



## OPPORTUNITIES TO EXTEND UNCERTAIN TAX TREATMENT (UTT)

Issued 4 June 2026

ICAEW welcomes the opportunity to comment on the consultation to extend the notification of uncertain tax treatment (UTT) regime, published by HMRC on 12 March 2026, a copy of which is available from this [link](#).

ICAEW supports HMRC's efforts to reduce the tax gap. However, any measures must be properly targeted, reasonable and not impose disproportionate costs and burdens on taxpayers seeking to comply with the tax system. A balance needs to be struck and HMRC must play its part in reducing legal uncertainties created by the volume and complexity of the UK tax system, in line with its Charter obligations to help taxpayers get things right. This could include simplifying legislation, improving its guidance and having better clearance procedures. In support of the government's pro-growth agenda, it is essential that measures must not create additional burdens on taxpayers.

ICAEW supports the extension of UTT to capital gains tax (CGT). In principle, we also support the extension to stamp duty land tax (SDLT). However, the SDLT anti-avoidance legislation (s75A, Finance Act 2003) and related guidance need to be improved to reduce uncertainties before SDLT is brought within the scope of UTT.

ICAEW does not support the introduction of the proposed third trigger, nor the proposed extension of the regime to national insurance contributions (NIC), the construction industry scheme (CIS) or inheritance tax (IHT).

Any extension of UTT to individuals and trusts should only be considered once the review of personal tax offshore anti-avoidance legislation has concluded and any resulting changes to legislation have been enacted.

Uncertainties relating to valuations should be excluded from scope, as should areas where the taxpayer already has to provide HMRC with significant information, such as research and development (R&D) relief claims.

This response of 4 June 2026 has been prepared by ICAEW's Tax Faculty.

Internationally recognised as a source of expertise, ICAEW's Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark the tax system and changes to it, are summarised in Appendix 1.

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**KEY POINTS**

1. ICAEW supports HMRC's attempts to reduce the tax gap, However, any measures must be properly targeted, reasonable and not impose disproportionate costs and burdens on taxpayers seeking to comply with the tax system. A balance needs to be struck and HMRC needs to do more, in line with its Charter obligations, to reduce the uncertainties and complexities that exist in the UK tax code, such as simplifying or improving legislation, improving guidance and having better clearance procedures. This includes, but should not be limited to, areas where HMRC has already received UTT notifications. We would be happy to work with our members and HMRC to identify areas where improvements could be made.
2. The first proposal is to extend the UTT notification requirements to individuals and trusts. We note that only a small part of the tax gap is attributable to the wealthy population while also noting the difficulty HMRC has in quantifying this. ICAEW's view is that this proposal should not be implemented until the review of the personal tax offshore anti-avoidance legislation has been concluded and any resulting changes have been enacted. HMRC must consider how this process will work in practice and ensure it is sufficiently resourced, because many individuals and trusts do not have access to a HMRC customer compliance manager (CCM) in the same way that large businesses do.
3. The second proposal is that additional taxes should be brought into scope. ICAEW does not support the extension to CIS, NIC or IHT, but we think the extension to CGT would be reasonable. In principle ICAEW does not object to SDLT being brought into scope, provided that HMRC either excludes issues relating to the ant-avoidance provisions (s75A, Finance Act 2003) or does more to clarify that legislation and ensures that it is consistently applied.
4. At present, ICAEW does not support the introduction of the third proposed trigger, namely where there is no known HMRC position.
5. ICAEW considers that some matters should be excluded from scope, such as valuations and areas where taxpayers already have to provide substantial information to HMRC at the time a claims is made, for example research and development claims.
6. HMRC needs to ensure that it has the resources to deal with UTT notifications promptly.

**ANSWERS TO BACKGROUND QUESTIONS*****Question 1: are you responding to this survey as:***

7. ICAEW is responding to this survey as a representative body.

***Question 2: are the views offered in your response:***

8. The views are those of our members and member firms.

***Question 3: What is your industry sector (such as accounting, finance, software, retail, construction, other)?***

9. Please see the background information on page 2.

***Question 4: To help us determine business size, please provide details on:***

10. Please see the background information on page 2.

***Question 5: Please provide any further information about your organisation or business activities that you think might help us put your answers in context.***

11. We would be happy to provide any additional information.

**EFFECTIVENESS OF THE UTT REGIME SO FAR**

12. As part of our response, we have considered the effectiveness of the UTT notification regime, since its introduction in April 2022. ICAEW's Ten Tenets for a better tax system, detailed in Appendix 1, includes recommendations that tax regimes should be certain, simple and easy to administer.
13. UTT was the subject of two detailed consultations in 2020 and 2021. Proposed tests that were seen as too subjective were not taken forward, the tax difference was increased to £5m and fewer taxes were brought within scope.
14. The current consultation document notes in section 1 that only around 30 UTT notifications have been made to HMRC up to January 2026.
15. ICAEW considers that this can probably be attributed to the high thresholds of the annual balance sheet and turnover tests, as well as the £5m tax difference requirement. In addition, large businesses benefit from an allocated CCM at HMRC who they can contact to discuss issues. In some cases, early discussions with a CCM may have negated the need for that business to make a UTT notification, or the business may have taken more detailed advice on its position than it would otherwise have done absent the rules.
16. Within HMRC's annual accounts, the Large Business Compliance: technical notes provide information, in the penultimate sections, on the maximum number of UTT disclosures to date (although we note some data has been suppressed for confidentiality reasons):

