Self Assessment Individual Exclusions for online filing - 2017/18

1. Where a personal return cannot be filed online for a reason listed below, provided that a paper return is delivered on or before 31st January following the end of the tax year to which the return relates, HMRC will accept that the taxpayer had a reasonable excuse for failing to file a paper return by the normal 31st October deadline. A reasonable excuse claim should accompany the paper return.

2. Any paper return submitted must conform to the normal rules for paper returns even if it is a computer generated paper return e.g. it must hold a valid signature.

3. Where an HMRC recommended workaround causes an online return to be submitted with an entry that is not strictly correct, HMRC will not take action on that particular entry for that reason alone provided that the inaccuracy is in accordance with the workaround and purely to facilitate online filing.

Please note the changes are listed on page 24

Unique ID	Schedule	Page	Box	Mnemonic	Issue	Workaround	Status
1	All	All	All	Early submission of Return information.	Where it is considered necessary to file a return before the end of the tax year (eg. before 6 April 2018 for a 2017/18 return).	For information	-
2	SA102MP, SA102MLA, SA102MSP, SA102WAM	All	All	N/A	It is not possible to submit a return containing any of these schedules online.	For information	-
3	Records dealt with under separate arrangements	-	-	-	Customers whose records are dealt with under separate arrangements means their unique taxpayer reference will not be recognised by the authentication system. These customers will be advised that they will not be able to file online.	For information	-
4	SA103L	LU1	LUN2	-	It is not possible to enter a negative value for losses from Accrued Income Scheme and deeply discounted securities in box LUN2. Customers who need to enter a negative amount in this box will not be able to file online and should contact Lloyds Underwriters Unit S1278, Newcastle Upon Tyne, NE98 1ZZ for advice.	For information	-

5	SA107	T2	TRU19	-	The notes for box TRU19 advise customers who have gains on life insurance policies taxed at 22% to include them in the additional information space. However this income will not be included in the calculation. In these circumstances if the calculation shows that the notional tax will be refunded, customers will be unable to file online and should submit a paper return. See Special ID22 for workaround where there is no likelihood of the notional tax being refunded.	For information	-
6	All	All	All	Online Amendment window	Return amendments can be submitted up to 12 months after the statutory filing date. Where a return has been issued late and legitimately filed after the 31st January the customer should have a further 12 month period to submit an amendment. However the system only allows online amendments to be submitted within 12 months of the online filing date of 31st January - amendments received before midnight on 31st January will be accepted.	Amendments made more than 12 months after the online filing date should be submitted on paper	-
7 to 11	Removed	-	Removed	-	Removed	Removed	-
12	SA110	TC 2	CAL15	-	Where a customer is due a refund because of an adjustment to an earlier year that's not been coded correctly through PAYE, it is not appropriate to include this figure in box CAL15 because where there is an entry in CAL14 but there is no entry in AOI14 or LUN28 or FSE 71 or FSE72 or FPS11 or SPS11 the return will fail validation.	In these circumstances a paper return should be filed if not will be reconciled in PAYE or SA for the relevant year.	-
13 to 14	Removed	-	Removed	-	Removed	Removed	-
15	Various	General	General	-	It is not possible to file online if the number of schedules exceeds the number allowed in the schema. E.g. SA102M = 50.	In these circumstances a paper return should be filed.	-
16 to 17	Removed	-	Removed	-	Removed	Removed	-

18	SA110	TC2	CAL14	-	Where there is an entry in CAL14 but there is no entry in AOI14 or LUN28 or FSE71 or FSE72 or FPS11 or SPS11, the return will fail validation.	In these circumstances a paper return should be filed. The Return should have an entry in the Additional Information Box stating the CAL14 entry is a result of Settlor income or an FTCR adjustment for overlap relief.	-
19	SA110	-	-	-	Where the taxpayer is not resident, has made payments under the Gift Aid scheme but has paid insufficient UK tax to cover the Gift Aid, the liability will not be calculated correctly.	In these circumstances a paper return should be filed.	-
20	SA107	T1	TRU12	-	Where the non resident calculation applies and the excluded income includes income from TRU12 the tax calculation will not calculate the tax due on the excluded income correctly.	In these circumstances a paper return should be filed.	-
21	Removed	-	Removed	-	Removed	Removed	-
22	SA103F SA103S	SEF4 SES2	FSE79 FSE74 SSE34 SSE29	-	The validation rules on FSE79 & SSE34 are incorrect where terminal losses are entered as losses brought forward from earlier years set off against this years profits in FSE74 & SSE29.	In these circumstances a paper return should be filed.	-
23	SA104F SA104S	FP2 SP2 SP1	FPS23 FPS17 SPS23 SPS17	-	The validation rules on FPS23 & SPS23 are incorrect where terminal losses are entered as losses brought forward from earlier years set off against this years profits in FPS17 & SPS17.	In these circumstances a paper return should be filed.	-
24 to 33	Removed	-	Removed	-	Removed	Removed	-

34	SA103F SA104S SA104F	SEF4 SP1 FP1	FSE72 SPS11 FPS11	Averaging adjustment – only for farmers, market gardeners and creators of literary or artistic works where loss set against same trade in same year. Loss should not be capped.	Losses used against profit of the same trade are not capped. This includes losses where the profit is 'created' by an averaging claim. To the extent that the loss is used against other income, the capping rules will apply. Boxes FSE78 SPS22 & FPS22 'Loss from this tax year set off against other income for YYYY-YY' are correctly capped. There is no box to set the loss against the same trade. That is because Averaging Adjustment cases create a unique situation where there can be a loss and a profit for the same trade in the same year .	In these circumstances a paper return should be filed.	
35	Removed	-	Removed	-	Removed	Removed	-
36	SA105	UKP2	PRO42	Property business losses are subject to the cap where set off against total income, but not to the extent that those losses brought forward represent BPRAs. BPRA ended on 5th April 17 but losses up to 2016-17 carried forward to later years affects 2017-18 onwards	All of the amount in box PRO42 will be restricted to the greater of £50,000 or 25% of the individual's adjusted total income. However, if part or all of the losses represent business premises renovation allowance BPRA to 2016-17 then that amount should not be restricted. Where there are BPRA included in the losses brought forward from a previous year and set off against Total Income in box PRO42 it is not possible to indicate if any of the loss brought forward in PRO42 relates to BPRA.	In these circumstances a paper return should be filed.	-
37 to 45	Removed	-	Removed	-	Removed	Removed	-
46	SA103L SA103S SA103F SA104S SA104F SA110	TC1	CAL4.1 pseudo Class 2 box pseudo Class 1 box	Share Fishermen with Class 1 NICable earnings that reduce amount of Class 2/Class 4 due. The Reg100 Class 4 calculation uses 'ordinary' Class 2 max rather than the share fisherman amount. The Class 4 amount may be less than it should be.	The Reg100 Class 4 calculation uses Class 2 max amount of 53 x £2.80 (£148.40), and where they are a Share Fisherman the amount should be 53 x £3.45 (£182.85). As a result the Class 4 amount may be less than it should be by £27.43.	In these circumstances a paper return should be filed.	-

47	Residency: SA109 disregarded income not in calculation SA100	Residency: RR1 disregarded income not in calculation TR3	Residency: NRD1 disregarded income not in calculation INC17	**Non-UK residents completing Return box INC17 which contains an element of 'disregarded income' will not have that income identified in the calculation as disregarded income and it is being taxed.** For a non-UK resident (NRD1=Y) the s811 calculation is applied (limit on liability to income tax of non-UK residents) but the type of income disregarded by virtue of s825 and s826 ITA 2007 is entered in box 17 'Other taxable income, box 17 includes different types of income, not just those included in s825 and s826 and it is not included in stage 91. As a result the calculation may identify the incorrect lower amount for s811 non-UK resident calculation. This is identifiable where NRD1 = 'Y' and INC17 > 0 and INC21 NOT NULL and notes state that INC17 includes an element of disregarded income	Non-residents are generally liable to UK tax on all their UK income but can make a claim under s811 ITA 2007 to limit the amount of UK tax they pay on certain (disregarded) income if it's more beneficial for them. If income disregarded by virtue of s825 and s826 (e.g. patent/royalty payments, and distributions from unauthorised unit trusts etc.), is entered in box 17, it will not be included as disregarded income in the S811 calculation at stage 91. So if the customer is non-UK resident, the s811 calculation applies, and they have disregarded income entered in box 17 the calculation of tax due may be incorrect. An example would be Other income (INC17) £13,000 - all for patent paid to customer. NRD1 = Y. Tax calculated as £13,000 x 20% = £2,600. But this is disregarded income and the £13,000 should be excluded from the calculation so income tax due = £0.00 and customer is £2,600 overpaid. A fix would require a change to the Return and calculation e.g. new box 'INC17a' to show disregarded income in INC17. This will be considered. **The amount of any overpayment will depend on the amount of the disregarded income.**	In these circumstances a paper return should be filed together with your s811 calculation (working sheet in HS300)	-
48 to 56	Removed	-	Removed	-	Removed	Removed	-

