

CLAS CIRCULAR

2024/17 (25 November)

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It would be very helpful if members could let us know of anything that appears to indicate developments of policy or practice on the part of Government or other matters of general concern that should be pursued.

CHARITIES & CHARITY LAW	2
Charging and reclaiming VAT on goods and services related to private school fees	2
EMPLOYMENT	3
Making Work Pay consultations	3
PROPERTY & PLANNING	4
Consultation on future social housing rent policy	4
Reforming the Right to Buy	4
Leasehold and Commonhold Reform	5
TAXATION.....	7
How to send VAT Returns when exempt from Making Tax Digital for VAT	7
WALES	8
Consultation on fair rents and affordability	8

CHARITIES & CHARITY LAW

Charging and reclaiming VAT on goods and services related to private school fees

For information **and possibly for action**

HMRC has updated its [guidance](#) for private schools reclaiming VAT on goods and services on supplying special educational needs and disabilities (SEND) therapies and education.

The guidance now states that services supplied by registered healthcare professionals, such as speech and language therapists or educational psychologists qualify as healthcare, rather than education for VAT purposes, as long as healthcare is the primary purpose of the services. Those using these services in their schools must determine who is supplying the service, and whether the service is included as part of a single supply of education, or a separate supply of healthcare.

Additional information, which HMRC advises those affected to read, include [VAT supply and consideration](#) and [accounting for VAT on goods or services for health professionals and pharmaceutical products](#).

[Source: HMRC, 18 November]

EMPLOYMENT

Making Work Pay consultations

For information **and possibly for action**

The Government has released a number of consultations as part of its Making Work Pay agenda.

The consultations, launched by the Department of Business and Trade, cover various aspects regulating the relationship between employers and employees. Below are a list of the consultations and their closing dates:

[Creating a Modern Framework for Industrial Relations](#)- 2 December

[The application of zero hours contracts measures to agency workers](#)- 2 December

[Strengthening Statutory Sick Pay](#)- 4 December

[Source: Department of Business and Trade, 21 October]

PROPERTY & PLANNING

Consultation on future social housing rent policy

For information **and possibly for action**

The Ministry of Housing, Communities, and Local Government has launched a consultation on a new Direction to the Regulator of Social Housing.

The Direction would require the Regulator to set a regulatory standard on rents that will apply to Registered Providers of social housing. This would encompass private registered providers (including housing associations) and local authority registered providers. This consultation applies to England only.

The consultation can be accessed [here](#). It will close on **23 December 2024**.

[Source: Ministry of Housing, Communities, and Local Government, 30 October]

Reforming the Right to Buy

For information **and possibly for action**

The Ministry of Housing, Communities, and Local Government has launched a consultation on reform to Right to Buy to protect social housing stocks.

The consultation follows the reduction in maximum Right to Buy cash discounts, which was announced at Autumn Budget 2024, and asks for views on:

- the qualifying criteria for tenants
- initial and maximum discounts as a percentage of the property value
- which types of properties should be exempted under the scheme
- whether there should be increased restrictions on properties after sale
- the replacement of homes sold under the Right to Buy
- rules governing the use of Right to Buy receipts and how these could be simplified

The consultation can be accessed [here](#), and closes on **15 January 2025**. It only applies to England.

[Source: Ministry of Housing, Communities, and Local Government, 20 November]

Leasehold and Commonhold Reform

For information and possibly for action

In a [Written Statement](#) on 21 November, Matthew Pennycook, Minister of State for Housing and Planning, reiterated the Government's intention to honour its manifesto commitment to "bring the feudal leasehold system to an end".

The previous Government's Leasehold and Freehold Reform Act 2024 enacted only a selection of the Law Commission's recommendations on leasehold enfranchisement and the right to manage which, he suggested, "has rendered the process of holistic and coherent leasehold and commonhold reform more challenging". Further, on assuming office in July, the Deputy Prime Minister and he "were informed that the 2024 Act contains a small number of specific but serious flaws which would prevent certain provisions from operating as intended and that need to be rectified via primary legislation".

He announced a timetable for the implementation of the Act as follows:

"We intend to commence the Act's provision to remove the '2-year rule' in January next year. This will mean that leaseholders will no longer have to wait two years after purchasing their property before exercising rights to extend their lease or buy their freehold, giving more leaseholders control over their properties from the outset.

We will bring the Act's right to manage provisions (expanding access, reforming its costs and voting rights) into force as a coherent package at the same time, in spring 2025, meaning more leaseholders in mixed-use buildings can take over management from their freeholders, and leaseholders making claims will, in most cases, no longer have to pay their freeholder's costs.

We understand that for many leaseholders the cost of living will be their primary immediate worry. For too long, leaseholders have borne the brunt of opaque and excessive costs being passed on to them. We will go out to consultation very shortly on the detail of the Act's ban on buildings insurance remuneration such as commissions for landlords, property managing agents and freeholders being charged through the service charge and their replacement with transparent and fair fees.

Next year, we will look to consult on the Act's provisions on service charges and on legal costs, bringing these measures into force as quickly as possible thereafter. Once implemented, leaseholders will be able to more easily challenge service charges they consider unreasonable and landlords will be required to apply to the relevant court or tribunal for approval before they can pass legal costs from such challenges back to leaseholders.

The Act includes measures that will make it cheaper for leaseholders to enfranchise – buy their freehold or extend their lease, giving them security over their property in the long term. Next summer we will consult on the valuation rates used to calculate the cost of enfranchisement premiums. Parliament will then need to approve the secondary legislation that sets out the detail, as well as fixing the Act's serious flaws in further primary legislation, before implementing the package.”

[Source: House of Commons, 21 November]

TAXATION

How to send VAT Returns when exempt from Making Tax Digital for VAT

For information **and possibly for action**

HMRC has published guidance on how to send VAT returns for those not able to use compatible software for Making Tax Digital.

Those who applied for an exemption will be able to fill in their returns either using a paper document or online using a VAT account. Exemptions are permitted if:

- an exemption was applied for and HMRC sent you a letter confirming you are exempt;
- an individual or business is subject to an insolvency procedure; or
- this is the final return after cancellation of VAT registration.

Full details can be found on the HMRC website [here](#).

[Source: HMRC, 29 October]

WALES

Consultation on fair rents and affordability

For information **and possibly for action**

The Welsh Government has published a White Paper on Adequate Housing, Fair Rents and Affordability for consultation. The proposals in the White Paper have been informed by the evidence received from the Green Paper consultation last year.

The White Paper sets out a number of proposals aimed to increase affordability, habitability, and accessibility of the rented sector. These include:

- proposals to improve rent data, including a requirement on landlords/and or agents to provide rent data to Rent Smart Wales;
- the development of a spatial rent map to show local area rent data;
- proposals on how to demonstrate a property is habitable;
- proposals to support people renting with pets;
- guidance around rent guarantors; and
- exploring the potential for Land Transaction Tax ('LTT') higher residential rates relief if properties are signed up to the Welsh Government's Leasing Scheme Wales.

The consultation can be found [here](#), and will close on **31 January 2025**.

[Source: Welsh Government, 24 October]