

eNews

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

BEWARE OF CLIENTS BEARING GIFTS

HMRC has [successfully argued at the First-Tier Tribunal](#) (FTT) that payments totalling c£37m made by the former wife of Bernie Ecclestone to Stephen Mullens, who acted as the Ecclestone family solicitor, were not gifts but were taxable income. Mullens argued the payments resulted from personal friendship and affection or from inducing him to resign from his law partnership to focus his services on Formula 1. The FTT determined that six out of the seven payments were taxable which resulted in tax of c£17m and penalties of c£4m being payable. Please contact [Danielle Ford](#) if you require assistance with tax disputes.



FINAL CALL FOR VAT DEFERRAL

[HMRC has reminded businesses](#) that they have until 21 June 2021 to join the online payment scheme if they want to further defer VAT payments, originally due between March and June 2020, under the VAT Payment Deferral Scheme. Joining the scheme by 21 June 2021 will permit payments to be spread across up to eight, interest free, monthly instalments but cannot be done on your behalf. Businesses may be charged a 5% penalty and/or interest if they do not sign up by 21 June, or, pay in full or contact HMRC to make an arrangement to pay by 30 June 2021.

SUPER DEDUCTION FOR PROPERTY

There was welcome news for property companies last week with a late amendment made to Finance Bill 2021, at the report stage, to extend the super capital allowances regime to background plant and machinery in leased buildings. This change will now allow companies to benefit from a super deduction of 130% on general pool plant and machinery, and a 50% first year allowance on integral features on qualifying expenditure incurred on fixtures within a leased building during the period from 1 April 2021 to 31 March 2023. Please contact [Nick Jordan](#) if you would like further details.



HOW EFFECTIVE IS THE OTS?

The Treasury has launched a call for evidence for its [review into the effectiveness of the Office of Tax Simplification \(OTS\)](#). Whilst primarily an internal Treasury review, key stakeholders, including professional bodies, accountants and tax advisors, have the opportunity to contribute. The document asks for views on: whether the OTS is adequately funded and has the right resources and staffing; the reaction to its work and reports to date; and areas where stakeholders would like to see research and analysis of tax policy to assist in simplifying the current tax system. The consultation runs until 6 July 2021.

REPORT ON INTERIM REVIEWS

The Financial Reporting Council (FRC) has [published a thematic review on interim reports](#) of 20 quoted companies which, whilst setting out good practice in interim reporting, also highlights where further improvements are required. Overall the FRC was pleased with the quality of reporting and noted most had enhanced their disclosures on going concern and cashflow in light of the FRC's COVID-19 recommendations. Many companies had increased their explanations on significant events, such as impairments in the period, although the FRC considered better explanations could have been provided on balance sheet movements.



SIMPLIFYING VAT ON LAND TRANSACTIONS

HMRC has [published a call for evidence](#) on options to simplify the VAT exemptions for land and property, having recognised their current complexity. Suggestions include removing the ability to opt to tax and make all supplies exempt, or taxable at a reduced rate, or making all land transactions taxable at the standard rate with an option to make exempt. Another suggestion is to link the VAT liability to interests registered with the Land Registry. The consultation is open until 3 August 2021.

CASH IS REALITY

The FRC has published a [thematic briefing on the audit of cash flow statements](#) to highlight measures audit firms have taken to address recurring errors in the preparation of cash flow statements. The FRC has found errors continue to occur in the preparation of this primary statement which has the same prominence as the income statement and balance sheet. Most of the errors relate to misclassifications between operating, investing and financing activities and the majority led to overstatement of operating cashflows, many of which are evident from a desk top review of the cash flow statement.



STOPPING THE PHOENIX RISING

The [Financial Conduct Authority has announced proposals](#) to stop claims management 'phoenixing' by banning Claims Management Companies (CMCs) from managing Financial Services Compensation Scheme (FSCS) claims where they have a relevant connection to the claim. Phoenixing occurs when individuals from financial services firms that go out of business, later reappear with a CMC and seek to charge consumers for seeking compensation against their former firm's poor conduct by bringing claims to the FSCS. The consultation is open for comment until 21 June 2021.

VAT CHANGES IN NI

[HMRC has issued a policy paper](#) setting out changes to VAT, with effect from 1 July 2021, which will impact businesses supplying goods from Northern Ireland (NI) to non-VAT registered customers in the EU and vice versa. The paper also covers the sale of low value goods (up to £135/€150) to NI and the EU from outside the EU and NI, and non-EU businesses with goods located in NI at the point of sale as well as online marketplaces dealing with the EU and NI. Please contact [Phil Salmon](#) for assistance with VAT related matters.



AND FINALLY...RESEARCHING THE IMPACT OF R&D POLICIES

[Research by Cambridge Judge Business School claims](#) that the UK's research and development (R&D) tax credit system has been a failure with UK R&D expenditure being at a rate 10% to 15% lower than before the system was introduced. The report also claims the Patent Box Scheme has not delivered the benefits expected with the vast majority going to multinationals and other large companies. In the report's foreward, Greg Clark MP challenges the Government to consider whether it is adopting appropriate and efficient policies towards encouraging R&D expenditure in the UK.

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Shortlisted 2019 National Firm of the Year



Shortlisted 2019 Tax Team of the Year



Highly Commended Partner of the Year



2021: Best auditor
2020: Best outsourced finance service



Winner: Audit Team of the Year



Top 15 auditor to quoted companies in Adviser Ranking Listing



An eprivateclient top accountancy firm 2020