

Tolley® Exam Training

ATT & CTA

FA UPDATE SUMMARY

FA 2020

2021 Sitzings

May and November

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INTRODUCTION

If you are sitting the examinations in 2021 you will primarily be examined on UK tax law as it stands up to and including Finance Act 2020.

This update has been prepared to highlight the key changes within the various ATT and CTA examination paper syllabuses as a result of Finance Act 2020.

You can identify whether a topic is relevant for the paper(s) you are sitting by reviewing the grids included before the details for each topic as follows:

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
			√					√							√	

The ATT and CTA Tax Tables for the 2021 examinations are included in this document and should be reviewed to identify the relevant changes in rates, reliefs and allowances.

Please note that the ATT Paper 3 syllabus has been expanded to include various Business Tax and Corporation Tax topics. You should review the detailed syllabus on the ATT website to help you decide whether or not you need to purchase the full set of FA 2020 ATT Paper 3 study packs for 2021, depending on which ATT papers you have already sat.

ATT EXAMINATIONS

2021

TAX TABLES

INCOME TAX

	2020/21
Rates (Note 1)	%
Starting rate for savings income only	0
Basic rate for non-savings and savings income only	20
Higher rate for non-savings and savings income only	40
Additional and trust rate for non-savings and savings income only	45
Dividend ordinary rate	7.5
Dividend upper rate	32.5
Dividend additional rate and trust rate for dividends	38.1
Thresholds	£
Savings income starting rate band	1 – 5,000
Basic rate band	1 – 37,500
Higher rate band	37,501 – 150,000
Dividend Allowance	2,000
Personal Savings Allowance	
– Taxpayer with basic rate income	1,000
– Taxpayer with higher rate income	500
– Taxpayer with additional rate income	Nil
Standard rate band for trusts	1,000
Scottish Tax Rates and Thresholds (Note 2)	
£	%
1 – 2,085	19
2,086 – 12,658	20
12,659 – 30,930	21
30,931 – 150,000	41
150,000 +	46
Reliefs	£
Personal allowance (Note 3)	12,500
Married couple's allowance (Note 4)	9,075
– Maximum income before abatement of relief - £1 for £2	30,200
– Minimum allowance	3,510
Transferable tax allowance for married couples and civil partners (Note 5)	1,250
Blind person's allowance	2,500
Enterprise investment scheme relief limit (Relief at 30%) (Note 6)	1,000,000
Venture capital trust relief limit (Relief at 30%)	200,000
Seed enterprise investment scheme relief limit (Relief at 50%)	100,000
Social investment relief limit (Relief at 30%)	1,000,000

- Notes:** (1) Welsh taxpayers pay income tax using the same rates and thresholds as other UK (but not-Scottish) taxpayers.
- (2) Scottish taxpayers pay Scottish income tax on non-savings income.
- (3) The personal allowance of an individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.
- (4) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.
- (5) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.
- (6) The limit is £2 million, where over £1 million is invested in knowledge-intensive companies.

ISA limits	Maximum subscription
	£
'Adult' ISAs	20,000
Junior ISAs	9,000

ATT EXAMINATIONS

2021

TAX TABLES

Pension contributions

Basic amount qualifying for tax relief £3,600

	Annual allowance (Note) £	Lifetime allowance £	Minimum pension age
2020/21	40,000	1,073,100	55

Note: The annual allowance is tapered by £1 for every £2 of adjusted income above £240,000 for individuals with threshold income above £200,000. It cannot be reduced below £4,000.

ITEPA mileage rates

Vehicles

Car or van (Note)	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: For NIC purposes, a rate of 45p applies irrespective of mileage.

Company cars and fuel – 2020/21

Emissions	Electric range(miles)	Car benefit % Pre 6 April 2020 registration (note)	Car benefit % On/after 6 April 2020 registration (note)	
0g/km	N/A	0%	0%	
1-50g/km	>130	2%	0%	
1-50g/km	70-129	5%	3%	
1-50g/km	40-69	8%	6%	
1-50g/km	30-39	12%	10%	
1-50g/km	<30	14%	12%	
51-54g/km		15%	13%	
55-59g/km		16%	14%	
60-64g/km		17%	15%	
65-69g/km		18%	16%	
70-74g/km		19%	17%	
75g/km or more		20%	18%	+ 1% for every additional whole 5g/km above 75g/km
160g/km or more		37%		
170g/km or more			37%	

Note: 4% supplement for diesel cars, excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

Fuel benefit base figure £24,500

Taxable benefits for vans – 2020/21

Van benefit – No CO ₂ emissions	£2,792
Van benefit – CO ₂ emissions > 0g/km	£3,490
Fuel benefit	£666

ATT EXAMINATIONS

2021

TAX TABLES

Childcare

Employer supported childcare – basic rate taxpayer (Note) £55 per week

Note: For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer's earning assessment only) are £28 and £25 respectively.

2020/21 Official rate of interest 2.25%

STUDENT AND POSTGRADUATE LOAN RECOVERY

Student Loans

Plan 1 (loan taken out pre 1.9.12 or at any time if taken out in Scotland)

Employee earnings threshold at which repayment begins is £1,615 per month.

Plan 2 (loan taken out in England and Wales on/after 1.9.12)

Employee earnings threshold at which repayment begins is £2,214 per month.

Rate of deductions is 9% of earnings above the threshold rounded down to the nearest whole pound.

Postgraduate Loans

Employee earnings threshold at which repayment begins is £1,750 per month.

Rate of deductions is 6% of earnings above the threshold rounded down to the nearest whole pound.

STATUTORY PAYMENTS

Statutory sick pay	Weekly rate
Average weekly gross earnings £120.00 or more	£95.85
Statutory maternity/adoption pay	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £151.20 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay	For each qualifying week, the lower of 90% of AWE and £151.20

QUALIFYING CARE RELIEF

Year to 5 April 2021	Flat rate	Placement < 11	Placement ≥ 11
	£10,000 per year	£200 per week	£250 per week

CHILD BENEFIT

Year to 5 April 2021	Weekly rate
Rates	£
First child	21.05
Each subsequent child	13.95

Child benefit charge	Withdrawal rate
Adjusted net income >£50,000	1% of benefit per £100 of income between £50,000 and £60,000
Adjusted net income >£60,000	Full child benefit amount assessable in that tax year

ATT EXAMINATIONS 2021 TAX TABLES

HMRC INTEREST RATES

Late payment interest	2.6%
Underpaid corporation tax instalments interest	1.1%
Repayment interest	0.5%
Credit interest	0.5%

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits

	Annual	2020/21 Monthly	Weekly
	£	£	£
Lower earnings limit (LEL)	6,240	520	120
Primary threshold (PT)	9,500	792	183
Secondary threshold (ST)	8,788	732	169
Upper earnings limit (UEL)	50,000	4,167	962
Upper secondary threshold for U21 (UST) (Note 1)	50,000	4,167	962
Apprentice upper secondary threshold for U25 (AUST) (Note 2)	50,000	4,167	962

2020/21

Employment allowance

Per year, per employer	£4,000
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Class 1 primary contribution rates

Earnings between PT and UEL	12%
Earnings above UEL	2%

Class 1 secondary contribution rates

Earnings above ST (Notes 1 & 2)	13.8%
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Other contribution limits and rates

Class 1A contributions	13.8%
Class 1B contributions	13.8%

Class 2 contributions

Normal rate	£3.05 pw
Small profits threshold	£6,475 pa

Class 3 contributions

£15.30 pw

Class 4 contributions

Annual lower profits limit (LPL)	£9,500
Annual upper profits limit (UPL)	£50,000
Percentage rate between LPL and UPL	9%
Percentage rate above UPL	2%

Notes: (1) The rate of secondary NICs for employees under the age of 21 on earnings between the ST and UST is 0%.

(2) The rate of secondary NICs for apprentices under the age of 25 on earnings between the ST and AUST is 0%.

ATT EXAMINATIONS

2021

TAX TABLES

SIMPLIFICATION MEASURES

'Rent-a-room' limit	£7,500
Property allowance/Trading allowance	£1,000

FLAT RATE EXPENSES FOR UNINCORPORATED BUSINESSES

Motoring expenses	First 10,000 business miles	45p per mile	
	Additional business mile	25p per mile	
Business use of home	25 – 50 hours use	£10 per month	
	51 – 100 hours use	£18 per month	
	101+ hours use	£26 per month	
Private use of business premises	No of persons living there:	1	£350 per month
		2	£500 per month
		3+	£650 per month

CASH BASIS

Turnover threshold to join scheme	£150,000
Turnover threshold to leave scheme	£300,000

CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA) (Note 1)	100%
WDA on plant and machinery in main pool (Note 2)	18%
WDA on plant and machinery in special rate pool (Note 3)	6%
WDA on structures and buildings (SBA) (Note 4)	3%

Notes: (1) 100% on the first £1,000,000 of investment in plant and machinery (except cars) from 1 January 2019 to 31 December 2020 (£200,000 from 1 January 2021).

(2) The main pool rate applies to cars with CO₂ emissions of not more than 110 g/km.

(3) The special pool rate applies to cars with CO₂ emissions greater than 110 g/km.

(4) The SBA rate was 2% prior to April 2020.

First year allowances available to all businesses

- Capital expenditure incurred by a person on research and development.
- New zero-emission goods vehicles.
- New cars if the car either emits not more than 50 g/km of CO₂ or it is electrically propelled.
- Electric vehicle charging points expenditure.

VALUE ADDED TAX

Standard rate	20%
VAT fraction	1/6

Limits

Annual registration limit	From 1.4.20 £85,000
De-registration limit	£83,000

Thresholds

	Cash accounting	Annual accounting
Turnover threshold to join scheme	£1,350,000	£1,350,000
Turnover threshold to leave scheme	£1,600,000	£1,600,000

ADVISORY FUEL RATES (as at 1 June 2020)

Engine size	Petrol	LPG	Engine size	Diesel
1400cc or less	10p	6p	1600cc or less	8p
1401cc to 2000cc	12p	8p	1601cc to 2000cc	9p
Over 2000cc	17p	11p	Over 2000cc	12p

Electricity rate 4p

ATT EXAMINATIONS

2021

TAX TABLES

CORPORATION TAX

Financial year	2020	2019
Patent box	10%	10%
Main rate	19%	19%

Research and development expenditure

SMEs (Note)	230%
Large companies – RDEC	13% (12% prior to 1 April 2020)

Note: Small and medium sized enterprises (SMEs) must have < 500 employees and *either* turnover ≤ €100m or assets ≤ €86m.

