

AW FOR APS HC – FA21 CHANGES GUIDE

PERSONAL INCOME TAX

Note that all chapters have been updated for 2021/22 thresholds, rates and allowances.

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to the UK tax system			✓	
2	2	Calculating the income tax liability			✓	
3	3	The taxation of interest			✓	
4	4	The taxation of dividend income			✓	
5	5	Relief for married couples			✓	
6	6	Deductible payments			✓	
7	7	Tax relief on donations to charity			✓	
8	8	Scottish taxpayers			✓	

9	9	An introduction to self assessment			✓	
10	10	Payment dates, interest & penalties			✓	
11	11	Introduction to property income			✓	
12	12	Property income: further aspects			✓	
13	13	Miscellaneous provisions			✓	
14	14	The Enterprise Investment Scheme			✓	
15	15	Social Investment Tax Relief		✓		Relief extended for investments made up to 5 April 2023.

CAPITAL GAINS TAX

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Business asset disposal relief			✓	
2	2	Relief for capital losses			✓	
3	3	Reporting of gains and payment of CGT			✓	
4	4	Part disposals			✓	
5	5	Sales of leases			✓	
6	6	Grants of leases			✓	
7	7	Chattels			✓	
8	8	Connected person & Inter Spouse Transfers			✓	
9	9	Shares & securities: Matching rules			✓	
10	10	Bonus issues & rights issues			✓	
11	11	Takeovers and reorganisations			✓	

12	12	Gilts & QCBs			✓	
13	13	Earn-outs & deferred consideration			✓	
14	14	Options			✓	
15	15	Rollover relief			✓	
16	16	Rollover relief & depreciating assets			✓	
17	17	Gift relief			✓	
18	18	Gift relief - restrictions			✓	
19	19	EIS, SEIS and Social Enterprise reinvestment relief			✓	
20	20	Gains and Losses on EIS/SEIS/Social Enterprise/VCT shares			✓	
21	21	Assets lost or destroyed			✓	
22	22	Compensation for assets damaged			✓	
23	23	Foreign aspects of CGT			✓	

24	24	Foreign aspects - special rules			✓	
25	25	Deemed Domicile and Rebasing			✓	
26	26	Double tax relief for CGT			✓	
27	27	Purchase of Own Shares		✓		Expanded details of condition for capital treatment when discharging inheritance tax liability.
28	28	Transfer of Assets Abroad			✓	
29	29	Transactions in UK Land			✓	
30	30	Annual Tax on Enveloped Dwellings			✓	

BUSINESS INCOME TAX & NIC

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Trading Income and the Badges of Trade			✓	
2	2	Adjustment of Profit - General Principles			✓	
3	3	Common Adjustments			✓	
4	4	Capital Allowances - Definitions			✓	
5	5	Capital Allowances – Basic Computations			✓	
6	6	Capital Allowances – First Year Allowances & the AIA			✓	
7	7	Capital Allowances - Further Computations			✓	
8	8	Capital Allowances – Cars & Other Points			✓	

9	9	Introduction to Partnerships			✓	
10	10	Partnership Changes			✓	
11	11	Limited Liability Partnerships			✓	
12	12	Classes 2 and 4 National Insurance			✓	

CORPORATION TAX

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to Corporation Tax		✓		Changes to reflect enhanced FYA.
2	2	Computation of Corporation Tax			✓	
3	3	Long Periods of Account			✓	
4	4	Corporation Tax Self-Assessment (CTSA)			✓	
5	5	Payment of Corporation Tax		✓		Removed references to pre 1 April 2019.
6	6	Interest on Late Paid Tax and Repayments			✓	
7	7	CTSA Penalty Regime			✓	
8	8	Property Income			✓	
9	9	Loan Relationships			✓	
10	12	Corporate Capital Gains			✓	
11	13	Research and Development Expenditure		✓		New PAYE and NIC cap on SME R&D tax credit. Tax relief for capital expenditure on R&D added to this chapter.
12	14	Companies with Investment Business			✓	

13	10	Relief for Trading Losses	✓			Temporary extended carry back loss relief for accounting periods ending between 1.4.20 and 31.3.22. Removal of pre-1 April 2017 losses throughout losses chapters reflecting syllabus changes. Chapter rewrite.
14	11	Relief for Other Losses		✓		Removal of pre-1 April 2017 losses throughout losses chapters reflecting syllabus changes.
15	15	The Principles of Group Relief		✓		Removal of reference to pre-1 April 2017 losses reflecting syllabus change.
16	16	Group Relief – Further Aspects			✓	
17	17	Group Capital Gains			✓	
18	18	Group Gains – Further Aspects			✓	
19	19	Change in Ownership of a Company			✓	
20	n/a	Informal Winding Up			✓	
21	20	Residence and Double Tax Relief			✓	
22	21	Dual and Non-Resident Companies			✓	
23	22	Transfer Pricing			✓	
24	23	Controlled Foreign Companies			✓	

INHERITANCE TAX

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to IHT			✓	
2	2	Chargeable transfers			✓	
3	3	Chargeable lifetime transfers – calculation of tax			✓	
4	4	Lifetime transfers – “grossing-up”			✓	
5	5	Additional tax on death			✓	
6	6	Business Property Relief			✓	
7	7	BPR on death			✓	
8	8	“Fall in value” relief			✓	
9	9	The death estate			✓	
10	10	Nil Rate Bands			✓	
11	11	IHT valuation rules			✓	
12	12	Post mortem reliefs			✓	

13	13	Gifts with reservation of benefit			✓	
14	14	Pre-owned Assets			✓	
15	15	Domicile & double tax relief			✓	
16	16	Deemed domicile			✓	
17	17	Introduction to trusts			✓	
18	18	Income tax on interest in possession trusts			✓	
19	19	Income tax on discretionary trusts			✓	
20	20	Exit charges on relevant property trusts			✓	
21	21	Inheritance tax - principal charges			✓	
22	22	Other trusts for children			✓	