<b>Year to March</b>	<b>CT notifications (the potential maximum incl pre-notifications)</b>	<b>VAT notifications (the potential maximum incl pre-notifications)</b>	<b>IT/PAYE notifications (the potential maximum incl pre-notifications)</b>	<b>Total value (where provided)</b>
<b>2023</b>	11 (7 pre notifications and < 5 notifications)	<5	<5	£424.5m
<b>2024</b>	12 (8 pre notifications and < 5 notifications)	<5	0	£191.5m
<b>2025</b>	7	0	<10 (<5 pre notifications and < 5 notifications)	£237.6m

The reports note that around 2,300 large and mid-sized business have sufficient turnover and/or balance sheet totals to be within scope.

17. HMRC's July 2025 [evaluation](#) of the impact of the UTT policy (which covered the period up to March 2024) stated that:
  - a. In the first two years of the regime, the median value of notifications that HMRC had received was £15m per case. By March 2025, the value of UTT notifications was over £900m.
  - b. The UTT "met its primary objectives of increasing tax position transparency and bringing uncertainties to HMRC's attention earlier".

- c. Respondents to the Large Business Survey generally indicated that their one-time set up costs and ongoing compliance costs were small and reasonable.
  - d. Large businesses with a CCM were unlikely to change their behaviour as they already engaged with their CCM.
  - e. The policy promoted equality with businesses that are already open and transparent with HMRC.
  - f. Costs to HMRC have been minimal.
  - g. Ongoing delays in responses from HMRC were reported by the above Survey respondents, although these could not be attributed specifically to UTT notifications.
  - h. None of the UTT notifications have been resolved yet, so it is too soon to say whether they will result in improved guidance.
  - i. The legal interpretation part of the tax gap was estimated at £3.9bn in 2022-23, which is 10% of the total gap. The evaluation concluded that the UTT regime was contributing to the reduction of this part of the tax gap.
18. ICAEW is surprised that there have not been any decisions on whether to litigate or settle the UTT notifications made so far. HMRC's data in the Large Business Compliance [technical note](#) states that during 2024/25, the average time to conclude a large business enquiry was 17 months and the Large Business Directorate reached litigation decision points on risks within 18 months in over 80% of cases. We would be interested in knowing whether HMRC has amended legislation or guidance as a result of UTT notifications and if not, why not. ICAEW believes that HMRC needs to be confident that UTT has played a part in closing the tax gap before it introduces any of the proposed changes.
19. We have also heard from members who have submitted advance clearance applications for clients where there was genuine legal uncertainty, only to be told that there is no uncertainty upon which HMRC could provide an opinion. A more comprehensive clearance system would reduce the number of situations in which a UTT notification would be required. If an issue is going to be looked at anyway by HMRC, whether that results from an advance clearance application, an enquiry or a UTT notification, it is better that the process starts sooner rather than later while the details are fresh in the minds of taxpayers and advisers.

## ANSWERS TO SPECIFIC UTT CONSULTATION QUESTIONS

### EXTENDING UTT TO INDIVIDUALS

***Question 6: Do you agree that we should focus solely on the 'tax advantage' amount to identify legal interpretation uncertainties of interest?***

***Question 7: Do you agree with how we propose to determine the tax advantage for individuals?***

- 20. ICAEW's answers in this section will cover questions six and seven together.
- 21. ICAEW understands that the UTT legislation currently only applies to each head of duty in isolation and is applied to returns in the same financial year, with the £5m de minimis only aggregating transactions in the same financial year and under the same head of duty which have similar fact patterns ([UTT14500](#)).
- 22. It is unclear from the proposals if there are any plans to aggregate the £5m de minimis across taxes and/or across tax years for individuals and trusts. Any changes to the legislation

must be clear on these points. The impact on HMRC's ability to respond to UTT notifications must also be considered, as any aggregation will lead to more disclosures.