57	Residency: SA109 Dividend income: SA100 SA101 SA106	Residency: RR1 Dividend income: TR3 Ai1 F3	Residency: NRD1 Dividend income: INC5 AOI13 FOR11	A non-UK resident (NRD1 = Y) with 'other dividend' income INC5 or Bonus issues of securities and redeemable shares (but not Loan write-offs) in AOI13 will not receive the 7.5% tax treated as paid as part of s811 calculation to identify maximum tax payable. This should be in the calculation. If the completion of HS300ws, which should include the disregarded dividend income and tax credit, indicates that the amount at A26 in the HS300ws is less than the amount in SA110 Notes A328 but the calculation is using a larger amount a paper return should be filed. The rule in ITTOIA 2005, s399, whereby a non-UK resident is treated as having paid (non-repayable) tax at the dividend ordinary rate on the amount or value of the dividend, is retained, but without the grossing up of the dividend by reference to the dividend ordinary rate. Note that this only applies to dividends received by non-UK residents. These are identifiable where the amount 7.5 % tax treated as paid on the UK dividends would make the 'resident' calculation more beneficial. NRD1 = 'Y AND INC5 > 0 AND c4.71 = 0 AND c5.40 > 0 AND c8.26 > 0 AND c12.1 > 0 HMRC recommend a workaround for customers affected to enter the INC5 amount in INC4, added to any amount already entered. For AOI13 for Bonus issues of securities and redeemable shares (but not Loan write-offs) they can also be entered in INC4. Enter details of amounts that would have been in INC5 or AOI13 in 'Any other information' Box 19.	A non-UK resident is generally liable to UK tax on all of their UK income but Section 811 ITA 2007 limits the amount of UK tax they pay on certain types of UK income (referred to as 'disregarded income'). UK dividend income is disregarded income. To apply s811 ITA the total tax liability is calculated following the steps at s23 ITA and then the limit on the total liability of 'Amount A' (tax withheld from disregarded income) + 'Amount B' (tax calculated on non-disregarded income) is calculated and the lesser amount is applied. The calculator correctly allows the tax treated as paid for INC4 dividends from UK companies but it does not allow the tax treated as paid for INC5 other dividends and AOI13 for Bonus issues of securities and redeemable shares (but not Loan write-offs) for the purposes of the s23 ITA calculation and s811 ITA calculation per s399 ITTIOA. The 7.5% tax treated as paid on other dividends (not repayable) is not therefore in the calculation for the s23 limit. In the s811 calculation it will affect customers where the s23 calculation is more beneficial than s811 and all the UK income is therefore in the calculation. The estimated number of customers affected is c.tbc. Maximum amount underpaid by customers affected (INC5 + relevant amount from AOI13) x 7.5% (non-repayable).	The return can be filed online. In these circumstances the workaround can be followed or a paper return should be filed together with your s811 calculation (worksheet in HS300)	Planned fix for 19/20
58 to 61	Removed	-	Removed	-	Removed	Removed	-

62	SA107	T2	TRU18	**1. Trusts with an accounts period covering pre 6 April 2016 that have had dividend income will not have the tax credit set against income tax.** **2. Where dividends are received in the estate before 6 April 2016 but the income is not paid over to the beneficiary until after that date then they will receive a non- payable tax credit of 7.5% using the applicable tax rate for 2017 to 2018.** The SA107 Trusts page Notes advise that if any dividend income is received by the estate before 6 April 2016, but isn't paid until after 5 April 2017, a 7.5% tax credit against any tax is due on these dividends. The 7.5% tax credit is not repayable in the event that there is no tax liability for the year. Make a note of the amount(s) of any dividend income that was received by the estate before 6 April 2016, but not paid to you until after 5 April 2017, in box 26, Any other information. If the tax credit can be set against tax due this will not be given in the calculation.	A customer will not receive a tax credit if they: • have an accounts period for their Trusts income that starts before 6 April 2016 or estate received dividends before 6 April 2016 but income paid to beneficiary after that date and • received dividend income prior to 6 April 2016 and have a non-repayable tax credit and • they want the SA tax calculation to set that tax credit against other income The estimated number of customers affected is less than 10.	In these circumstances a paper return should be filed	-
63 to 64	Removed	-	Removed	-	Removed	Removed	-

65	Residency: SA109	RR3	NRD28	**Remittance Basis customer will pay the correct amount of Remittance Basis Charge. However, the amount of Remittance Basis Charge is calculated without reference to the actual and deemed nominated income. Where there is loss relief the Nominated and Deemed income will not count towards the total income that calculates the limit for loss relief and amount of loss relief used.** As a result, the customer will need to do their own calculation of loss relief to identify the amount of loss relief that can be carried forward. HS204 can be used for this and the customer can make a note for their records. NRD28 = Y AND (NRD31 = Y OR NRD32 = Y) AND c4.40 > £50,000	This affects Remittance basis customers liable to the Remittance Basis charge that have taxable income + nominated income + deemed nominated income of more than £200,000. They must also have loss relief that is restricted. The HS204 explains the limit for individuals claiming certain Income Tax reliefs. When completing the HS204 the customer needs to reflect that it is the full amount of actual and deemed nominated income that needs to be added to the total income to calculate the adjusted total income in Working Sheet 1 and, from that, the tax relief that is used in the calculation and amount that is carried forward. The estimated number of customers affected is c.130. **The customer calculation of liability is correct.**	The return can be filed online. In these circumstances the workaround can be followed and HS204 amount used rather than the calculation amount for the customer's records.	-
66 to 69	Removed	-	Removed	-	Removed	Removed	-

70	Dividend income: SA100 SA101 SA104F SA106 SA107	Dividend income: TR3 Ai1 FP4 F3 T1 T2	Dividend income: INC4 INC5 INC6 AOI12 AOI13 FPS70 FOR6 FOR11 TRU5 TRU9 TRU12 TRU18	**A customer's total income is more than £43,000 with more than £5,000 dividends. The calculation uses reliefs and allowances to reduce non-savings and savings income at 20% rather than dividend income at 32.5%. Reallocating their reliefs and allowances would reduce, or prevent them having to pay, higher rate dividend tax.** This is identifiable where the non-savings and savings income is less than the extended basic rate band and there are dividends taxable at the higher rate 32.5%. The is identifiable where: WHEN c2_19 + c3_15 > 0 AND (c5.56 > £0 or c5.56d > c5.56a) AND c5.70 = £0 AND c6.33 > £0 AND ((c5.56b minus c5.56c) x 20% + c5.54a x 20%) < (lower of (c5.54a and d_5_55_5*) x 7.5% + (c5.54a minus (lower of c5.54a and d_5_55_5*)) x 32.5%) *Where d_5_55_5 = (larger (0, and (d_5_55_3 minus d_5_55_4))) d_5_55_4 = (lower of c5.23 and d_5_55_3) d_5_55_3 = (larger(0, and ((c5.24 + c5.25 + c5.29 + c5.30) minus (d_5_55_2 minus (c5.49 + c5.51))))) d_5_55_2 = (larger of (0, and (((c5.3 + c5.11 + c5.24 + c5.25 + c5.29 + c5.30) minus (c5.1 minus (c5.47 + c5.48 + c5.52))) minus (c3a.2 + c4.75))))	A change to the 2017-18 SA tax calculator has resulted in even more customers being identified where it is beneficial to set allowances against dividends. However, there are customers that would benefit if they set allowances against dividends. They would pay more tax at 20% but this is more beneficial than tax at 32.5% on the dividends. **An example** is Pay EMP1 £33,500, savings INC2 £1,499 & dividends INC4 £18,500. The tax calculator sets the £11,500 PA against pay, leaving £22,0000 tax able at basic rate. There is £500 savings in basic rate taxable at nil rate and £999 at basic rate with £5,000 dividends, that would otherwise have been in the basic rate, in the nil rate, £5,001 in the basic rate band and £8,499 in the higher rate band. calculating liability as £7,737.04. The most beneficial ordering is to have £999 allowances set against savings and 10,501 against dividends reducing liability to £7,674.67 before tax deducted. There is more tax deducted at basic rate but less at 32.5% and the savings income covered by the savings nil band would have been taxed at higher rate. This provides a difference of £62.37. The estimated number of customers affected is less than 1,500. **Maximum amount overpaid by customer will be determined by allowances transferred in a less beneficial manner x difference in rates.**	In these circumstances a paper return should be filed.	Planned fix for 18/19
71 to 78	Removed	-	Removed	-	Removed	Removed	-