INHERITANCE TAX

Death rate	40% (Note)	Lifetime rate	20%
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Note: A lower rate of IHT of 36% applies where 10% or more of the deceased person's net chargeable estate is left to charity.

Nil rate bands

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2021	£325,000

Residence nil rate bands (Note)

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2021	£175,000

Note: An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2 million.

Taper relief

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

Quick succession relief

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

Lifetime exemptions

Annual exemption	£3,000
Small gifts	£250
Wedding gifts – Child	£5,000
– Grandchild or remoter issue or other party to marriage	£2,500
– Other	£1,000

ATT EXAMINATIONS

2021

TAX TABLES

CAPITAL GAINS TAX

Annual exempt amount **2020/21**
£12,300

CGT rates for individuals (Notes 1 & 2)

Gains qualifying for business asset disposal relief 10%
 Gains falling within remaining basic rate band (Notes 3 & 4) 10%
 Gains exceeding basic rate band (Note 5) 20%

CGT rates for trusts & individuals paying the remittance basis charge

Gains qualifying for business asset disposal relief/investors' relief 10%
 Other gains (Note 5) 20%

CGT Rate for PRs

All gains (Note 5) 20%

Business Asset Disposal relief

Relevant gains (lifetime maximum) (Note 6) £1 million

Investors' relief

Relevant gains (lifetime maximum) £10 million

- Notes:** (1) For individuals, gains are taxed as if they are the top slice of income.
 (2) Capital losses and the annual exempt amount may be offset in the most beneficial manner, ie against gains not qualifying for business asset disposal relief/investors' relief first.
 (3) The remaining basic rate band is calculated as £37,500 (2020/21) less taxable income less any gains on which business asset disposal relief has been claimed. The remaining basic rate band can be allocated in the most beneficial manner.
 (4) The rate is 18% if the gain is in respect of a residential property
 (5) The rate is 28% if the gain is in respect of a residential property
 (6) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million

Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage
50 or more	100.000	33	90.280	16	64.116
49	99.657	32	89.354	15	61.617
48	99.289	31	88.371	14	58.971
47	98.902	30	87.330	13	56.167
46	98.490	29	86.226	12	53.191
45	98.059	28	85.053	11	50.038
44	97.595	27	83.816	10	46.695
43	97.107	26	82.496	9	43.154
42	96.593	25	81.100	8	39.399
41	96.041	24	79.622	7	35.414
40	95.457	23	78.055	6	31.195
39	94.842	22	76.399	5	26.722
38	94.189	21	74.635	4	21.983
37	93.497	20	72.770	3	16.959
36	92.761	19	70.791	2	11.629
35	91.981	18	68.697	1	5.983
34	91.156	17	66.470	0	0.000

ATT EXAMINATIONS

2021

TAX TABLES

Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	—	—	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

INCOME TAX - RATES AND THRESHOLDS

	2020/21	2019/20
Rates	%	%
Starting rate for savings income only	0	0
Basic rate for non-savings and savings income only	20	20
Higher rate for non-savings and savings income only	40	40
Additional and trust rate for non-savings and savings income	45	45
Dividend ordinary rate	7.5	7.5
Dividend upper rate	32.5	32.5
Dividend additional rate and trust rate for dividends	38.1	38.1
Thresholds	£	£
Savings income starting rate band	1 – 5,000	1 – 5,000
Basic rate band	1 – 37,500	1 – 37,500
Higher rate band	37,501 – 150,000	37,501 – 150,000
Dividend allowance	2,000	2,000
Personal Savings Allowance		
– Taxpayer with basic rate income	1,000	1,000
– Taxpayer with higher rate income	500	500
– Taxpayer with additional rate income	Nil	Nil
Standard rate band for trusts	1,000	1,000
Scottish Tax Rates⁽¹⁾	%	%
Starter rate	19	19
Scottish basic rate	20	20
Intermediate rate	21	21
Higher rate	41	41
Top rate	46	46
Scottish Tax Thresholds⁽¹⁾	£	£
Starter rate	1 – 2,085	1 – 2,049
Scottish basic rate	2,086 – 12,658	2,050 – 12,444
Intermediate rate	12,659 – 30,930	12,445 – 30,930
Higher rate	30,931 – 150,000	30,931 – 150,000
Top rate	150,000 +	150,000 +

INCOME TAX - RELIEFS

	2020/21	2019/20
	£	£
Personal allowance ⁽²⁾	12,500	12,500
Married couple's allowance ⁽³⁾	9,075	8,915
– Maximum income before abatement of relief - £1 for £2	30,200	29,600
– Minimum allowance	3,510	3,450
Transferable Tax allowance for married couples and civil partners ⁽⁴⁾	1,250	1,250
Blind person's allowance	2,500	2,450
Enterprise investment scheme relief limit ⁽⁵⁾	1,000,000	1,000,000
Venture capital trust relief limit	200,000	200,000
Seed enterprise investment scheme relief limit	100,000	100,000
Social investment relief	1,000,000	1,000,000

- Notes:** (1) Scottish taxpayers pay Scottish income tax on non-savings income.
- (2) The personal allowance of any individual with adjusted net income above £100,000 is reduced by £1 for every £2 of adjusted net income above the £100,000 limit.
- (3) Only available where at least one partner was born before 6 April 1935. Relief restricted to 10%.
- (4) The recipient must not be liable to tax above the basic rate. The recipient is eligible for a tax reduction of 20% of the transferred amount.
- (5) The limit is £2 million, where over £1 million is invested in knowledge intensive companies.

CTA EXAMINATIONS

2021

TAX TABLES

ISA limits	2020/21	2019/20
Maximum subscription:	£	£
'Adult' ISAs	20,000	20,000
Junior ISAs	9,000	4,368

Pension contributions

	Annual allowance ⁽¹⁾ £	Lifetime allowance £	Minimum pension age
2019/20	40,000	1,055,000	55
2020/21	40,000	1,073,100	55

Basic amount qualifying for tax relief £3,600

Note: (1) The annual allowance is tapered by £1 for every £2 of adjusted income above £240,000 (2019/20: £150,000) for individuals with threshold income above £200,000 (2019/20: £110,000). It cannot be reduced below £4,000 (2019/20: £10,000).

Employer Supported Childcare

Exemption – basic rate taxpayer⁽¹⁾ £55 per week £55 per week

Note: (1) For schemes joined on or after 6 April 2011 the exempt childcare amounts for higher and additional rate taxpayers (based on the employer's earning assessment only) are £28 and £25 respectively.

ITEPA mileage rates

Car or van ⁽¹⁾	First 10,000 business miles	45p
	Additional business miles	25p
Motorcycles		24p
Bicycles		20p
Passenger payments		5p

Note: (1) For NIC purposes, a rate of 45p applies irrespective of mileage.

INCOME TAX - BENEFITS

Car benefits – 2020/21

Emissions	Electric range (miles)	Car benefit % ⁽¹⁾	
		Pre 6 April 2020 registration	On/after 6 April 2020 registration
0g/km	N/A	0%	0%
1-50g/km	>130	2%	0%
1-50g/km	70-129	5%	3%
1-50g/km	40-69	8%	6%
1-50g/km	30-39	12%	10%
1-50g/km	<30	14%	12%
51-54g/km		15%	13%
55-59g/km		16%	14%
60-64g/km		17%	15%
65-69g/km		18%	16%
70-74g/km		19%	17%
75g/km or more		20%	18%
			+ 1% for every additional whole 5g/km above 75g/km
160g/km or more		37%	
170g/km or more			37%

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Car benefits – 2019/20

Emissions	Car benefit % ⁽¹⁾
0 – 50 g/km	16%
51 – 75 g/km	19%
76 – 94 g/km	22%
95 g/km or more	23% + 1% for every additional whole 5g/km above threshold
165 g/km or more	37%

Note: (1) 4% supplement for diesel cars excluding those that meet the Real Driving Emissions Step 2 (RDE2) standard (not to exceed maximum of 37%).

Fuel benefit base figure	2020/21	2019/20
	£	£
	24,500	24,100

Van benefits	2020/21	2019/20
	£	£
No CO ₂ emissions	2,792	2,058
CO ₂ emissions > 0g/km	3,490	3,430
Fuel benefit for vans	666	655

INCOME TAX - CHARGES

Child benefit charge	Withdrawal rate
Adjusted net income >£50,000	1% of benefit per £100 of income between £50,000 and £60,000
Adjusted net income >£60,000	Full child benefit amount assessable in that tax year

Official rate of interest	2020/21	2019/20
	2.25%	2.5%

INCOME TAX - SIMPLIFICATION MEASURES

Allowances	2020/21	2019/20
	£	£
'Rent-a-room' limit	7,500	7,500
Property allowance/Trading allowance	1,000	1,000

Flat Rate Expenses for Unincorporated Businesses

Motoring expenses	First 10,000 business miles	45p per mile
	Additional business miles	25p per mile
Business use of home	25 – 50 hours use	£10 per month
	51 – 100 hours use	£18 per month
	101+ hours use	£26 per month
Private use of business premises	No of persons living there:	
	1	£350 per month
	2	£500 per month
	3+	£650 per month

Cash Basis for Unincorporated Businesses

	£
Turnover threshold to join scheme	150,000
Turnover threshold to leave scheme	300,000

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CAPITAL ALLOWANCES

Annual investment allowance for plant and machinery (AIA) ⁽¹⁾	100%
WDA on plant and machinery in main pool ⁽²⁾	18%
WDA on plant and machinery in special rate pool ⁽³⁾	6%
WDA on patent rights and know-how	25%
WDA on structures and buildings (SBA) ⁽⁴⁾	3%

- Notes:** (1) On first £1,000,000 of investment in plant & machinery (not cars) from 1 January 2019 to 31 December 2020 (£200,000 from 1 January 2021) (£200,000 before 1 January 2019).
 (2) The main pool rate applies to cars with CO₂ emissions of not more than 110 g/km (from April 2021 not more than 50g/km).
 (3) The special pool rate applies to cars with CO₂ emissions greater than 110 g/km (from April 2021 greater than 50g/km). The special pool rate was 8% before 6 April 2019 (1 April 2019 for companies).
 (4) The SBA rate was 2% prior to April 2020.