23. Many in the 'wealthy' population do not have access to a CCM as standard, and so do not have that trusted relationship with HMRC. In 2022, HMRC invited some wealthy individuals to take part in 'pre-filing conversations' about their 2021/22 self assessment returns. Our members have fed back that these were not widely used, because HMRC would not commit to accepting these as final positions. In some cases where pre-filing conversations did take place, taxpayers were then subject to an HMRC enquiry. These two factors meant that taxpayers did not view a pre-filing conversation as worthwhile, in terms of time or cost, as they gave little to no benefit.
24. As proposed, individuals and trusts will not have to apply the balance sheet and turnover tests. They will also not have accounts that contain provisions about tax uncertainties, so the first trigger (para 10(2), Sch 17, Finance Act 2022) will not be relevant. This means that individuals and trusts will have to consider if HMRC has published its tax position in relation to each matter in excess of the £5m trigger, in order to determine if they have a reportable uncertain tax treatment. They will also need to consider all possible interpretations of the tax position in order to determine whether there is a difference of more than £5m between different interpretations. Taxpayers with complex affairs may have several tax returns that are under enquiry at any one time and estimating whether a £5m tax advantage arises would be problematic while issues such as their residency status or the quantum of allowable capital losses remain unresolved. This proposal risks creating a significant compliance burden and taxpayers should not be expected to seek multiple professional opinions. It also risks creating inconsistent approaches and over-notification.
25. ICAEW is concerned that the lack of filters for individuals other than the £5m tax difference will lead to HMRC receiving more UTT notifications than it can handle, particularly given the high levels of penalties (paras 20-21, Sch 17, Finance Act 2022), which taxpayers and advisers will be keen to avoid. There is an opportunity here for HMRC to reframe any resourcing concerns it may have and to support engagement from taxpayers who are seeking finality on their tax positions, in cases of genuine uncertainty about legal interpretation.
26. ICAEW has considered whether there are any other de minimis tests that could be introduced. The principal test ICAEW is aware of for individuals is HMRC's criteria for a taxpayer to be seen as 'wealthy', namely income of at least £200,000 per tax year and assets of at least £2m.
27. The May 2025 report from the National Audit Office (NAO), *Collecting the right tax from wealthy individuals*, noted that around 850,000 individuals met the wealthy test. This is a very large population compared to the 2,300 businesses who are currently in the scope of UTT. The tax gap that is attributable to the wealthy population was estimated at £1.9bn in the year to March 2023 (para 11 of the NAO summary), which is only 0.2% of the UK's total tax receipts. However, the NAO also noted that HMRC's compliance work into wealthy taxpayers generated over £3bn in the same period (para 16 of the summary), which led the NAO to question the accuracy of the tax gap for the wealthy. Over half of the tax gap relating to the wealthy is due to legal interpretation (section 2.3). The July 2025 [technical note](#) to HMRC's accounts relating to the wealthy individuals and mid-sized business compliance (WMBC) directorate, provides a useful breakdown of the additional amount of taxes that WMBC considered could be due initially on cases, prior to further work being carried out.
28. ICAEW considers that if the above wealthy criteria were used, the levels may still be too low and would leave too many people in scope of making UTT notifications.
29. Realistically, any other tests are likely to increase compliance time and costs for individual taxpayers. Therefore, ICAEW has concluded that the £5m tax difference test is sufficient at present, should individuals and trusts be brought into scope. However, ICAEW considers that

the £5m, which was set when UTT was introduced, should be reviewed periodically so that its effective value is not reduced by inflation.

30. ICAEW is providing input into the [review of personal tax offshore anti-avoidance legislation](#) that HMRC is currently undertaking. This includes the transfer of assets abroad legislation where the 'motive defence test' (ss736-742A, Income Tax Act 2007) causes significant uncertainty and for which there is no advance clearance mechanism. ICAEW recommends that UTT should not be extended to individuals and trusts before this review has concluded and any resulting changes to the legislation have been enacted.

## EXTENDING UTT TO TRUSTS

***Question 8: Do you agree with including all trusts within scope?***

***Question 9: Can you foresee any practical issues with including trusts within scope of UTT?***

31. ICAEW's answers in this section will cover questions eight and nine together, and there is also overlap with our comments above relating to individuals.
32. If individuals are brought into scope, ICAEW agrees that all trusts should be within the scope of UTT as well, as wealthy individuals often have trust structures.
33. It would need to be clear for each of the different types of trusts who is responsible for making the UTT notification. For a discretionary trust, it would need to be the trustees who make the notification. For interest in possession trusts and bare trusts, it may well need to be the beneficiaries who make the notification, in which case they would need a mechanism that requires the trustees to provide them with information.
34. HMRC will need to be clear about how the rules apply to entities formed in offshore jurisdictions which HMRC considers as equivalent to a trust, such as Liechtenstein Foundations and how the people running those entities are meant to know that they have a UTT reporting obligation.
35. Where there are related trusts, it will also need to be clear if the £5m threshold will apply per trust or if it is shared between them, and if so, how and to which taxes it applies.
36. Trusts have reporting requirements under the Trust Registration Service and under the Disclosure of Tax Avoidance Schemes (DOTAS) rules. The UTT provisions should not duplicate any existing legislative notification requirements.

