

May 2024

Tax

# Newsletter

## Election

Well, the starting gun has fired and we are now in the pre-election period. For tax purposes, this means we can be reasonably sure there will be no major changes to tax law in the next couple of months. Parliament will have a few days to “wash up” any outstanding pieces of legislation and then be [dissolved](#) on 30th May. At this point MPs cease to be MPs (although government ministers remain in post till after the election). During the election campaign there is what used to be known as “purdah” but is now known as the [pre-election period of sensitivity](#), when Ministers and their Departments are supposed to avoid controversial announcements and using government resources for political activity. Expect a quiet period for tax law, to be followed by a new government’s rush to get its plans into action.

## Umbrella companies

HMRC's latest anti avoidance publication, [Spotlight 64](#), looks at the possibility of umbrella companies using employment and recruitment agencies to recruit people into tax avoidance schemes. The publication contains various awful warnings about how to recognise an avoidance scheme if you are offered one and how to disentangle yourself if you are already in one, but there is little beyond the obvious suggestion that if an arrangement looks to be too good to be true it probably is..

## Working from home

If employees work from home part of the time their office is nevertheless their “permanent workplace” for tax purposes, so their commuting costs from home to office remain ineligible for tax relief. It feels as though this is hardly worth saying but if you look at the [new paragraph](#) HMRC have felt moved to add to their guidance on this subject, you will see it made explicit.



## ULEZ and similar schemes

Employee travelling for work into one of the ultra low emission zones around many of our major cities, for example ULEZ in and around central London the essential thing to remember is that even when paying the charge is allowable, paying a fine for not paying the charge will never be allowable for tax purposes. The full technical guidance from the Employment Income Manual is [here](#) but essentially the same rules apply as to other motoring expenses ie they depend on who is paying them and why and by whom they are incurred. Rules on ULEZ can be found [here](#).

## Check your VAT payments

A small number of businesses have been caught out by fraudsters attempting to divert VAT repayments into the fraudsters' bank accounts. You can [change your VAT registration details](#) relatively easily using a paper form VAT 484 and you can see therefore that it would be relatively easy for a fraudster to pop your business' details and a different bank account number into the form and send it off. You should be routinely checking that the bank details are correct in your business' tax account, and that any expected repayments have been received. HMRC are apparently writing to businesses where there have been changes to their details since January this year: if you get such a letter, please check carefully.