100% First year allowances available to all businesses

- Capital expenditure incurred by a person on research and development.
- New zero-emission goods vehicles (until April 2025).
- New cars if the car either emits not more than 50 g/km of CO₂ (0 g/km of CO₂ from April 2021) or it is electrically propelled (until April 2025).
- Electric vehicle charging points (until April 2023).

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 limits	2020/21			2019/20		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
Lower earnings limit (LEL)	£6,240	£520	£120	£6,136	£512	£118
Primary threshold (PT)	£9,500	£792	£183	£8,632	£719	£166
Secondary threshold (ST)	£8,788	£732	£169	£8,632	£719	£166
Upper earnings limit (UEL)/ Upper secondary threshold for under 21 (UST) ⁽¹⁾	£50,000	£4,167	£962	£50,000	£4,167	£962
Apprentice upper secondary threshold for under 25 (AUST) ⁽²⁾						

Class 1 primary contribution rates

Earnings between PT and UEL	12%	12%
Earnings above UEL	2%	2%

Class 1 secondary contribution rates

Earnings above ST ⁽¹⁾⁽²⁾	13.8%	13.8%
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- Notes:** (1) Rate of secondary NICs for employees < age 21 on earnings between ST&UST is 0%.
 (2) Rate of secondary NICs for apprentices < age 25 on earnings between ST&AUST is 0%.

	2020/21	2019/20
Employment allowance		
Per year, per employer	£4,000	£3,000
Class 1A contributions	13.8%	13.8%
Class 1B contributions	13.8%	13.8%
Class 2 contributions		
Normal rate	£3.05 pw	£3.00 pw
Small profits threshold	£6,475 pa	£6,365 pa
Class 3 contributions	£15.30 pw	£15.00 pw
Class 4 contributions		
Annual lower profits limit (LPL)	£9,500	£8,632
Annual upper profits limit (UPL)	£50,000	£50,000
Percentage rate between LPL and UPL	9%	9%
Percentage rate above UPL	2%	2%

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OTHER PAYROLL INFORMATION

Statutory maternity/adoption pay	First 6 weeks @ 90% of AWE Next 33 weeks @ the lower of £151.20 and 90% of AWE
Statutory shared parental pay /paternity pay/parental bereavement pay	For each qualifying week, the lower of 90% of AWE and £151.20
Statutory sick pay	£95.85 per week
Student Loan	Plan 1: 9% of earnings exceeding £19,390 per year (£1,615.83 per month/ £372.88 per week) Plan 2: 9% of earnings exceeding £26,575 per year (£2,214.58 per month /£511.05 per week)
Postgraduate Loan	6% of earnings exceeding £21,000 per year (£1,750 per month/£403.88 per week)

National living/minimum wage (April 2020 onwards)

Category of Worker	Rate per hour £	Category of Worker	Rate per hour £
Workers aged 25 and over	8.72	18–20 year olds	6.45
21–24 year olds	8.20	16–17 year olds	4.55

Accommodation Offset £8.20 per day

Apprentices 4.15

HMRC INTEREST RATES

Late payment interest	2.6%
Underpaid corporation tax instalments interest	1.1%
Repayment interest	0.5%
Credit interest	0.5%

CAPITAL GAINS TAX

Annual exempt amount for individuals	2020/21 £12,300	2019/20 £12,000
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CGT rates for individuals, trusts and estates

Gains qualifying for business asset disposal ⁽¹⁾ /investors' relief	10%	10%
Gains for individuals falling within remaining basic rate band ⁽²⁾	10%	10%
Gains for individuals exceeding basic rate band and gains for trusts and estates ⁽³⁾	20%	20%

- Notes:** (1) Formerly called entrepreneurs' relief
(2) The rate is 18% if the gain is in respect of a residential property
(3) The rate is 28% if the gain is in respect of a residential property

Business Asset Disposal⁽¹⁾ relief	2020/21	2019/20
Relevant gains (lifetime maximum) ⁽²⁾	£1 million	£10 million

Investors' relief		
Relevant gains (lifetime maximum)	£10 million	£10 million

- Note:** (1) Formerly called entrepreneurs' relief
(2) For qualifying disposals made before 11 March 2020 the lifetime limit was £10 million.

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Retail Prices Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	—	—	79.44	81.04	81.62	81.85	81.88	81.90	81.85	82.26	82.66	82.51
1983	82.61	82.97	83.12	84.28	84.64	84.84	85.30	85.68	86.06	86.36	86.67	86.89
1984	86.84	87.20	87.48	88.64	88.97	89.20	89.10	89.94	90.11	90.67	90.95	90.87
1985	91.20	91.94	92.80	94.78	95.21	95.41	95.23	95.49	95.44	95.59	95.92	96.05
1986	96.25	96.60	96.73	97.67	97.85	97.79	97.52	97.82	98.30	98.45	99.29	99.62
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9	264.8	265.5	267.1
2017	265.5	268.4	269.3	270.6	271.7	272.3	272.9	274.7	275.1	275.3	275.8	278.1

Lease percentage table

Years	Percentage	Years	Percentage	Years	Percentage	Years	Percentage
50+	100.000	37	93.497	24	79.622	11	50.038
49	99.657	36	92.761	23	78.055	10	46.695
48	99.289	35	91.981	22	76.399	9	43.154
47	98.902	34	91.156	21	74.635	8	39.399
46	98.490	33	90.280	20	72.770	7	35.414
45	98.059	32	89.354	19	70.791	6	31.195
44	97.595	31	88.371	18	68.697	5	26.722
43	97.107	30	87.330	17	66.470	4	21.983
42	96.593	29	86.226	16	64.116	3	16.959
41	96.041	28	85.053	15	61.617	2	11.629
40	95.457	27	83.816	14	58.971	1	5.983
39	94.842	26	82.496	13	56.167	0	0.000
38	94.189	25	81.100	12	53.191		

CORPORATION TAX

Financial year	2020	2019	2018
Main rate	19%	19%	19%

EU definition of small and medium sized enterprises

	Small ⁽²⁾	Medium ⁽²⁾	Extended definition for R&D expenditure
Employees ⁽¹⁾	< 50	< 250	<500
Turnover ⁽¹⁾	≤ €10m	≤ €50m	≤ €100m
Balance sheet assets ⁽¹⁾	≤ €10m	≤ €43m	≤ €86m

Notes: (1) Must meet employees criteria and either turnover or balance sheet assets criteria.
(2) Thresholds apply for transfer pricing and distributions received by small companies.

VALUE ADDED TAX

	Standard rate	VAT fraction
Rate	20%	1/6
Limits	From 1.4.20	From 1.4.19
	£	£
Annual registration limit	85,000	85,000
De-registration limit	83,000	83,000
Thresholds	Cash accounting	Annual accounting
	£	£
Turnover threshold to join scheme	1,350,000	1,350,000
Turnover threshold to leave scheme	1,600,000	1,600,000

ADVISORY FUEL RATES (as at 1 June 2020)

Engine size	Petrol	LPG	Engine size	Diesel
1400cc or less	10p	6p	1600cc or less	8p
1401cc to 2000cc	12p	8p	1601cc to 2000cc	9p
Over 2000cc	17p	11p	Over 2000cc	12p
Electricity rate	4p			

OTHER INDIRECT TAXES

	2020/21	2019/20
Insurance premium tax⁽¹⁾		
Standard rate	12%	12%
Higher rate	20%	20%
Tobacco products duty	From 11.3.20	From 29.10.18
Cigarettes	16.5% x retail price + £237.34 per thousand cigarettes (or £305.23 per thousand cigarettes ⁽²⁾)	16.5% x retail price + £228.29 per thousand cigarettes (or £293.95 per thousand cigarettes ⁽²⁾)
Cigars	£296.04 per kg	£284.76 per kg
Hand-rolling tobacco	£253.33 per kg	£234.65 per kg
Other smoking/chewing tobacco	£130.16 per kg	£125.20 per kg
Tobacco for heating	£243.95 per kg	£234.65 per kg ⁽³⁾

Notes: (1) Premium is tax inclusive (³/₂₈ for 12% rate and ¹/₆ for 20% rate).
(2) The £305.23/£293.95 per thousand cigarettes is a minimum excise duty (if higher than the first calculation).
(3) From 1.7.19.

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INHERITANCE TAX

Death rate	40% ⁽¹⁾	Lifetime rate	20%
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Note: (1) 36% rate applies where 10% or more of the deceased person's net chargeable estate is left to charity.

Nil rate bands

6 April 1996 – 5 April 1997	£200,000	6 April 2003 – 5 April 2004	£255,000
6 April 1997 – 5 April 1998	£215,000	6 April 2004 – 5 April 2005	£263,000
6 April 1998 – 5 April 1999	£223,000	6 April 2005 – 5 April 2006	£275,000
6 April 1999 – 5 April 2000	£231,000	6 April 2006 – 5 April 2007	£285,000
6 April 2000 – 5 April 2001	£234,000	6 April 2007 – 5 April 2008	£300,000
6 April 2001 – 5 April 2002	£242,000	6 April 2008 – 5 April 2009	£312,000
6 April 2002 – 5 April 2003	£250,000	6 April 2009 – 5 April 2021	£325,000

Residence nil rate bands⁽²⁾

6 April 2017 – 5 April 2018	£100,000	6 April 2019 – 5 April 2020	£150,000
6 April 2018 – 5 April 2019	£125,000	6 April 2020 – 5 April 2021	£175,000

Note: (2) An additional nil rate band is available where a main residence is passed on death to a direct descendant. Tapered withdrawal for estates > £2million.