## NATIONAL INSURANCE CONTRIBUTIONS (NIC)

***Question 10: Can you foresee any practical issues with including NICs within UTT?***

37. ICAEW questions what mischief HMRC is seeking to prevent by potentially extending UTT to NIC. ICAEW recommends that HMRC publishes guidance, such as Guidelines for Compliance, in relation to NIC, or at least communicate the areas of uncertainties to professional bodies.
38. ICAEW does not consider that the various Part 7A, ITEPA 2003 disguised remuneration schemes create legal interpretation uncertainties, as case law is clear, as is the obligation to disclose the arrangements under DOTAS. If the promoter of such a scheme is not disclosing under DOTAS (or advising the taxpayer to do so), then they are unlikely to advise taxpayers to make a UTT notification. The new measures introduced by ss159-165, Finance Act 2026 already seek to tackle the promoters of those schemes.
39. Our members have been unable to envisage circumstances where a £5m tax difference in NIC alone would arise. It would take a large number of individuals who are well paid, so

realistically we can only see it arising on employment status/IR35 issues for multiple employees doing similar roles.

40. If UTT were extended to NIC, it risks creating an additional burden on the compliant majority of advisers seeking to ensure that clients pay the right amount of NIC, while doing little to deter the 'bad actors'. For this reason, ICAEW does not support the extension of UTT to NIC.

***Question 11: Do you agree with proposed due date to notify a NICs legal interpretation uncertainty, or do you prefer a single due date for all UTT notifications (refer section 4.4)?***

41. PAYE notifications are required on or before the date on which the last PAYE return for the financial year is due. As NIC is declared alongside PAYE, then the deadline for the notification should be the same.
42. If HMRC wishes to include notifications for other types of NIC (if there is a justification (eg, partners and self-employed persons)), then the deadline should be the same as the due date for the return that declares the liability for the tax year.
43. A single UTT notification date for all taxes will be difficult for firms and agents to manage, especially where the firm and/or agent has different specialist tax teams, who may be in different offices (including offices overseas).
44. A single notification date would probably need to be the last filing date across the different taxes in a tax year, which means that HMRC would not get information on a timely basis.
45. As we noted above, the legislation needs to be clear if there will be any aggregation across taxes and/or across tax years.
46. In conclusion, ICAEW does not support a single date for all UTT notifications. The current system of different notification dates for different taxes should be retained, despite this potential meaning multiple notifications each year.

**CONSTRUCTION INDUSTRY SCHEME (CIS)**

***Question 12: Do you agree with the due date for notification involving CIS deductions to be the last CIS return due in an accounting period, or do you prefer a single due date for all UTT notifications (refer to section 4.4)?***

47. We refer you to our answers for question 10.

***Question 13: Can you foresee any practical issues with including CIS within UTT?***

48. CIS is a form of withholding of income tax or corporation tax rather than being a tax in its own right. It requires a contractor to deduct tax at either 20% or 30% from payments to a subcontractor who does not have gross payment status. The subcontractor must include the income on their tax return and gets credit for any CIS they suffered when calculating their tax liability.
49. Any uncertain tax treatment would not relate to the contractor's own position and would instead relate to that of the subcontractor. Feedback from members is that they are struggling to see where a tax advantage would arise, because the overall tax due from the subcontractor is the same, regardless of whether some of that has already been collected in-year via CIS deductions. ICAEW appreciates that there can be a tax advantage, per [UTT14200](#), if there is a timing difference between when a contractor withholds CIS from a subcontractor compared to when the subcontractor has to pay HMRC if they have not suffered any withholding.

50. ICAEW also queries which party could be made responsible for making a UTT notification to HMRC, given the contractor withholds tax on behalf of the subcontractor and neither may have knowledge or control over the other's tax affairs.
51. In line with our comments for question 10 above, our members consider there are limited circumstances when CIS could give rise to a £5m difference in tax treatment. For example, uncertainty about whether a contractor is a mainstream contractor or a deemed contractor, or whether similar work done by a number of subcontractors is within the scope of CIS. We note that HMRC's own data in the previously mentioned technical notes for Large Business and Wealthy do not even list CIS as an issue.
52. If CIS is due at 30%, that would mean a contract value for CIS-related work of at least £16.6m, or £25m where the rate is 20%, in a financial year. At that level of work, both contractor and subcontractor would almost certainly be limited companies, which would bring the existing turnover and balance sheet tests into play. Therefore, ICAEW considers that the number of CIS notifications that will be made to HMRC if the proposals are introduced will be minimal.
53. In conclusion, ICAEW does not support the extension of UTT to CIS.

### **STAMP DUTY LAND TAX (SDLT)**

***Question 14: Do you agree with the due date for notification involving SDLT to be when a return covering that transaction would otherwise be due, or do you prefer a single due date for all UTT notifications (refer section 4.4)?***

54. SDLT1 returns must be submitted to HMRC within 14 days of completion, which is a considerably shorter deadline than the quarterly or annual deadlines for many other taxes. Our members consider that this is too short a period to obtain professional advice to determine whether there is an uncertainty that would require a UTT notification and to make that notification to HMRC.
55. An annual UTT deadline is not appropriate either for a transactional tax such as SDLT, especially as HMRC normally only has nine months to enquire into an SDLT return. Taxpayers would also not want to retain their professional advisers for an extended period after the transaction has completed. Therefore, ICAEW considers that any UTT notification date should fall somewhere between 14 days and nine months and our recommendation would be five months.