23	23	Interest in possession trusts – IHT issues			✓	
24	24	Interest in possession trusts – further aspects			✓	
25	25	Capital gains and UK trusts		✓		Section on CGT relief for IHT paid moved to chapter 26.
26	26	CGT and UK trusts - further aspects		✓		Section on CGT relief for IHT paid moved from chapter 25.
27	27	Estates in administration			✓	
28	28	Beneficiaries of deceased estates			✓	

VAT & STAMP TAXES

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	VAT General Principles		✓		An introductory paragraph explains the impact on VAT as a result of the UK leaving the EU (and its transition phase) and how EU law impacts on Great Britain and Northern Ireland from 1 January 2021
2	2	Registration			✓	
3	3	Definition of Supplies		✓		The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%.
4	4	Liability of the Supply		✓		The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%.
5	5	Schedule 8 VATA 1994 – Zero-Rating		✓		HMRC won their appeal in the case of News Corp. The Court of Appeal held that electronic publications of newspapers were standard rated. (This affects historic claims only)
6	6	Schedule 9 VATA 1994- Exemptions			✓	
7	7	Value of the Supply		✓		Insertion of a new section on increases and decreases in consideration for supplies that have already taken place and when debit and credit notes are required and how the VAT is adjusted.
8	8	Time of Supply			✓	

9	9	Input Tax - When to Recover		✓		Advisory fuel rates from 1 June 2021 are included
10	10	Partial Exemption			✓	
11	11	VAT Records and Returns		✓		Businesses under the current VAT threshold will have to use MTD from 1 April 2022
12	12	Accounting for VAT		✓		New rules from 1 April 2022 about repayment interest to align VAT rules with Income Tax. Overpayments of VAT for POA regime are included
13	13	Bad Debt Relief		✓		If an employee diverts funds from customers directly into their own bank account then bad debt relief is available as the supplier has not been paid. If, however, an employee steals from the till, bad debt relief is not available as the supplier was technically paid.
14	14	HMRC Powers, Appeals and Assessments		✓		The FA 2021 has amended the rules on third party notices and in certain circumstances the taxpayer cannot be disclosed the notice by the third party. Failure to comply can result in a £1,000 penalty
15	15	Penalties for Incorrect Returns			✓	
16	16	Penalties for Failure to Notify			✓	
17	17	International Aspects - Goods	✓			Due to Brexit, the syllabus has changed, and the chapter has been substantially re-written

18	18	International Aspects – Services	✓			Due to Brexit, the syllabus has changed, and the chapter has been substantially re-written
19	19	Land and Buildings - Zero and Reduced-Rating			✓	
20	20	Land and Buildings - Exemption and Standard-Rating		✓		The 5% de minimis rule has been added to the DRC on construction services. If a maximum 5% of the value of the invoice relates to services subject to the DRC, normal VAT rules will apply to the entire invoice
21	21	Land and Buildings - Option to Tax			✓	
22	22	Capital Goods Scheme			✓	
23	23	Transfer of a Going Concern			✓	
24	24	Groups			✓	
25	25	Agency			✓	
26	26	Stamp duty on shares		✓		A 'block' transfer stock form can be sent for multiple chargeable transfers (eg on a takeover), with a schedule detailing the duty on each transfer. This aims to ease the administrative burden on taxpayers.

27	27	Stamp duty land tax	✓			<p>Sale and leaseback relief removed from the APS OMB syllabus.</p> <p>The 2% surcharge for purchases of residential property by non-UK residents is imposed from 1.4.21. Details have been included on what makes a person or company non-UK resident and exceptions to the surcharge.</p> <p>The Fish Homes Ltd FTT case of 2020 held that a property with flammable cladding was still habitable as a dwelling and liable to the additional 3% residential rates.</p> <p>In the 2020 case of Moaref, the 3% additional rate applied to the purchase of two apartments which the purchaser intended to combine into one property after their purchase, to live in as their main residence. Neither property was intended on its own to replace their main residence, so no refund of the 3% rate was due.</p> <p>Three FTT cases were joined for an appeal to the Upper Tribunal in 2021 as to what amounts to residential property, when properties are surrounded by land. (Hyman, Pensfold and Goodfellow). Appeals by the taxpayers were dismissed and the residential rates applied to the entire purchase as the land formed part of the garden or grounds. It was not a requirement of the legislation that it needed to be for the reasonable enjoyment of the house having regard to its size or character.</p> <p>HMRC is of the view that LLPs cannot take advantage of the housebuilders' relief on 'exchanges' unless all the members of the LLP are companies.</p>
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27	27	...continued				<p>Where anti-avoidance legislation means that a notional transaction is treated as occurring, then if contingent consideration is never paid by the purchaser a reclaim can be made for the SDLT on that part. [Project Blue 2020]</p> <p>When determining the SLP for partnership transfers to a limited company, you do not include 'connected parties of connected parties'. This was part of the Waterside Escapes Ltd case in 2020.</p> <p>The Doe and Partridge cases in 2021 re-affirm that an annexe can only be a separate dwelling for MDR where the annexe and the main house can both be used as separate dwellings.</p> <p>The 15% rate on high value residential properties will be due on a property rental business where a non-qualifying individual has the right to occupy the dwelling.</p> <p>HMRC has changed its guidance on claiming MDR and whether the 3% surcharge is due on the dwellings. Provided, the amount attributable to the non-residential is not negligible or artificially contrived, then the 3% surcharge is not applied to the dwellings.</p>
28	28	Stamp duty land tax - administration			✓	