Taper relief

Death within 3 years of gift	Nil%
Between 3 and 4 years	20%
Between 4 and 5 years	40%
Between 5 and 6 years	60%
Between 6 and 7 years	80%

Quick Succession relief

Period between transfers less than one year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

Lifetime exemptions

Annual exemption	£3,000
Small gifts	£250
Wedding gifts	
Child	£5,000
Grandchild or remoter issue or other party to marriage	£2,500
Other	£1,000

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)

Residential property value	From 1.4.20	From 1.4.19
>£0.5m - ≤ 1m	£3,700	£3,650
> £1m - ≤ 2m	£7,500	£7,400
> £2m – ≤ 5m	£25,200	£24,800
> £5m – ≤ 10m	£58,850	£57,900
> £10m – ≤ 20m	£118,050	£116,100
> £20m	£236,250	£232,350

STAMP DUTY/SDRT

Stamp duty⁽¹⁾	- On shares transferred by physical stock transfer form	0.5%
Stamp duty reserve tax⁽¹⁾	- On agreements to transfer shares ⁽²⁾	0.5%
	- On shares transferred to depositary receipt schemes	1.5%

Notes: (1) Does not apply to UK securities traded on a recognised growth market (eg AIM).

(2) Does not apply to units in UK unit trust schemes or shares in UK OEICS bought from fund managers.

STAMP DUTY LAND TAX

Stamp Duty Land Tax on purchase price / lease premium / transfer value – England & NI

Basic Rate % ⁽¹⁾⁽²⁾⁽³⁾	Higher Rate % ⁽¹⁾⁽²⁾	Residential ⁽¹⁾⁽²⁾⁽³⁾	Non-Residential
0	3	£0 - £125,000	£0 - £150,000
2	5	£125,001 - £250,000	£150,001 - £250,000
5	8	£250,001 - £925,000	£250,001 +
10	13	£925,001 - £1,500,000	N/A
12	15	£1,500,001 +	N/A

- Notes:** (1) The basic rates are increased by 3% where the purchase is of an additional residential property for individuals (see column 2 for the rates that apply). Companies and trusts pay the additional 3% on all purchases of residential properties, subject to note 2 below.
 (2) Companies (and certain other entities) pay 15% on purchases of residential property valued > £500,000.
 (3) First-time buyers purchasing a single dwelling as their only or main residence may benefit from a reduced rate. (This includes qualifying shared ownership properties.) SDLT will not be due on properties up to £300,000. For homes up to £500,000, SDLT will be payable on £200,000 at 5%. Homes bought for more than £500,000 will incur the rates as per column 1 of the table above.

New leases – Stamp Duty Land Tax on lease rentals – England & NI

Rate (%)	Net present value of rent	
	Residential	Non-residential
Zero	Up to £125,000	Up to £150,000
1%	Excess over £125,000	£150,001-£5m
2%		Over £5m

Land and Buildings Transaction Tax (LBTT) on purchase price – Scotland

Basic Rate % ⁽¹⁾⁽²⁾⁽³⁾	Residential	Rate % ⁽¹⁾	Non-Residential
0	up to £145,000	0	£0 - £150,000
2	£145,001 - £250,000	1	£150,001 - £250,000
5	£250,001 - £325,000	5	£250,001 +
10	£325,001 - £750,000		
12	£750,001 +		

- Notes:** (1) Rates are charged on the portion of consideration that falls in each band. The same tax is payable for a premium granted for a land transaction, except for residential leases which are generally exempt. Special rules apply to a premium for non-residential property where the rent exceeds £1,000 a year.
 (2) An additional amount of tax equal to 4% of the relevant consideration applies broadly to purchases of an additional dwelling by individuals and trusts (over which the beneficiary has substantial rights) and to purchases of a dwelling by certain businesses, companies and other trusts.
 (3) There is a relief for first-time buyers where a 0% rate is applied to the first £175,000 of the purchase consideration.

New leases – Land and Buildings Transaction Tax (LBTT) on lease rentals - Scotland

Rate (%)	Net present value of rent ⁽¹⁾
	Non-residential
Zero	Up to £150,000
1%	£150,001 to £2,000,000
2%	£2,000,001+

- Note:** (1) Residential leases are generally exempt

CHAPTER 1

PERSONAL INCOME TAX AND NIC

1.1 The Employment Allowance

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√	√							√		√			√		

From 2020/21, to be eligible for the employment allowance, the employer's Class 1 NICs liability in the previous tax year must be **less than £100,000**. Where the employer is part of a group of companies, the total Class 1 NICs liability for the group must be less than £100,000 in the previous tax year and only one company in the group can claim the allowance. [NICA 2014, ss.2 and 3](#)

In addition, from 6 April 2020 the employment allowance **counts towards the total de minimis State Aid** a business can receive over a three-year period. The employment allowance cannot be claimed if the de minimis State Aid threshold for the relevant business sector would be exceeded if the full allowance were claimed. [NICA 2014, s.2](#)

1.2 Class 1A NICs and Termination Payments

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
√	√	√	√						√		√	√		√		

For employments terminated from **6 April 2020**, where a termination payment is not regarded as earnings (and therefore not subject to Class 1 NICs), a **Class 1A NICs charge** will be levied on the amount of the payment subject to income tax. [SSCBA 1992, s.10\(1A\)](#)

Where a termination payment is fully exempt from tax, no NICs are payable.

Where Class 1A NICs are due in respect of taxable **cash termination payments** in excess of the £30,000 exemption, they must be **reported on a Full Payment Submission** when or before the payment is made and paid **via the PAYE system**. [SI 2001/1004, Reg 40C](#)

Class 1A NICs on any benefits provided in connection with the termination of the employment must be reported on form P11D(b), with the payment of Class 1A NICs due 22 July following the end of the tax year where payment is made electronically (19 July otherwise).

1.3 Life Insurance and Top Slicing Relief

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
												√				

FA 2020 clarified that an individual's personal allowance (and other reliefs such as loss relief and qualifying interest payments) must be **deducted from other income in priority** to the chargeable event gain when calculating top slicing relief. In addition, when calculating the relieved tax for top slicing relief, the amount of the personal allowance is calculated by taking into account only the 'slice' of the chargeable event gain in arriving at adjusted net income, rather than the full amount of the gain.

1.4 Use of Capital Losses against Income

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
												√				

A loss on disposal of shares in a trading company which has conducted its business **wholly or mainly outside the UK** now qualifies for relief under s.131 ITA 2007.

1.5 Employment Intermediaries and the Private Sector

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
											√			√		

From 6 April 2021, the off-payroll working rules will also apply where **the client is in the private sector**, unless it qualifies as small or does not have a UK connection for the tax year.

A corporate entity (which includes a Limited Liability Partnership) will be small if the latest accounts due to be filed before the start of the tax year relate to a financial year in which the small companies regime applies to the entity. [ITEPA 2003; ss.60A and 60D](#)

A corporate entity will be in the **small companies regime** if, broadly, it satisfies two of the following three tests:

- Annual turnover must be not more than £10.2 million.
- The balance sheet total must be not more than £5.1 million.
- The average number of employees must be not more than 50.

It will only be classed as medium or large if these conditions are not met in two consecutive years.

Where there is a group of companies, the test is applied by looking at the group as a whole.

If the client is **an individual or a partnership**, a slightly different test applies. It will be treated as small if it satisfies the turnover test in the financial year which ends at least nine months before the beginning of the tax year in question.

There is also an exclusion where the client is an individual and receives services other than in the course of their business. This ensures the off-payroll rules do not apply to situations where services are received in a personal capacity, eg design of a smart energy system for the client's holiday home. [ITEPA 2003; s.61M\(1A\)](#)

A business will not have a UK connection for a tax year if immediately before the beginning of the tax year, the client is not resident in the UK for tax purposes and does not have a permanent establishment in the UK. [ITEPA 2003; s.60](#)

From 6 April 2021, both public and private sector clients will issue a **status determination statement** to the individual worker and any other party to the contract setting out the conclusion reached. To be valid, the client must:

- state in the status determination statement whether the worker would be an employee or office holder if they were directly engaged by the client;
- provide their reasons for coming to that conclusion; and
- take reasonable care in coming to their conclusion. [ITEPA 2003, s.61NA](#)

1.6 Statutory Parental Bereavement Leave and Pay

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
		√												√		

An employee may be entitled to Parental Bereavement Leave (PBL) and Statutory Parental Bereavement Pay (SPBP) if (from 6 April 2020) the employee or their partner has a child who dies under the age of 18 or has a stillbirth after 24 weeks of pregnancy. Up to **two weeks of leave** (continuously or separate weeks) can be taken within 56 weeks of the death or stillbirth.

The amount of SPBP is **the lower of £151.20 per week or 90% of average weekly earnings**.

To be eligible for SPBP, the employee must be continuously employed for 26 weeks ending with the week immediately before the death or stillbirth (the relevant week) and must remain employed up to the date of death or stillbirth. The employee must have average weekly earnings (defined as for SMP) of at least **£120 per week** (the NICs lower earnings limit) for the **eight weeks ending with the last pay day in or before the relevant week**.

The employee must ask for SPBP within 28 days of the first day of the week that they want to claim for. They will need to provide a declaration that they are eligible.

1.7 Appendix 8 Agreements

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
														√		

The previous annual PAYE scheme rules for very short term business visitors have been replaced by Appendix 8 Agreements.

Employees from non-treaty countries spending, in aggregate, up to 60 non-incident workdays in the UK in the tax year can be covered by an Appendix 8 Agreement. The impact of a valid Appendix 8 Agreement can be summarised as follows:

- PAYE on UK workday earnings (including the cash equivalent of any benefits provided) is accounted for annually.
- PAYE is calculated using Month 12 tax tables, so covered individuals get the benefit of any applicable personal allowances.
- A single Full Payment Submission and payment of the PAYE is due by 31 May (assuming electronic payment used).
- P11Ds for any benefits are not required.
- Individual self-assessment returns are not required unless other UK income/gains need reporting.

If the PAYE is not recovered from the employee, it is treated as a benefit in itself and should be grossed up to ensure the tax is calculated correctly.

Appendix 8 Agreements are not available to either:

- employees who are subject to UK National Insurance; or
- directors of a UK company.

