

NFP eNews 08 JUNE 2021

Welcome to eNews, haysmacintyre's regular 'e-news alert' for charities and not for profit organisations.

ON OR OFFSIDE FOR SELF-EMPLOYMENT

The long running string of IR35 challenges by HMRC against celebrities has continued with HMRC claiming over £4.9m in income tax and national insurance from Gary Lineker for his work with the BBC and BT Sport. HMRC is claiming that, notwithstanding Lineker's services having been engaged through his personal service company, Gary Lineker Media, he should have been taxed as if he was an employee. This is another case which highlights the current uncertainty of taxation surrounding disguised employees.

HMRC has [updated](#) its guidance on off-payroll working for the changes from 6 April 2021, as all public authorities and medium and large-sized clients outside the public sector are responsible for deciding if the rules apply. If a worker provides services to a small client outside the public sector, the worker's intermediary is responsible for deciding the worker's employment status and if the rules apply.

Please contact our [Employment Tax team](#) if you require advice and assistance on IR35 or other employment tax issues.



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.

VAT DIRECT DEBITS

HMRC have advised that they will be cancelling all VAT direct debits for taxpayers who do not currently have an email address registered with HMRC. HMRC will be writing to all such taxpayers in June to notify them of the cancellation of the direct debits and confirming that they will need to set up a new instruction via their Business Tax account. If direct debits are cancelled and alternative arrangements not set up this will result in taxpayers defaulting on their VAT returns even though it is an action by HMRC. Please contact [Stephen Patey](#) for more details.



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.

CHARITIES BILL PUBLISHED

The Charities Bill gives effect to the Law Commission's recommendations to reform various technical issues in the law governing charities. The Bill had its First Reading on 26 May; the Second Reading date is still to be announced.

The Law Commission will publish a marked-up copy of the Charities Act 2011, showing the changes that would be made by the Charities Bill. The following summarises what the Bill will do:

- Give charities wider or additional powers and flexibility: to amend their governing documents; to decide on how they procure goods and services; to make *ex gratia* payments (which charities have a moral obligation, but no legal power, to make).
- Clarify when property can be applied *cy-près*, including the proceeds of failed fundraising appeals.
- Produce a clearer and less administratively burdensome legal framework for buying, selling, leasing and mortgaging charity land.
- Clarify and expand the statutory regime that applies to permanent endowment.
- Introduce a power – with appropriate safeguards – for charities to borrow from their permanent endowment and to make certain social investments using permanent endowment.
- Facilitate, where appropriate, charity mergers and incorporations.
- Confer additional powers on the Charity Commission: to authorise charities to pay an equitable allowance; to require charities to change or stop using inappropriate names; and to ratify the appointment or election of charity trustees where there is uncertainty concerning the validity of their appointment or election.
- Improve and clarify certain powers of the Charity Tribunal.



CJRS FRAUD UNDER ATTACK

HMRC has announced that two individuals from West Yorkshire have been arrested under its investigation into a suspected £3.4 million Coronavirus Job Retention Scheme (CJRS) fraud. This is part of HMRC's strategy to combat fraud where COVID-19 support packages are considered to be one of the largest fraud risks. Guidance on what to do if you find you have overclaimed, or did not need the grant, can be found [here](#). Please contact our [Employment Tax team](#) if you require advice and assistance on the CJRS or related matters.

COMMISSION GRANTS ACCOUNTS FILING EXTENSION TO 5000 CHARITIES

The Charity Commission has agreed to extend the accounting deadlines for 90% of charities which have requested more time. The regulator agreed at the start of the COVID-19 pandemic that charities could ask for extensions on submitting annual accounts, and around 5,000 charities have been granted the right to file later than usual. More than 13,000 charities missed the deadline this year. This is more than double the 6,000 charities that missed the deadline last year.



ADDITIONAL SUPPORT NEEDED FOR SUSTAINABILITY

A [survey of over 700 Institute of Directors members](#) has found over 80% believe it is important for their organisations to operate in an environmentally friendly and sustainable way. However, less than a quarter felt they fully understood the way their organisation could lower its carbon footprint and meet net zero carbon goals. Nearly a third also felt that the costs of moving towards net zero goals were prohibitive.

