

eNews

29 JUNE 2021

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

IT CONTRACTOR CAUGHT BY IR35

An IT contractor who provided project management services to Nationwide Building Society through his service company for seven years has lost [his appeal at the Upper Tribunal](#) against a £70,000 tax assessment. HMRC had determined that his services were within the IR35 regime and should have been subject to National Insurance and PAYE as if he was an employee. Although a right of substitution existed in the contract it had never been exercised and Nationwide did not provide any evidence to support this as a genuine right. The case illustrates the ongoing difficulties surrounding engaging workers appropriately. Please contact our [employment tax team](#) for support.



TAX RECEIPTS ON THE INCREASE

HMRC has recently announced the [provisional tax receipts for April and May 2021](#) totalled £106.8bn across all taxes. This was £45.4bn higher than the previous year which was severely impacted by the start of the pandemic. VAT contributed the most with £28.0bn. Early estimates for April on earnings and employment show the number of paid employees fell by 0.9%, whilst median monthly pay increased by 9.8% compared to last year. The pay growth suggests the loss of jobs and lack of job growth is at the lower end of the income distribution where average PAYE tax rates are lower.

DAYCARE SERVICES AND VAT

HMRC has published Brief 9 covering the VAT liability of daycare services provided by private bodies following the Supreme Court's refusal to allow an appeal in the [Life Services Limited and The Learning Centre \(Romford\) Limited](#) case. The Brief confirms that providers must be charities, public bodies or regulated by the relevant authority in the country concerned, in order to be able to exempt their supply of services. HMRC had argued that the services should be standard rated. Please contact [Phil Salmon](#) for assistance with your VAT queries.



DOUBLING UP ON AUDIT REGULATION

Sir Jon Thompson, the CEO of the Financial Reporting Council (FRC), has outlined the new audit framework, including plans for a US-style SOX legislation to ensure board directors are held accountable for their business' performance as well as extending the audit oversight remit to an additional 2,000 privately held companies. As part of the Audit, Regulation and Governance Authority replacing the FRC by April 2024, he expects a doubling in the number of staff at the new regulator and additional costs for businesses due to the enhanced compliance requirements.

HMRC RELAUNCHES ADL

HMRC restored its agent dedicated line (ADL) on 14 June on a trial basis with an intention to answer calls within ten minutes. The ADL was suspended at the start of the pandemic. However, some queries will not be dealt with where a digital service alternative is available, such as chasing progress, reporting phishing calls/texts/emails and reporting a death.



AND FINALLY... END OF AN ERA FOR STAMPING

After over 300 years of stamping documents, HMRC will be retiring its Stamp Duty press machines on 19 July 2021. From mid-July, an electronic process will be used for transactions which still require physical stamps and will be a continuation of the process adopted during the pandemic when physical stamping could not occur with COVID-19 restrictions. [HMRC is looking for retirement homes](#) for their stamp machines.

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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