

## AW FOR APS IND – FA21 CHANGES GUIDE

### BUSINESS 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	Adjustment of Profit - General Principles			✓	
2	2	Common Adjustments			✓	
3	3	Current Year Basis and Opening Year Rules			✓	
4	4	Overlap Relief and Closing Year Rules			✓	
5	5	Change of Accounting Date			✓	
6	6	Losses - Continuous Trades		✓		New section on temporary three year carry back.
7	7	Losses - Opening and Closing Year Rules			✓	

8	8	Classes 2 and 4 National Insurance			✓	
9	9	Introduction to Partnerships			✓	
10	10	Partnership Changes			✓	
11	11	Partnership Admissions and Retirements			✓	
12	12	Partnership Losses			✓	
13	13	Limited Liability Partnerships			✓	
14	14	Partnership Capital Gains - basic principles			✓	
15	15	Partnership Capital Gains - further aspects			✓	
16	16	Partnership Capital Gains - asset revaluations			✓	

## IHT, TRUSTS AND ESTATES

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	Agricultural Property Relief			✓	
8	8	APR & BPR on death			✓	
9	9	“Fall in value” relief			✓	
10	10	The death estate			✓	
11	11	Nil Rate Bands			✓	

12	12	IHT valuation rules			✓	
13	13	Quick Succession Relief			✓	
14	14	Gifts with reservation of benefit			✓	
15	15	Pre-owned Assets			✓	
16	16	Domicile & double tax relief			✓	
17	17	Deemed domicile			✓	
18	18	IHT administration			✓	
19	19	Payment of tax & the instalment option		✓		Confirmation that late payment penalties do not apply for IHT.
20	20	Introduction to trusts			✓	
21	21	Income tax on interest in possession trusts			✓	
22	22	Income tax on discretionary trusts			✓	

23	23	Exit charges on relevant property trusts			✓	
24	24	Inheritance tax - principal charges			✓	
25	25	Other trusts for children			✓	
26	26	Interest in possession trusts – IHT issues			✓	
27	27	Interest in possession trusts – further aspects			✓	
28	28	Trust income taxed on the settlor			✓	
29	29	Estates in administration			✓	
30	30	Beneficiaries of deceased estates			✓	

## STAMP TAXES

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	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.
2	2	Stamp duty land tax	✓			<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>

2	2	...continued			<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> <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>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>
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2	2	...continued				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.
3	3	Stamp duty land tax - administration			✓	

### OTHER TOPICS

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Annual Tax on Enveloped Dwellings			✓	
2	2	Off-Payroll Working ( <i>previously Personal Service Companies</i> )			✓	Content combined with content from Employment Intermediaries and the Public Sector chapter. Rewritten and updated to take account of the changes to the rules from 6 April 2021.
n/a	3	Employment Intermediaries and the Public Sector				Deleted for FA2021