

E-NEWS

08 April 2020

Welcome to haysmacintyre's regular email update for charities and not for profit organisations.

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Keeping you up to date with compliance matters, legislative developments and financial best practice.

COVID-19 BUSINESS ADVICE

Firstly, we hope all of our readers, their families and colleagues have been able to avoid the current pandemic, but if you have been affected we send you our best wishes for a fast and full recovery. To assist our clients and contacts, we have established a [dedicated web page for COVID-19](#) which continues to be updated as the Government releases information on reliefs and support for businesses and individuals.

Please contact your usual haysmacintyre advisor if you require specific advice and guidance.



ALIGNMENT OF TAX AND NATIONAL INSURANCE FOR EMPLOYEES AND THE SELF-EMPLOYED?

The Chancellor has announced a significant assistance package for self-employed individuals adversely affected by the COVID-19 crisis. Having spent considerable time devising a method of assistance for the self-employed, the Chancellor's statement also included the intention to find an equitable balance between the employed and self-employed, once the immediate crisis is over.

This is a potentially significant declaration and may see increased tax and National Insurance costs for the self-employed going forward. Further details can be found [here](#).

Please contact [Katharine Arthur](#) for more information and advice.

EXTRA THREE MONTHS FOR FILING ACCOUNTS

[Companies House has announced](#) that companies will be able to apply for an additional three months to file their accounts. However, companies will need to apply for the three month extension before the accounts are due for filing, and those citing issues around COVID-19 will be automatically granted an extension. Applications can be made through an [online system](#) but you will need to register with Companies House first. Companies that have already extended their filing deadline, or shortened their accounting reference period for the accounts that are due for filing, may be ineligible for an extension.



AGMS UNDER STAY AT HOME MEASURES

The Financial Reporting Council (FRC) and The Chartered Governance Institute have [issued guidance about company annual general meetings \(AGMs\)](#) and the impact of COVID-19. With meetings of more than two people currently prohibited, shareholders are encouraged to vote by proxy and should not be permitted to attend the AGM in person. The guidance explains how a quorate meeting can be achieved, including holding the AGM at the home of a director or employee, and the need to consider the particular requirements set out in the company's articles of association.



CHARITY ANNUAL RETURN

The Charity Commission has [updated its guidance](#) on preparing a charity annual return to reflect that the 2020 charity annual return service is now available. The document that lists the questions in the 2018 to 2020 returns has also been updated. Additionally, the Commission has announced that charities may apply for a delay to their annual return deadline due to the COVID-19 outbreak.

DELAY IN ENFORCEMENT OF GENDER PAY GAP REPORTING

The Government Equalities Office, along with the Equality and Human Rights Commission, have confirmed that, in response to the outbreak of COVID-19, the enforcement of the [gender pay gap reporting deadlines will be suspended](#) for the current reporting year, 2019/20. Since 2017, [organisations with at least 250 employees](#) have been required to publish and report specific figures about their gender pay gap on their website and to the Government.

KEEPING GIFT AID FOR CANCELLED EVENTS

The Chairman of the Charity Tax Group (CTG) has [requested immediate support](#) for charities through the tax system during the COVID-19 pandemic. The letter included a proposal to allow charities to keep Gift Aid for cancelled events, a measure that has been supported by a number of CTG members including the Arts Council. A recent response indicates that the Government will allow this (certainly in respect of theatres and other cultural venues), but CTG will be liaising with HMRC and DCMS to confirm this and determine the scope and mechanics of using Gift Aid in this way, as it should hopefully have a broader application.

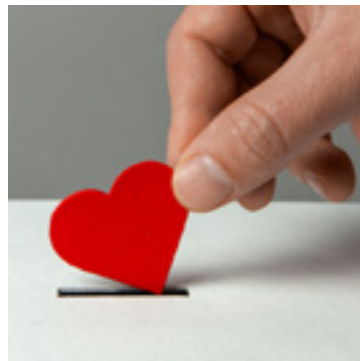


DELAY IN IR35 EXTENSION

The [Government has announced](#) that the extension of the IR35 reforms to the private sector will be delayed for a year, until April 2021, as a result of the COVID-19 pandemic. The delay is designed to help support businesses through the current disruption and recognises the significant changes it would make for some. The Government has, however, reiterated its belief that reform is required. Businesses are encouraged to use the extra time to plan for the changes in April 2021. Please contact [Nick Bustin](#) for further assistance on IR35 matters.

FRC ISSUES GUIDANCE FOR COVID-19

The FRC has issued a number of guidance notes regarding COVID-19 in the last fortnight. These include: [guidance for companies](#) preparing financial statements; [a bulletin for auditors](#) when carrying out audits under the current restrictions; and [guidance on audit issues](#) that will arise as a result of the pandemic. The FRC will keep under review the need for further advice and guidance to be issued as the pandemic evolves.



CHARITIES, THEIR TRADING SUBSIDIARIES AND CORPORATE GIFT AID PAYMENTS

Many charity trading subsidiaries are likely to see a sudden drop of income, and the potential corporation tax implications should not be ignored, especially the effect on Gift Aid payments to the charity parent. We set out our initial thoughts [here](#) as to how these might be mitigated.

CASH REMAINS KING EVEN WITH COVID-19, SO MINIMISE CURRENT TAX LEAKAGE

COVID-19 has presented charities and other NFP entities, particularly those in business, with a number of, currently unanswerable, questions: How long will the lockdown last? How will the lockdown be relaxed? Will my customers still be in business? Will my customers and tenants be able to pay? Will my supply chain still be intact? What will the economic environment look like? What will 'normal' look like afterwards? However, despite these unknowns, the old adage 'cash is king' has never been more important than now.

This pandemic will end, and when it ends you will need to be solvent to take advantage of the opportunities that will arise. For those that have cash constraints, cash leakage mitigation strategies should already have started, because once the cash has gone, it's gone. However, it is not too late to start.

There are ways to minimise cash leakage from tax, and our recent experiences can help your charity remain financially fit for the recovery. Read more [here](#).



COVID-19: CHALLENGES AND CONSIDERATIONS IN CHARITY FINANCIAL MANAGEMENT

COVID-19 has quickly presented a number of unprecedented obstacles to charity organisations and the responses to these new challenges have varied as widely as charity sectors themselves. There are a number of financial management and reporting tools that may lend themselves to further consideration in these times and may help in the short term to bridge the gap and provide more available finance, or at least identify potential funding options. In this article we cover endowment funds, loan finance, fundraising and investments for charitable organisations. Find out more [here](#).

UPCOMING EVENTS

[Bi-annual update for independent schools webinar](#)

Thursday 30 April 2020

Online - available to view until 1 May

The webinar will include guidance on appropriate financial management and governance in light of COVID-19 as well as a topical employment tax update.

[Bi-annual charity update](#)

Thursday 1 October 2020

Morning session: 09:00 - 12:30

Afternoon session: 14:00 - 17:30

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haysmacintyre's bi-annual charity update seminar for charities and not for profit organisations. Our experts will be hosting two sessions in Autumn 2020.

[INGO financial benchmarking report launch and seminar](#)

Tuesday 6 October 2020

13:00 - 18:00

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An update on latest developments relevant to INGOs and the launch of our 2020 International Charity Financial Benchmarking report.

[VAT & Tax Exchange](#)

Tuesday 20 October 2020

16:45 - 19:00

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haysmacintyre's VAT and Tax Exchange is a bi-annual seminar series providing an update on topical VAT and tax issues relating to charities. Hosted in Autumn and Spring each year.

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

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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 2019



Top ten by audit fees in the 2019 Charity Finance Audit Survey