PROPOSALS COULD RESHAPE AUDITING, SAYS ICAEW

The Institute of Chartered Accountants in England and Wales (ICAEW) is seeking views from its members over government plans to overhaul audit rules. The ICAEW will be taking submissions on the proposals in the government's Restoring Trust in Audit and Corporate Governance white paper until 8 July. John Boulton, the director of technical policy at ICEAW, said that the reforms "have the potential to reshape our profession, audit and the wider corporate governance system. They could affect work practices for many years into the future, and although these are proposals for UK law, elements of the reforms may have wider influence internationally." The white paper recommendations would mean some larger charities would be considered as public interest entities (PIEs), leading to what the ICAEW calls "a tougher new regulatory regime". Under this regime, directors of those charities will need to issue a statement on the actions they have taken "to prevent and detect material fraud" with auditors required to report on the work done to ensure this statement is "factually accurate." Auditors may also have to review directors' statements on the effectiveness of internal controls at large charities. Ministers have said they are 'open' to the idea of bringing the largest charities – those with annual income of more £100m – under rules that previously only applied to private firms.



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.

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.



AND FINALLY... CYBER THREATS INCREASING

Cybercrime has significantly increased during the pandemic with the National Cyber Security Centre ([NCSC](#)) [announcing that it has removed more scams from the internet](#) in the last year than in the previous three years combined. Possibly timely, the Institute of Directors has issued [ten simple tips](#), aimed at small businesses, to help protect against the increasing cyber threats. The National Cyber Security Centre has published a [free e-learning package](#) to support small organisations, including charities. [Cyber Security for Small Organisations and Charities](#), guides businesses through the actions they should take in order to dramatically reduce the risk of the most common cyber attacks, such as ransomware and phishing.

Our dedicated [COVID-19](#) page also provides regular updates on a range of financial, tax and accounting measures being introduced with our related thoughts/insights on helping organisations during this time.

UPCOMING EVENTS

Quarterly Charities Update

Thursday 10 June 2021, 15:30 - 17:30
Online

Our quarterly charity update webinar covers financial, compliance, governance and other topical issues for charity and not for profit organisations.

PARN Finance SIG

Thursday 17 June 2021, 16:00 - 17:30
Online

haysmacintyre is hosting the PARN Finance Special Interest Group (SIG), which encourages dialogue and disseminates knowledge and understanding about the types of finance issues faced by professional bodies.

Arts and Culture Benchmarking Report Launch

Thursday 23 September 2021, 15:30 - 17:00
Online

Please join us for the launch of our biennial arts benchmarking report. This event will cover some of the key findings from the report and insights into the Arts & Culture sector.

Quarterly Charities Update

Thursday 7 October 2021, 15:30 - 17:30
Online

Our quarterly charity update webinar covers financial, compliance, governance and other topical issues for charity and not for profit organisations.

VAT and Tax Exchange

Thursday 14 October 2021, 16:00 - 17:30
Online

haysmacintyre's VAT and Tax Exchange seminar series are delivered bi-annually providing an update on topical VAT and tax issues, with specific focus on off-payroll working arrangements relating to charities and not for profit organisations.

INGO Benchmarking Report Launch and Seminar

Wednesday 27 October 2021, 13:00 - 18:00
haysmacintyre

This seminar for International Non-Government Organisations (INGOs) will provide an update on the latest developments relevant to international charities and include the launch of our 2021 International Charity Financial Benchmarking Report.

NGB benchmarking report launch webinar

Wednesday 3 November 2021, 10:00 - 18:00
haysmacintyre

The launch of haysmacintyre's annual NGB Benchmarking Report and webinar for sports organisations.

For further details on our not for profit upcoming events and to register, visit www.haysmacintyre.com/events.

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Shortlisted 2019 National Firm of the Year



Shortlisted 2019 Tax Team of the Year



Highly Commended Partner of the Year



Winner: Audit Team of the Year



Winner of the Bronze Award for 2018 and 2017



Top adviser to the top 5,000 charities, Charity Financials' league table 2021



Top ten by audit fees in the 2020 Charity Finance Audit Survey