

eNews

15 JUNE 2021

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

IS YOUR VAT DIRECT DEBIT VALID?

HMRC has advised that they will be cancelling all VAT direct debits for taxpayers who do not have an email address currently registered with HMRC. A valid email address is required to comply with UK banking regulations and HMRC will be writing to affected taxpayers in June to notify them of the cancellation of the direct debits with new instructions needing to be set up through the business tax account. If direct debits are cancelled and alternative arrangements not set up, taxpayers will be treated as having defaulted on their VAT returns notwithstanding HMRC's action. Please contact [Stephen Patey](#) for assistance with your VAT issues.



OTS TO CONSIDER TAX YEAR END

The [Office of Tax Simplification \(OTS\) has announced](#) that it is considering the advantages and disadvantages of changing the end of the tax year for individuals and will publish a report during Summer 2021. The review will primarily consider changing the current year end from 5 April to 31 March, with 31 December being a possible alternative. The review will consider the wider implications for various taxes, the relative administration burdens, as well as international experiences of changing the tax year end.

EMPLOYMENT TAX DEADLINES

Most employers are aware of the 6 July deadline for submitting forms P11D to HMRC. However, this is also the date when employers need to report any termination payments made in excess of £30,000 to HMRC. Similarly, if employers are considering entering into a PAYE Settlement Agreement to pay the income tax and National Insurance liabilities on any benefits which are minor, or irregular in nature, such as staff gifts. Any new contracts also need to be in place by 6 July. Please contact our [employment tax team](#) for further assistance.



FRC ISSUES REVISED ISA (UK) 240

The Financial Reporting Council (FRC) has published ISA (UK) 240 (revised May 2021) – [The auditor's responsibilities relating to fraud in an audit of financial statements](#) – which is designed to provide increased clarity as to the auditor's obligations regarding fraud. It attempts to address the concerns raised by Sir Donald Brydon in his review of the quality and effectiveness of audit. The revisions include enhancements to the requirements to identify and assess the risk of material misstatement due to fraud and how to respond to those risks. The revised standard is effective for audits of periods beginning on or after 15 December 2021 with early adoption being permitted.

FRC EXTENDS COVID-19 RENT CONCESSION ACCOUNTING

FRC has issued [amendments to FRS 102 and FRS 105: COVID-19-related rent concessions beyond 30 June 2021](#), which extends the accounting treatment of temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic until 30 June 2022. The amendments are effective for accounting periods beginning on or after 1 January 2021, with early application permitted.



VAT CHARGING AT STANDARD RATE

[HMRC has issued a brief](#) setting out its views on the VAT liability of charging electric vehicles at charging points, which confirms that electricity supplied through charging points in public places is subject to VAT at 20%. Whilst disappointing for environmental reasons, it also calls into question the principle of neutrality within the tax where the same items should be subject to the same tax treatment; electric vehicles charged at home benefit from VAT being charged at the 5% rate for domestic power. Please contact [Phil Salmon](#) for assistance with your VAT matters.

HMRC TO CONTINUE RISK-BASED APPROACH

[HMRC has confirmed](#) that it will continue to adopt a risk-based approach to late filing PAYE and late payment penalties for 2021/22 following its review of the effectiveness of this approach. This means that late filing and late payment penalties will continue to be considered on a risk-assessed basis rather than issued automatically. The first penalties for this tax year will be issued in August 2021.



ICAEW REVIEWS HMRC'S PERFORMANCE

The Institute of Chartered Accountants in England and Wales ([ICAEW](#)) [has responded to the evaluation](#) of HMRC's performance against its [Charter](#). The ICAEW says that, whilst HMRC has rightly been commended for delivering the Government's COVID-19 support schemes, it has been at the expense of operational performance. The day-to-day experience of taxpayers and agents dealing with the tax system is considered to have deteriorated further during the year whilst online services for taxpayers and agents have not improved.

FCA EXTENDS TRR

The Financial Conduct Authority (FCA) has [extended the Temporary Registrations Regime](#) (TRR) for existing crypto asset businesses from 9 July 2021 to 31 March 2022. The TRR was established last year to allow crypto asset firms that applied for registration before 16 December 2020, and whose applications were still being assessed, to continue trading. The FCA has found a significant number were not meeting the required standards under the Money Laundering Regulations and the extension allows crypto asset firms to continue operating whilst the FCA continues with its robust assessment.



SIMPLIFICATION FOR MULTIPLE EMPLOYEE CJRS CLAIMS

HMRC has made changes to the way Coronavirus Job Retention Scheme (CJRS) claims can be made for 16 or more employees from 1 June 2021. From 1 June 2021, employers wanting to make CJRS claims, for 16 or more employees, can use HMRC's updated templates which make it easier to add the details of multiple employees. Further information and the relevant templates can be found [here](#).

PROPERTY AND FIXED ESTABLISHMENTS

The [European Court has confirmed in the Titanium case](#) that a Jersey company which owned and let property in Austria, but which used a third party to manage the property and did not have any of its own staff in Austria, did not have a fixed establishment in Austria for VAT purposes. This decision could have an impact on the VAT position on cross border transactions. Please contact [Stephen Patey](#) for assistance with property related VAT matters.



CLOCKING THE BOOKS

A used car dealer from [Yorkshire has been sentenced to an 18-month community order](#), including 250 hours of unpaid work, after failing to provide books and records for his business which was wound up facing tax liabilities of over £650,000. He originally claimed that he had lost the laptop which held the company's records and that paper receipts had been destroyed before admitting to deliberately destroying the records.

AND FINALLY... BILL BECOMES AN ACT

The Finance (formerly Finance (No. 2)) Bill, issued after Budget 2021, received Royal Assent on 10 June 2021 and has become the Finance Act 2021.

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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