79	Dividend income: SA100 SA101 SA104F SA106 SA107	Dividend income: TR3 Ai1 FP4 F3 T1 T2	Dividend income: INC4 INC5 INC6 AOI12 AOI13 FPS70 FOR6 FOR11 TRU5 TRU9 TRU12 TRU18	Where the customer has income in the higher rate band and dividends of more than £5,000 the calculator will identify that there is dividend income in the higher rate and look to reduce the dividend income and the resulting tax at 32.5%. In some instances it may be beneficial to split the allowance so part of it is set against non-savings to free up the savings starting rate in preference to non-dividend income at 20%. This is identifiable: WHERE c3.15 > £5,000 AND d_5_52_h > 0 AND c5.53 minus d_5_52_h > 0 AND (c5.1 minus (c5.47 + c5.48 + c5.52 + d_5_52_h)) minus (larger of (0,(c5.1 minus (c5.47 + c5.48 + c5.52 + d_5_52_h)) minus c5.30)) <> c5.58 AND c9.40 > 0 AND (lower of (5000, larger of(0,((c5_1 + 5000) - c5_35))) - lower of (5000, larger of (0, larger of (0,(c5_1 - larger of (0,(excl_79_derived_i minus larger of (0,(excl_79_derived_i minus c5.30))))) + 5000) - c5_35))) * 0.20 + larger of (0,(excl_79_derived_i minus larger of (0,(excl_79_derived_i minus c5.30)))) * 0.20 < lower of (larger of (0,(excl_79_derived_i minus larger of (0,(excl_79_derived_i minus c5.30)))), derived_5_55_5) * 0.075 + larger of (0,(larger of (0,(excl_79_derived_i minus larger of (0,(excl_79_derived_i minus c5.30))))) minus lower of (larger of (0,(excl_79_derived_i minus larger of (0,(excl_79_derived_i minus c5.30)))), d_5_55_5)) * 0.325 d_5_12 = lower of (lower of c5.11 and £5,000) and (larger(0, and ((c5.1 + £5,000) minus c5.3))) d_5_52_a = larger of(0, and c5.35 minus (c5.49 + c5.51)) d_5_52_b = lower of larger of(0, and (c5.1 minus (c5.47 + c5.48 + c5.52))) and d_5_52_a d_5_52_c = lower of d_5_12 and d_5_52_b d_5_52_d = (lower of d_5_52_c and larger of(0, and ((c5.49 + c5.51 + 5000) minus d_5_52_a))) *0.20 d_5_52_e = (lower of ((c5.35 + larger of(0, and (c5.11 minus c5.15))) and d_5_52_b))*0.20 d_5_52_f = d_5_52_d + d_5_52_e d_5_52_g = if d_5_52_f = 0, 0, else, d_5_52_f divided by d_5_52_b, end if d_5_52_h = if d_5_52_g > 0.325, d_5_52_b, else 0, end if excl_79_derived_i = larger of(0, and (c5.53 minus d_5_52_h)) d_5_55_2 = (larger of (0, and (((c5.3 + c5.11 + c5.24 + c5.25 + c5.29 + c5.30) minus (c5.1 minus (c5.47 + c5.48 + c5.52))) minus (c3a.2 + c4.75)))) d_5_55_3 = (larger(0, and ((c5.24 + c5.25 + c5.29 + c5.30) minus (d_5_55_2 minus (c5.49 + c5.51))))) d_5_55_4 = (lower of c5.23 and d_5_55_3) d_5_55_5 = (larger (0, and (d_5_55_3 minus d_5_55_4)))	Where there is e.g. £2,000 allowances that are available to the higher rate dividends the calculator establishes if it is beneficial to set all £2,000 against dividend income or against non-savings to free up the Savings Starting Rate and reduce the non-savings by 20% and the savings now in the SSR by 20%. It does not calculate if it is beneficial to set part of the £2,000 against non-savings and part against dividends. An example would be savings INC2 £29,500, dividends INC4 £7,000, and pension INC11 £10,500. There are £2,000 dividends identified as being in the higher rate. The calculator determines that it is more beneficial to set the £2,000 against dividends and this leaves £1,000 pension taking up some of the Savings Starting Rate of £5,000. It would be more beneficial to set £1,000 against non-savings/non-dividend income and £1,000 against dividends. The difference is the calculated amount of £5,200 compared to the most beneficial which is £5,125, a difference of £75.00. It is estimated that c.100 customers will be affected. **Maximum amount overpaid will be amount of allowance set against non-savings/savings in preference to dividends x 12.5% (32.5% - 20%) or amount of allowance set against dividends in preference to non-savings/savings x 7.5% (20% + 20% - 32.5%) .**	In these circumstances a paper return should be filed	Planned fix for 18/19

80	Notional tax on insurance policy etc. gains on which tax was treated as paid: SA101 SA106	Ai1 F6	AOI4 FOR43	When a customer has a chargeable event gain on a life insurance policy, they are treated as having suffered tax on the gain at the basic rate. They therefore receive relief for this tax already paid. The calculator is producing an incorrect result where a customer has an amount of notional tax that exceeds the tax chargeable on the gain and is effectively relieving tax charged on other income; Relief for the notional tax in the current calculation will be overstated and putting it right will increase the customer's liability subject to interaction if the Top Slicing Relief calculation is also incorrect (see Exclusion 81). This is identifiable: WHEN AOI4 + FOR43 > 0 AND c5.82 > £0 AND c8.26 > lower of (c9.23 and ((c6.52 * 0.20) + (c6.55 * 0.40) + (c6.56 * 0.45)) AND (c6.48 + c6.51 > £0) AND (c5.82 x 20% > (c6.52 x 20% + c6.55 x 40% + c6.56 x 45%)) AND c9.1 > (c6.52 x 20% + c6.55 x 40% + c6.56 x 45%)	Following the changes to the Starting Rate for Savings and introduction of the Personal Savings Allowance the SA Calculator allows the basic rate relief due on chargeable event gains in the Starting Rate or Nil rate to incorrectly create a repayment of tax due on other income. An example would be pension INC11 £12,500, and Gains AOI4 £10,000 AOI5 = 1. After deducting the personal allowance £1,000 pension is liable at £200.00. The tax on the Gain of £4,000 in the Starting Rate band and £1,000 Nil band is £0 and tax at basic rate on the remaining £5,000 is £1,000.00. However, the notional tax is calculated as £10,000 x 20% = £2,000 which provides relief for the tax on the Gain but also incorrectly reduces the tax due on the pension. Income tax due after allowances and reliefs should be £200.00. Example 2 employment EMP1 £12,000 EMP2 £100.00 AOI4 £35,000 AOI5 = 1. There is £4,500 Gain in the Starting Rate and £500 in the Nil rate with £5,600 tax in basic rate and £800 in higher rate. Tax deducted on Gain = £7,000.00. Relief should be restricted to lower of Gain of £35,000 at basic rate = £7,000.00 and tax deducted £6,400.00. It should not result in the repayment of the tax on employment of £100.00. Income tax due after allowances and reliefs should be £100.00. It is estimated that up to 1,700 customers will be affected by a change in liability. **The maximum amount of tax that will be underpaid by the customer as a result in this error is the amount of tax due on other income that is reduced because it is in excess of the amount of Gain x 20% minus tax on Gain.**	The Exclusion no longer applies but in these circumstances a paper return can still be filed	-