***Question 15: Can you foresee any practical issues with including SDLT within scope of UTT?***

56. In principle, ICAEW supports the inclusion of SDLT in the UTT regime, particularly in relation to novel tax treatments that are not disclosable under DOTAS.
57. However, ICAEW considers that this should not be done until the government and HMRC have played their parts in reducing the uncertainties that exist in the legislation (the Charter obliges HMRC to help taxpayers get their tax position right). HMRC should first make improvements to the s75A legislation and supporting guidance and applies the rules consistently.
58. Ignoring the existing UTT rules on aggregating similar transactions in the same financial year, to have an uncertain tax treatment on SDLT of at least £5m on a single transaction will likely involve a consideration of at least £100.2m on a freehold commercial property, or £29.9m on a residential property that is the acquisition of a second (or subsequent) home. At those levels of expenditure, ICAEW expects that the purchaser would seek professional advice.

59. The cases of Project Blue Ltd [2018] UKSC 30, The Tower One St George Wharf Ltd [2025] EWCA Civ 1588, and HC-One No.1 Ltd [2026] UKFTT 678 (TC) considered the anti-avoidance provisions in s75A, Finance Act 2003. ICAEW members tell us that s75A creates the biggest area of uncertainty in SDLT. This includes partnership transactions, because s75A overrides the partnership provisions in Sch 15, Finance Act 2003.
60. The s75A rules lack a tax-avoidance motive test and so can be applied by HMRC to commercial transactions that the anti-avoidance provisions that exist for other taxes would not catch. There is minimal case law and HMRC guidance, and there is no consistency in how the Courts and HMRC have applied the s75A rules in the above cases, meaning there will often be more than one credible interpretation (which ties in with the proposed third trigger). We expect that the legal profession will also make representations on this point.
61. If UTT is extended to SDLT, advisers are likely to adopt a cautious approach and make UTT notifications to avoid penalties. ICAEW again questions whether HMRC would be able to deal with a large number of notifications, given HMRC's own evaluation, referred to earlier, notes that none of the 30 notifications it has received in the last three years have yet been resolved. HMRC should assess the number of property transactions above the values noted in the preceding paragraphs in recent years and evaluate how many of those would have led to a legal interpretation difference of £5m.
62. There are other areas within SDLT which create uncertainty and which take up valuable Tribunal and Court time, linked to unclear definitions and rate differentials. For example:
- whether a dwelling and its garden or grounds are residential or mixed use/non-residential;
  - whether a dwelling is suitable for use as a dwelling at the time of acquisition;
  - whether an SDLT degrouping charge applies where a property has been transferred between two group subsidiary companies (Companies A and B) and an unrelated company (Company C) buys Companies A and B without buying their parent company (Company D).

## CAPITAL GAINS TAX (CGT)

***Question 16: Do you agree with the due date for notification involving CGT to be when a return covering that transaction would otherwise be due, or do you prefer a single due date for all UTT notifications (refer section 4.4)?***

63. Our comments assume that HMRC is referring to the CGT payable by individuals, personal representatives and trustees, and not the corporation tax paid by companies on their chargeable gains.
64. There are two main reporting dates for CGT: one is for property disposals of UK land or property within 60 days of completion and the second is the reporting on annual self assessment returns which are due by 31 January following the tax year. 60 days may be too short for taxpayers to obtain professional advice on whether they need to make a UTT notification. ICAEW recommends that any UTT reporting date is linked to the self assessment filing date, because this is when amounts are finalised and losses are offset.

***Question 17: Can you foresee any practical issues with including CGT within scope of UTT?***

65. In principle, ICAEW supports the extension of UTT to CGT, subject to HMRC being properly able to resource the response team.
66. In order to generate a CGT liability of at least £5m, an individual taxpayer would need to realise a capital gain of at least £20.8m (ignoring the 18% basic rate of CGT and annual exemption).

67. Common areas of uncertainty include whether a transaction falls under income tax or CGT rules, or whether a business is trading in order to qualify for certain reliefs. There are currently no clearance mechanisms that taxpayers can access to obtain certainties in these areas. Taxpayers should already make 'white space' disclosures on their tax returns. HMRC could consider introducing a clearance procedure for transactions which give rise to a large tax liability.
68. ICAEW considers that uncertainties relating to CGT valuations should be excluded from scope.
69. Finance Act 2026 amended s137, TCGA 1992, by removing the requirement that a share reorganisation must be carried out for bona fide commercial reasons, while retaining a modified tax avoidance motive. An application for advance clearance is one of the current exemptions from having to make a UTT notification ([UTT16200](#)). We understand that questions of commerciality caused HMRC to reject a number of clearance applications, so the number of clearance applications may decrease now that this provision has been removed.

## INHERITANCE TAX (IHT)

**Question 18: Do you agree with the due date for notification involving IHT to be when the IHT return is due, or do you prefer a single due date for all UTT notifications (refer section 4.4)?**

70. The IHT100 forms are used by trustees to account for IHT, the main forms being:
- a. IHT100a for tax due on chargeable lifetime transfer;
  - b. IHT100d for ten-year charges; and
  - c. IHT100C for exit charges.

