

Govt 241 + 242

Mr Stephen Timms MP (Lab- East Ham)

Amendment 241 Clause 90, page 63, line 2, leave out subsection (1) and insert –

‘(1) In section 9(2) of TMA 1970 (returns to include self-assessment) –
(a) in paragraph (a) for “30th September” substitute “31st October”,
and
(b) in paragraph (b) for “31st July” substitute “31st August”.’.

Amendment 242 Clause 90, page 63, line 11, at end insert –

‘(2A) In section 9A(6) of TMA 1970 (notice of enquiry: “the filing date”) for the words from “means” to the end substitute “means, in relation to a return, the last day for delivering it in accordance with section 8 or 8A.’.

GOVERNMENT AMENDMENT

EXPLANATORY NOTE

AMENDMENT TO CLAUSE 90: CONSEQUENTIAL CHANGES

SUMMARY

1. These amendments to Clause 90 introduce two minor technical changes to ensure the tax return filing date and enquiry window changes already included in this Finance Bill operate as intended.

DETAILS OF THE CLAUSE

2. Amendment 241 removes the current subsection (1) of Clause 90 of this Bill and replaces it.
3. New Subsection (1)(a) reproduces the effect of Clause 90(1) of the published Finance Bill. This subsection amends the 30 September cut-off date in section 9(2)(a) of Taxes Management Act 1970 (TMA), for people to file their returns if they wish HM Revenue and Customs (HMRC) to calculate their tax liability, instead of making their own self assessment of liability.

The new cut-off date will move to 31 October to align with the new non-electronic (paper) return filing deadline (giving taxpayers an extra month).

4. Subsection (1)(b) introduces a minor technical amendment to Section 9(2)(b) of TMA and is made as a consequence of the change to Section 9(2)(a) of TMA detailed above. Section 9(2)(b) of TMA provides alternative rules for returns issued after 31 July following the end of the tax year, for which HMRC are to calculate the tax liability. The cut-off date of 31 July will change to 31 August.
5. Amendment 242 introduces a further minor technical change that is necessary as a consequence of the changes introduced in clauses 87 and 88. The amendment defines the 'filing date' in section 9A(6) of TMA by reference to the new dates introduced by clauses 87 and 88.

BACKGROUND NOTE

6. Subsection (1)(a) provides for an extension of the date up to which HMRC will calculate the tax liability of a taxpayer who files a non-electronic (paper) tax return, instead of that person calculating their own tax. The current cut off date of 30 September following the end of the tax year will be extended to 31 October to align with the new paper return filing deadline. This change is made as a consequence of Lord Carter's recommendation on filing dates.
7. Amendment 241 to Section 9(2)(b) of TMA is made to rectify a minor anomaly that occurs in relation to a notice to file a personal return issued under Section 8 of TMA, or a trustee's return under Section 8A of TMA, during the month of August following the end of the tax year. Without this amendment, a return issued in August would need to be sent back to HMRC earlier than the 31 October cut off date that will be available to taxpayers who want HMRC to calculate their tax bill for them. This amendment corrects that anomaly.
8. Tax returns filed electronically (online) are unaffected by this amendment as a tax calculation is automatically provided by the software for online returns whenever submitted.

9. Section 9A(2) of TMA determines the 'window' during which HMRC can start to enquire into income tax self assessment returns. This formula includes the phrase 'the filing date', which is currently defined by reference to sections 8(1A) and 8A(1A) of TMA. These subsections will be replaced by provisions in clauses 87 and 88. In consequence, amendment 242 provides clarity about what will in future be meant by 'the filing date' in section 9A of TMA.