

Andrew Court tells you everything you need to know about impending changes to the tax return regime.

tax returns – all you need to know

■ One of the key recommendations of the Carter Review was to encourage online filing for tax returns from 5 April 2008.

It recommended that:

- substitute returns (the computer generated copy returns which are produced by agents and sent to their clients for signature) should be stopped
- the reduction of the tax return filing date from 31 January to 31 October, for paper returns.

To this end from April 2008 substitute returns will not be accepted for the following:

- individual returns SA100
- partnership returns SA800
- trust returns SA900.

However, substitute returns will be allowed for:

- repayment claims R40
- trustees of registered pension scheme returns and SA970
- non-resident companies liable to income tax form SA700.

ACCA – along with other accounting bodies – has gained a concession which allows software houses to build a PDF of form SA100 into

their software. This is identical to an income tax return which can be run off and signed by your client and then forwarded to HMRC, thus providing a paper return which will be accepted until 31 October without receiving a filing penalty.

Please note that the SA100 PDF form which can be run off from most software packages is not a substitute form and HMRC does not have to accept it if it fails to meet their specified criteria.

filing dates

As many people are aware the filing dates for paper returns income tax (SA100), partnerships (SA800) and trusts (SA900) will be reduced to 31 October if you file by paper. However, if you file your tax returns electronically you still have until 31 January to submit your tax return.

If you file a paper tax return after 31 October or an electronic return after 31 January you are liable to a late filing penalty.

However, as in all good pieces of legislation, there are exceptions. The exception here is that you can file paper returns after 31 October and before 31 January without getting a penalty if you are one of the few people that are unable to file electronically. There are approximately

20 categories of people that are unable to file electronically because they are required to be reviewed by a few specialists at HMRC, including:

- judges
- certain members of the armed services
- Members of Parliament, including the Scottish Parliament and Welsh Assembly
- persons under the witness protection programme.

Therefore, if you are unable to file all your tax returns by 31 October you will have no alternative but to file electronically or receive a late filing penalty.

There is a 'get out of jail free card'; if you are unable to file electronically and you have to submit a paper return, ensure that your client pays their income tax on time and the penalty will be reduced to nil. This does not apply to partnership returns as there is not a tax liability for the partnership return and so the penalty cannot be reduced. ■

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