CHAPTER 2

CAPITAL GAINS TAX

2.1 Disposals of UK Residential Property by UK Residents

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
√				√					√		√	√	√			

For disposals from 6 April 2020, **disposals of UK residential property by UK residents must be reported to HMRC within 30 days of the completion of the disposal.** Disposals are reported online using HMRC's 'UK property service'. [FA 2019, Sch 2, para 3\(1\)](#)

Reporting is done using a 'capital gains tax UK property disposals return' (referred to as an 'online property return' going forward).

The online property return must include a calculation of the chargeable gain and a computation of the tax due.

Only 'taxable gains' need to be reported. [FA 2019, Sch 2, para 4\(1\)](#)

If the disposal itself gives rise to a capital loss, no online property return is required.

For taxpayers who are issued with self-assessment tax returns, **the disposal must also be reported on the Capital Gains pages of the return** (so some taxpayers will need to report their residential property gains twice).

In addition, from 6 April 2020, where a taxpayer makes a disposal of UK residential property giving rise to a taxable gain, **a payment on account of the CGT needs to be made.** [FA 2019, Sch 2, para 6\(2\)](#)

The payment on account is due no later than the filing date for the online property return – that is, within **30 days of completion.** [FA 2019, Sch 2, para 6\(3\)](#)

The payment on account is a 'best estimate' of the CGT due on the residential property disposal. [FA 2019, Sch 2, para 14\(4\)](#)

This estimate can take account of the annual exempt amount and can offset any capital losses made before the date of completion (including capital losses brought forward from earlier years). [FA 2019, Sch 2, para 7\(3\)](#)

The estimate cannot take account of losses which arise after completion (as these will be unknown at the date the payment on account is required). [FA 2019, Sch 2, para 7\(2\)\(a\)](#)

The estimate does not take account of gains which have already been made in the tax year on assets which are not UK residential property. [FA 2019, Sch 2, para 7\(2\)\(b\)](#)
The taxpayer will also have to make a reasonable estimate of the CGT rate which will apply to the disposal.

This payment on account is deducted from the CGT which is due for the tax year. Any balance is due for payment no later than the following 31 January.

2.2 Business Asset Disposal Relief

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
√	√		√	√					√	√	√	√	√			

Entrepreneurs' relief has been re-named Business Asset Disposal Relief.

The lifetime limit for gains eligible for relief is £1 million for disposals from 11 March 2020. In order to calculate the amount of qualifying gains eligible for relief in respect of each disposal, the **cumulative total of gains** which have obtained relief must be deducted from the lifetime limit at the date of disposal to see if any of the lifetime limit remains. If the cumulative total of gains which have obtained relief **exceeds the lifetime limit at the date of disposal, no further relief may be claimed.**

2.3 Principal Private Residence Relief

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
√				√					√			√	√			

Deemed Occupation

For disposals from 6 April 2020, only the last 9 months of ownership will qualify as a period of deemed occupation (previously 18 months).

Period of Ownership

The **acquisition date** for CGT purposes is the date that **unconditional contracts are exchanged**. However, the decision of the Court of Appeal in *Higgins v HMRC (2019)* has determined that the **period of ownership** for PPR purposes **begins on the date the purchase is complete** and the individual has the right to occupy the property. This means, for example, that in the case of 'off plan' purchases (ie purchases from the developer's plan of a property that is not in existence at the time the contract is entered into), the period of ownership for PPR purposes begins to run when an individual can actually move into the property and therefore the full gain will potentially be exempt.

Delay in Taking Up Residence

ESC D49 has been legislated.

PPR relief may be allowed where an individual acquires a house to live in as their main residence but is then to be unable to occupy the property immediately.

Relief is available provided the **period of absence provided does not exceed 24 months.**

In addition, the period of absence is only treated as a period of occupation if, prior to the individual moving in within the 24-month period, there is a qualifying event. A qualifying event is either:

- the completion of construction, renovation, redecoration or alteration of the property; or
- the disposal of an interest in another dwelling house which immediately prior to disposal was the individual's only or main residence. [TCGA 1992, s.223ZA](#)

Lettings Relief

For disposals from 6 April 2020, lettings relief is only available where **part** of a dwelling house is the **individual's main residence** and another **part** of the house is **let out** as residential accommodation. It is necessary that the individual and the tenant share occupation of the house, but that the tenant has exclusive use of their part.

As a result of the tenant having exclusive use of their part, the individual's main residence does not include the part let out. PPR relief will not apply to the part let out. However, lettings relief will apply to this part.

Two or More Residences

Where a taxpayer has more than one residence (including a rented property) an **election can be made to nominate** one of the residences as their PPR for CGT purposes **within two years** of the date from which they had **two residences**. However, from 6 April 2020 a nomination may be made outside the two-year time limit where the taxpayer has two or more residences and all but one of their residences has a negligible capital value. This allows a late nomination where the taxpayer was, perhaps, unaware that a nomination was necessary, due to the fact that one of the residences was merely rented. [TCGA 1992, s.222\(5A\)](#)

Transfers between Spouses and Civil Partners

If the spouses/civil partners are living together and an interest in a property is transferred between them, for PPR purposes the donee is deemed to have acquired the part transferred at the date when it was acquired by the donor. In addition, any periods during which the donor had occupied the property as their PPR are similarly deemed to be PPR periods for the donee.

From 6 April 2020 this applies to the transfer of any residence, regardless of whether it was the main residence at the date of transfer. The same principle applies to a transfer on death. [TCGA 1992, s.222\(7\)](#)

CHAPTER 3

INHERITANCE TAX AND TRUSTS

3.1 Penalties for Late Returns

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
				√									√			

There has been a syllabus change so that the ATT and CTA examinations for 2021 will examine the actual rules that currently apply regarding penalties for late returns rather than the harmonised penalty regime as that regime does not yet apply to late IHT returns.

Detail of the penalties can be found here:

[IHTM36023 - Inheritance Tax Manual - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

3.2 Trusts – Excluded Property

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
													√			

FA 2020 has confirmed that if a settlor adds property to an excluded property trust after becoming UK domiciled, the addition is not excluded property and the added property will be within the charge to IHT.

CHAPTER 4

BUSINESS TAX

4.1 Capital Allowances – First Year Allowances

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√		√					√		√	√				√	

The periods for which the following types of expenditure will attract FYAs at 100% **have been extended**. The following expenditure qualifies for FYAs:

- Expenditure incurred before 1 April 2025 on plant and machinery installed at a **gas refuelling station** for use in connection with refuelling vehicles with natural gas, biogas or hydrogen fuel (eg storage tanks, compressors, pumps and any equipment for dispensing the gas). [CAA 2001, s.45E](#)
- Expenditure incurred before 1 April 2025 on cars which are electrically propelled or have **CO₂ emissions not exceeding 50g/km (0g/km where expenditure incurred on or after 1 April 2021)**. [CAA 2001, s.45D](#)
- Expenditure incurred before 6 April 2025 (1 April 2025 for corporation tax purposes) on **zero emissions goods vehicles**. [CAA 2001, s.45DA](#)

4.2 Capital Allowances – The Annual Investment Allowance

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√		√					√		√	√				√	

It was announced in November 2020 that the AIA limit will remain £1,000,000 until 31 December 2021.

The ATT and CIOT have confirmed that they will accept BOTH answers that reflect the AIA remaining at £1,000,000 throughout 2021 AND answers that reflect the original reduction to £200,000 on 1 January 2021 (as enacted in FA 2019).

Answers in the Tolley revision material for the 2021 exams will show the AIA remaining at £1,000,000 throughout 2021.

4.3 Structures and Buildings Allowance

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√		√					√		√	√				√	

The SBA is calculated at a flat rate of **3% of qualifying expenditure per annum** from 6 April 2020 (1 April 2020 for companies). Full relief will be obtained over a 33 $\frac{1}{3}$ -year period. [CAA 2001, s.270AA](#)

Where an accounting period straddles 6 April 2020 (1 April 2020 for companies) the allowance is calculated on a **time-apportioned basis**, with the 2% rate applying for the number of eligible months in the accounting period before April 2020 and the 3% rate applying for the number of eligible months in the accounting period from April 2020.

CHAPTER 5

CORPORATION TAX

5.1 Societas Europaea

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

As a consequence of the UK's departure from the EU, any SE which remains registered in the UK at the end of 31 December 2020 will be converted to a new type of UK plc known as a **UK Societas**. It will remain a UK Societas until it is wound up or converts to a plc. A UK Societas will not be able to transfer its registered office out of the UK. In advance of 1 January 2021, an SE that has been registered in the UK for at least two years and has two sets of annual accounts approved may convert to a plc. In advance of that date, it is also possible for existing SEs wishing to retain their SE status to move their registration to an EU member State.

On or after 1 January 2021, it will not be possible to register an SE in the UK or transfer an SE into or out of the UK. UK permanent establishments (PE) of SEs registered in an EU member State will have to comply with the Overseas Company Regulations from 1 January 2021 and register the PE at Companies House.

5.2 Payment of Corporation Tax

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

For accounting periods beginning on or after 11 March 2020, if a company is chargeable to corporation tax for an accounting period **only because it has made a chargeable gain on the disposal of an asset** (ie it has an accounting period lasting one day) and would otherwise be classified as a very large company for that accounting period, it is **to be treated as a large, and not a very large, company.** [SI 1998/3175, Reg 3\(11\)](#)

5.3 Penalties

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√		√					√			√				√	

There has been a syllabus change so that the ATT and CTA examinations for 2021 will examine the actual rules that currently apply regarding penalties for late returns rather than the harmonised penalty regime as that regime does not yet apply to corporation tax. Generally, there are currently no penalties for late payment of corporation tax.

Detail of the late return penalties can be found here:

[COM100000 - COTAX Manual - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

5.4 Corporate Capital Loss Restriction

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
	√		√					√			√				√	

Maximum Offset

There is a restriction on the amount of brought forward capital losses (arising before or after 1 April 2020) which can be set against capital gains realised on or after 1 April 2020.

The **maximum amount which may be offset** is the sum of: [CTA 2010, s.269ZBA](#)

- **50% of relevant chargeable gains**; and
- the amount of the deductions allowance allocated to chargeable gains, known as the '**chargeable gains deductions allowance**', for the accounting period.

