

## Queries re New VRS

- Will the VRS be made available directly from the ASA? **We are currently impacting when we can deliver this and hope to share more information soon**
- Will the old service available from the AOS be taken down to stop this issue from occurring? **We are currently impacting when we can deliver this and hope to share more information soon**

### **1. Correct way for agents to access the new service**

As per today's emails with Caroline, we have had feedback about accessing the new system via the ASA – as you already have this query underway we will wait for the response.

**Using an Agent Services Account – we are exploring the addition of a link directly from ASA to the new registration service.**

**Shared briefing note relates**

### **2. Removal of the electronic document upload facility for additional information for VAT registration**

The system now says to use a form for additional details with no upload facility for additional documents such as the VAT2, VAT5L, with the only options to email these separately or send them in by post. Further, you cannot attach proof of trade/intending trade documents such as a purchase order or a lease agreement.

We know that HMRC still has turnaround time issues handling physical post and we receive fairly regular feedback from members reporting physical post being lost, even when it has been acknowledged as received by HMRC. It seems like a step backwards to close the upload facility and recommend physical post as an alternative. We also receive member feedback of email correspondence also going astray so it isn't ideal. Is there any timeline on bringing back the upload function?

**This has been redesigned a digital attachment solution will be delivered later this summer. Keen to understand further feedback around the new solution from agents once it is live though.**

### **3. Using the contact details of the agent**

The system sends an access code to the client's mobile phone despite the fact the agent prepares the application, because HMRC had dropped the facility for the agent to use their contact details just for the application.

We have received feedback about the difficulties experienced having an access code sent to a client's phone:

- some clients are abroad in jurisdictions where text codes are blocked;
- the client does not realise that the code is required by the agent;
- most of the codes expire after 15 minutes, so there is every chance that the client will not pass it on in time, especially when working in different time zones.

Under the old system, agents used to be able to put their details on as contact with no requirement for a two stage verification. Also, HMRC already has oversight of the agent via its own gateway credentials, so it is not clear why a 2SV is now required.

If HMRC seeks to identify fake applications, steps should be targeted rather than 'using a sledgehammer to crack a walnut'. Most agents will be registered with an AML supervisor so are regulated.

VRS specifically does not require (nor has built) any verification for telephone numbers (only email addresses), if a gov.uk service is asking you to verify your telephone number, this is not related specifically to VRS. (ASA/GGW perhaps?)

Agents do not need to log into their clients GGW account to complete a VAT Registration, please see the guidance note issued earlier this week for the correct process.

#### 4. **GDPR of agent's personal details**

There is an issue with the requirement to provide the personal details including tax id number, DOB etc. of the person authorising the form on behalf of the taxpayer; agents will normally require the client to review a draft application and approve it. However agents do not want to have to disclose the personal details about staff members to clients, which in the wrong hands could be used in identity fraud. We note that if the agent access via the ASA, in principle, this should not apply.

For corporate bodies, the name of the director can be seen on Companies House public records. For partners and sole traders, the name of the owner(s) is often on the business website and HMRC could reserve the right to check ID in the same way as it does for overseas authorising persons. However, to do that, it will need a secure upload facility after the registration application has been submitted.

When logged into an ASA, these details are not asked, only a name and contact telephone number (without verification) and email address (with verification) will be asked.

This is used for contact about that application only not for any ongoing communication regarding the customer's account.

#### 5. **Saving a draft application**

We have received feedback with differing experiences using the save function. Feedback from members includes:

- “It doesn’t seem to save, so we have to start again every time details are amended prior to submission” and
- “Although there are frequent "save" opportunities, this is very erratic. When I came back to the submission I had to put in a lot of the information again.”
- “When you start an application and save as you go, it only saves it for 7 days whereas the old system used to save a draft application for 90 days. Even if 90 days is judged too long in practice, 7 days seems too short – if the client must activate the access code mentioned above they could be on holiday or ill so cannot respond in this timeframe; there can be delays where agent and client are in different time zones and have exchanges of Q&A too. Perhaps 30 days would be more reasonable if there are operational reasons why the old 90 day period must be reduced?”

Could you confirm the actual save time period for new applications and indicate which of the feedback examples should not be happening please?

Currently the form data is saved and pre-populated onto the pages when an application is saved. We are soon releasing a “Task List” update which will act similar to the OTRS screens and will enhance the “Save for later” journey for both applicants and agents.

#### 6. Question about trade in goods

One question asks whether the entity being registered is currently trading taxable goods and offers two possible answers:

# Is the business currently trading taxable goods?

Yes

No, but it will do so in the next 3 months

Continue

This raises multiple problems:

- What if the trade in goods won't start until beyond 3 months? Also, why has 3 months been chosen when the law doesn't specify any required start date for an intending registration? For an R&D company it may take years before a supply is made yet they are still entitled to be registered for VAT.
- Indicating you can only register if you have a supply in 3 months risks applicants making mistakes with the date of registration which in turn risks pre-registration input VAT deadlines.
- What if the applicant is a services only business who will never trade in goods?