These have to be filed within six months of the end of the month in which the charge arises.

71. An IHT400 form is submitted by a deceased's personal representatives (PRs) within 12 months of the end of the month of death. We would urge caution if the UTT notification date is linked to the IHT400 filing date. PRs may not know the full extent of the tax planning that the deceased undertook and the key staff at the professional firm that provided the original advice may no longer work there. This may lead to an 'information gap' for the PRs who would be responsible under the proposals for making a UTT notification and potentially penalised, even if they have made their best efforts to find out about the lifetime transfers the deceased had undertaken.
72. It must also be remembered that many PRs are lay family members of the deceased, who have minimal knowledge of IHT and who will probably never have heard of UTT. While it might be expected that the PRs of an estate that is valuable enough to give a tax interpretation difference of £5m or more would take professional advice, but that is not always the case.
73. The alternative linking the UTT notification date to the IHT400, would be to link it to the date that a lifetime transfer or planning was undertaken.
74. ICAEW would urge the government to take a reasonable and proportionate approach when considering if penalties should be charged for a failure to make a timely UTT notification or for an inaccurate notification relating to IHT.

**Question 19: Do you foresee any practical issues with including Inheritance Tax within the scope of UTT, particularly regarding the timing difference between when a legal**

***interpretation is made and when notification would be required? If so, how do you think these issues could be overcome?***

75. ICAEW recognises that the government expects to generate additional IHT receipts, following the introduction of the £2.5m APR/BPR allowance from 6 April 2026 and when unused pension pots become liable to IHT for deaths from 6 April 2027 onwards. IHT digitalisation may also be expected to generate additional IHT revenues from reduced errors and omissions.
76. The May 2025 [NAO report](#) noted previously, stated that the wealthy population paid £4bn of IHT in 2023-24, which is 50% of the total IHT receipts (section 1.13). The top 50 payers paid on average IHT of £8m (figure 4 in section 1.17).
77. HMRC's [IHT statistics](#) from July 2025, which cover the period up to 2022/23 indicate at section 4.4 that:
- There were 202 estates valued at more than £10m, paying £3.63m in IHT on average.
  - There were 322 estates valued over £7.5m, with estates valued between £7.5m and £10m, paying £1.67m on average.
  - There were 3,298 estates valued between £2m and £7.5m.
78. The [tax gap](#) attributable to IHT was estimated at £300m for 2023/24 and there was no detail on how much of that is made up of legal uncertainties.
79. IHT planning is typically undertaken over many years in order to save an unknown amount of IHT in the future at an as yet unknown date. As the consultation notes, transfers such as potentially exempt transfers (PETs) may never give rise to a liability if the transferor survives seven years. The key areas that will need to be clarified are:
- how the £5m tax-interpretation difference should be calculated.
  - when it should be calculated (ie, at the time of a transfer for lifetime transfers based on the anticipated IHT saving, or solely at date of death when a liability actually arises).
80. It will need to be clear in legislation what assumptions the taxpayer should make when determining whether they have a UTT of at least £5m, such as:
- The life expectancy following a lifetime transfer (PET or chargeable lifetime transfer (CLT)).
  - The value of rates, allowances and reliefs that should be applied.
  - Whether use of lifetime reliefs on both PETs and CLTs is taken into account, and when it can be assumed that the transferor will survive seven years so that no additional tax is due on a lifetime transfer.
81. In practical terms, it will also need to be clear how the IHT should be calculated where there is a change in the individual's long-term residency status after a lifetime transfer.
82. It would appear that only a small number of estates will generate a liability of over £5m, let alone have £5m in uncertain tax treatment.
83. Given the above comments, ICAEW's conclusion is that the UTT notification rules should not be extended to IHT. There is too much complexity and it would be unlikely to generate substantial additional tax. Instead, HMRC should improve the legislation or its guidance to reduce the areas of uncertainty.

**Question 20: Are there specific scenarios where applying UTT would be inappropriate, duplicative or unnecessary? If so, how could an approach be designed to avoid unnecessary notifications while still capturing relevant legal uncertainties?**

84. ICAEW does not have any comments to add.

## ADDITIONAL NOTIFICATION REQUIREMENTS

**Question 21: Do you agree that requiring taxpayers to tell us about legal interpretations where there is more than one credible interpretation and HMRC's view is not known, will capture the uncertain tax treatments that it is intended to identify?**