81	Top Slicing Relief calculation: SA101 SA106	Ai1 F6	AOI4, AOI6, AOI8 FOR43	When an individual has a chargeable event gain CEG in a year, top slicing relief is applied to the gain. Top slicing relief requires two calculations (paraphrased from steps 1 to 3 in s536 ITTOIA 2005): 1) The individual's liability to income tax on chargeable event gains arising in the year 2) The individual's relieved liability on the annual equivalent (gain divided by the number of years the policy was held (n)). The result is multiplied by n. Top slicing relief is the difference between the two resulting figures. The starting rate for savings, and the nil rate for the Personal Savings Allowance (PSA) should be included in both steps of the calculation of TSR but are not. This is identifiable: WHEN FOR43 + AOI4 + AOI6 + AOI8 > 0 AND c9.3 > £0 (AND lower of ((c2.19 minus c2.18) and c6.12) < c6.13 OR c6.47 > 0 OR lower of ((c2.19 minus c2.18) and c6.16) < c6.17 OR c6.51 > 0)	"Top slicing relief" can reduce tax on a CEG by allowing the bondholder to spread the investment gains over the number of years the bond has been held. It is available to non-taxpayers, starting rate taxpayers, savings nil rate or basic rate taxpayers who, after adding chargeable event gains to their income, become higher rate taxpayers. Customers who have non-savings income of less than £16,000 or total income of less than £150,001 (including chargeable event) where the Savings nil rate is not utilised will be affected. Example 1: Employment Income EMP1 £30,000, (tax EMP2 £3,700) Chargeable Event Gain AOI4 £70,000 (AOI5 = 5) = Total income £100,000 (Personal allowance £11,500). The SA tax calculator includes the tax figure with no Nil Rate £500 in the basic rate band giving a total of £15,000 in the basic rate band. The £500 nil rate band should be applied. The Top Slicing Relief is calculated as £11,000 whereas it should be £10,900.00. Example 2: An individual had no income other than a chargeable event gain of £320,000 arising from a policy they had held for two years. AOI4 £320,000, AOI5 = 2. The SA tax calculator currently takes the tax due on the gain, without applying the Starting Rate for Savings, which means that £33,500 is in the basic rate band. The £5,000 starting rate should be applied. The Top Slicing Relief is calculated as £14,200 whereas it should be £15,200.00. It is estimated that up to 6,000 customers will be affected.	In these circumstances a paper return should be filed	Planned fix for 18/19

82	Relief and Allowances: SA100 SA101 SA103S SA103F SA103L SA104S SA104F SA105 SA106 SA108.	Relief and Allowances : TR4, Ai2, SES2 SEF4 LU5 SP1 SP2 FP1 FP2 FP3 FP8 UKP1 UKP2 F4 CG2.	Relief and Allowances : REL13 AOR5 AOR6 SSE29 SSE33 FSE74 FSE78 LUN51 LUN56 SPS17 SPS22 FPS17 FPS22 FPS38 FPS39 FPS47 FPS58 PRO14 PRO39 PRO42 FOR26 FOR31 CGT41 CGT42.	A customer with non-savings income of £150,000+ in the additional rate band who, after deducting a large amount of relief through a loss etc., has non-savings income reduced to less than the Savings Starting Rate of £5,000 the calculation will incorrectly have an additional amount of relief up to the equivalent of the extended basic rate band (usually £31,500/£33,500). As a result the customer will have received additional relief they should not have had. The amount of income will not total to the amount of "total income on which tax has been charged". It is the calculation boxes feeding into c5.58f where the amount of reliefs and allowances are not restricted. This is identifiable: WHEN c5.1 > £0 AND c5.56e > (larger of (0, and (c5.1 minus (c5.47 + c5.52))))	Example 1 would be a customer with Gilt Edge AOI3 £1,616,255, Employment EMP1 £259,999 (EMP2 £103,834), FPS39 £459,789. The liability is calculated incorrectly as £608,134.25 minus tax deducted £103,834.00 = £504,300.25. The additional relief received in error will result in the customer being underpaid by £15,075. This is explained by the additional relief £33,500 x 45%. However, the calculator is not allocating the relief in the most beneficial way. It is more beneficial to set £259,999 of the reliefs and allowances against the non-savings income so the Savings Starting rate is available to the savings. This would calculate the liability as £518,375.25 and reduce the amount underpaid in this example to £14,075. Example 2 is a customer with Gilt Edge AOI3 £782,456 Employment EMP1 £260,864 (EMP2 £104,223.25), FPS39 £459,789. (The relief is reduced to maximum allowable £260,830). The liability is calculated incorrectly as £322,845.50 minus tax deducted £104,223.25 = £218,622.25. The customer will have underpaid by £15,075 (additional relief £33,500 x 45%). However, setting all £260,830 of the reliefs and allowances against the £260,864 non-savings income makes £4,966 of the Savings Starting rate available to the savings and which more beneficial. This would reduce the amount underpaid in this example to £14,081.80. The number of customers affected is expected to be less than 100. **£15,075 is the maximum amount that would be underpaid by a customer.**	In these circumstances a paper return should be filed	Planned fix for 18/19

83	Relief and Allowances: SA100 SA101 SA103S SA103F SA103L SA104S SA104F SA105 SA106 SA108.	Relief and Allowances: TR4, Ai2, SES2 SEF4 LU5 SP1 SP2 FP1 FP2 FP3 FP8 UKP1 UKP2 F4 CG2.	Relief and Allowances: REL13 AOR5 AOR6 SSE29 SSE33 FSE74 FSE78 LUN51 LUN56 SPS17 SPS22 FPS17 FPS22 FPS38 FPS39 FPS47 FPS58 PRO14 PRO39 PRO42 FOR26 FOR31 CGT41 CGT42.	A customer with non-savings and savings income of £150,000+ in the additional rate band who, after deducting a large amount of relief through a loss etc., has non-savings income that is reduced to less than the Savings Starting Rate of £5,000 the calculation will incorrectly have an additional amount of relief set against the non-savings and will have additional relief set against the savings income. As a result the customer will have received additional relief they should not have had. The amount of income will not total to the amount of "total income on which tax has been charged". This is identifiable: WHEN c5.1 > £0 AND c5.50b > (larger of (0, and (c5.1 minus (c5.47 + c5.49 + c5.50))))	An example would be a customer with savings INC2 £195,057, Dividends INC4 £25,575, loan AOR5 £61,565, and pay EMP1 £10,087. The income tax relief of £61,565 is restricted to £57,680. But the amount of relief set against the income received is £112,824 . There is only £117,895 of taxable income because of the additional relief allowed instead of £173,039. The liability is calculated incorrectly as £35,914.87 rather than £59,124.67. The customer will have underpaid by £23,209.80. The recalculation sets reliefs and allowances against the non-savings income to makes the Savings Starting rate available to the savings. The number of customers affected is expected to be less than 100. **The maximum amount that would be underpaid by the customer will be the amount of relief x 40%/32.5%.**	In these circumstances a paper return should be filed	Planned fix for 18/19
84	Property SA105	UKP 1	PRO20 PRO20.1 PRO22 PRO23 PRO31	A customer completing PRO20.1 for an amount of property income allowance claimed of up to £1,000 who has completed PRO22 and/or PRO23 where PRO20 + PRO31 is less than PRO20.1 will receive an error message. Error code: 8517 "[PRO20.1] must not exceed the sum of [PRO20] and [PRO31]." This error is a result of the validation on box PRO31 being incorrect. The validation on PRO31 is not taking account PRO22 and PRO23 as income, therefore the allowance will be capped to the amount in PRO20 + PRO31 (instead of PRO20 + 22 + 23 + 31). This is identifiable where PRO20.1 > PRO20 + PRO31 AND PRO20.1 <= PRO20 + PRO22 + PRO23 + PRO31	An example would be a customer entitled to claim the £1,000 property allowance because of the entries in PRO22 and PRO23 which are equal to or more than the allowance. The customer has PRO20 "Total rents and other income including furnished holiday lettings" = £0, PRO20.1 Property income allowance of £1,000, PRO22 "Premiums for the grant of a lease" = £600, and PRO23 "Reverse premiums and inducements" = £700, PRO31 "Balancing charges" = £0. In this scenario error code 8517 would prevent the return being submitted online when PRO22 and PRO23 are regarded as income when property income allowance is being claimed. The expected number of customers that will be affected is c.20 based on 1 customer receiving the 2017-18 validation error to July 2018. **The maximum amount the customer will have overpaid if they incorrectly remove the property income allowance to be able to file online is the amount of the property income allowance at their highest rate of tax.**	In these circumstances a paper return should be filed	Planned fix for 18/19

