HM Revenue & Customs

Self Assessment Individual Exclusions for online filing - 2018/19

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.

4. Exclusions have been separated into two categories. The above points apply equally for both categories. Category 1 lists the System related Exclusions that have been in place for several tax years and will require significant system and CESA alterations to be removed. Category 2 lists the "live" Exclusions that are active during the relevant tax year but are reviewed by HMRC and a future fix is being considered.

Category 1 - System Related Exclusions : 5

Unique ID	Schedule	Page	Box	Issue	Workaround	Mnemonic criteria for Software Developers	Status
1	All	All	All	Where it is considered necessary to file a return before the end of the tax year (eg. before 6 April 2019 for a 2018/19 return).	For information	Early submission of Return information.	-
2	SA102MP, SA102MLA, SA102MSP,	All	All	It is not possible to submit a return containing any of these schedules online.	For information	N/A	-
3	Records dealt with under separate arrangem	-	-	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	-	-
6	All	All	All	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	Online Amendment window	-
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.	-	-

Category 2 - "Live" Exclusions : 19

Unique ID	Schedule	Page	Box	Issue	Workaround	Mnemonic criteria for Software Developers	Status
4	SA103L	LU1	LUN2	Customers can not 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.		
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.	Review Special ID22 for a workaround where there is no likelihood of the notional tax being refunded.		

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 . This is 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 it will be reconciled in PAYE or SA for the relevant year.		
18	SA110	TC2	CAL14	Where there is an entry in CAL14 but there is no entry in AOI14 **or AIL23** 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.		
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.		
34	SA103F SA104S SA104F	SEF4 SP1 FP1	FSE72 SPS11 FPS11	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.	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.	
36	SA105	UKP2	PRO42	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.	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	
46	SA103L SA103S SA103F SA104S SA104F SA110	TC1	CAL4.1 pseudo Class 2 box pseudo Class 1 box	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.	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.	
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-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)	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	

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 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)	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.	Planned fix for 19/20
81	Top Slicing Relief calculation: SA101 SA106	Ai1 F6	AOI4, AOI6, AOI8 FOR43	"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	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)	Planned fix for 19/20
85	Lump sum: SA101	Lump sum: Ai2	Lump sum: ASE5	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 **or savings income**. 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 INC1 = £21, INC2 = £811, INC4 = £11,166, INC11 = £37,541 (INC12 £7,508.20), ASE5 £1,000 (ASE6 £200.00). The more beneficial calculation is to set the allowances against non-savings/savings rather than the lump sum income. The SA tax calculator is setting PA £10,513 against pension and £337 against savings with £1,000 set against the lump sum. The more beneficial calculation is to set PA £11,850 against pension (or £10,513 against pension and £337 against savings) and £0 against lump sum. The more beneficial calculation would reduce the income tax charged from £7,141.55 to £7,091.55, a difference of £50.00.** It is estimated that less than *(to be confirmed)* customers will be affected. The maximum a customer should be overpaid is *(to be confirmed)*	In these circumstances a paper return should be filed	**An example is test case 227.** **A customer with a Lump Sum payment who also has an amount of non-savings income and savings or dividends may benefit from setting reliefs and allowances against the non-savings income rather than the Lump Sum where it results in a reduction of non-savings, savings and dividend tax of more than the amount of lump sum that would have been removed from the higher rate band.** **This is identifiable:** **WHEN c4.74 > c3a.2** **AND c5.1 > £0** **AND (c5.11 > c4.79 OR c5.22 > c4.80)** **AND c5.36 > £0** **AND c5.68 > £0** **AND c5.76 > £0** **AND *to be confirmed***	**Planned fix for 19/20**

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	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 still be filed.	**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.	Under consideration.
98	**Residency: SA109 disregarded income in calculation SA100 Top Slicing**	**Residency: RR1 Ai1 F6**	**Residency: NRD1 AOI4, FOR43**	**Please review Mnemonic criteria for Software developers column**	**In these circumstances a paper return should be filed**	**Where a customer is non-UK resident the 'normal' s23 calculation is undertaken. When s810-811 ITA2007 is then considered the "disregarded income" should not be included in the Top Slicing Relief calculation. The SA tax calculator is incorrectly including disregarded income. This is identifiable: WHEN *to be confirmed***	**Planned fix for 19/20**
99	**SA102(M)**		**MOR3**	**The taxpayer completes one SA100 page for all instances of pensions, an SA102 for each instance of employment, and an SA102(M) for each instance of Minister of Religion income. They will complete INC12 for tax for occupational pension, EMP2 for tax on employment, and MOR3 for tax on salary or stipend. The taxpayer has tax deducted, and sometimes refunded, by their employer (including ministries etc.) and pension providers. However, the tax refunded cannot be more than the tax that they have paid in the year. The net result of tax deducted and refunded cannot be a negative amount. This is identifiable: WHEN the customer is unable to enter a negative amount in MOR3 OR The repayment (negative) amount entered in EMP2 does not feed through to the SA tax calculation to set against the tax deducted on MOR3.**	**In these circumstances a paper return should be filed**	**The taxpayer completes one SA100 page for all instances of pensions, an SA102 for each instance of employment, and an SA102(M) for each instance of Minister of Religion income. They will complete INC12 for tax for occupational pension, EMP2 for tax on employment, and MOR3 for tax on salary or stipend. The taxpayer has tax deducted, and sometimes refunded, by their employer (including ministries etc.) and pension providers. However, the tax refunded cannot be more than the tax that they have paid in the year. The net result of tax deducted and refunded cannot be a negative amount. This is identifiable: WHEN the customer is unable to enter a negative amount in MOR3 OR The repayment (negative) amount entered in EMP2 does not feed through to the SA tax calculation to set against the tax deducted on MOR3.**	**Planned fix for 19/20**
100	**SA101 SA108**	**Ai2**	**AOR2**	**Based on S1 TMA care and management the SA returns and the calculator automatically allocate to the taxpayer their personal allowance . However a taxpayer may wish to disclaim their Personal Allowance. For example, in order to claim income tax relief on EIS subscriptions so that they can claim Capital Gains Tax (CGT) relief . If the taxpayer doesnt want to claim their personal allowance a specific claim not to claim it must be made. HMRC is aware of 4 affected customer cases.**	**In these circumstances a paper return should be filed. Please make a note on box19 of page TR7.**		**-**
101	**SA101 SA106**	**Ai1 F6**	**AOI4 FOR43**	**The SA tax calculator is not taking into account is if it is more beneficial for the savings nil band to be made available and set against the life assurance gains with notional tax. By setting more PA against the savings and the life assurance gains without notional tax the savings nil rate is available for the life assurance gains with notional tax. An example is a customer with interest from UK banks, building societies and securities etc. £3,678 , Dividends from UK companies £15,815 , UK pensions and state benefits £6,200 and Gains on life insurance policies etc. £11,515. For 18/19 the calculator estimates for this customer an income tax charged of £2,026.85. But and the most beneficial calculation will result to an income tax charged of £1996.20 - a difference of £30.65. Note, because of rounding there is a difference of £30.73 in the HMRC calculation.**	**In these circumstances a paper return should be filed**	**An example is TC194. This is identifiable WHEN : *to be confirmed***	**Planned fix for 19/20**