Deductions Allowance

The restriction on the use of carried forward income and capital losses will only apply where aggregate profits and chargeable gains exceed £5 million per group, per year. From 1 April 2020, the deductions allowance must be **shared between income and capital losses**.

Companies may divide the deductions allowance **in any way they choose** between trading income losses, non-trading income losses and capital losses.

Where a company is a member of a group, the deductions allowance is also **divided between group members** as the group sees fit.

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

Periods Straddling 1 April 2020

Where an accounting period **straddles 1 April 2020**, it is to be **split into two separate notional accounting periods**, described as the 'pre-commencement accounting period' and the 'post-commencement accounting period'. Gains must be calculated for each period.

The net losses of the pre-commencement period may be offset in full against gains of the post-commencement period and vice versa.

The restriction on the relief for carried forward capital losses will only apply to capital losses from accounting periods preceding the straddling period which are being offset against the post-commencement period that starts on 1 April 2020. [FA 2020, Sch 4, para 44](#)

Insolvent Liquidation

Companies which are in **insolvent liquidation** are able to offset brought forward capital losses against gains accruing during the winding-up process without the restriction being applied. [CTA 2010, s.269ZWA](#)

Pre-acquisition Capital Losses

In respect of accounting periods commencing on or after 1 April 2020, pre-entry capital losses (whenever made) are classified as carried-forward allowable losses so that relief for pre-entry losses is restricted under the corporate capital loss restriction rules.

5.5 Intangible Fixed Assets – Related Parties

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
			√								√				√	

Change in the status of certain IFAs

Transfers of pre- FA 2002 IFAs between related parties have, up until 30 June 2020, not resulted in the IFA becoming an FA 2002 IFA (chargeable intangible asset or CIA) in the hands of the transferee. That is to say the asset remains within the chargeable gains regime.

From 1 July 2020 such a transfer will continue to be a chargeable disposal for the transferor but will become a CIA for the transferee. [CTA 2009, s.882\(1C\)](#)

However, various transitional anti-avoidance rules deny the transferee relief for amortisation post such a transfer. [CTA 2009, ss.900A–900I](#)

This would apply where a sole trader is incorporating.

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
			√												√	

Nil Gain, Nil Loss Transfers

For the avoidance of doubt, where a pre-FA 2002 IFA is subject to an intra-group transfer under s.171 or s.139 TCGA 1992 on or after 1 July 2020, it will continue to be treated as a pre-FA 2002 asset (ie a capital asset) in the hands of the transferee. [CTA 2009, s.892](#)

IFAs Transferred from non-UK Companies

Intangible fixed assets **held outside the UK by non-UK resident companies** immediately before 1 July 2020 **will now be considered to be within the IFA regime.**

Therefore, if a non-UK resident company owns any IFA and transfers it to a related UK resident company on or after 1 July 2020 then it will become a CIA for the transferee and may be eligible for relief for amortisation debits. [CTA 2009, s.882\(1D\)](#)

5.6 Priority of HMRC Debts on Insolvency

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
											√				√	

If a business enters into **insolvency proceedings** on or after 1 December 2020, HMRC will be treated as a **secondary preferential creditor** in respect of certain debts of the company. This means that once fixed charges over assets of the company and expenses of liquidation have been paid, certain debts owed to HMRC will take precedence over all other creditors. [IA 1986, s.386](#)

The debts in question are **amounts which the company is obliged by law to collect and pay to HMRC on behalf of another person.** These include VAT, PAYE income tax, employee National Insurance contributions, Construction Industry Scheme deductions and student loan deductions. [IA 1986, Sch 6, para 15D](#)

Where the amount owed to HMRC is a **liability of the company itself**, such as corporation tax or employer's National Insurance contributions, **HMRC are not a preferential debtor** and rank with holders of floating charges and all other unsecured creditors.

5.7 Corporation Tax Payment Plans

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

Rules were introduced in FA 2020 to enable **payment of corporation tax** on certain transfers between UK companies and fellow group members which are resident in an EEA state to be **deferred over a period of up to five years**. These rules have effect from 11 July 2019 and apply to transactions occurring in accounting periods ending on or after 10 October 2018. [TMA 1970, Sch 3ZC](#)

The rules apply where **a UK resident company transfers an asset to an EEA resident company** in circumstances where, if the transfer had been to a company within the charge to UK corporation tax, **the transaction would have been treated as 'tax neutral'**.

5.8 Transfer Pricing – Excessive Interest

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

There was a 2020 addition to the OECD Transfer Pricing Guidelines, focusing on financial transactions. It lists a number of **factors to be taken into account** when determining whether a company is thinly capitalised, including the borrower's **debt capacity** and **forecast cash flows**, the **type and purpose** of the loan, the borrower's perceived **capacity to make interest payments** and repay the loan, the **quality of collateral** offered to secure the loan, the risk of the borrower's credit rate changing due to **circumstances in the wider economy** such as changes in interest and exchange rates, the **availability of guarantees** and from whom these are available, the **quality of the management** of both the borrower and the group, the **overall health of the economy** and the **lender's liquidity**.

The HMRC guidance stresses the importance of **considering all the merits of a particular case**, taking into account the particular sector the company is in and market conditions at the time.

5.9 Diverted Profits Tax – Profit Diversion Compliance Facility (PDCF)

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

It was originally intended that the PDCF would close at the end of 2019 but this was not the case.

5.10 Digital Services Tax

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															√	

We recommend that you purchase the FA 2020 AT TOMC material which covers these new rules in detail as required for the 2021 exams.

Digital services tax (**DST**) is a distinct tax in its own right, separate from corporation tax. It is charged on **UK digital services revenues** arising to a company in an accounting period. [FA 2020, s.39](#)

DST applies to a group of companies that provides a social media service, an internet search engine or an online marketplace (collectively called 'digital services activities'). It is a tax on the revenues (rather than the profits) derived from the provision of those services and ensures that the amount of tax paid by the group in the UK is reflective of the value derived from UK users of the services provided.

DST applies at the rate of 2% to the group revenues derived from UK users of the services. The tax will only apply where the group receives in excess of £500 million of revenues from its digital services activities of which in excess of £25 million is derived from UK users. It does not matter where the group companies receiving the revenues are located.

DST applies from 1 April 2020. It is currently envisaged that DST will apply until at least 2025, when it will be reviewed. By that time it is hoped that the perceived 'gap' in corporation tax will have been addressed so that DST will no longer be required.

CHAPTER 6

VAT

6.1 General Syllabus

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

Note that for exams in 2021 the syllabus is the same as that for 2020. Therefore, although the UK is in a transition phase for Brexit, exams will be set as though the UK is still a member of the EU and that EU law on VAT still applies in the UK. In addition, temporary measures introduced, as a result of COVID-19, are not examinable.

6.2 General Principles of VAT

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

From 1 January 2020 Campione d'Italia and the Italian waters of Lake Lugano are included in the customs and excise territories (but not VAT).

The American Express case [2019 FTT 548] shows that if the contractual arrangements reflect the economic reality that a supply is to an entity outside the EU, then input tax recovery is available.

The 2019 CJEU decision in Kursu Zeme states that the authorities cannot deny input tax recovery under abusive arrangements if they have not identified a tax advantage.

Postponed VAT accounting for import VAT is intended to take effect from 1 January 2021.

6.3 Registration – Aggregation of Businesses

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

A café run by a husband and a restaurant run next door by his wife were separate businesses and not subject to aggregation for the VAT registration threshold. (FTT 2019 Caton case.)

6.4 Definition of Supplies – Salary Sacrifice

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

Salary sacrifice arrangements whereby an employer adjusted a payment downwards was not a supply of an administration service by them and is not an economic activity. (2019 UT case of Pertemps.)

6.5 Reduced Rating and zero-rating – Legislation and Case Law Changes

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

From 1 January 2021 sanitary products are liable to 0%.

From 1 May 2020 electronic versions of publications falling within items 1-3 of Group 3 are zero-rated. The Upper tribunal agreed with News Corp that electronic versions of their newspapers should be zero rated. HMRC issued Brief 1 (2020) stating their intention to appeal to the Court of Appeal (for claims prior to the change in the law).

Cases and legislation relevant to CTA AT only:

An action day planner was held to not be a book (UT case of Gardarsson 2020).

Only prescriptions written by UK doctors registered with the GMC are eligible for zero rating. EU doctors therefore were not covered by zero rating. SI 2020/250 has amended the definition from 1 April 2020 to include EEA professionals. (FT case Pearl Chemist Ltd 2019.)

Zero rating is available for additional construction works to restore 'lost space' in a house as a result of a bathroom being put in (for example) for a disabled person under Group 12.

6.6 Exemptions – Cases and Legislation

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

Relevant Cases:

Safestore offered storage facilities and required customers to take out insurance through an intermediary resident in Guernsey. It argued it was an insurance intermediary. The FTT rejected the argument contending that they were supplying insurance. Safestore was the policyholder under which the customer received their cover.

In Claims Advisory Group, the FTT held that the Appellant was supplying the services of assisting its customers with the making of claims for compensation for mis-sold Payment Protection Insurance and not the termination of insurance relationships and was not providing insurance transactions or services related to insurance contracts.

In Romima & Others the tribunal held that 'chips' issued to customers in a club as a form of currency with which customers could pay dancers and staff are not within item 1 of Group 5. They are single purpose vouchers with VAT due on the consideration paid by the customer.

The tribunal case of Virgin Media held that the supply of payment handling services to customers was taxable and not an exempt supply of dealing with money.

A company providing services operating ATMs on behalf of a bank is not exempt finance. [Finanzamt Trier v Cardpoint GmbH C-42/18]

A supply of credit includes fuel cards provided by a parent company to its subsidiaries not (as the company contended) a supply of fuel (Vega International Car Transport and Logistic – Trading GmbH v Dyrektor Izby Skarbowej w Warszawie (Case C-235/18) [2019])

Fees charged by a travel agent to customers paying by debit or credit card are not exempt transactions. [ULOOK UBOOK Ltd FTT 2020]

The Advocate General has given their opinion in the United Biscuits case saying that pension management services are not exempt insurance services.