85	Lump sum: SA101	Lump sum: Ai2	Lump sum: ASE5	A customer with a Lump Sum payment who also has an amount of non-savings income of less than £16,500 may benefit from setting reliefs and allowances against the non-savings income rather than the Lump Sum where it frees up the savings starting rate band. This is identifiable: WHEN c5.1 > £0 AND c5.36 > £0 AND c5.68 > £0 AND c5.76 > £0 AND (derived value A x 25%) (DivHR_rate minus DivBR_rate (32.5% minus 7.5%)) < (lower of (c5.12 and (c5.15 minus c4.79)) x 20%) *Where derived value A = (larger of (0, and (c5.29 minus derived value B))) derived value B = (larger of (0, and (c5.29 minus derived value C))) derived value C = (larger of (0, and (c5.2 minus derived value D))) derived value D = (larger of (0, and ((c5.4 + c5.5 + c5.15 + c5.16 + c5.19 + c5.20) minus c5.1)))	The default position for the SA tax calculator is to set the allowances against the Lump Sum where this attracts tax at 40% before allowances are allocated. But it may be more beneficial set against non-savings pay, pension etc. where the Starting Rate for savings income becomes available and reduces tax on the non-savings by 20% and savings now in SR_band by 20% and the Lump Sum income is moved out of the higher rate because of the reduction in the taxed income below it. An example is a customer with Savings INC2 £20,000, Pay EMP1 £15,000, and ASE5 £10,000. The PA of £11,500 is being set against the Lump Sum income. The liability being calculated is £6,500.00 before we minus tax deducted. The more beneficial calculation setting the PA against the pay results in liability of £6,200.00. This is a difference of £300.00 It is estimated that less than 2,000 customers will be affected. **The maximum a customer should be overpaid is the Savings Band £5,000 x 20%.**	In these circumstances a paper return should be filed	Planned fix for 18/19
86	Scottish customers	Various	Various	Scottish Additional Rate customers are not being allocated the full amount of the higher rate band where they have non-savings income of more than the Scottish basic rate band and savings or dividend income in the higher and additional rate bands. As a result, they will have £2,000 income charged at 38.1 % and/or 45% when it should be at 32.5% or 40%. Scottish Additional rate customers with non-savings income of £150,000 or more (after reliefs and allowances) are not affected. This is identifiable: WHERE c4.74 > (£148,500 + c4.75) AND c1.57 < £150,000 AND c3a.1 = 2 AND c6.9 + c6.22 + c6.32 + c6.34 > 0 AND c6.10 = 0	Test case 28 is an example of a Scottish customer where Pay EMP1 £39,504, Interest INC2 £10,120, Dividends INC4 £828,319. In the test case, there is the following taxable income: NS income = 39,504, Savings income = 10,120, Dividends = 828,319 The 39,504 of no- savings income covers the whole of the £33,500 banding, so no savings or dividends will be taxed at 20%/7.5%. There should be £118,500 taxable at 40%/32.5%. However, the SA tax calculator is only taxing £116,500 at 40% and 32.5%. As a result the customer will be liable to an additional £2,000 at 38.1% instead of 32.5% = £2,000 x 5.6% = £112.00. It is expected that an estimated 4,000 Scottish additional rate customers will be affected. **The maximum amount the customer will have overpaid will be £2,000 x 5.6% (38.1%-32.5%) or £2,000 x 5% (45%-40%) or combination of the two where savings and dividend income occupy the upper higher rate band**.	In these circumstances a paper return should be filed	Planned fix for 18/19

87	SA100	TR3	INC9	The ‘income’ for the Pension Lump Sum is determined by reference to s23 ITA 2007 Step 3. There should be adjustment for Gift Aid or pension contributions. However, the income should be determined without reference to the starting rate for savings, the savings nil rate (personal savings allowance), and dividend nil rate (dividend allowance). The SA tax calculator is incorrectly using the income in the rate bands from stage 8 - after the basic rate band has been extended - but also after the PSA and DA has been applied. This is identifiable: WHERE c26.1 >0 AND c5.86 > (c3.a2 + c4.59) and c26.2 = 20% OR c5.86 > (c3.a2 + c3.a3 + c4.59) and c26.2 = 40%	Social security pension lump sum (section 7 Finance (No 2) Act 2005) does not count towards total income. The rate of tax charged is dependent on the step 3 (section 23 ITA 2007) income. An example for a customer with marginal rate of 40% taxed at 20% would be savings INC2 £537, dividends INC4 £4,631, a state pension INC8 £8,718, a pension lump sum INC9 of £120,000 and other pension INC11 £31,381. There is £33,767 of income after allowances (PA £11,500). There is £237 of income above the basic rate band and the State Pension lump sum payment should be taxable at 40% (£48,000) rather than 20% (£24,000). There is an underpayment by the customer for the difference of £24,000. Example 2 is for a customer with an extended basic rate band. Pension lump sum INC9 of £90,000, other pension INC11 £5,581 and pay EMP1 £66,500. Personal pension plan contributions REL1 £34,000 extends the basic rate band to £67,500. The income after allowances (PA £11,500) is £60,581 which is below the extended basic rate limit. The State Pension lump sum payment should be taxable at 20% (£20,000). The customer is not underpaid in this circumstance. The number of customers affected is c.250. **The maximum amount that would be underpaid by the customer is determined by the amount of pension lump sum.**	In these circumstances a paper return should be filed	Planned fix for 18/19

