available to smaller businesses new to importing or exporting to assist with adopting the new VAT and customs rules. The total amount of funding is limited and will be allocated to earlier applicants.

The deadline to apply for a grant under the SME Brexit Support Fund is fast approaching. The grant scheme was established to provide training and professional advice to businesses new to importing and exporting as they transition to the new VAT and customs rules. It is available to businesses with up to 500 employees and no more than £100m in annual turnover. Further eligibility requirements are detailed on HMRC's information page. The maximum grant is £2,000, and applications close on 30 June 2021. The total amount of funding is, however, limited. Applications will close early if all funding is allocated before this date.

www.gov.uk/guidance/grants-to-help-small-and-medium-sized-businesses-new-to-importing-or-exporting

4. Tax publications and webinars

4.1 Tax publications

The following Tax publications have been published.

- [Tax changes ahead](#)

5. And finally

5.1 Taxing times

806 years on as of Tuesday from the signing of Magna Carta, how sad it is that so many myths about its true purpose remain. Lawful judgment of equals? Pshaw, you have to get to Clause 39 for that. Clause 2? IHT reform, complete with the rates.

You see, bad King John had been charging rather enormous sums for noblemen's heirs to inherit their fathers' estates, leading directly to annoyed barons and a meeting at Runnymede to agree reasonable rates.

Granted, death taxes have changed somewhat since 1215, and we do not foresee an immediate uprising - but, as the Government ponders the issue of tax reform, we can confidently state, now as then: it's all about tax.

www.bl.uk/magna-carta/articles/magna-carta-english-translation

www.taxadvisers.org.uk/Magnacarta

www.taxadvisers.org.uk/content/view.cfm/downloads/A_QUICK_HISTORY_OF_DEATH_TAXES_final.pdf

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		

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