85. In September 2025, HMRC issued [Guidelines for Compliance 13](#) (GfC13) which provided HMRC's view that a taxpayer 'should not file a return based on an improbable interpretation of the law'. The efficacy of GfC13 should be considered before any additional UTT notification requirements are introduced.
86. The consultation document uses this definition at section 4.3: "speculative interpretations that have a low chance of success, and do not produce the outcome intended when the legislation was enacted". It also refers to 'credible interpretations' which is not defined in either the consultation document or current tax legislation. Any UTT definitions should align with the GfC13 wording, so that taxpayers and agents are not confused by yet another test to consider.
87. ICAEW does not consider that speculative interpretations would be reduced by this proposed third trigger, because such interpretations are already contrary to GfC13, the tax planning standards for agents in [Professional Conduct in Relation to Taxation](#) and section 4.4 of HMRC's [Standard for Agents](#), which require reported positions to be based on a credible basis, namely a realistic assessment of the facts and a credible view of the law. Including a third trigger implies that taking an improbable stance is acceptable, when it is not, and could lead to an increase in the tax gap.
88. ICAEW considers that legal interpretations should be viewed as two separate issues:
- a. first, novel tax treatments, where there has been no notification under the disclosure regimes such as DOTAS or DASVOIT.
  - b. second, where HMRC has either not published guidance, or where its guidance causes uncertainties. In line with its obligations under the Charter, particularly in helping taxpayers get things right, HMRC must look first to simplify tax legislation and/or improve its guidance to reduce uncertainties.
89. We acknowledge that the UTT regime could be used as a way of uncovering which uncertainties could be removed by improving HMRC's guidance, but we consider that this could be achieved more effectively and quickly through collaboration with professional bodies gathering input from their members about the areas they find most difficult to interpret.
90. In our response to the 2021 UTT consultation, [ICAEW REP 55/21](#), we considered the objectivity of the tests that were proposed at that time.
91. We note HMRC's guidance at [UTT13200](#), explaining that what counts as HMRC's published view can extend beyond online guidance, to include taxpayer-specific communications with HMRC, on the basis that reliance on those communications for the purposes of UTT is confined to that taxpayer.
92. As stated at paragraph 37, any adviser or promoter who fails to comply with the DOTAS requirement is unlikely to advise a taxpayer to comply with UTT. ICAEW considers that novel and aggressive interpretations would be better dealt with under the new agent registration,

sanctionable conduct and promoter provisions that were introduced in Finance Act 2026, as well as DOTAS.

93. It is not realistic to expect taxpayers and their advisers to have to consider in detail and calculate their potential tax liability for every possible credible interpretation of their tax positions. Our members have suggested that one interpretation of the wording of the proposed third trigger could create an expectation on HMRC's part that a taxpayer should seek two professional tax opinions when considering if there is more than one credible interpretation. If the two opinions differ then a UTT notification would be needed. Such a requirement would create substantial additional advisory costs for taxpayers, particularly as the advisers acting for the vendor would need to provide information to two sets of the purchaser's advisers, as well as potentially delay the completion of merger and acquisition-type transactions. This would be contrary to the government's growth agenda.
94. For the above reasons, ICAEW does not support the introduction of the proposed third trigger.
95. If the government decides to introduce this trigger, it must consult properly and ensure that legislation and guidance are clear. The calculation of the £5m would need detailed consideration. This is because the current rules require a comparison of the 'uncertain amount' (the taxpayer's calculation) with the 'expected amount' (based on HMRC's known position), when determining if a £5m difference in interpretation exists. However, where there is no known HMRC position, there can be no 'expected amount' under this proposal.

***Question 22: Are there additional triggers that would identify uncertain tax treatments that would not be identified by the proposed trigger, or the existing 2 triggers?***

96. GfC13 uses the phrase 'novel interpretations' and these are already notifiable under para 10(3), Schedule 17, Finance Act 2022 if the other triggers are met. HMRC could consider expanding this test to require disclosure of novel interpretations which do not fall within existing triggers, especially where the choice of filing positions was finely balanced.

***Question 23: In addition to transfer pricing calculations, are there any other uncertainties that should be excluded from the proposed trigger?***

97. In our response to question 15, we noted that s75A, Finance Act 2003 is the biggest area of uncertainty for SDLT. We believe that transactions where s75A has been considered should be excluded from the proposed trigger.
98. Uncertainties relating to valuations or other subjective judgements of factual information should also be excluded.
99. ICAEW also considers that there should be exclusions where additional information already has to be provided to HMRC. For example, research and development claims, which require formal prenotification and detailed information to be submitted, alongside the tax return entries.

**NOTIFICATION PROCESS**

***Question 24: Do you think that having a single annual notification due date would make it easier for taxpayers to comply with the UTT obligation? If so, what date or timing would you consider most appropriate?***

100. ICAEW considers that the only solution that works in practice is to retain the current position where the notification date is linked to the filing date for the return for that particular tax.
101. For individuals and trusts, ICAEW recommends a single date linked to the self assessment filing deadline of 31 January for taxes that are assessed on a tax year basis (ie, income tax and CGT). A separate procedure would be needed for 60-day CGT reporting for a disposal

by a non-resident, who does not otherwise have to file a UK self assessment return, because their residency position for that tax year may not be known when the return is due.

102. NIC is generally reported monthly under RTI, but can be weekly or monthly in line with employees' pay periods, so any UTT notification date would need to match the final full payment submission date for the tax year. We also refer you to our earlier comments for Question 11.