88	Savings income: SA100 SA101 SA104S SA104F SA106 SA107	Savings income: TR3 AI1 SP2 FP2 FP4 F3 T2	Savings income: INC1 INC2 INC3 AOI6 AOI8 AOI13 SPS28 FPS35 FPS73 FOR4 TRU4 TRU8 TRU11 TRU14 TRU17	**A customer with non-savings income from pay, pension etc. will benefit from setting allowances against the savings income where this will position non-savings and/or (more importantly) savings income in the HR_band rather than the BR_band because the personal savings allowance will cover the income in the HR_band.** The calculator is not considering this. This is identifiable: WHEN c5.1 > £0 AND c4.79 = £500 AND c5.35 >= (c5.2 minus £500) AND ((c5.3 + c5.11) minus c5.67) > c5.2 AND c5.37 > £0 AND c5.56f > d_5_58_d* AND c5.76 < (lower of c5.2 and c5.35) *Where d_5_11a = lower of c5.11 and SR_band (£5,000) d_5_12 = lower of d_5_11a and larger(0, and ((c5.1 + SR_band (£5,000)) minus c5.3)) d_5_58_a = if c5.49 > 0 (zero), d_5_58_a = lower of (c5.35 minus (c5.44 + c5.56e)) and c5.49, else, d_5_58_a = c5.35 minus (c5.44 + c5.56e), end if d_5_58_b = if d_5_43b > 0 (zero) and c5.5 + c5.20 > 0 (zero), d_5_58b = (d_5_43a minus (c5.44 + c5.56e)), else, d_5_58b = d_5_58a d_5_58_c = lower of (c5.1 minus (c5.47 + c5.48 + c5.56e + c5.56g + c5.58)) and d_5_58_b d_5_58_d = if d_5_12 = 0 (zero) and (c5.3 + c5.11) minus (c5.49 + c5.51 + c5.56) > c5.2, d_5_58_d = lower of c5.49 and d_5_58_c, else, d_5_58_d = lower of (c5.49 + c5.51) and d_5_58_c, end if d_5_43a = lower of c5.1 and c5.35 d_5_43b = lower of c5.12 and c5.1	If the customer does not have any savings income this Exclusion will not apply. An example would be Pay EMP1 £33,500, Int INC2 £9,000 & Div INC4 £18,500. Income is £61,000 and after PA is £49,500 with £6,000 in HR_band. The calculator sets PA £8,500 against the pay (and £3,000 against dividends) which results in £500 of the savings in the basic rate band being taxed at the nil rate. The income tax charged is £10,212.50 before tax deducted. It does not produce the most beneficial calculation of £10,112.50, a difference of £100.00. This is because with the PA £8,500 now being set against savings the pay takes up all the basic rate band and the taxable savings income is in the higher rate band and £500 savings in the higher rate band are taxed at the nil rate. The number of customers affected is to be confirmed. **Maximum amount overpaid by customer will be up to PSA £500 x 20% (40% - 20%) = £100.**	In these circumstances a paper return should be filed	Planned fix for 18/19
89	Residency: SA109	RR3	NRD23 NRD23.1 NRD23.2 NRD28 NRD29 NRD30	**A customer can complete Box 29 if** **- unremitted income and** **capital gains is less than £2,000, or** **- they are deemed UK domicile and unremitted income is less than £2,000.** **However, for the deemed domicile customer who wants to claim the remittance basis the validation for completing Box 28 excludes them from completing Boxes 23.1 or 23.3.** If an individual has foreign savings and dividend income on the arising basis it is taxed on the savings/dividend rate, on the remittance basis it is taxed at that individual's highest rate (whatever that may be). So it may be beneficial for a deemed domiciled person with less than £2,000 of unremitted income to be chargeable on the arising basis rather than on the remittance basis of assessment. As Box 29 is a statement of fact and not a box to claim the remittance basis of assessment, due to the way the validation is working, there is nowhere on the 2017-18 SA return where customers in this category can indicate they wish to be charged on the remittance basis of assessment (S809D (1B) ITA 07). This is identifiable where the customer completes NRD23.1 or NRD23.2 and NRD28 and NRD29.	Where the customer is deemed domicile in the UK and wants to use the Remittance basis by virtue of s809D ITA 2007 the SA Return cannot be filed online. They will receive a validation error message. An example would be a customer with INC6 dividends £252, INC8 pension £9,938, INC11 pension £68,453 (INC12 tax £22,616). Under the arising basis the income tax charged is £20,056.40 (before tax). Whilst the remittance basis would result in income tax charged of £20,157.20 the customer may still want to have up to £2,000 of unremitted income indicated on the Return. However, the customer would not be able to file online and complete NRD23 X, NRD23.2 X, NRD28 X, NRD29 X, and NRD30 X because of the incorrect validation restriction. There are c.22,500 customers expected to complete Box 29 in 2017-18 to inform us they have less than £2k unremitted foreign income. The number of customers who will also want to complete NRD23.1 or 23.2 is not known.	In these circumstances a paper return should be filed	Planned fix for 18/19

90	Savings income: SA100 SA101 SA104S SA104F SA106 SA107	Savings income: TR3 AI1 SP2 FP2 FP4 F3 T2	Savings income: INC1 INC2 INC3 AOI6 AOI8 AOI13 SPS28 FPS35 FPS73 FOR4 TRU4 TRU8 TRU11 TRU14 TRU17	**Reliefs and allowances are being set against dividend income taxable at 7.5% instead of savings income taxable at 20%.** A customer with total income of more than £33,500 (consisting of non-savings income of less than their reliefs and allowances (usually £11,500), savings income of more than the amount of savings starting rate and savings nil rate available (£1,000 to £6,000) and dividends of more than £5,000) who after deducting reliefs and allowances, has taxable income of less than £33,500 will not have the most beneficial ordering of allowances. The £33,500 also applies to Scottish customers. This is identifiable: WHEN c4.74 <= 33,500 AND c5.3 < c5.1 AND c5.11 > c5.15 AND ((c5.3 + (c5.11 minus c5.15)) + c5.58) > c5.1 AND c5.22 > c4.80 AND c5.54a > 0 AND c5.56d > c5.56a AND c5.58 > 0	This means that customers with reliefs and allowances = PA £11,500 their total income will be between £33,500 and £45,000; non-savings income between £0 and £11,500; savings income greater than £1,000 (or £6,000 if the savings starting rate is also available); and dividends greater than £5,000 will be affected. An example would be a customer with savings INC2 £18,500; dividends INC4 £20,000; pension INC8 £5,500. The SA tax calculator does not allocate the PA in the most beneficial order. It sets £5,500 against the pension and frees up the savings starting rate. But it sets £6,000 against the dividends liable at 7.5% rather than against savings at 20%. This results in liability of £3,175.00 rather than £2,425.00 (a difference of £750.00). The number of customers affected is tbc. **The maximum discrepancy would be amount of relief and allowances (usually £11,500) x 12.5% (7.5% - 20%) = £1,437.50.**	In these circumstances a paper return should be filed	Planned fix for 18/19
91	UK and Non-UK dividends: SA107	UK and Non-UK dividends: LU 1 & LU 2	UK and Non-UK dividends: LUN8 LUN15 LUN16 LUN17	**All Lloyds Underwriters' dividends on the 2017-18 Return should be received after 6 April 2017. The dividends will therefore not have a tax credit. However, the SA tax cakculator is allowing the tax credit in error.** The SA tax calculator is incorrectly allowing - Notional tax from stock dividends and other income" for entries in LUN8, LUN15, LUN16, and LUN17 calculated at 7.5%, and - 7.5% tax treated as paid on dividends from UK companies (not repayable) for an entry in LUN9 calculated at 10%. This is identifiable: WHEN c5.76 > 0 AND LUN9 > 0 AND c10.4 > 0 OR WHEN c5.76 > 0 AND LUN8 + LUN15 + LUN16 + LUN17 > 0 AND c21.10 > 0	The customer will receive a tax credit for the dividends in error. An example is Pension INC11 £14,078, (tax INC12 £614.00), LUN9 £7,637, LUN15 £650, LUN16 £108, LUN52 £8,395, FOR6 £540. This will incorrectly calculate £56.85 for LUN15 £758 x 7.5% notional tax from stock dividends and other income; and £763.70 for LUN9 £7,637 x 10% which is displayed on the SA302 as 7.5% tax treated as paid on dividends from UK companies (not repayable). It is estimated that there will be c.650 customers completing LUN9 and/or completing LUN8, LUN15, LUN16 and LUN17. **The maximum discrepancy would be the (lower of the amount of the dividends in LUN8 + LUN15 + LUN16 and (lower of taxable non-savings income and LUN52 Profit)) x 7.5% = c21.10 + the (lower of the amount of the dividends in LUN9 and (lower of taxable non-savings income and LUN52 Profit) minus amount allowed for LUN8, LUN15, LUN16 & LUN17) x 10% = c10.4.**	In these circumstances a paper return should be filed	-

