E-NEWS
15 October 2019

Welcome to eNews, haysmacintyre's regular "e-news alert" for corporates and private individuals.

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LCCI SUGGESTS LONDON IS WEATHERING THE STORMS

The London Chamber of Commerce and Industry (LCCI) has released its latest Capital 500 quarterly economic survey which indicates that London has weathered the political storms in Q3 of 2019. The survey shows both domestic and export sales increasing alongside business investment. Businesses have also invested more in training to upskill existing staff to combat the problems of recruiting in a tightening labour market. However, the report contains a cautionary edge in asking whether the results reflect London's economic strength or are boosted by Brexit preparation spending.

RISE OF THE TERMINATOR

The tax and national insurance (NI) rules regarding termination payments are gradually being aligned. Currently, genuine termination payments (excluding any post-employment notice payments, accrued holiday or contractual payments) are not liable to NI. However, from 6 April 2020, whilst the first £30,000 will be exempt from NI, the excess will be liable to an employer only charge of 13.8%. Payment of the NI will be due under 'real time' payrolling principles but further guidance is awaited as to how details are reported to HMRC. Please contact Nick Bustin for further details.

FRC STRENGTHENS GOING CONCERN AUDITING

The Financial Reporting Council (FRC) have issued a revised going concern auditing standard as a result of recent high profile corporate failures where the audit report did not highlight concerns over the entities' ability to continue operating. The revised standard, ISA 570 Going Concern, will be significantly stronger than current international standards. The new standard requires auditors to: more robustly challenge management's going concern assessment; provide a clear, positive conclusion on management's assessment on public interest, listed and large companies; and to consider all evidence, both corroborative and contradictory, when forming their conclusion on going concern.

TAX YIELD INCREASES FOLLOWING A RISE IN INVESTIGATIONS

HMRC enquiries into high net worth individuals resulted in an extra £1.8bn of tax collected in 2018/19, 50% more than the previous year. More enquiries than ever before are being opened, sparked by global data sharing under the Common Reporting Standard and from more unconventional methods, such as the Panama Papers. Tax enquiries can be long and, even if they do not result in any additional tax collected, may result in large professional fees for those under investigation. If you are a haysmacintyre client, you can find out more about our Fee Protection Service here.

OFFICE OF TAX SIMPLIFICATION UPDATES ITS VAT REPORT

The Office of Tax Simplification (OTS) has issued an evaluation update on its VAT report. The OTS notes substantial progress with improved guidance and communication from HMRC, the launch of a consultation on simplifying partial exemption and the capital goods scheme and a review of penalties. The Government has also committed to monitoring and evaluating the VAT registration threshold. Please contact Phil Salmon for assistance with VAT matters.

IRELAND RAISES STAMP DUTY BY 1.5%

The Republic of Ireland has increased stamp duty on non-residential property to 7.5% with immediate effect; this is the second increase in as many years. The existing rate of 6% applies to ongoing transactions, provided they are completed by 1 January 2020, and a binding contract was in place before the Irish Budget Day (Tuesday 8 October 2019).

FRC ISSUES THEMATIC REVIEWS ON IFRSS 15 AND 9

The FRC has criticised companies for their reporting on revenue recognition and financial instruments in their thematic reviews of IFRS 15 and IFRS 9. The reviews found good examples but also found the following issues for revenue reporting: lack of disclosure of judgements having a significant affect; lack of clarity on specific judgements; and few judgements explaining why the methods used provided a faithful depiction. The FRC thought IFRS 9 disclosures could be improved in the following areas: analysis of the credit risk; the qualitative and quantitative factors used to assess significant increases in credit risk; and avoiding boilerplate business model discussions.

AND FINALLY… PUBLIC VIEW OF REGULATION

Research for the FRC, based around citizen juries in three locations, has found support for it taking firmer action against companies and individuals to deter wrongdoing. The research also found backing for the Regulator holding individuals, other than professional body members, to account, and for it to be independent from those that it regulates. There was a belief that non-executive directors and audit partners should be independent from the companies engaging them and that the FRC and companies should be working in the public interest considering the views of various stakeholders, including employees, and improving the diversity on boards.

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