## EXEMPTION

### ***Question 25: Can you foresee any problems with taxpayers obtaining confirmation from HMRC that the notification has been brought to its attention?***

103. The [UTT evaluation](#), which includes feedback from the Large Business Survey, as well as the [Charter report](#) in HMRC's Annual Accounts (pages 115-119), both note delays in HMRC responding to post as being a widespread issue for a number of years. On enquiry cases, HMRC routinely asks for large amounts of data within 30 days, with the threat of a Schedule 36 information notice if that is not forthcoming. ICAEW members have told us that it is not uncommon to hear nothing from HMRC on enquiry cases for more than 12 months. It is wrong in principle, and unfair on taxpayers, that there are no consequences for HMRC's delays in dealing with taxpayers' submissions.
104. HMRC has only received around 10 UTT notifications per year and ICAEW is surprised that none of them have yet been resolved. This does bring HMRC's ability to deal with additional notifications into question should the current proposals be implemented.
105. HMRC's proposal risks undermining the fundamental principle of self assessment, as well as the UTT exemption where the taxpayer considers that HMRC already has all of the relevant information (para 18, Sch 17, Finance Act 2022).
106. HMRC's guidance at [UTT16200](#) does list the circumstances when a UTT notification is not required because HMRC has already been made aware of the matter.
107. With the large sums of tax involved in a UTT notification, it is important that HMRC has a formal process for providing confirmation to taxpayers that their UTT notification has been received.
108. ICAEW believes that there should be statutory time limits within the UTT legislation for HMRC to respond. The first is that HMRC acknowledges receipt of the UTT notification (which could be automated), as well as receipt of any additional information that HMRC has requested. There should be a second deadline that HMRC has to provide a meaningful response to a UTT notification, or to additional information received, and we would suggest 90 days for this.

## OTHER COMMENTS

109. During discussions with ICAEW members and the wider business community, problems with the current UTT regime, and the wider tax system, have been brought to ICAEW's attention, which should be considered as part of the current proposals.
110. It is widely recognised that the UK has one of the longest tax codes in the world.
111. HMRC has an obligation under the [Charter](#) help taxpayers to get things right. The government and HMRC must understand and acknowledge their roles in creating uncertainties in the tax system and must act to minimise those. Legislation that has been rushed through without sufficient consultation, guidance that is unclear or even areas that lack HMRC guidance all create uncertainties.

112. It is ICAEW's view that HMRC and the government should act to reduce uncertainties and the legal interpretation tax gap by:
- a. Simplifying tax legislation to reduce inherent uncertainties and reduce the scope for/incidence of legal interpretation disputes;
  - b. Consulting thoroughly, allowing enough time for that and for HMRC to consider the responses carefully, so that legislation is well thought through, achieves the policy intent and does not add additional uncertainties which would increase the tax gap in future;
  - c. Expanding HMRC's suite of GfC products, particularly in all the areas that HMRC considers contribute most to the legal interpretation tax gap (LITG) and any additional taxes to which HMRC expands the UTT regime;
  - d. Publishing a more granular analysis of the LITG per tax and by taxpayer type, so that it is possible to monitor and assess the effectiveness of steps taken to reduce the LITG;
  - e. Publishing a list of the top 20 or 30 issues which HMRC considers are contributing to the LITG. Professional bodies can then consider if their members would benefit from some additional training, etc. The list could be compared to the list of GfC topics to identify the areas on which more GfCs are most urgently needed. It could be compared to the last 12 months' UTT notifications to see the correlations between them (or lack thereof) to decide what further action is needed.
  - f. Expanding record keeping guidance (given that applying the law to the facts is a key aspect of legal interpretation) so that taxpayers are much clearer on precisely what evidence they need to retain. Record keeping guidance generally advises taxpayers to retain records for much shorter timescales than assessment time limits, making it harder for HMRC and taxpayers when HMRC assesses closer to the time limit.

ICAEW would be happy to work our members and HMRC to identify areas where improvements to legislation and guidance would make the biggest differences.

113. ICAEW's Ten Tenets for a Better Tax System, in Appendix 1, includes recommendations that taxes should be certain, simple, and easy to administer.
114. ICAEW has a [dedicated technical hub](#) where we suggest how VAT could be reformed. The number of food-related VAT cases that are going to Tribunal are a clear indication that improvements to legislation and guidance are needed.
115. We have had the following examples of areas where HMRC has been aware of issues, but has not issued guidance, in some cases has been for many years:
- Whether botox treatments are considered as medical for VAT purposes.
  - The VAT treatment of food products used in beauty treatments and whether they are still classed as food.
  - NIC apportionment for expatriate employees with a mixture of UK and overseas duties. We understand that it took HMRC around 20 years to issue guidance and when it was published, it conflicted with an alternative practice that had been agreed with the Expat Forum.
116. An acknowledgement to the taxpayer who made the notification does little to reduce uncertainties for all other taxpayers. ICAEW considers that HMRC should also be legally required to publish guidance to address all uncertainties notified to it (or amend existing guidance) within (say) 12 months of a notification being made.

## APPENDIX 1

### ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory.** Tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
2. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
3. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
4. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
5. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
6. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
7. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
8. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
9. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
10. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see [Ten Tenets for a Better Tax System | ICAEW](#).