92	Relief for Finance Costs & MAT_OUT: SA100 SA104F SA105 SA106 SA107	Relief for Finance Costs & MAT_OUT: TR 5 FP 2 FP 3 UKP 2 F 3 F 5 T 2	Relief for Finance Costs & MAT_OUT: MAT 1 - 5 FPS41.1 FPS63.1 PRO44 FOR13.1 FOR24.1 TRU25	**A customer who has income from property, is claiming finance relief and has transferred some of their PA as Marriage Allowance Transfer will have a reduced amount of 'adjusted total income' at Step 3 of section 6 of s274AA ITTOIA which will result in relief not being given in error where the higher amount of PA restricts the relief amount.** The intention of the comparison with ATI is so that finance costs cannot create a repayment of tax. It can only reduce what is already owed. This is identifiable: WHEN FPS41.1 + FPS63.1 + PRO44 + FOR13.1 + FOR24.1 + TRU25 > 0 MAT_OUT = Y AND c24.15 = 0 AND c24.11 minus (c24.12 + c24.13 + (c4.64 minus c4.68)) > 0	Where an individual makes an election under s55C ITA 2007 to transfer 10% of their Personal Allowance (PA) to their spouse/partner then that individuals PA is reduced by that amount (s55B(6) ITA 2007). In the following example their PA becomes 10,350 (11,500 – 1,150). It is 10,350 that should be used in the calculation of 'adjusted total income' at Step 3 of section 6 of s274AA ITTOIA. A customer with Interest INC2 £872, Other pension INC11 £7,492, Property Adj profit PRO38 £3,959 & PRO40 £3,959, Relief PRO44 £135. Lower of property income £3,959 and relief for residential finance costs £135 = £135 allowable. Then for the ATI calculation Net income £12,323 Minus (Savings £872 + PA £11,500) = £0. Lower of £135 and £0 = £0. Whereas with reduced PA the calculation allows relief of £135.00. Net income £12,323 Minus Savings £872 + PA £10,350 = £1,101. Lower of £135 and £1,101 = £135. Where a customer with the same circumstances has not transferred PA, they will not be paying any tax so will not be benefiting from the relief. However, they will be in no different position to that prior to the introduction of the finance costs restrictions. They will however have c/f finance costs that they can use against future years should they become liable to income tax. The estimated number of customers affected is tbc. **Maximum amount overpaid by customer will be up to a maximum of MA transferred £1,150 x 20% = £230.00**	In these circumstances a paper return should be filed	Planned fix for 18/19
93	Relief for Finance Costs SA106	Relief for Finance Costs F 5	Relief for Finance Costs FOR24.1 FOR24 FOR26 FOR27	**A customer claiming Relief for finance costs in FOR24.1 where there are losses brought forward at FOR26 set against adjusted profit in FOR24 will have an incorrect calculation where FOR24 is greater than FOR24.1 and FOR27 is less than FOR24.1.** The customer's relief claimed will be excessive because the calculation should compare FOR24.1 with FOR27 which is the profit after losses brought forward. This is identifiable: WHEN FOR24.1 > 0 AND (larger 0, and (FOR24 minus FOR26)) >= FOR24.1 AND FOR27 < FOR24.1 AND c24.17 > 0	The customer will have an amount of relief set against other income in error where the Adjusted Total Income calculation set out at s2744AA ITTOIA 2005 does not reduce the relief to £0. An example is a customer who has had tax deducted from employment EMP1 £25,000, EMP2 £2,700, FOR14 £20,500, FOR18 £18,000, FOR24 £18,000, FOR24.1 £1,000, FOR25 £18,000, FOR26 £18,000 & FOR27 £0. The relief for finance costs of £1,000 x 20% = £200.000 is incorrectly creating an overpayment of £200.00 on the £2,700.00 tax from employment. The £1,000 relief should be restricted to £0. The estimated number of customers affected is c.2,800. **Maximum amount underpaid by customer will be up to the amount at FOR24.1 minus (lower of FOR24.1 and FOR27) x 20%**.	In these circumstances a paper return should be filed. The return can be filed online if the workaround is followed to restrict the amount in FOR24.1 to the amount in FOR27 and a note made in box 19 on SA100 TR7 for the amount to be carried forward.	Planned fix for 18/19

94	Residency: SA109	RR3	NRD28	**Customers with Scottish status that are claiming Remittance Basis will be taxed as if they are not a Scottish taxpayer on all income. Where there is non-savings income of more than the extended Scottish basic rate band (usually £31,500) after deducting reliefs and allowances (if due) the customer will be charged less tax.** Because they are subject to a £30,000/£60,000 Remittance Basis Charge RBC the effect of s809H(3A) is to use UK rates and bands on the nominated/deemed income only. This is the same for a non-Scottish resident. However, any customer with non-savings income such as a salary or trust income will be liable to that income based on their residency. As a result the customer will be liable to less tax in error. This is identifiable: WHEN YPDTR = S AND c3a.1 = 1 AND NRD28 = Y AND c5.76 + c5.77 + c5.83 + c5.84 > SBR_band (£31,500) + c4.59	Example 1 would be a customer with Pay EMP1 £47,960, (Tax EMP2 £12,484), NRD23 = Y, NRD28 = Y. There is no PA and tax will be calculated as (£33,500 x 20% =) £6,700 + (£14,460 x 40% =) £5,784.00 = £12,484.00 minus tax deducted £12,884.00 = £400.00 overpaid. The calculation as a Scottish customer is (£31,500 x 20% =) £6,300 + (£16,460 x 40% =) £6,584.00 = £12,884.00 minus tax deducted £12,884.00 = £0 tax due. A difference of £400.00 (£33,500 - £31,500 x 20%). Example 2 TRU3 £25,376, TRU4 £215, TRU5 £1,860, NRD28 = Y, NRD31 = Y, Nominated Income NRD34 = £1. There is no PA and tax will be calculated as (£31,720 x 20% =) £6,344.00, savings £268 x 0% nil rate, dividends £1,512 in BR at nil rate, £498 dividends in HR at nil rate, plus RBC £60,000 = £66,344 tax due (minus tax deducted £6,548.57 = £59,795.43). The calculation as a Scottish customer is (£31,500 x 20% =) £6,300.00 + (£220 x 40% =) £88.00 = £6,388.00, savings £268 x 0% nil rate, dividends £1,512 in BR at nil rate, £498 dividends in HR at nil rate, plus RBC £60,000.00 = £66,388 tax due (minus tax deducted £6,548.57 = £59,839.43). A difference of £44.00 (£31,720 - £31,500 x 20%).. The estimated number of customers affected is c.650. Maximum amount underpaid by customer will be up to £400.00 for customers with taxable non-savings income £31,500+.	In these circumstances a paper return should be filed	Planned fix for 18/19

95	Dividend income: SA100 SA101 SA104F SA106 SA107	Dividend income: TR3 Ai1 FP4 F3 T1 T2	Dividend income: INC4 INC5 INC6 AOI12 AOI13 FPS70 FOR6 FOR11 TRU5 TRU9 TRU12 TRU18	**Customers with Scottish status that have taxable savings income of up to £500 in the higher rate band 40% where there are allowances set against dividends at higher rate 32.5% will be charged more tax. They will have non-savings income of more than the extended Scottish basic rate band minus savings nil band (usually £31,000) and non-savings + savings income of less than the extended basic rate band + reliefs and allowances + savings nil band (usually £45,500 (£33,500 + £11,500 + £500)).** It is more beneficial to have up to £500 of the reliefs and allowances set against the savings income at 40% than against dividend income at 32.5%. This is identifiable: WHEN c3a.1 = 2 AND c5.3 >= (c5.2 minus c5.14) AND c5.19 > £0 AND c5.22 > c4.79 + c4.80 AND c5.20 < (c5.1 minus (c5.47 + c5.49 + c5.50)) AND c5.50c < (larger of 0, and (c5.11 minus c4.79))	This only applies to customers with Scottish status who have dividend income in a Return box listed of more than £5,500. An example is Scottish status, Pay EMP1 £33,500; Savings INC2 £9,000; Dividends INC4 £18,500. The SA tax calculator sets PA £2,000 to non-savings, £6,500 to savings and £3,000 to dividends. The liability is calculated as £10,212.50. The most beneficial allocation is £2,000 to non-savings, £7,000 to savings, and £2,500 against dividends. This then reduces the overall tax liability by £37.50 to £10,175.00. The example is visible in the calculation where there is up to £500 savings income taxed at 40%, there are dividends taxed at 32.5% but none at 38.1%, and allowances are set against dividend income (the amount of taxable dividend income is less than the dividend income). The estimated number of customers affected is c.5,000. Maximum amount overpaid by the customer will be up to £37.50 for customers with taxable savings income £500+. (£500 savings taxed at 40% in preference to £500 dividends at 32.5% = £200.00 – £162.50 = £37.50).	In these circumstances a paper return should be filed	Planned fix for 18/19