Services supplied to both qualifying funds and non-qualifying funds which are part of a single composite supply cannot be exempt. [Blackrock Investment Management CJEU C-231/19]

Ceroc dance is exempt as a subject ordinarily taught in school or university. [A Cook FTT 2019] Driving Tuition is not exempt [CJEU case C-449/17]

Kickboxing classes are standard rated. [Premier Family Martial Arts LLP FTT 2020]

The CJEU in the 2020 case of Idealmed Servicos de Saude SA has held the exemption in Art.132(1)(b) to include a private hospital who concluded contracts with public bodies at fixed prices where costs were borne by social security.

The Court of Appeal held that requiring a body to be state regulated for the medical care exemption to apply did not offend the principles of fiscal neutrality. [Leisure, Independence etc Ltd v HMRC 2020]

Botox, dermal fillers and fungal nail treatments were not exempt medical care as they were primarily sought for cosmetic purposes. [Skin Rich Ltd FTT 2019]

Ultrasound scanning services for pregnant women are medical care. [Window to the Womb 2020 FTT]

Consultants placed with NHS Trusts was a taxable supply of staff and not exempt supplies of medical care [Mainpay Ltd FTT 2020] but a company supplying services to GP practices was supplying exempt medical services [Medacy Ltd FTT 2019]. Archus Trading Ltd were supplying medical care as they delivered the medical services and directed and controlled the GPs. RPS Health Business tried to argue their Occupational Health supplies were standard rated as supplies of information/advice to employers.

The tribunal found for HMRC on most of the supplies that they were single supplies of exempt medical care.

A charity that assessed families referred to it by Social Services was supplying exempt welfare services. The assessments and reports were 'closely linked' and 'directly connected' with the care and protection of children. [Lilias Graham Trust FTT 2019]

School holiday camps were a single exempt supply of childcare and not the provision of activities. [RSR Sports Ltd. [2019 FTT TC07453]

Legislation and Business Briefs:

From 1 April 2020 a VAT Order has been issued to formally exempt the management of certain pension funds, following the ATP case. [SI 2020/209](#)

Brief 8 (2019) states that HMRC will continue to apply the CSE to social housing associations, subject to conditions outlined in the Brief.

6.7 Value of the Supply - Cases

ATT						CTA AW					CTA AT						
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect	
																	√

Relevant Cases:

Consideration is subjective and what is actually received and not valued according to objective criteria. Overpayments for car parking were part of the consideration. [National Car Parks Ltd 2019 CoA]

In the joined cases of C GmbH & Co. KG, C-eG v Finanzamt Z (Joined Cases C-573/18 and C-574/18) [2019] BVC 46, the CJEU ruled that subsidies received by two agricultural co-operatives which enabled members to purchase assets at a reduced price were part of the consideration paid for those assets. The subsidies were therefore subject to VAT, and not outside the scope of VAT.

Payments for early termination of a contract in Vodafone are consideration for a supply of services. [Case C-43/19 2020]

In the 2019 Upper tribunal case involving M&S with their 'dine in for two for £10 -free wine' promotion - the wine was not provided for no consideration so the price had to be allocated across all four items.

The 2020 case of Europcar Group UK Ltd held that where a car hire company provides children's car seats to its customers, these are separate supplies for VAT.

6.8 Value of the Supply – Advisory Fuel Rates and Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

Advisory fuel rates from 1 June 2020 have changed – these are in the Tax Tables.

Relevant Cases for CTA AT only:

Input tax on legal expenses incurred prior to incorporation of a company were held to be deductible pre-incorporation expenses. The director won his case against his former employer and the legal expenses allowed him to set up the company to exploit his software. They were not incurred in a personal capacity. [Koolmove FT case 2019]

The case of Zipvit has had questions referred to the CJEU in April 2020. Zipvit has been trying to recover input tax, without VAT invoices, on VAT it never paid, due to supplies by the Royal Mail to it being wrongly treated as exempt for VAT.

VAT incurred on fees relating to a legal dispute concerning a loan that the business made to unconnected third parties was irrecoverable as it related to an exempt supply. [Newmafruit Farms Ltd FTT 2019]

The Frank Smart & Son case came before the Supreme Court and its input tax on the purchase of Single Farm Payment Entitlements was deductible as it related to raising finance for a fully taxable business. Cambridge was distinguished on the facts.

VAT incurred on fees charged for the design and implementation of an employee reward scheme does have a direct and immediate link with the business. [Taylor Pearson FTT 2019]

A sole trader successfully argued input tax deduction on three cars for the business. [Graham FTT 2019 case]

6.9 Partial Exemption - Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

The FTT case of Royal Opera House Covent Garden allowed input tax on production costs to be treated as relating to other aspects of the business such as catering in bars/restaurants.

The CJEU decision in the Volkswagen Financial Services case has been given and Revenue & Customs Brief 8 (2020) gives a worked example of input tax recovery.

The CJEU decision in the Cambridge University case has been given in favour of HMRC. Input VAT on management fund fees was not recoverable as it was not a cost component of the wider economic activities.

6.10 Making Tax Digital & Bad Debt Relief

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

The ‘soft landing’ period for MTD has changed. Businesses will not be required to have digital links between software programs until their first VAT return period starting on or after 1 April 2021.

HMRC cannot deny a claim for bad debt relief where an employee diverts payments from customers into their own bank account. The supplier never received the funds. This is distinguished from theft from a till by an employee where the supplier has been paid.

6.11 Land and Buildings – Legislation and Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

The domestic reverse charge for construction services was deferred to 1 March 2021.

Cases relevant for CTA AT only:

A church constructed a zero rated annexe and not a standard rated extension. [FTT case of Immanuel Church 2019.]

The Upper tribunal decision in Languard Homes (joined with Macpherson) has overturned the FTT. Zero rating did not apply to the conversion.

The 2019 tribunal case, Darren Luke, confirmed Taylor Wimpey - 3 mirrored bathroom cabinets that were designed to be screwed to the wall, which incorporated lights and a shaving socket were held not to be ‘building materials.’ The tribunal held that it would be a “simple task to disconnect the electricity and unscrew the cabinets from the wall.”

Eynsham Cricket Club lost their appeal to the Upper Tribunal in 2019 in claiming that their cricket pavilion should be zero rated. As a Community Amateur Sports Club (CASC) they were not a charity and therefore not entitled to zero rating.

A DIY claim must be made within three months of the certificate of completion. HMRC cannot use a different time frame (eg from occupation if that is earlier) as their guidance is clear. [McGarry FTT case 2020]

In 2019 Darren Luke made a claim for the repayment of VAT incurred on the construction of a residential house, under the DIY Housebuilder scheme. The building was a garage with some first-floor accommodation in which he lived whilst the replacement dwelling was being constructed. This was included as a condition in the Planning Permission granted. HMRC denied part of the claim on the basis that the materials which formed part of an annexe (which cannot be disposed of separately to the main dwelling) did not qualify. The FTT allowed his appeal.

A reverse surrender of an option to acquire land is a right over land which is exempt from VAT (subject to the option to tax). [Landlinx Estates Ltd [2020] FTT]

6.12 TOGCs - Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

A pre-arranged sale of a let property will not amount to a TOGC. The transferee could not have intended to carry on the business. [General Storage Distribution Ltd FTI 2019]

6.13 Groups – Eligibility Changes and Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√	√										√

From 1 November 2019 the eligibility rules for VAT groups have changed. Individuals, partnerships and Scottish partnerships are now eligible to join, subject to conditions. [VATA 1994, s.43A](#)

An individual carrying on a business, or two or more 'relevant persons' carrying on a business in partnership, can group with one or more UK bodies corporate, if that individual, or partnership controls the UK bodies corporate (or all of the UK bodies corporate) and is established or has a fixed establishment in the UK.

Dormant companies can continue to belong to groups but any individuals or partnerships wishing to join must actually be carrying on a business.

'Relevant persons' can be an individual, a body corporate or a Scottish partnership.

The definition of 'control' where there is an individual or partnership means if they were a company they would be its holding company. This takes its definition from s.1159 Companies Act 2006, as above, so they should either:

- hold or control a majority of voting rights; or
- have the power to appoint or remove a majority of its board of directors.

Cases relevant to CTA AT only:

The Baillie Gifford tribunal case in 2019 held that VAT grouping rules offended the principle of fiscal neutrality.

Where a subsidiary makes payments via an increase in an inter-company loan, this is consideration for a supply and input tax is deductible for the holding company. [Tower Resources FTI 2019]

The Melford 2020 tribunal case held that a VAT group could recover input VAT incurred by the general partner of a limited partnership which undertook investment activities.

The CJEU in the San Domenico case (C-94/19) held that VAT is chargeable on payments from a subsidiary to its parent for the secondment of an employee, even where it is a simple reimbursement of costs.

Danske Bank has been referred to the CJEU with respect to the Skandia debate. Does a Swedish branch (not part of a VAT group in Sweden) have to reverse charge Swedish VAT because its Head Office is a member of a VAT group in Denmark?

6.14 Flat-rate Scheme - Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

In Holy Cow! Ice Cream Ltd [2019] TC 07400, the First-tier Tribunal (FTT) refused an appeal against a decision not to backdate an application to join the Flat-Rate Scheme to VAT periods for which normal VAT returns had already been submitted. HMRC did not act unreasonably since the purpose of the scheme is to simplify VAT accounting and record-keeping and not to provide a cash refund to a struggling business.

6.15 Farmers’ Flat-rate Scheme – Entry and Exit Rules

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
					√											√

From 1 January 2021 there will be new entry and exit rules for the scheme. Designated activities turnover cannot exceed £150,000 in order to join the scheme. If turnover exceeds £230,000 they must leave the scheme. Turnover above £85,000 from non-farming activities makes farmers ineligible to join the scheme.

6.16 Agency – Cases and CEST Tool

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

As a result of the Brabners case, HMRC released a policy paper announcing the withdrawal of the concessionary VAT treatment for property searches conducted by post from 1 December 2020, so to avoid the inconsistent treatment for VAT.