Members have also flagged that the date of exceeding the VAT registration threshold defaults to the 1<sup>st</sup> of the month. The legal test is whether the threshold has been breached at month end, so this appears confusing.

VAT works on live transactions and the effective date of a VAT registration can be critical for some business transactions such as option to tax and TOGC. Difficulties experienced when registering for VAT can lead to commercial deals collapsing or being delayed.

We are urgently reviewing this journey to make it simpler.

## 7. Partnerships/UTR confusion

If the entity being registered is a general partnership, a later question asks for the lead partner's company UTR and company number; this assumes that there are partners who are corporates. When the questions ask for a UTR and that business is a partnership, is it one partner's UTR or the partnership UTR that is required? Or where the general partner is a corporate is it the CT reference of the corporate body or the partnership? If there is a tax id for the person authorising the form, then why is anything else needed? After the system asks for the lead partner's company details, this section then requires an individual's personal details, though it is not clear if it means the lead individual partner's personal details or a director of the corporate partner?

When a lead partners details are collected, the first screen asks the transactor to select an entity type for that lead partner. The following questions are based on the entity type that is selected. If the lead partner is a sole trader, IDs like NINO and (SA)UTR are asked for, if the lead partner is a UK company, CRN and (CT)UTR are asked for. Once the task list is released, this should make a lot more sense.

## 8. Role with the business being registered

The service asks 'What is your role with the business you are registering for VAT?' and gives the following options – accountant, appointed representative, board member, employee and other. Members have queried which of these options applies correctly to them, given that there is no option to select 'VAT agent' or 'tax agent'. Many do not see themselves as the client's accountant, especially where they are merely providing VAT services. The option of 'appointed representative' also appears to be inappropriate given that a 'VAT representative' as a status normally has fiscal liability (unlike a VAT agent).

If as an agent, the recommended journey is followed utilising a GGW credential that has an ASA enrolment, this question is not asked and we automatically set the role as Agent. We cannot provide this option following the generic route as we risk non agent 3<sup>rd</sup> parties being able to tell us they are an agent.

#### 9. Agent testing phase

We have been asked whether any VAT agents were involved in the testing phase (as opposed to just businesses) as feedback from numerous members so far has indicated their firms were not involved?

We have conducted numerous rounds of User Testing and all of our recruitment has been done through the central HMRC department though. I believe agents and users can “opt in” to be contacted about future rounds of user research and are asked to supply some basic information so that the recruitment is correctly targeted. This can be accessed through this link: <https://signup.take-part-in-research.service.gov.uk/home>

#### 10. If we are automatically registering new vat registrations to MTD- what happens if they want to claim an exemption?

The process as outlined on gov.uk here <https://www.gov.uk/guidance/apply-for-an-exemption-from-making-tax-digital-for-vat> needs to be followed.

#### 11. Do I still complete a 64-8 agent authorisation at the point of a digital registration?

64-8 are no longer required for an agent to act digitally on behalf of their client this capability has been replaced by the Agent services account and the authorisation capabilities included within it.

#### 12. There are a couple of niggles around general partnership details and the length of time the form can be saved for (7 days instead of 30. I know it takes longer than 7 days to get some of the information from clients or authorisation to file the application, so that would make extra work and the client would incur extra expense to redraft the form.

The 7 days are from the point of saving the document upon existing, in theory the application could be saved indefinitely if the user keeps entering and “resaving” every 7 days.

#### 13. Where a taxpayer is overseas, the only alternatives to file the application is as the taxpayer itself or as a VAT representative. An agent is prevented from accessing the taxpayers HMRC credentials under the agent code or PCRT. This leaves the only option as VAT representative. This has a very specific meaning in law. A VAT Representative is jointly and severally liable for its principal’s VAT debts. There are very few agents whose PI insurance will cover joint and several liability now and agents will, consequently, stop applying for VAT registration on behalf of their overseas taxpayers. Because of this requirement, my firm has taken the step of suspending applying for registration on behalf of overseas taxpayers, which is unfortunate.

We have three actor types for all registration journeys. Third party transactor, agent, or applicant. The third-party transactor or agent can select that they are also a “Tax representative” which is the legal term that Ruth is referring to above, in theory creating a 4<sup>th</sup> actor type. If the agent has logged into their ASA (which we are making more clear and adding a “Register a client for VAT” link on the ASA) then they would never even be asked the question of “what is your role in the business”, as a third party transactor (or agent not logged into ASA) the option here would be to select “other” if they do not feel they fall within any other category. Our terminology for a legal representative under the joint and severable liability legislation is “Tax Representative” and this has further guidance on the page where this question is specifically asked. The Terminology “VAT representative” has no legislation associated with it.