

Finance Bill 2023 - Tax administration (Lecture P1375 - 12.06 minutes)

Right to repayment

Clause 332 removes the right of a taxpayer to assign the right to receive a repayment of income tax. This applies for notifications received by HMRC on or after 15 March 2023.

It should be noted that this is targeted at some agents who require clients to legally assign to them the right to receive a repayment and this can be associated with fraudulent claims being made by those agents. It should be noted that this does not remove a taxpayer's ability to use a non-legally binding nomination where they wish their repayment to be made to a third party.

Late payment interest and penalties on VAT

New VAT interest rules commenced on 1 January 2023 and two amendments are made by Clause 333 to ensure they operate correctly.

Firstly, an amendment is made to ensure that where a business is using annual accounting, any instalments payments made late are not subject to late payment interest. Clause 334 also amends legislation to ensure that late payment penalties cannot apply to instalments under the annual accounting scheme.

Secondly, where HMRC are issuing assessments to recover over-repaid or over-credited VAT an amendment makes it clear that late payment interest runs from the date at which HMRC repaid or credited that amount.

These provisions come into force from 15 March 2023 and the late payment interest start date under the latter provision cannot be earlier than that date.

Clause 335 also makes a further amendment to the new interest provisions which removes from legislation a provision which states HMRC can ask for evidence as a condition of repaying input tax as this was never implemented by HMRC. This is therefore obsolete.

Insurance Premium Tax

Clause 336 broadens HMRC's existing powers in relation to making of amendments in relation to IPT by way of public notice rather than under statutory instruments.

Plastic Packaging Tax

Clause 337 makes an amendment to eliminate an inconsistency in the late payment penalty provisions for plastic packaging tax so that all businesses are liable for the same penalties regarding of how the liability arises.

Approval of aerodromes

New provisions are introduced by Clause 338 to enable HMRC to approve aerodromes for the purposes of Customs and Excise legislation where they are not already authorised as a customs and excise airport. Pilots can land at the latter provided there is a Certificate of Agreement in place. However, this is being tightened up so that operators will need to get approval with decisions being made about procedures to be put in place to ensure that there is no contravention of any provisions in relation to movement of people or goods. Consequential amendments are then applied by clause 337.

Temporary approval

Excise businesses must be approved by HMRC to conduct certain controlled activities. HMRC may revoke approval where a business fails to meet the 'fit and proper' criteria. Current legislation allows for temporary approval to be granted pending a review or appeal but this ends once this is determined. Clause 340 adds a discretionary power to HMRC's functions to extend a temporary approval period to enable businesses to wind down their activities before final revocation.

Conditionality

Clause 341 extends tax conditionality (which currently applies in England and Wales) to:

- Licences to drive taxis and private hire cars, operate a booking office or be a metal dealer in Scotland
- Licences to drive taxis in Northern Ireland.

This applies for applications made on or after 1 April 2023 and means that issuing authorities must obtain evidence of tax compliance before the licence is issued.

Clause 342 then contains amendments which are consequential on the above.

Charities and CASC

Post-Brexit, a change is made to the definition of a charity so that only UK charities can access the various reliefs available to them. Clause 343 does this by removing references to charities located outside the UK for the purposes of obtaining qualifying charitable status. This was previously available to charities situated within the EU and EEA. Non-UK charities which have already had their status approved by HMRC will remain within the UK regime until 5 April 2024 but for others the provisions take effect from 15 March 2023.

Clause 344 includes an equivalent amendment to the definition of a community amateur sports club so that reliefs are only available where it is a UK club. The same dates apply as above with the extension for previously qualifying non-UK clubs also being applicable.