



Homework for HMRC

HM Revenue & Customs (HMRC) is busy doing homework in advance of going live with its Private Tuition & Coaching Campaign (PT&C) this autumn.

The PT&C is the second professionals disclosure campaign and is going to target individuals providing educational or leisure teaching qualifications, such as national curriculum tutors and fitness coaches. Whilst the exact design of the disclosure opportunity has not yet been finalised, it is expected to offer a reduced penalty for voluntary disclosures.

Latest news

The Risk and Intelligence Service, based at the Centre for National Information at Llanishen in Cardiff, has written to language schools, distance learning companies and other similar educational colleges providing vocational courses.

Our ReSource Consultancy Team has seen a series of letters issued by Ceri Lang, the Business Unit Head, telling the educational establishments that it is her intention to send them notices under Section 16 TMA 1970 requiring them *'to make and deliver returns of payments for particular services that you have made to recipients who are not your employees.'*

The letters then go on to say the notices will require a return of ***'Gross payments made for teaching, lecturing, tutoring, examining and invigilating, from which no PAYE tax has been deducted, for the years ended 5 April 2009, 2010 and 2011.'***

Specific particulars

The letters list the specific particulars required as follows :

- The name of the person to whom the payment was made.
- The person's address (care of addresses will not be acceptable).
- The total amount of the payment for the year and whether or not it included VAT
- A meaningful description of the nature of the service rendered by the payee. Ledger codes and general descriptions (such as 'services') will not be acceptable.

The letters also list details not required :

- Any payment made to any one recipient where the total amount paid to that person during the period specified in the notice does not exceed £1000.
- Any payment from which tax should be deducted before payment (for example under PAYE or the Construction Industry Scheme (CIS)).





Time limits

The letters state that the returns must be made within 60 days of the date of the notices under Section 16 TMA 1970. If the information is not provided, HMRC has warned an initial penalty will be charged of up to £300, plus up to £60 per day for a continuing failure.

And finally...

The educational establishments are told *'This is not a check of your tax affairs – we will only use this information to check that the recipients have paid the right tax.'*

However, any practitioner who deals with the shifting sands at the HMRC castle on a regular basis, will consider that statement to be far from a reassurance and will know that HMRC will be unable to resist status enquiries, particularly if some of the educational facilities are found to be operating PAYE or CIS incorrectly.

Summary

Our ReSource Consultancy Team advises practitioners to :

- Speak to their clients likely to be affected by this latest campaign activity, to make sure all such income is declared on the 2011 Self Assessment Tax Returns, due to be filed with HMRC by 31 January 2012 at the latest. This will restrict any potential problems to two years, namely 2009 and 2010.
- Make a voluntary disclosure for the two earlier years under the terms of the PT&C, if income has not been declared and assuming the penalty terms of the disclosure are favourable.



**If you would like to discuss this update in more detail, please contact us by
calling [0870 166 6270](tel:08701666270) or email marketing@abbeytax.co.uk.**