96	Payments to pension scheme with relief at source: SA100 OR Gift Aid: SA100 AND Savings income: SA100 SA101 SA104S SA104F SA106 SA107 OR Dividend income: SA100 SA101 SA104F SA106 SA107	Payments to pension scheme with relief at source: TR4 OR Gift Aid: TR4 AND Savings income: TR3 AI1 SP2 FP2 FP4 F3 T2 OR Dividend income: TR3 Ai1 FP4 F3 T1 T2	Payments to pension scheme with relief at source: REL1 OR Gift Aid: REL5, REL8 AND Savings income: INC1 INC2 INC3 AOI6 AOI8 AOI13 SPS28 FPS35 FPS73 FOR4 TRU4 TRU8 TRU11 TRU14 TRU17 OR Dividend income: INC4 INC5 INC6 AOI12 AOI13 FPS70 FOR6 FOR11 TRU5 TRU9 TRU12 TRU18	**Please do not implement.** **This Exclusion is under consideration.** **Customers with Scottish status liable to tax at or above the higher rate who have made pension payments with relief at source and/or gift aid will receive relief through an increase to the Scottish basic rate limit and above and to the rUK basic rate limit for savings and dividend income. The HMRC contention is that the SA tax calculation should ensure the amount paid or donated is taken out of charge in the bands above basic rate. Extending both the Scottish and rUK basic rate bands can result in more income taken out of charge above the basic rate and Scottish basic rate than an amount equal to the grossed up amount of the gift and/or amount of the pension contribution.** **The intent of the legislation at Finance Act 2004 192(4) and (4A) and s414(2)(b) ITA 2007 is being considered.**	This only applies to Scottish customers that have made pension payments with relief at source or Gift Aid payments who receive Relief by extending the basic rate limit. Extending the basic rate limit should ensure the taxpayer only pays tax on this income at the basic rate rather than a rate above that. Therefore, the Scottish taxpayer should receive extra tax relief of 1% of the value or the gross contribution for an intermediate rate taxpayer, 21% for a higher rate taxpayer, and 26% for an additional rate taxpayer. If the non-savings and savings/dividend basic rate limits are extended and the amount by which they are extended exceeds the pension and gift aid payments and this takes more income out of the rates above basic rate excess relief will be received. Customers affected will have taxable non-savings income of > £31,500 and taxable savings > £500 or dividend income > £5,000. An example is a Scottish customer with Pay EMP1 £44,000; Savings INC2 £3,000; pension payments REL1 £2,000. If you do not include any relief at source there is tax due of £7,600.00, with non-savings £31,500 x 20%, £1,000 x 40%, and savings nil rate £500 x 0%, £500 x 20% and £2,000 x 40%. For the £2,000 pension payments you would expect the relief to be £400.00 (£2,000 x 20%) and the tax due to reduce from £7,600.00 to £7,200.00. The SA tax calculator extends the Scottish basic rate band by £2,000 (although the non-savings only utilises £1,000 of it) and also extends the rUK basic rate limit by £2,000. As a result the Scottish basic rate and rUK basic rate limits are extended by a combined amount of £3,000. The relief received is £600.00 (£1,000 x 20% + £2,000 x 20%). The Scottish basic rate band should be increased by £1,000 and rUK basic rate band by £1,000 to give relief of £400.00 (£1,000 x 20% + £1,000 x 20%). This reduces the tax due from £7,600.000 to £7,200.00. With the PSA now £1,000 the tax charged should be £7,100.00. (Note that for Personal Savings Allowance the customer is entitled to £1,000 PSA rather than £500 and so the liability is correctly reduced by £100 (£500 x 20%)).	This is under consideration thus an online return can be filed.	Under consideration.

97	Lump sum: SA101	Lump sum: Ai2	Lump sum: ASE5	A customer with total income of £45,000+ (£43,000+ if Scottish) which includes an ASE5 lump sum amount where - after reliefs and allowances - the taxable income is greater than £0 and less than £33,500/£31,500 the calculation will incorrectly contain an additional amount of income that is taxed at 20%. There has to be other reliefs and allowances in addition to Personal Allowance PA. For this to apply the lump sum amount will be less than or equal to the reliefs and allowances and the dividend income will be £5,000 or less. As a result the customer will pay tax on additional income. The amount of income in the taxable bands will not total to the amount of income after reliefs and allowances. This is identifiable: WHEN c5.1 > £0 AND c5.58c > £0 AND c5.68 > c5.36	This is evident on the SA302 calculation where the amount of income in charge at the rate(s) will be greater than the total income on which tax is charged. An example is a customer with REL3 £77,900 Payments to an employer's scheme; ASE5 £49,666 Lump Sums; EMP1 £64,369 (EMP2 £34,106.00. The taxable income is £24,635 but there is £34,500 taxed at basic rate 20%. The customer has income tax charged of £6,700.00 (before tax deducted) rather than the correct amount of £4,927.00, a difference of £1,773.00. A second example is a customer with REL9 £23,236 Shares or securities gifted to charities; ASE5 £11,999 Lump Sums; EMP1 £33,236 (EMP2 £4,347.20. The taxable income is £10,499 but there is £11,999 taxed at basic rate 20%. The customer has income tax charged of £2,399.80 (before tax deducted) rather than the correct amount of £2,099.80, a difference of £300.00. The number of customers affected is expected to be tbc. The maximum amount that would be overpaid by the customer will be 33,499 x 20%.	In these circumstances a paper return should be filed	Planned fix for 18/19

Please note the changes are listed on page 24

v3.0 20/11/18

Changes from 2017-18 v2.1 -01/10/18

Unique ID - 2017/18	Notes	Changes
ID57	Reinstated and updated	Now references INC5 and AOI13 plus a workaround is suggested
ID65	Updated	The estimated number of customers has been updated
ID80	Updated	We have concluded that Exclusion 80 does not apply as it was corrected in 2016-17. However, it has been retained for developers who are unable to remove it from their product(s) allowing customers to file on paper.
ID82	Updated	Mnemonic criteria
ID83	Updated	Mnemonic criteria
ID88	Updated	Mnemonic criteria
ID93	Updated	Mnemonic criteria
ID95	Updated	Mnemonic criteria , income criteria & issue column
ID96	Updated	This is under consideration. Please do not implement.
ID97	New	New

v2.1 01/10/18

Changes from 2017-18 v2.0 - 19/07/18

Unique ID - 2017/18	Notes
ID65	Updated
ID70	Updated
ID79	Updated
ID80	Removed
ID81	Updated
ID82	Updated
ID83	Updated
ID84	Updated
ID85	Updated
ID88	Updated
ID91	Updated
ID92	Updated
ID94	Updated
ID95	New
ID96	New

v2.0 19/07/18

Changes from 2017-18 v1.1 - 11/05/18

Unique ID - 2017/18	Notes
ID83	Updated
ID90	Updated
ID91	New
ID92	New
ID93	New
ID94	New

v1.1 11/05/18

Changes from 2017-18 v1.0 - 01/05/18

Unique ID - 2017/18	Notes
ID87	Updated
ID90	Updated

v1.0 01/05/18

Changes from 2017-18 v0.2 - 05/04/18

Unique ID - 2017/18	Notes
ID62	Reinstated
ID79	Updated
ID80	Updated
ID81	Updated
ID82	Updated
ID86	Updated
ID88	Updated
ID90	New

<u>v0.2 05/04/18</u>

Changes from 2017-18 v0.1 - 19/02/18

Unique ID - 2017/18	**Notes**
ID34	changed to "YYYY-YY" to remove requirement to update
ID36	Reinstated and updated
ID66	Fixed for 17/18
ID68	Fixed for 17/18
ID70	Updated
ID79	Reinstated
ID80	Updated
ID81	Updated
ID82	Updated
ID83	Updated
ID84	Updated
ID85	Updated
ID86	Updated
ID87	New
ID88	New
ID89	New

Changes Log

v0.1 19/02/18

Changes from 2016-17 v9.0 - 24/01/18

Unique ID - 2017/18	Notes
ID1	Year Changed
ID36	No longer applies for 17/18
ID48	Fixed for 17/18
ID49	Fixed for 17/18
ID50	Fixed for 17/18
ID51	Fixed for 17/18
ID52	Fixed for 17/18
ID53	Fixed for 17/18
ID54	Fixed for 17/18
ID55	Fixed for 17/18
ID56	Fixed for 17/18
ID57	Fixed for 17/18
ID58	Fixed for 17/18
ID59	Fixed for 17/18
ID60	Fixed for 17/18
ID61	Fixed for 17/18
ID62	No longer applies for 17/18
ID63	Fixed for 17/18
ID64	Fixed for 17/18
ID66	Currently being worked on
ID67	Fixed for 17/18
ID68	Currently being worked on
ID69	Fixed for 17/18
ID70	Updated
ID71	Fixed for 17/18
ID72	Fixed for 17/18
ID73	Fixed for 17/18
ID74	Fixed for 17/18

ID75	Fixed for 17/18
ID76	Fixed for 17/18
ID77	Fixed for 17/18
ID78	Fixed for 17/18
ID79	Fixed for 17/18
ID80	Updated
ID81	Updated
ID82	Updated
ID83	New
ID84	New
ID85	New
ID86	New