The online CEST tool referred to in HMRC's factsheet ES/FS1 can help to identify whether a person is an employee or self-employed.

6.17 EU movement of Goods – Chains of Transactions and Call-off Stock

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

From 1 January 2020 a VAT number is needed from the recipient in the other member state in order to zero rate the supply. Two forms of evidence are needed, and the supply must go on the EC Sales List. Reg.134 of the VAT Regs are amended and a new reg.134A has been inserted.

From 1 January 2020 new rules about chains of transactions, and which supply is zero rated, have been introduced. This section has been fundamentally re-written with new illustrations.

Chains of transactions

A chain of transactions occurs where there are at least three businesses. There must be a minimum of:

- original seller;
- original buyer; and
- final buyer.

There has been uncertainty in the past as to which of the links in the chain can be zero-rated (and whether more than one can be).

As a result of case law, the CJEU held that only one transaction in a chain can be treated as the intra-community supply. This means only one of them can be zero-rated.

Further to Member States applying conflicting interpretations of the rules, rules have been introduced from 1 January 2020 to clarify which transaction can be zero-rated where a chain exists. These are contained in Article 36a of the Principal VAT Directive (PVD). This Article will only apply where:

- there are at least three parties (as mentioned above);
- the goods are dispatched from one Member State to another; and
- the goods have been transported directly from the first supplier to the last customer in the chain.

Where these conditions are met, the general rule is that the zero-rated dispatch is ascribed to the supply made to the intermediary operator. There is a derogation from this rule which we will look at in a minute.

As this is the only 'transport' supply, all other supplies must be domestic. Therefore, all supplies leading up to the goods being moved from the Member State of origin are treated as taking place in the Member State of origin and all supplies after the intra-community movement are treated as taking place in the Member State of destination.

HMRC have stated that in most cases the same end result will be achieved as per their current policy. [Art. 36a 2006/112/EC](#)

Call-off stocks

The section on call-off stocks has been re-written to explain the new simplification from 1 January 2020 and the conditions that need to be met.

From 1 January 2020, a new EU-wide VAT accounting simplification for call-off stock was implemented. This allows the intra-community supply of goods to be treated as occurring when the goods are supplied to the customer in the destination Member State.

Article 17a of the PVD contains the simplification rules. Article 243(3) lays down the obligations to keep certain registers, Article 262(2) lays down the obligation to mention in the recapitulative statement the VAT number of the intended acquirer, and Article

54a of the Implementing Regulation provides details of the registers that need to be kept. [Art.17a 2006/112/EC](#)

6.18 International Aspects – Services Case Law

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

A supplier is not required to carry out significant due diligence to determine whether their supply is to a local fixed establishment of a foreign entity. Just because there is a local subsidiary does not infer a local fixed establishment of a company. [Dong Yang Electronics C-547/18]

Career coaching and support to students of Chinese origin were consultancy services and not education. The place of supply was outside the UK when supplied to the parents of the students as they were resident in China. [Mandarin Consulting Ltd FT case 2020]

The supply of a five day Accountancy course in Skatteverket v Srf konsulterna AB (C 647-17) [2019] BVC 16 was held by the CJEU to be a supply of education and was based on the exception of 'admission to the event' and therefore the general rule does not apply, and the place of supply is where the course takes place.

The Advocate General in Wellcome Trust has opined that the Reverse Charge is due on services that a VAT registered charitable Trust receives for its non-economic activities.

A section about future changes has been inserted which talks about the implementation of a VAT e-commerce package designed to facilitate cross-border trade, combat fraud and ensure fair competition for EU businesses. It was due to be implemented from January 2021 but has been postponed to July 2021.

6.19 TOMS

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

The Commission has still not carried out its review of TOMS and further CJEU cases have held some of Germany's rules to be incompatible with the legislation.

Changes to the forfeited deposits rules from 1 March 2019 has resulted in HMRC guidance about when to include the deposit in the TOMS calculation.

6.20 Missing-Trader Intra-Community fraud - Cases

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

The Upper tribunal held that an agent's fraudulent actions were attributed to the Partnership, even where the individual partners did not know of the fraud, for the purposes of the Kittel test, [Sandham case.]

CHAPTER 7

STAMP TAXES

7.1 General Syllabus

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
						√									√	√

The temporary changes implemented as a result of COVID-19 are not examinable in the 2021 exams. This applies to all stamp taxes.

7.2 Stamp Duty on Shares

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
						√										√

Where shares are transferred in a target company to an acquiring company, with the acquiring company issuing shares to all shareholders of the target company, they are exempt from SD.

Cryptoasset exchange tokens eg bitcoin can be given as consideration for stock and marketable securities. HMRC does not consider exchange tokens to be currency or money so they do not meet the definition of money. They are also not 'stock or marketable securities' either. They can count as the release of a debt.

A general market value rule was enacted in 2020 for transfers of unlisted securities sold to a connected company for a consideration. Tax is charged on the higher of the consideration or the market value of the shares. For listed securities the same market value rule applies but here there does not need to be any consideration provided.

7.3 Stamp Duty Reserve Tax

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
															APS only	

Cryptoasset exchange tokens eg bitcoin can be given as consideration. Consideration is defined as 'money or money's worth' so bitcoin will count as 'money's worth'. Tax will be due on the pound sterling value of the exchange tokens at the relevant date.

A general market value rule was enacted in 2020 for transfers of unlisted securities sold to a connected company for a consideration. Tax is charged on the higher of the consideration or the market value of the shares. For listed securities the same market value rule applies but here there does not need to be any consideration provided.

7.4 Stamp Duty Land Tax

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
						√					APS only	APS only	APS only	APS only	√	√

Note that although the bands for calculating SDLT have undergone temporary changes due to COVID-19, the rates in the Tax Tables are the ones to use for the exam. The temporary increases are not examinable.

A purchase of residential property made by a non-resident (individual or company) on or after 1 April 2021 will have a 2% surcharge (on top of existing rates).

As a result of a number of tribunal cases residential properties include a meadow, barn to the side of a house and a public bridleway; a paddock adjoining a cottage and garden; and an equestrian property, with a home office above the garage and a paddock let for a nominal rent. Where grazing animals are kept for leisure purposes the land is residential.

From September 2019 payments are made electronically.

In the Consultus Care case a property let to carers while there were attending a training course enhanced other aspects of the business and was not therefore used exclusively for a rental business. There was no relief from the 15% rate.

In the Pensfold case an intention to carry on a qualifying trade at the time of purchase is sufficient for the relief from the 15% rate to apply.

HMRC has updated their manual and emphasised that just because two transactions are concluded with the same buyer and seller it does not automatically make them linked. HMRC will look at whether they are part of a single bargain or if one transaction is dependent on or affected by another.

Multiple dwellings relief can be claimed where a number of residential properties are bought together. In the Fianders tribunal case an annexe connected by a corridor from the main house with no door between the two parts of the property did not constitute two dwellings. MDR is also available for student flats in a single property in certain circumstances.

A land transaction return can be amended outside the 12 month time limit in certain circumstances, for example, where rescission takes place more than 12 months after substantial performance.

There is no appeal against a Revenue determination, even if the taxpayer would have won. This was the decision of the tribunal in Said Mashoof in February 2020.

CHAPTER 8

INSURANCE PREMIUM TAX

ATT						CTA AW					CTA AT					
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect
																√

8.1 Interest Rates

The interest rate on underpayments has dropped from 3.25% to 2.6%.

CHAPTER 9

CUSTOMS & EXCISE DUTIES

ATT						CTA AW					CTA AT						
P1	P2	P3	P4	P5	P6	A	B	C	D	E	OMB	IND	IHTTE	HC	TOMC	Indirect	
																	√

9.1 General

Although the UK is in a transition phase for Brexit, the syllabus for exams in 2021 assumes that the UK has not left, and that the EU system of Customs Duties continues to apply in the UK.

Once the UK is out of the EU it will have its own UK Global Tariff (UKGT).

The second phase of the ICS has been implemented and operators must submit an entry summary declaration with ore-arrival data and information concerning the goods.

Under the CDS C79s can be viewed and downloaded from the system.

AEOs forms have to be submitted through the EU Customs Trader Portal.

Where a customs declaration is completed for declaring goods to a special procedure, an agent can only represent the importer in a 'direct' manner and cannot complete it as an 'indirect' agent.

Incoterms 2020 is the latest version containing the full list of terms of trade.

Where a customs debt arises as a result of a criminal act then communication to the debtor can take place outside the three-year time limit. The UCC allows for an extension of this period to a minimum of five years and a maximum of ten years. Under the old Code there was no time limit and UK law did not contain a provision for one. The Supreme Court has held that communication must take place within a reasonable period of time.

The rate of interest has gone down from 3.25% to 2.6%.

The latest Tariff is contained in Regulation 1776/2019.

A deferment account cannot be used to guarantee a potential debt. A CCG is needed.

There are slight changes to the WCO's bodies. There is a Capacity Building Committee and an Integrity sub-committee.

212 (formerly 211) countries use the Harmonized System.

9.2 Preferences

A preferential trade deal was concluded with Singapore from 21 November 2019.

From 1 September 2020 EU exports to ESA states benefit from a preferential tariff treatment.

The latest position on the REX is that it should have been fully operational by 30 June 2020 with Form As no longer being issued. However, some countries still do not use the REX system.

9.3 Customs Warehousing

The value of goods declared at the time of removal depends on whether there is a 'sale for export'. A paragraph has been added on what sale can be used and that when goods depreciate in value in the warehouse and a reduced price has been given by the seller then that price can be used.

9.4 Excise Duties

Council Directive 2008/118/EC is being replaced with 2020/262 from 13 February 2023. It is mostly a re-cast as it has been amended numerous times.

The EMCS is being upgraded to allow for real time information (RTI) and duty paid goods are being brought into the system.

Rates are currently frozen on alcoholic liquor.

Where wine is mixed with water or another substance after being produced or imported and the duty charge would be higher than if the mixing had not occurred, the higher rate of duty is charged.

The rates of excise duty on tobacco products have increased. The rates are on the tax tables.

The EMCS is being expanded to cover duty paid products. When this happens paper based documents will no longer be used.