



The Insolvency
Service

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DEAR INSOLVENCY PRACTITIONER

Issue 155 – December 2022

Dear Reader

Please find enclosed the latest articles from the Insolvency Service:

In this issue:	
Information/Notes page(s):	
Chapter 8	Crown Departments
Article 48	Consultation Paper on potential changes to the processing of Option to Tax forms by the Option to Tax (OTT) National Unit

48) Consultation Paper on potential changes to the processing of option to tax forms by the Option to Tax (OTT) National Unit

As you will be aware, HMRC recently made changes to the OTT notification processes designed to increase the productivity, allowing HMRC to turn around your notifications more quickly whilst continuing to meet its legislative and security obligations.

In its recent communications, HMRC advised that it was continuing to review the notification processes with a view to further improvements in the speed it was able to take necessary actions in relation to your submitted notifications of an OTT.

HMRC has outlined below further proposed changes to these processes and would like to consult with you on these.

HMRC would appreciate any feedback you wish to provide in relation to the content, clarity of communication and any relevant comments.

Please send these to hmrcoptiontotaxcontinuousimprovementconsultation@hmrc.gov.uk by close of business 28 November 2022.

HMRC will consider your feedback before proceeding with and communicating the changes.

Receipt of a Notification of an OTT

HMRC is proposing to cease issuing an Option to Tax Notification Receipt letter. The correct notification of an Option to Tax has been and remains the responsibility of the opter.

Therefore, it is proposed that if the VAT1614A is submitted by any means other than an e-mail you will not receive a response. However, if the VAT1614A is sent via email, an automated email response will still be provided in a format similar to the previous acknowledgements and receipts. The date on the automated response will provide confirmation of the date the option has been notified to HMRC.

Confirming the existence of an Option to Tax

HMRC proposes to cease processing requests to confirm the existence of an Option to Tax on a particular property. It should be remembered that

information such as this forms part of the business record and should be kept for 6 years as stated in HMRC's guidance.

See VAT notice 700/21 (section 2) <https://www.gov.uk/guidance/record-keeping-for-vat-notice-70021#record--rules-for-all-vat-registered-businesses> and <https://www.gov.uk/charge-reclaim-record-vat/keeping-vat-records>.

However, if a request is made under one of the following conditions, then HMRC will check to see if it holds a record of the relevant property being opted to tax:

1. The effective opted date is likely to be over 6 years ago, or
2. If you have been appointed as a Land and Property Act Receiver, or an Insolvency Practitioner to administer the property in question.

Any request to confirm that an Option to Tax is in place on the relevant property must be accompanied by a letter or deed of appointment of your role, otherwise we are unable to assist.

Also please provide the following details:

- The name of the business/person who had opted to tax the property,
- VAT Registration Number (if applicable),
- the full address of the land/property in question, including post code,
- the effective date of the option to tax, if known,
- the date you first charged VAT on the opted land/property,
- the date the property was acquired and/or a loan was taken out by the opter on the relevant property.